



TIMBERWEST FOREST CORP.

**NOTICE OF ANNUAL GENERAL MEETING
AND
INFORMATION CIRCULAR**

IMPORTANT INFORMATION FOR UNITHOLDERS

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TimberWest

TIMBERWEST FOREST CORP.

NOTICE OF ANNUAL GENERAL MEETING

TO BE HELD ON MAY 2, 2003

TO THE UNITHOLDERS:

The Annual General Meeting (the "Meeting") of the holders (the "Unitholders") of Stapled Units of TimberWest Forest Corp. (the "Company") will be held at the Coast Discovery Inn & Marina, The Quadra/Cortes Room, 975 Shoppers Row, Campbell River, British Columbia, Canada on Friday, May 2, 2003, at 3:30 pm (PST) for the following purposes:

1. To receive the report of the directors to the Unitholders.
2. To receive the consolidated financial statements of the Company for the financial year ended December 31, 2002, and the report of the auditors thereon.
3. To elect the directors of the Company for the ensuing year.
4. To appoint KPMG LLP as auditors of the Company for the ensuing year.
5. To authorize the directors to fix the remuneration to be paid to the auditors for the ensuing year.
6. To transact such other business as may properly come before the Meeting.

The consolidated financial statements of the Company for the financial year ended December 31, 2002, and the auditors' report thereon, which will be presented at the Meeting are contained in the 2002 Annual Report accompanying this Notice.

The names of the persons proposed to be nominated for election as directors of the Company are set out in the Information Circular that follows. Unitholders who are unable to be present in person at the Meeting are requested to date, execute and return the accompanying form of proxy to TimberWest Forest Corp., c/o Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not later than 48 hours before the time of the Meeting or any adjournment thereof. A self-addressed postage paid envelope is enclosed.

DATED as of the 15th day of March 2003.

BY ORDER OF THE BOARD OF DIRECTORS

Brenda G. Blue
Secretary



TimberWest

TIMBERWEST FOREST CORP.

INFORMATION CIRCULAR

(for the period January 1, 2002 to December 31, 2002)

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of **TIMBERWEST FOREST CORP.** (the "Company") for use at the Annual General Meeting (the "Meeting") of the holders ("Unitholders") of Stapled Units of the Company to be held on Friday, May 2, 2003, at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting (the "Notice"). In this Information Circular, "Board of Directors" and "Board" refers to the board of directors of the Company.

PROXIES

Deposit of Proxy

In order to be valid and effective, a completed proxy must be delivered to the Company, c/o Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not later than 48 hours before the time of the Meeting or any adjournment thereof. A self-addressed postage paid envelope is enclosed.

Appointment and Revocation of Proxies

A Unitholder who has given a proxy may revoke it by (a) signing a proxy bearing a later date and depositing it as provided under "Deposit of Proxy", (b) signing and dating a written notice of revocation (in the same manner as the enclosed form of proxy is required to be executed, as set out under "Validity of Proxy", and delivering such notice either to the registered office of the Company, P.O. Box 11101, Suite 2300 - 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3, Attention: Brenda G. Blue, at any time up to and including the last business day preceding the day of the Meeting or to the Chairman of the Meeting on the day of the Meeting or (c) attending the Meeting in person and registering with the scrutineer thereat as a Unitholder present in person and signing and dating a written notice of revocation. Such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

Voting of Shares Represented by Proxy

The individuals named as management's proxy nominees in the form of proxy enclosed with this Information Circular are directors or officers of the Company. On any ballot or poll, the common shares comprising part of the Stapled Units represented by a proxy in this form will be voted for or against or withheld from voting in accordance with the instructions of the Unitholder as specified in the proxy with respect to any matter to be acted on. **If a choice is not so specified with respect to any such matter, the common shares comprising part of the Stapled Units represented by a proxy given to the individuals named as proxy nominees in the enclosed form of proxy will be voted in favour of such matter. A Unitholder has the right to appoint a person (who need not be a Unitholder) other than the individuals named in the enclosed form of proxy to attend and act for the Unitholder and on the Unitholder's behalf at the Meeting and may exercise such right by inserting the name and address of the desired proxy nominee in the blank space provided in the form of proxy. In this case, if a voting choice is not so specified on such a proxy, the proxy nominee so named shall be entitled to vote the common shares represented by such proxy as that person sees fit.**

A proxy in the form enclosed will confer discretionary authority upon the proxy nominee named therein with respect to amendments and variations to the matters identified in the accompanying Notice and any other matter that may properly be brought before the Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters to be presented for consideration at the Meeting.

Validity of Proxy

A proxy will not be valid unless it is dated and signed by the Unitholder or by the Unitholder's attorney duly authorized in writing. In the case of a Unitholder that is a corporation, a proxy will not be valid unless it is executed under its seal, or by a duly authorized officer or agent of, or attorney for, such corporate Unitholder. If a proxy is executed by an attorney or agent for an individual Unitholder or joint Unitholders, or by an officer, attorney, agent or other authority for a corporate Unitholder, the instrument empowering the officer, attorney or agent, as the case may be, or a notarial copy thereof, should accompany the proxy or be delivered to the Company.

A vote cast in accordance with the terms of a proxy will be valid notwithstanding the previous death, incapacity or bankruptcy of the Unitholder or intermediary on whose behalf the proxy was given or the revocation of the appointment of the proxy nominee, unless written notice of such death, incapacity, bankruptcy or revocation is received by the Chairman of the Meeting before the commencement thereof.

PERSONS MAKING THE SOLICITATION

This information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Company. The cost of the solicitation has been and will be borne by the Company. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone or other means of communication by directors and regular employees of the Company without special compensation. In addition, the Company may retain the services of agents to solicit proxies on behalf of management of the Company. In that event, the Company will compensate any such agent for such services, including reimbursement for reasonable out-of-pocket expenses, and will indemnify them in respect of certain liabilities that may be incurred by them in performing their services.

STAPLED UNITS AND PRINCIPAL HOLDERS THEREOF

Each Stapled Unit of the Company consists of one common share of the Company, 100 preferred shares of the Company and a Subordinate Note Receipt representing approximately \$8.98 face amount of Series A Subordinate Notes of the Company entitling the holder to approximately \$1.08 of interest per annum. The common share, 100 preferred shares and Series A Subordinate Note receipt trade together as a Stapled Unit on the Toronto Stock Exchange under the symbol "TWF.UN".

As a holder of one common share comprising a part of each Stapled Unit, each Unitholder is entitled to receive notice of and to attend all meetings of shareholders of the Company and to one vote for each such common share at such meetings.

As at March 15, 2003, there were 76,219,455 Stapled Units issued and outstanding, each of which includes one common share, which carries the right to one vote at the Meeting. The quorum for the Meeting is two individuals present at the Meeting and representing in person or by proxy common shares carrying not less than 10% of the votes eligible to be cast at the Meeting. To be effective, the resolutions to be proposed at the Meeting must be passed by a majority of the votes cast by Unitholders represented in person or by proxy at the Meeting.

Only persons registered as Unitholders on the books of the Company as of the close of business on April 1, 2003, (the "Record Date") are entitled to receive notice of and to attend and vote at the Meeting.

To the knowledge of the directors and senior officers of the Company, as at March 15, 2003, the only person who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Stapled Units, other than The Canadian Depository for Securities Limited, is as follows:

Name	Number of Stapled Units	Percentage of Issued and Outstanding Stapled Units
SouthEastern Asset Management, Inc. (on behalf of investment advisory clients)	10,094,000	13.2%

As at March 15, 2003, the directors and senior officers of the Company and its subsidiaries, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, less than 1% of the issued and outstanding Stapled Units.

