



TIMBERWEST FOREST CORP.

For immediate release: April 30, 2008

TIMBERWEST ANNOUNCES 2008 FIRST QUARTER RESULTS

Vancouver (BC) – TimberWest continues to manage its way through a difficult log and lumber market, with a focus of creating long term value for unitholders. “During the first quarter the Company again took concerted action to address the challenging market conditions and a strong Canadian dollar by reducing production levels,” said President and CEO Paul McElligott. “This has had an expected impact on our near term earnings, but will contribute significantly to the company’s long-term value. Our trees will grow in size and value over time and we believe they will be worth considerably more when harvested in the future than if we were to harvest them today.”

Our real estate proceeds increased from a year earlier but remained modest compared with potential. Considerable work is being done to ramp up the non-core land sales program for the year.

With the combination of deferred harvest, modest real estate proceeds, and today’s weak pricing environment, distributable cash for the quarter ended March 31, 2008 was \$(3.9) million, or \$(0.05) per stapled unit, compared to \$26.9 million, or \$0.35 per stapled unit, for the first quarter of 2007. This represents a year-over-year decline of 71% in private land log harvest levels and a 64% decline in log sales revenues in the first quarter of 2008 relative to the first quarter of 2007.

Logging and Lumber Operational Results

Log sales volumes were some 350,000 m³ in Q1, 2008, an all time low, and realizations were \$81 per m³ compared to \$95 per m³ for the same quarter of 2007. This underscores the significant deterioration in North American log markets, particularly Douglas fir markets, and the spillover effects in our offshore markets and the 16% appreciation of the Canadian dollar. Lumber sales volume was 17.0 million board feet in Q1, 2008 compared to 40.8 million board feet in Q1, 2007.

On the cost side, unit production costs are higher than the same period last year as a result of the lower production volumes. “We continue to work towards an agreement with the United Steelworkers union to subdivide our larger contract operations on private lands, which we believe will allow us to reduce harvesting costs, provide a more stable employment base, and improve safety performance,” said McElligott. “Our plan is to award future harvesting work to mid-sized contracting firms at competitive bid rates.”

Real Estate Operational Results

Real estate net proceeds for the quarter were \$2.4 million, or \$73,000 per acre (for an industrial site) compared to \$0.2 million, or \$10,000 per acre for the first quarter of 2007. The pace of our non-core real estate land sales will accelerate in the months ahead as we have our real estate plan in place and the department almost fully staffed. While it is too early to predict the real estate sales proceeds for 2008, we anticipate that next quarter we will have a better estimate of our near term sales prospects. We appointed a Director of Sales to our Real Estate business unit in February and a Director of Business Development in early April, as well two additional staff support specialists during the quarter.

We continue to make progress on the implementation of our real estate plan. “We are pleased with the discussions that we have had thus far with communities and other stakeholders on Vancouver Island as it relates to our planning and zoning work,” said McElligott. “In addition, we have begun to explore a range of joint venture possibilities on our land base as we have some great opportunities for partnerships with high-quality, sophisticated developers with proven track records. There are a number of parties interested in working with us in this capacity.”



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Other First Quarter 2008 Updates

As we announced on February 7, 2008, TimberWest plans to permanently close its Elk Falls sawmill on May 9, 2008. We expect the closure of the mill to be self-financing as working capital and equipment value are expected to more than fund the costs, including approximately \$7.2 million in estimated restructuring costs. During the quarter, we had a bidder express interest in a potential purchase of the mill. That party has signed a confidentiality agreement and has been provided with the necessary due diligence materials to make its purchase decision. TimberWest has also outlined the conditions that would have to be satisfied for a sale to occur including timing, employee obligations, valuation issues regarding sawmill assets and the site itself, and fibre supply arrangements. While selling this asset and preserving its associated jobs remains our clear preference, we caution that neither unitholders nor employees should expect any such transaction will emerge.

In addition to the Elk Falls restructuring costs, the Company expects additional restructuring charges in 2008 related to contractor issues, subdivision and chip commitments of an additional \$5.0 million.

The March 31, 2008 results include a charge to earnings and distributable cash of \$2.1 million, or \$0.03 per unit, as a result of the implementation of the new Canadian GAAP standard on Inventory which requires inventory to be recorded at the lower of cost and net realizable value on an-item-by-item basis defined as end-use-sorts for logs and grade levels for lumber and a charge of \$0.6 million to reflect the write-off of amounts the Company believes to be uncollectible from one of our contractors.