INFORMATION FOR BENEFICIAL HOLDERS OF STAPLED UNITS

The information set forth in this section is of significant importance to any Unitholders of the Company who do not hold Stapled Units which are registered on the records of the Company in the Unitholders' own name. Unitholders who do not hold their Stapled Units in their own name (referred to in this Information Circular as "Beneficial Unitholders") should note that only registered holders of Stapled Units may deposit proxies for use at the Meeting. If Stapled Units are listed in an account statement provided to a Unitholder by a brokerage firm, bank or other intermediary, then in almost all cases those Stapled Units will not be registered in the name of the Beneficial Unitholder, the broker, the bank or other intermediary. In Canada, the vast majority of such Stapled Units are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited), which acts as nominee for many Canadian brokerage firms, banks and other intermediaries. Brokers, banks, other intermediaries and their nominees can only deposit a proxy upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers, banks, other intermediaries and their nominees are prohibited from voting the common shares constituting part of the Stapled Units on behalf of their clients. Management of the Company does not know for whose benefit the Stapled Units registered in the names of CDS & Co. are held. Therefore, Beneficial Unitholders cannot be recognized at the Meeting for the purpose of voting the common shares constituting part of the Stapled Units in person unless appointed by the broker, bank or intermediary as a proxy nominee.

Applicable regulatory policy requires brokers, banks and intermediaries to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every broker, bank and intermediary has its own procedures to seek such voting instructions. These should be carefully followed by Beneficial Unitholders in order to ensure that their common shares constituting part of the Stapled Units are voted at the Meeting. The majority of brokers in Canada have delegated responsibility for obtaining instructions from clients to Independent Investor Communications Corp. ("IICC"). IICC typically applies a special sticker to the proxy forms or, alternatively, prepares a separate "voting instruction" form, mails those forms to the Beneficial Unitholders and asks Beneficial Unitholders to return the proxy or voting instruction forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares contained within the Stapled Units to be represented at the Meeting. A Beneficial Unitholder receiving a proxy with an IICC sticker on it, or a voting instruction form, cannot deposit on the Meeting Date that proxy or form to vote common shares contained within the Stapled Units at the Meeting. The proxy or form must be returned to IICC in advance of the Meeting in order to allow the common shares contained within the Stapled Units to be voted by the named proxy nominee at the Meeting.

IF YOU ARE A BENEFICIAL UNITHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.

MATTERS TO BE ACTED UPON

Report of the Directors to the Unitholders

The report of the directors to the Unitholders is included in the 2002 Annual Report, which has been mailed to Unitholders with this Information Circular.

Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2002, are included in the 2002 Annual Report, which has been mailed to Unitholders with this Circular.

Election of Directors

Under the Articles of the Company, the number of directors of the Company was determined as seven (7). The directors of the Company are elected each year at the annual meeting of the Company and hold office until their successors are elected or appointed, or until he or she sooner ceases to hold office.

Advance notice of the Meeting inviting nominations for directors as required by Section 111 of the *Company Act* (British Columbia) was published in The Province newspaper in British Columbia on March 6, 2003. No nominations were received by the Company as a result of that notice.

The following pages set out the name of each of the persons proposed to be nominated for election as directors. Each nominee is presently a director of the Company. **Management of the Company proposes to nominate each of the persons listed below for election as a director of the Company and the persons named in the enclosed form of proxy intend to vote for the election of these nominees.** The position and office with the Company presently held by each such person, his present principal occupation or employment, the year in which he was first elected or appointed as a director, other principal directorships held by him, his committee memberships and the number of Stapled Units that he has advised are beneficially owned, or over which control or direction is exercised, by him at the date of this Information Circular is set forth below:



William C. Brown, of West Vancouver, British Columbia, has served on the board since 1997. Following a lengthy career in the Canadian sugar industry, Mr. Brown retired as Chairman of BC Sugar in 1998. Until 1997, he was President and CEO of BC Sugar, as well as Chairman and CEO of its subsidiaries, Rogers Sugar Ltd., Lantic Sugar Ltd. and Refined Sugars Inc. Mr. Brown is a director of Westcoast Energy Inc., Union Gas Ltd., Duke Seabridge Ltd., and Boston Pizza Royalties Income Fund. He has served as Vice Chairman of the Business Council of BC, director of the Vancouver General Hospital Foundation and trustee of the National Institute of Nutrition. He is a Past Chairman of the Canadian Sugar Institute and of the World Sugar Research Organization.

Chairman of the Audit Committee

Member of the Environment, Health and Safety Committee

21,901 Stapled Units



V. Edward Daughney, of Vancouver, British Columbia, has served on the board since 1997. Mr. Daughney has been Principal and Chairman of Echelon Home Products since 1989. This company distributes major appliances in Western Canada and the US Pacific Northwest. Prior to 2000, Mr. Daughney was Principal and President of Merit Kitchens. Past Chairman of the Export Development Corporation, Mr. Daughney has also served as a director of a number of Canadian companies.

Chairman of the Board of Directors

Member of the Governance and Human Resources Committee

11,993 Stapled Units



Paul J. McElligott, President and CEO, of North Vancouver, British Columbia, joined the senior management of TimberWest Forest Corp. in January 2001. A director of TimberWest since 1997, Mr. McElligott had been President and CEO of British Columbia's BC Rail Group of Companies since 1989. Mr. McElligott has extensive experience in BC's real estate, rail transportation and deep-sea port terminal sectors. Prior to joining BC Rail, he had been President of Voyageur Enterprises Ltd., North America's third largest inter-city bus company. Mr. McElligott is on the boards of the Council of Forest Industries, the Coast Forest and Lumber Association and the Canada-Japan Society.

70,282 Stapled Units



Robert W. Murdoch, of Saltspring Island, British Columbia, has served on the board since 2001. Mr. Murdoch was President and CEO of Lafarge Corporation and remains a director of that company. He is also a director of its majority shareholder Lafarge S.A. Paris. He interrupted his 20-year career with Lafarge to be Executive Assistant to Prime Minister Pierre Trudeau for five years. Mr. Murdoch is also a director of Sierra Systems Group Inc., Lallmand Inc. and A.P. Plasman Ltd. He is Chairman of the Board of Shawnigan Lake School located on Vancouver Island.

Member of the Audit Committee

Member of the Governance and Human Resources Committee

3,600 Stapled Units



Anthony J. Petrina, of Vancouver, British Columbia, has served on the board since 1997. Former President, CEO and director of Placer Dome Inc., Mr. Petrina is a leading Canadian expert in mining. He retired in 1992, following 32 years with Placer Dome, and more than four decades in the mining industry. Mr. Petrina is a Past Chairman of both the Mining Association of BC and the Mining Association of Canada. He is a director of Miramar Mining Corp. and Pacific Rim Mining Corp., and a former member of the Queen's University Advisory Council on engineering.

Chairman of the Governance and Human Resources Committee

Member of the Environment, Health and Safety Committee

11,001 Stapled Units



Conrad A. Pinette, of Vancouver, British Columbia, has served on the board since 2002. Mr. Pinette's extensive work in the Canadian forest industry began 40 years ago as an owner and President of a family lumber business, Pinette & Therrien Mills Ltd. In 1980, that company was sold to BC Forest Products, which was subsequently acquired by Fletcher Challenge Canada Ltd. Mr. Pinette was Chief Executive of a number of Fletcher Challenge's BC and Alberta subsidiaries. He joined forest products company Lignum Ltd. in 1990, where he is President and Chief Operating Officer. Mr. Pinette is Chairman of Finning International Inc., a director of A&W Revenue Royalties Income Fund, and a director of Forintek and the Council of Northern Forest Employment Relations.

Chairman of the Environment, Health and Safety Committee

Member of the Audit Committee

5,000 Stapled Units



Kenneth A. Shields, of Vancouver, British Columbia, has served on the board since 1997. Mr. Shields is President and CEO of Raymond James Ltd., a Canadian investment dealer, and is a director of its NYSE listed parent company, Raymond James Financial, Inc. Mr. Shields is a Member of the Canadian Accounting Standards Oversight Council, a Director of the Council for Business and the Arts in Canada, and is Past Chairman of the Investment Dealers Association of Canada.

Member of the Audit Committee

Member of the Governance and Human Resources Committee

20,675 Stapled Units

Each of the nominees named above have consented to act as a director of the Company. In the event the Company is advised prior to the election of directors at the Meeting that any such individual is unable or unwilling to so act, a proxy in the enclosed form of proxy will confer discretionary authority on the proxy nominee so named to vote for the election of such other individuals who may be nominated at the Meeting.

In order to provide competitive compensation, the Company has set the director’s remuneration, including fees and equity ownership, at the market median of comparable Canadian publicly traded companies. The directors of the Company who are not employees of the Company are entitled to compensation for services rendered and to be reimbursed for expenses incurred in the performance of the duties of a director of the Company.

Annual compensation is \$12,000 for each director (except that the Chairman of the Board is paid annual compensation of \$50,000), plus \$1,000 for each meeting of the Board of Directors or a committee of the Board attended. Each member of a committee of the Board (other than the chair of the committee) is paid an annual fee of \$3,000, and a chair of a committee of the Board is paid an annual fee of \$4,500.

Directors are, from time to time, requested to carry out special assignments by the Board of Directors and are compensated at a rate of \$1,000 per day for such services.

Mr. McElligott, who is also an employee of the Company, is not entitled to and has not received any of the compensation described above.

During 2002, Mr. Pinette was granted options to purchase 9,000 Stapled Units at an exercise price of \$13.13 per Stapled Unit. These options are exercisable until May 2, 2007, and are subject to vesting as to one-third each year on a cumulative basis over the three years following the grant date. In addition, pursuant to the Company’s Distribution Equivalent Plan, Mr. Pinette, who was granted the options referred to above also received an equal number of awards under the Distribution Equivalent Plan. Such awards have the same expiry date and vesting terms as the corresponding options. See “Report on Executive Compensation – Distribution Equivalent Plan”.

In light of the regulatory change beginning to emerge in Canada and the consequent increased duties of the Board of Directors, particularly the Audit Committee, compensation will be reviewed in the coming year to ensure that it remains competitive. The Governance and Human Resources Committee monitors changing corporate governance and director compensation practices with the goal of recommending practices that further align the interests of directors with the Unitholders.

Record of Attendance by Directors for the Twelve Months Ended December 31, 2002

Director	Board Meetings		Committee Meetings	
	Held	Attended	Held	Attended
William C. Brown	13	13	10	10
V. Edward Daughney	13	13	4	4
Paul J. McElligott	13	13	n/a ⁽²⁾	n/a ⁽²⁾
Robert W. Murdoch	13	13	10	9
Anthony J. Petrina	13	13	8	8
Conrad A. Pinette ⁽¹⁾	13	8	7	6
Kenneth A. Shields	13	12	10	9

(1) Conrad Pinette was elected to the Board of Directors in May 2002 and was only available to attend 8 Board meetings and 7 Committee meetings.

(2) Committees of the Board are composed entirely of outside and unrelated. Mr. McElligott does, however, attend all Committee meetings.

Appointment and Remuneration of Auditors

On the recommendation of management, the persons named in the enclosed form of proxy intend to vote for the reappointment of KPMG LLP, Chartered Accountants (“KPMG”) as the auditors of the Company to hold office until the termination of the next annual meeting. Management further proposes that, as in the past, the remuneration to be paid to the auditors be determined by the Board.

Auditors’ Fees

The following table provides a summary of fees paid to KPMG for the periods indicated:

Services	2002	2001
Audit fees	\$ 128,115	\$ 128,936
Audit-related fees	385,768	105,389
Tax-related fees	17,512	34,750
All other fees	126,088	82,455
	<hr/> \$ 657,483	<hr/> \$ 351,530

For 2002, Audit-related fees were comprised of audit, review, french translation and other services associated with two prospectuses issued, totaling \$328,263, and other audit services provided in connection with the Company’s retirement pension plan for salaried employees, Forest Renewal British Columbia audits of project costs, limited procedures on unaudited interim financial statements and other accounting/disclosure services, totaling \$57,505. For 2001, Audit-related fees were comprised of other audit services provided in connection with the Company’s retirement pension plan for salaried employees, Forest Renewal British Columbia audits of project costs, limited procedures on unaudited interim financial statements and other accounting/disclosure services. All other fees were comprised of costs related to ISO/SFI certification assessments.

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining auditor independence and concluded that KPMG is indeed independent.

Other Matters to be Acted Upon

The management of the Company knows of no matters, which may be brought before the Meeting other than those referred to in the Notice. However, if other matters are properly brought before the Meeting, the persons named in the enclosed form of proxy intend, in their discretion, to vote on such matters in accordance with the judgment of the person so voting.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets out, for the periods indicated, the compensation earned from the Company and its subsidiaries by the Chief Executive Officer and the individuals who were, at December 31, 2002, the end of the Company's most recently completed financial year, the four most highly compensated executive officers of the Company other than the Chief Executive Officer (collectively, the "Named Executive Officers").

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation ⁽⁵⁾ (\$)
		Salary (\$)	Bonus ⁽¹⁾ (\$)	Other Annual Compensation ⁽²⁾ (\$)	Awards		Long Term Incentive Plan Payouts ⁽⁴⁾ (\$)	
					Securities Under Options/SARs Granted ⁽³⁾ (#)	Restricted Shares or Restricted Share Units (\$)		
PAUL J. MCELLIGOTT ⁽⁶⁾ President and Chief Executive Officer	2002	341,392	252,024	24,534	NIL	NIL	NIL	85,369
	2001	314,560 ⁽⁷⁾	198,000	95,043	363,340	NIL	NIL	12,566
BEVERLEE F. PARK ⁽⁸⁾ Vice-President, Finance and Chief Financial Officer	2002	208,333	101,139	3,208	NIL	NIL	NIL	95,496
	2001	192,917	81,000	18,987	72,250	NIL	NIL	26,804
	2000	164,378 ⁽⁹⁾	63,241	27,889	85,000	NIL	53,472	46,424
JOHN W. MANN ⁽¹⁰⁾ Vice-President, Timberland Operations	2002	184,737 ⁽¹¹⁾	93,278	NIL	15,000	NIL	NIL	44,044
JOHN A. KELVIN ⁽¹²⁾ Vice-President, Log Marketing & Sales	2002	161,667	82,123	3,691	NIL	NIL	NIL	48,157
	2001	142,879 ⁽¹³⁾	53,000	14,765	58,050	NIL	13,500	142,336
HAMISH KERR ⁽¹⁴⁾ Vice-President, Strategic Planning & Forest Policy	2002	99,562 ⁽¹⁵⁾	84,204	NIL	12,500	NIL	NIL	128,108

- (1) The annual incentive bonus payments are reported in the financial year in which they were earned, not in the year in which they were actually paid. They are paid in cash in the year following the financial year in which they were earned.
- (2) Perquisites and other personal benefits provided to the Named Executive Officers do not exceed, with respect to any Named Executive Officer, the lesser of \$50,000 and 10% of the total annual salary and bonus of such Named Executive Officer. Amounts in this column represent (i) interest on loans for the purchase of Stapled Units pursuant to the Stapled Unit Incentive Plan (Mr. McElligott: \$87,260 (2001), Ms. Park: \$18,987 (2001), \$27,236 (2000) and Mr. Kelvin: \$13,740 (2001)); (ii) amounts reimbursed in respect of the income taxes payable on the taxable benefit received by virtue of the payment of life insurance premiums (Mr. McElligott: \$7,783 (2001), Ms. Park: \$653 (2000) and Mr. Kelvin: \$1,025 (2001)); and (iii) tax reimbursement with respect to the wind-up of the Stapled Unit Incentive Plan (Mr. McElligott \$24,534 (2002), Ms. Park \$3,208 (2002) and Mr. Kelvin \$3,691 (2002)).

- (3) Consists of options to purchase Stapled Units granted during the relevant financial year. In 2002, the options granted to Messrs. Mann and Kerr were in connection with their appointments as executive officers of the Company. In 2001, the options granted to Mr. McElligott include options granted in connection with his appointment as President and Chief Executive Officer of the Company, an annual grant of options for the years 2001 and 2002 as well as a one-time option grant in connection with the termination of the Company's Stapled Unit Incentive Plan. The options granted to Ms. Park and to Mr. Kelvin in 2001 include an annual grant of options for the years 2001 and 2002 as well as a one-time option grant in connection with the termination of the Stapled Unit Incentive Plan. See "Report on Executive Compensation – Senior Management Stapled Unit Incentive Plan."
- (4) The Stapled Unit Incentive Plan three-year performance bonuses are reported in the financial year in which they were earned, not in the year in which they were actually paid. The reported amount in respect of Ms. Park (\$53,472 (2000)) represents a performance bonus in relation to the period January 1, 1998 to December 31, 2000. The payment to Mr. Kelvin (\$13,500 (2001)) represents a performance bonus in relation to the period January 1, 1999 to December 31, 2001. The after tax amounts of the bonuses were used to reduce the participant's loan amount under the Stapled Unit Incentive Plan. The three-year performance targets were deemed achieved in 2000 and 2001.
- (5) Includes (i) vested and unvested annual contributions and allocations made by the Company to a pension plan for senior executives, (ii) life insurance premiums reimbursed by the Company, (iii) contributions made by the Company under its Employee Stapled Unit Purchase Plan, (iv) Distribution Equivalent payments made to the Trustee under the Distribution Equivalent Plan with respect to vested awards awarded to the executive officers under the Distribution Equivalent Plan, (v) a bonus of \$20,000 paid to Mr. Mann in connection with his appointment as an executive officer of the Company, and (vi) consulting fees of \$115,516 paid to Mr. Kerr during 2002 prior to his appointment as an executive officer of the Company. For Ms. Park, the amount disclosed does not include the negative notional allocation of \$770 to her pension account in 2001 pursuant to the defined contribution option of the Company's Retirement Plan for Senior Executives. See "Retirement Plans".
- (6) Mr. McElligott became a Named Executive Officer on January 22, 2001, when he was appointed President and Chief Executive Officer of the Company.
- (7) The salary disclosed is for the period from January 22, 2001, to December 31, 2001. For comparative purposes, Mr. McElligott's annual salary for 2001 was \$332,000.
- (8) Ms. Park became an executive officer of the Company in February 2000 when she was appointed Vice-President, Finance and Chief Financial Officer of the Company.
- (9) The salary disclosed is for the period from January 1, 2000 to December 31, 2000. From January 1, 2000 to February 21, 2000, Ms. Park was Controller and Secretary of the Company. For comparative purposes, Ms. Park's annual salary for 2000 as Vice-President, Finance, Chief Financial Officer and Secretary was \$170,000.
- (10) Mr. Mann became an executive officer of the Company on February 4, 2002, when he was appointed Vice-President, Timberland Operations.
- (11) The salary disclosed is for the period from February 4, 2002 to December 31, 2002. For comparative purposes, Mr. Mann's annual salary for 2002 was \$200,000.
- (12) Mr. Kelvin became an executive officer of the Company on May 1, 2001, when he was appointed Vice-President, Log Marketing and Sales.
- (13) The salary disclosed is for the period from January 1, 2001 to December 31, 2001. From January 1, 2001 to April 30, 2001, Mr. Kelvin was Manager of Log Trading for the Company. For comparative purposes, Mr. Kelvin's annual salary for 2001 as Vice-President, Log Marketing and Sales was \$150,000.
- (14) Mr. Kerr became an executive officer of the Company on June 3, 2002, when he was appointed Vice-President, Strategic Planning and Forest Policy.
- (15) The salary disclosed is for the period from June 3, 2002 to December 31, 2002. For comparative purposes, Mr. Kerr's annual salary for 2002 was \$170,000.

Stapled Unit Option Grants During the Most Recently Completed Financial Year

The following table sets forth information concerning options to purchase Stapled Units granted to the Named Executive Officers, in their capacities as executive officers of the Company, during the financial year ended December 31, 2002:

Name	Stapled Units Under Options Granted ⁽¹⁾	% of Total Options Granted to Employees in Financial Year ⁽²⁾	Exercise Price (\$/Stapled Unit)	Market Value of the Stapled Units on Date of Grant (\$/Stapled Unit)	Expiration Date
John W. Mann	15,000	32.5	12.87	12.87	02/03/07
Hamish Kerr	12,500	27.1	13.14	13.14	06/02/07

- (1) The Company adopted a Distribution Equivalent Plan on November 24, 2001. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding options that are granted. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of exercise of the corresponding options, the trustee will release the applicable number of Stapled Units held in the trust to that participant in accordance with the terms of the Distribution Equivalent Plan.
- (2) The total number of options granted to employees in 2002 was 46,200, representing grants to new executives and senior management. Annual grants for 2001/2002 totalling 51,000 for directors and 198,800 for officers and employees were made at the end of fiscal year 2001 and such annual grants for 2001/2002 to the Named Executives were previously reported.

The following table sets forth information concerning the value realized upon the exercise of options to purchase Stapled Units during the financial year ended December 31, 2002, and the value of unexercised options to purchase Stapled Units held by the Named Executive Officers, in their capacities as executive officers of the Company, as at December 31, 2002.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values

Name	Stapled Units Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 2002 (#)		Value of Unexercised in-the-Money Options at December 31, 2002 (\$) ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Paul J. McElligott	37,124	156,326	117,322	248,894	56,610	149,601
Beverlee F. Park	68,333	322,957	56,583	32,334	0	51,501
John W. Mann	0	0	0	15,000	0	0
John A. Kelvin	0	0	23,397	34,653	0	0
Hamish Kerr	0	0	0	12,500	0	0

- (1) The closing price of the Stapled Units on the Toronto Stock Exchange on December 31, 2002 was \$12.00.

Retirement Plans

The following table sets forth estimated annual retirement benefits that become payable to Mr. McElligott under the defined benefit option of the Company's Retirement Plan for Senior Executives and Base Pension Plan.

Remuneration ⁽¹⁾	Years of Service						
	5	10	15	30	35	40	45
\$225,000	22,500	45,000	67,500	135,000	157,500	180,000	202,500
\$250,000	25,000	50,000	75,000	150,000	175,000	200,000	225,000
\$300,000	30,000	60,000	90,000	180,000	210,000	240,000	270,000
\$400,000	40,000	80,000	120,000	240,000	280,000	320,000	360,000
\$500,000	50,000	100,000	150,000	300,000	350,000	400,000	450,000
\$600,000	60,000	120,000	180,000	360,000	420,000	480,000	540,000
\$700,000	70,000	140,000	210,000	420,000	490,000	560,000	630,000
\$800,000	80,000	160,000	240,000	480,000	560,000	640,000	720,000

(1) Annual average covered remuneration, which includes annual salary and bonus.

The Company's Base Pension Plan has a 1.3%/2.0% integrated final average earnings formula. Mr. McElligott is also a member of the Company's Retirement Plan for Senior Executives (the "Senior Executive Plan") under which an executive officer who retires at age 65 is entitled to a monthly pension amounting to 2% of each year of credited service applied to the average monthly salary and bonus during the 60 consecutive months when salary and bonus were highest, with a spousal benefit of 60% of the executive officer's pension. The benefits payable under the Senior Executive Plan are reduced by 0.25% per month that retirement occurs prior to age 60. Benefits under the Base Pension Plan and the Senior Executive Plan are not subject to deduction for social security or other offset amounts. Credited years of service currently and at normal retirement at age 65 are 2 years and 17 years for Mr. McElligott. Mr. McElligott is also eligible for an additional pension of \$25,000 per year commencing with the payout of his pension from his previous employer.

Ms. Park and Messrs. Mann, Kelvin and Kerr are members of the defined contribution option of the Senior Executive Plan. Under the defined contribution option, the Company allocates an aggregate of 12% of the executive officer's monthly salary and bonus to individual retirement accounts. Of this total, 7% of the monthly salary and bonus is contributed by the Company to the member's account in the defined contribution option of the salaried retirement plan available to all salaried employees of the Company. The remainder is allocated to a notional account maintained for the member under the Senior Executive Plan. In addition, the Company is also obligated to make an allocation to the notional account of a member every year and such amount is calculated by reference to the average performance of the balanced funds in which the pension fund is invested. Such allocation may be positive or negative. The obligation of the Company in respect of amounts payable pursuant to allocation to notional accounts of members under the Senior Executive Plan is secured by letters of credit.

Under the Senior Executive Plan, the amount of bonus recognized in pensionable earnings is limited to 50% of bonus payments made to an executive officer by way of annual cash incentive, and includes neither any amount for bonuses under the Stapled Unit Incentive Plan nor the value of any options issued under the Stapled Unit Option Plan or payments made under the Distribution Equivalent Plan. Benefits payable under the Senior Executive Plan vest after two years of participation in the plan or upon the attainment of age 55, whichever is earlier.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Company has agreements with each of the current Named Executive Officers that include provisions relating to the termination of their employment and a change in control of the Company.

These agreements provide for severance payments to be made to such individuals if employment is terminated without cause within 24 months following a change of control of the Company, as defined in the agreements. The agreements provide for a "severance" period for each individual of either 24 or 36 months, and provide that in the event of termination (including termination by the individual for reasons that would constitute constructive

dismissal (defined in the agreements as “good reason”), other than for cause, following a change in control, the Company will pay the individual:

- an amount equal to the individual’s current annual base salary and average bonus paid over the previous three years, multiplied by the individual’s severance period in number of years;
- the individual’s unpaid base salary and an amount equal to the individual’s pro rated bonus to the date of termination based on the average bonus referred to above; and
- all benefits during the severance period, including insurance benefits and the accrual of pension benefits, less all benefits that are received by the individual during the severance period from a person other than the Company.

The agreements also provide that all options to purchase Stapled Units held by the individual under the Company’s Stapled Unit Option Plan as of the date of termination of employment will vest to the extent they have not already vested as at the date of the change in control.

The Company has entered into an employment contract with Mr. McElligott for a term of three years commencing January 22, 2001, subject to automatic renewal of further three-year terms unless either party gives written notice of non-renewal not less than 90 days prior to the expiry of the relevant term. The Company may terminate Mr. McElligott’s employment without cause at any time or may elect not to renew the agreement at the end of any three year term if it pays Mr. McElligott an amount equal to two years base salary plus two times the average annual incentive paid under the Company’s Senior Management Annual Incentive Plan in the prior 24 months. In addition, executive perquisites, insurance and other company benefits must be maintained by the Company for Mr. McElligott on a month by month basis for up to two years to the extent permitted by third party providers and until Mr. McElligott commences alternative employment.

Composition of the Compensation Committee

Members of the Governance and Human Resources Committee of the Board of Directors of the Company (this committee performs the functions of a compensation committee in the determination of compensation of the executive officers) who served during the financial year ended December 31, 2002, were Messrs. Brown, Daughney, Murdoch, Petrina and Shields. Mr. Brown served on this Committee until May 3, 2002, and Mr. Murdoch joined the Committee on May 3, 2002. Mr. Daughney was an interim officer of the Company from November 22, 2000 to January 21, 2001. Mr. Shields was, prior to June 23, 1997, an officer of the Company.

Governance and Human Resources Committee Report on Executive Compensation

The Governance and Human Resources Committee (the “Committee”) of the Board of Directors of the Company reviews and makes recommendations to the Board regarding the remuneration of the senior management of the Company, including the President and Chief Executive Officer (the “CEO”). The Committee recommends approval by the Board of salaries, bonuses, securities-related and other incentive plans, pensions and other benefit plans that would be considered compensation to senior management.

Compensation Strategy

Compensation is a key mechanism used by the Company to attract, retain and motivate employees with the skills and commitment needed to enhance Unitholder value. The Company ensures that it provides competitive compensation to senior management by reviewing information from external advisors. The Committee’s goal is to target senior management compensation at the market median for comparable Canadian publicly traded companies.

Total compensation for senior management includes base salary, annual and long-term incentives and a program of benefits and perquisites.

In addition to attracting and retaining a senior management team that demonstrates superior leadership skills and strategic management focus, the compensation strategy has the objective of linking the interests of the senior management group with those of the holders of the Stapled Units.

The Committee believes that its objectives can be met by providing for base salaries at levels prevailing in the marketplace, together with an emphasis on annual and long-term incentives based on the performance of the Company to provide total compensation competitive with a reference group comprising Canadian companies in the forest industry (for industry specific management roles) and a general industry sample of autonomous Canadian companies with revenues between \$100 million and \$5 billion (for non-industry specific management roles).

Chief Executive Officer's Compensation

The Committee assesses the overall performance of the CEO on the basis of his contribution to:

- the financial performance of the Company compared to specific goals and objectives as agreed to by the Committee and the Board at the beginning of each year,
- the strategic plan for the Company, and
- the management, including risk management and leadership, of the organization.

The Committee's objective is to provide competitive compensation for the CEO based on performance. The Committee's assessment of Mr. McElligott's performance over fiscal year 2002 included the following performance highlights:

- sound financial performance with growth in distributable cash for 2002,
- clear articulation of the strategic direction of the organization with demonstrable achievement of the "Operations Excellence" focus,
- strong management, including risk management, and
- leadership of the organization with considerable restructuring of his senior management team during 2002.

Base Salary and Benefits and Perquisites

Base salary and benefits and perquisites have been recommended to the Board with the assistance of independent consultants and on the basis of market research conducted by the independent consultants on the reference groups. The CEO and other executive officers were compared to executives occupying similar positions in the reference groups. The Committee's policy is that target salaries and ranges are referenced at the median levels of the groups. The Committee recommends actual salaries based on that policy.

Annual Cash Incentives

Effective for the financial year beginning January 1, 1998, the Committee adopted a formal plan, known as the Senior Management Annual Incentive Plan (the "Annual Incentive Plan"), which defined the criteria governing the payment of cash incentives. The intention of the Annual Incentive Plan is to encourage senior management to focus on strategies and results that meet expectations of the holders of Stapled Units for sustainable distributable cash. The Annual Incentive Plan also allows a measure of discretion for the CEO to differentiate incentive compensation paid on the basis of individual performance.

The Company sets a target performance annually. For 2002, the target was set at \$82.3 million of distributable cash.

A target award is established for each participant in the Annual Incentive Plan using a percentage of base salary. In 2002, the target award for members of senior management (other than the CEO) for achieving 100% of the Company's target performance was established at 35% of salary. Of the 35%, 25% is non-discretionary and 10% is discretionary. For the CEO, the target award for achieving 100% of the Company's target performance was established at 50% of salary. Of the 50%, 40% is non-discretionary and 10% is discretionary. Non-discretionary award amounts are determined for all participants based on the Company's actual performance relative to its target for the financial year.

Maximum awards are paid if the Company achieves 120% of its target performance. The maximum awards established in 2002 were 70% for members of senior management. The maximum award for the CEO was 100%.

Stapled Unit Option Plan

On April 18, 2000, the Unitholders approved the adoption of the Company's Stapled Unit Option Plan, dated as of March 1, 2000, pursuant to which directors, officers or employees of the Company or of any of its subsidiaries who are in active service or employment with the Company or any of its subsidiaries (defined under the Stapled Unit Option Plan as "Eligible Persons") may be granted options to purchase Stapled Units.

Purpose of the Stapled Unit Option Plan. The purpose of the Stapled Unit Option Plan is to promote the interests of the Company by (i) furnishing certain directors, officers and employees of the Company and its subsidiaries with greater incentive to further develop and promote the business and financial success of the Company, (ii) furthering the identity of interests of persons to whom options may be granted with those of the

Unitholders generally through securities ownership in the Company, and (iii) assisting the Company in attracting, retaining and motivating its directors, officers and employees.

Description of the Stapled Unit Option Plan. Under the Stapled Unit Option Plan, options may be granted to Eligible Persons as described under the plan from time to time. The maximum number of Stapled Units which may be issued pursuant to the Stapled Unit Option Plan and all options granted thereunder will not exceed 3,500,000 Stapled Units, which amounts to approximately 4.6% of the issued and outstanding Stapled Units as of December 31, 2002. The number of Stapled Units subject to any option granted under the Stapled Unit Option Plan and the related exercise price are subject to conventional provisions for their adjustment in certain events, including subdivision or consolidation of the Stapled Units. The number of Stapled Units that may be reserved for issuance to any one person pursuant to options granted under the Stapled Unit Option Plan may not exceed 5% of the issued and outstanding Stapled Units from time to time on a non-diluted basis (the "Outstanding Stapled Units"), the number of Stapled Units that may be reserved for issuance to insiders of the Company pursuant to options granted may not exceed 10% of the Outstanding Stapled Units and the number of Stapled Units that may be reserved for issuance to directors of the Company (who are not employees of the Company) pursuant to options granted may not exceed 1% of the Outstanding Stapled Units. In addition, the number of Stapled Units that may be issued to all insiders of the Company in the aggregate, or to any one insider, pursuant to options granted under the Stapled Unit Option Plan and pursuant to any other compensation arrangement involving the issuance of Stapled Units, within a one year period, may not exceed 10% and 5% of the Outstanding Stapled Units, respectively.

The Stapled Unit Option Plan is administered by the Committee. The Committee may select Eligible Persons who may be granted options under the Stapled Unit Option Plan and determine the number of Stapled Units and exercise price in respect of which options are to be granted to such persons. The Committee may also determine the expiry date of the options, provided that the date of expiry may not be later than the date that is ten years after the date of grant. If an optionee ceases to be in active employment or service with the Company or any of its subsidiaries due to death, retirement or termination with or without cause, the options held by such optionee will be subject to early expiry.

Options granted under the Stapled Unit Option Plan may not be exercised except in accordance with such limitations, based on the passage of time after the option is granted or the satisfaction or fulfilment of any other conditions, and subject to such other provisos as the Committee may in its discretion determine to be appropriate. As long as the Stapled Units are listed on the Toronto Stock Exchange, the exercise price per Stapled Unit for each option granted pursuant to the Stapled Unit Option Plan may not be less than the weighted average trading price of the Stapled Units on the Toronto Stock Exchange over the period of five consecutive trading days ending on the trading day immediately before the date of grant.

Distribution Equivalent Plan

On November 24, 2001, the Board of Directors approved and the Company adopted a Distribution Equivalent Plan pursuant to which directors, officers or employees of the Company or any of its subsidiaries who are in active service or employment with the Company or any of its subsidiaries may be granted distribution equivalent awards under the Distribution Equivalent Plan.

Purpose of the Distribution Equivalent Plan. The purpose of the Distribution Equivalent Plan is very similar to that of the Stapled Unit Option Plan. It is intended to complement the Stapled Unit Option Plan so that recipients of options, by receiving corresponding distribution equivalent awards, will, upon exercise of the relevant options, have the benefit of distributions paid by the Company in respect of Stapled Units subject to the granted options.

Description of the Distribution Equivalent Plan. The Distribution Equivalent Plan is administered by the Committee. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding granted options. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such paid distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of exercise of the

corresponding options, the trustee will release the applicable number of Stapled Units held in trust to that participant in accordance to the terms of the Distribution Equivalent Plan.

Senior Management Stapled Unit Incentive Plan

On October 28, 1997, the Board of Directors approved the Stapled Unit Incentive Plan as a long-term incentive plan for the Company's senior management. The Committee administered the Stapled Unit Incentive Plan, however, as part of the review of the Company's executive long-term incentive programs, the Board obtained the advice of a nationally recognized compensation consulting firm and in October 2001 made the decision to phase out the Stapled Unit Incentive Plan.

As part of the phase-out of the Stapled Unit Incentive Plan, all participants under the plan (other than those whose participation was terminated in the ordinary course pursuant to the plan) entered into agreements with the Company to terminate their participation under the plan. As part of these agreements, all Stapled Units held in each participant's account vested immediately and the trustee under the plan sold (in the case of employees, to the Company, or in the case of non-employees, through the Toronto Stock Exchange) sufficient Stapled Units to repay in full the loan owed by such participant under the plan. The balance of the Stapled Units were released to the participants. The Stapled Unit Incentive Plan was fully terminated by March 11, 2002.

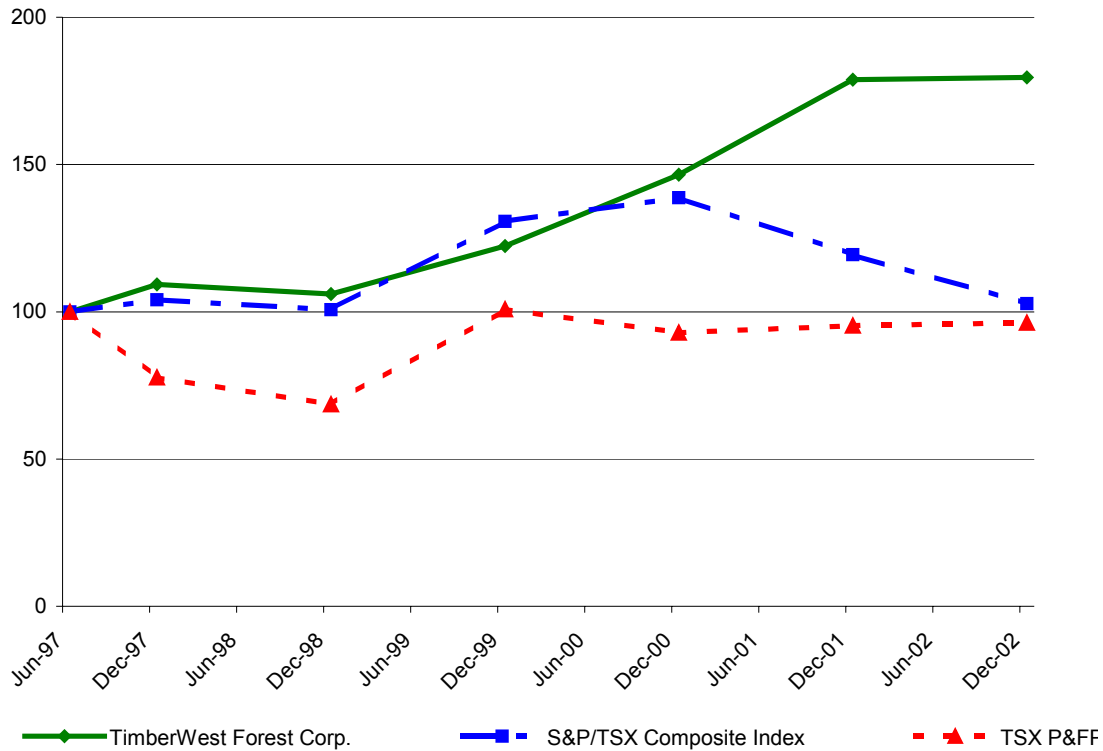
In addition, options were granted at the end of 2001 pursuant to the Company's Stapled Unit Option Plan to the participants who agreed to terminate their participation under the Stapled Unit Incentive Plan (in aggregate, 58,340 for directors and 650,300 for officers and employees). These options are exercisable at exercise prices equal to the applicable current market price, expire on the fifth anniversary of the applicable grant date and vest pursuant to a vesting schedule based on the Stapled Unit Incentive Plan. These participants were also granted distribution equivalent awards under the Company's Distribution Equivalent Plan. These grants were designed to replace future benefits of the participants under the Stapled Unit Incentive Plan.

Submitted by the Governance and Human Resources Committee

A.J. Petrina, Chairman
V. E. Daughney
R.W. Murdoch
K.A. Shields

STAPLED UNIT PERFORMANCE

The following line graph and succeeding table compare the return on the Stapled Units, assuming an initial investment of \$100, with the cumulative total return, assuming a corresponding investment with all dividends reinvested, in respect of the S&P/TSX Composite Index (formerly the TSE 300 Composite Index) and the Toronto Stock Exchange Paper and Forest Products Index (the “TSX P&FP Index”) compiled by the Toronto Stock Exchange, from the commencement of trading of the Trust Units of TimberWest Timber Trust (which were subsequently exchanged on a one for one basis for Stapled Units) on the Toronto Stock Exchange on June 23, 1997, to December 31, 2002. The S&P/TSX Composite Index and the TSX P&FP Index are total return indices, including dividends reinvested.



	6/23/1997	12/31/1997	12/31/1998	12/31/1999	12/31/2000	12/31/2001	12/31/2002
TimberWest Forest Corp.	\$100	\$109	\$106	\$122	\$147	\$179	\$180
S&P/TSX Composite Index	\$100	\$104	\$101	\$131	\$139	\$119	\$103
TSX P&FP Index	\$100	\$78	\$69	\$101	\$93	\$95	\$96

CORPORATE GOVERNANCE

The Toronto Stock Exchange requires a listed company to annually disclose its approach to corporate governance with specific reference to a series of guidelines for effective corporate governance (the “TSX Guidelines”). The TSX Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members.

The Company’s Board of Directors and senior management consider good corporate governance to be central to the effective, efficient and prudent operation of the Company. During the past year, both management and the Board have monitored and, where appropriate, responded to regulatory developments aimed at improving corporate governance practices, increasing corporate accountability and enhancing the transparency of public company disclosure. In November 2002, the Toronto Stock Exchange Joint Commission on Corporate Governance proposed amendments to the TSX Guidelines. The Company’s approach to corporate governance is described below, with reference to the TSX Guidelines, including the proposed amendments to the TSX Guidelines.

Composition of the Board

The TSX Guidelines recommend that a board of directors should be constituted with a majority of individuals who qualify as “unrelated directors”. The TSX Guidelines define an unrelated director as a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding. The TSX Guidelines also make an informal distinction between “inside” and “outside” directors. The TSX Guidelines and related rules consider an inside director of a corporation to be a director who is an officer or employee of the corporation or any of its subsidiaries.

The directors of the Company have examined the relevant definitions in the TSX Guidelines and have individually considered their respective interests in and relationships with the Company. As a consequence, the Board has determined that on a rigorous application of these definitions, six of the Company’s seven directors are both unrelated and outside directors. Mr. McElligott (the President and CEO of the Company) is the only director who is a related director. Mr. McElligott is also an inside director.

The TSX Guidelines also recommend that in circumstances where a corporation has a “significant shareholder” (that is, a shareholder with the ability to exercise the majority of the votes for the election of the directors of the corporation) the board of directors should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and should fairly reflect the investment in the corporation by shareholders other than the significant shareholder. The Company does not have a significant shareholder.

The TSX Guidelines recommend that a board of directors should have in place appropriate structures and procedures to enable the board to function independently of management. The TSX Guidelines provide that the independence of a board is most simply assured by appointing a chair who is not a member of management. The Chairman of the Board of the Company, Mr. Daughney, is not an employee of the Company and is not regularly involved in the day-to-day management of the Company. In addition, the Board holds sessions at each Board meeting without management present.

The TSX Guidelines provide that a board of directors should examine its size having regard to its effectiveness and, where appropriate, consider reducing the number of directors to facilitate more effective decision-making. The Board considers its size of seven directors to be appropriate at the current time.

Committees of the Board

The TSX Guidelines recommend that the committees of a board of directors should generally be composed of outside directors, a majority of whom are unrelated directors. The Board has established three standing committees, the Audit Committee, the Environment, Health and Safety Committee, and the Governance and Human Resources Committee. Each of these committees is composed entirely of outside and unrelated directors. The Company does not have an Executive Committee of the Board.

Audit Committee

In addition to its statutory duties, as recommended in the TSX Guidelines, the Audit Committee assists the Board in its oversight of the integrity of the Company's financial statements, the external auditors qualifications, independence and objectivity, the performance of the internal auditors and of the external auditors, the adequacy and effectiveness of internal controls and compliance with legal and regulatory matters. The Board, through the Committee, identifies principle risks in the business and ensures that those risks are appropriately managed. The Committee also reviews management policies and procedures for appropriateness and effectiveness.

All members of the Committee are financially literate and at least one member has related financial experience. "Financial literacy" is the ability to read and understand a balance sheet, an income statement, a cash flow statement and the notes attached thereto. "Related financial experience" is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles. None of the members of the Committee receives, directly or indirectly, any compensation from the Company other than directors' fees.

Subject to the powers of the Unitholders under the Company Act to appoint and revoke the appointment of the external auditors, the Audit Committee has the authority and responsibility to recommend the appointment and revocation of appointment of the external auditors and to fix their remuneration. The Committee is directly responsible for the oversight of the work of the external auditors, including reviewing relationships between the external auditors and the Company and resolution of disagreements between management and the external auditors regarding financial reporting. The Committee has the sole authority to approve all audit engagement fees and terms as well as the provision of any legally permissible non-audit services provided by the external auditors. The Committee is also charged with reviewing with the external auditors any audit problems or difficulties and management's response.

The Audit Committee, which has oversight responsibility for management reporting on internal controls, requires that management implement and maintain appropriate internal control procedures. The Committee meets with the internal auditors and with management to assess the adequacy and effectiveness of these systems of internal control. The Committee also reviews reports from the internal auditors on the Company's control environment and internal controls implemented to ensure any weaknesses identified have been remedied. The internal audit function at TimberWest is provided by PricewaterhouseCoopers. The chairman of the Committee has direct access to the partner in charge of this engagement.

The Audit Committee terms of reference provide that the Committee will meet separately with the external auditors, the internal auditors and senior management on a periodic basis to discuss and review specific issues as appropriate.

Among other things, the Audit Committee reviews:

- Quarterly Interim Financial Statements, the Annual Report, including Management's Discussion and Analysis and the Consolidated Financial Statements, the Annual Information Form and this Information Circular;
- prospectuses relating to the issuance of securities by the Company; and
- any significant issues reported to management by the internal audit function and management's responses to any such reports.

Environment, Health and Safety Committee

The Environment, Health and Safety Committee has specific authority to review, approve and revise the environmental and safety policy of the Company, to monitor the Company's environmental management system, including results of internal and external audits of these policies and systems, to provide direction to management on the frequency and focus of external independent environmental audits and to investigate any activity of the Company that relates to environmental and safety matters. The Committee also monitors the status of TimberWest's compliance with ISO and SFISM certifications to ensure certification standards are being met. The Committee also monitors safety statistics such as the Medical Index Rate and Severity Index to ensure the Company is complying with and exceeding safety standards.

Governance and Human Resources Committee

The Governance and Human Resources Committee has responsibility to review and recommend for approval by the Board all remuneration and pensions of the officers of the Company. The Committee is also responsible for supervision of the Company's pension plans.

As recommended in the TSX Guidelines, the Governance and Human Resources Committee reviews the amount and the form of compensation of directors. In making recommendations to the Board for appropriate adjustments, the Committee considers the time commitment, risks and responsibilities of directors, as well as comparative data derived from a survey of board compensation at other companies, which has been analyzed by an independent outside consultant.

The Governance and Human Resources Committee is also responsible for identifying, evaluating and recommending nominees to the Board of Directors and its committees, in consultation with the Chairman and the President and CEO. The Committee determines what competencies, skills and personal qualities it should seek in new board members to add value to the Company. In certain circumstances the Committee may retain outside consultants to conduct searches for appropriate nominees.

Ensuring the effectiveness of the Board is an ongoing process. A formal system for evaluation of individual directors and the Board as a whole has been established and is performed annually.

The Governance and Human Resources Committee assists the Board in applying governance principles and practices, and tracks developments in corporate governance, adapting best practices to the needs and circumstances of the Company. In particular, the Committee has reviewed the proposed regulatory changes prescribed by the Sarbanes-Oxley Act of 2002 for the United States, and changes proposed by the TSX and securities legislators for Canada. The Committee will modify its practices and the practices of the Board and its other Committees as necessary to maintain its high standard of governance.

Mandate and Responsibilities of the Board

The TSX Guidelines provide that a board of directors should explicitly assume responsibility for the stewardship of a corporation. The Board's terms of reference provide that the Board act in a supervisory role and that any responsibilities not delegated to management remain with the Board. In this regard, the Board approves the corporate objectives which management is responsible for meeting and assesses management against these objectives. The Chairman of the Board is not a member of management.

The scope of the Board's supervisory role expressly includes such matters as the strategic planning process, identification and management of risks, internal controls, communications policy, succession planning and governance. To support it in its supervisory role, the Board expects management, among other things, to:

- undertake an ongoing review of the Company's strategies and their implementation in light of evolving conditions, and to present a comprehensive annual operating plan and report regularly on the Company's performance and results relative to that plan, as well as on the Company's business and other affairs, with a focus on matters of material consequence for the Company and its Unitholders;
- implement systems to identify, monitor and manage the principal risks of the Company's businesses;
- implement and maintain appropriate systems of internal controls and management information systems; and
- implement and maintain effective communications practices, ensuring timely and accurate reporting to investors and the capital markets.

The TSX Guidelines recommend that a board of directors should assume responsibility for the adoption of a strategic planning process. Long-term goals and strategies for the Company are developed as part of an annual strategic planning process with the Board. In 2001, the Company developed a long-term strategic plan. The strategic planning process also includes the preparation of a detailed one-year operating plan. Through this process, led by the CEO and senior management of the Company, the Board adopts the operating plan for the coming financial year and monitors senior management's relative progress through a regular reporting and review process. The Board reviews, on a quarterly basis, the extent to which the Company has met the current year's operating plan.

The TSX Guidelines recommend that a board of directors should identify a corporation's principal business risks and ensure implementation of appropriate risk management systems. The Board has identified the principal risks of the Company's business and monitors, through established systems and procedures, the efficiency and use of

forestry resources, processing facilities and monetary resources as well as compliance with regulatory standards and ISO 14001 standards and certification under the American Forest & Paper Associations Sustainable Forestry Initiative (SFI)SM Program. The primary regulatory compliance risk relates to adherence to the Forest Practices Code of British Columbia, the Private Land Forest Practices Regulation of British Columbia and environmental standards. The Environment, Health and Safety Committee of the Board is responsible for establishing policy, practice and control mechanisms and for conducting regular reviews of issues and audits.

The TSX Guidelines recommend that a board of directors should assume responsibility for the integrity of a corporation's internal control and management information systems. The Board, through its Audit Committee, meets with the Company's external auditors to discuss the results of the annual audit, which includes, in accordance with generally accepted auditing standards, a review of the Company's financial systems and related internal controls. The Audit Committee also reviews the Company's internal control and management information systems with management annually as part of its financial risk assessment.

The TSX Guidelines recommend that a board of directors should assume responsibility for a corporation's communications policy. The Company's Board reviews and approves the contents of major disclosure documents, including the Annual Report containing the Management's Discussion and Analysis and the Consolidated Financial Statements, the Quarterly Interim Reports, the Annual Information Form and this Information Circular.

The Company's communications practices for communication with analysts and the public are designed to avoid selective disclosure. In this regard:

- quarterly earnings conference calls are broadcast live over the internet and are accessible on a live and recorded basis;
- procedures are in place to provide timely information to investors and potential investors and to respond to investor inquiries and concerns;
- the CEO, the CFO and other senior executives meet periodically with financial analysts and institutional investors regarding the Company's results of operations;
- staff are also available to Unitholders by telephone and fax and the Company maintains comprehensive investor relations communications on its web site at: www.timberwest.com; and
- presentations made by senior management at investor conferences are promptly made available on the internet.

In addition, the Company conducts an active Unitholder relations program, under the direction of the Chief Financial Officer of the Company. The program involves meeting with a broad spectrum of investors, including open briefing sessions for analysts, investment fund managers and others with respect to reported financial results and other announcements by the Company. The Chief Financial Officer reports regularly to the Board with respect to these matters.

The TSX Guidelines recommend that a board of directors should assume responsibility for succession planning, including appointing, training and monitoring senior management. Through its Governance and Human Resources Committee, the Board reviews all appointments of officers. The Governance and Human Resources Committee also has responsibility for assessing the requirements and performance, on an overall basis, of the CEO and officers in order to recommend salaries and incentive awards for performance. The CEO has in place a process whereby senior managers develop objectives, review them with the CEO and are measured against them. In addition, position descriptions have been developed for the Board, its committees, the Chairman and the President and CEO. Delegations of authority have been implemented by the Board to define the limits of management's authority and responsibilities.

Decisions Requiring Prior Approval by the Board

The Board of Directors has delegated to the CEO and senior management the responsibility for day-to-day management of the business of the Company, subject to compliance with the plans approved from time to time by the Board. In addition to those matters which must by law or by the Articles of the Company be approved by the Board, the Board has specified limits to management's responsibility as recommended in the TSX Guidelines, and retains responsibility for significant changes in the Company's affairs such as approval of major capital expenditures, debt and equity financing arrangements and significant acquisitions and divestitures.

Expectations of Senior Management

As part of its annual strategic planning process, the Board's expectations of senior management over the next financial year, and in the context of the longer-term strategic plan, are specified. As recommended in the TSX Guidelines, the Board also reviews and approves the annual corporate performance objectives for which the CEO is responsible. The CEO and other members of the senior management team review the Company's progress at Board and committee meetings, normally held every quarter. The reviews report on strategic, operational and financial issues facing the Company.

Directors' and Officers' Liability Insurance

The Company has purchased, at its expense, Directors' and Officers' Liability Insurance, which is split into two separate coverages in the insuring agreement. The first coverage relates to protection provided for directors and officers against liability incurred by them in their capacities as directors and officers of the Company and its subsidiaries. This section has a policy limit of \$50,000,000 for each claim, subject to an aggregate limit of \$50,000,000 for the 12 months ending July 1, 2003. There is no deductible under this coverage that applies in circumstances where indemnification is not provided by the Company.

When the Company provides an indemnity to a director or officer, the second coverage applies and provides payment on behalf of the Company under the indemnity, subject to a deductible of \$100,000. This section has a policy limit of \$50,000,000 for the 12 months ending July 1, 2003.

Other

The TSX Guidelines recommend that a corporation should provide an orientation and education program for new directors. In addition to having extensive discussions with the Chairman of the Board and the CEO with respect to the business and operations of the Company, a new director receives an orientation package, which includes a record of public and other information concerning the Company and prior minutes of meetings of the Board of Directors and applicable Committees. In addition, the Board tours the Company's operations on a periodic basis in order to assist the directors in better understanding the Company's business. At the conclusion of each Board meeting, there is an in-camera session of independent directors in which any concerns may be freely expressed.

The TSX Guidelines recommend that a board of directors should implement a system that enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. Individual directors of the Company may engage outside advisors at any time at the Company's expense, subject to the approval of the Chairman of the Board, to provide advice with respect to a corporate decision or action.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Information Circular, none of the directors or senior officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the beginning of the Company's last completed financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Since the commencement of the most recently completed financial year of the Company, no insider of the Company, nor any person proposed to be elected as a director of the Company, nor any associate or affiliate of such persons, has had any material interest in any transaction involving the Company.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No director, executive officer or senior officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any such director, officer or proposed nominee, at any time during the most recently completed financial year has been indebted to the Company or any of its subsidiaries or had indebtedness to another entity which is, or has been, the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries, other than, in each case, "routine indebtedness" (as defined under applicable securities laws) or which was entirely repaid before the date hereof.

None of the persons described above, nor any other officer or employee or former officer, director or employee of the Company or any of its subsidiaries has been indebted to the Company or otherwise incurred indebtedness described above in connection with the purchase of securities of the Company or any of its subsidiaries.

ADDITIONAL INFORMATION

The Company will provide to any person or company, upon request to the Secretary of the Company, copies of the Company's Annual Information Form (together with a copy of any document, or the pertinent pages of any document, incorporated therein by reference), the Company's comparative consolidated financial statements for its most recently completed financial year together with the accompanying report of the auditor, any interim financial statements of the Company subsequent to the financial statements for the Company's most recently completed financial year and the Company's information circular in respect of its most recent annual meeting of Unitholders. The Company may require the payment of a reasonable charge if the request for information is made by a person who is not a holder of the Company's securities.

EFFECTIVE DATE

Except as otherwise specified, the information set forth in this Information Circular is provided as of March 15, 2003.

APPROVAL OF THE BOARD

The contents of this Information Circular have been approved and its mailing has been authorized by the Board of Directors of the Company.

DATED as of the 15th day of March 2003.

BY ORDER OF THE BOARD OF DIRECTORS

Brenda G. Blue
Secretary