Outlook

Our outlook for the near term is very similar to our last quarterly report. We expect to face very difficult log and lumber markets for 2008 with the ongoing weakness in North American housing, oversupplied offshore markets, and the strong Canadian dollar. For the second quarter again, we expect to maintain low harvest levels and sales will likely be about half our normal levels as we continue to support key customers. While this certainly impairs our ability to generate cash flow, with all of the restructuring we have done in the business, our fixed costs are low. TimberWest is currently in compliance with all of its debt covenants, however, it is possible that TimberWest may not be able to remain in compliance with its debt to EBITDA covenant later in 2008. At this time, we are able to continue to pay distributions, but will continue to monitor the situation on a quarter-to-quarter basis as we move through this downturn and will stay focused on growing long term unitholder value.

“Fundamentally, we believe we are pursuing the right value enhancement strategy for our unitholders as our trees grow in size and value,” added McElligott. “By reducing harvest levels when margins are low and increasing harvests when margins are high, the net asset value of the Company will increase.”

Looking beyond the immediate market challenges, we expect to see demand and pricing for log and lumber products in our region improve when housing activity returns to more normal levels. This view is based upon our assessment of the positive demographics in the US, which should result in the return to a strong housing market, our expectations regarding continuing growth in demand for wood products in Asia, the impact of the inevitable future supply shortages caused by the mountain pine beetle infestation in Western Canada, further harvest reductions in eastern Canada, and escalating Russian log export taxes. When margins improve, we will go back and harvest the trees that we left behind.

We also continue to believe that our real estate strategy is the right long term one for unitholders. Planning and zoning will enhance real estate values significantly on our development lands and over time raise the value of our portfolio. Our efforts in this area will help communities achieve sustainable development that brings with it jobs, homes, new infrastructure, and recreational opportunities for generations to come.

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Distributable Cash

<i>(in millions of dollars)</i>	Three months ended March 31, 2008	Three months ended March 31, 2007
Net earnings (loss)	\$ (23.3)	\$ 3.7
Interest on Series A Subordinate Notes owned by unitholders	21.0	20.9
Earnings (loss) available for distribution	(2.3)	24.6
Future income tax recovery	(4.7)	(0.3)
Earnings (loss) available for distribution before provision for future income taxes	(7.0)	24.3
Add (deduct):		
Depreciation, depletion and amortization	1.3	2.5
Proceeds from sale of property, plant and equipment	2.4	0.2
Gain on sale of property, plant and equipment	(0.5)	(0.1)
Additions to property, plant and equipment	(0.5)	(0.5)
Other non-cash items	0.4	0.5
	3.1	2.6
Distributable cash	\$ (3.9)	\$ 26.9

Per Stapled Unit amounts:

<i>(in dollars)</i>	Three months ended March 31, 2008	Three months ended March 31, 2007
<i>Basic and diluted earnings (loss) available for distribution before provision for future income taxes per weighted average Stapled Unit</i>	\$ (0.09)	\$ 0.31
<i>Basic and diluted distributable cash per weighted average Stapled Unit</i>	\$ (0.05)	\$ 0.35
<i>Cash distributions paid per Stapled Unit</i>	\$ 0.27	\$ 0.27

The following table provides a reconciliation of cash flow from operations before changes in working capital to distributable cash:

<i>(in millions of dollars)</i>	Three months ended March 31, 2008	Three months ended March 31, 2007
Cash flow from operations	\$ (20.6)	\$ (6.6)
Add (deduct):		
Change in non-cash working capital	(6.0)	13.0
Interest on Series A Subordinate Notes owned by unitholders	21.0	20.9
Proceeds from sale of property, plant and equipment	2.4	0.2
Additions to property, plant and equipment	(0.5)	(0.5)
Other non-cash items	(0.2)	(0.1)
	16.7	33.5
Distributable cash	\$ (3.9)	\$ 26.9

Distributable cash includes consolidated net earnings (loss), plus interest expensed on Series A Subordinate Notes owned by unitholders, plus non-cash income taxes, plus depreciation, depletion and amortization, plus

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proceeds from the sale of property, plant and equipment net of their gain (loss) on sale, less additions to property, plant and equipment and, from time to time, adjustments for other items deemed appropriate by the Board of Directors. Earnings available for distribution is comprised of consolidated net earnings (loss) plus interest expensed on Series A Subordinate Notes. The Series A Subordinate Notes are owned by the unitholders and interest thereon is paid to the unitholders, therefore, earnings available for distribution to unitholders reflects earnings before this interest charge.

Earnings available for distribution and distributable cash are measures that do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. Management believes that the presentation of these measures will enhance an investor's understanding of the Company's operating performance. Reconciliations of net earnings (loss) and cash flow from operations before changes in working capital, as determined in accordance with GAAP, and earnings available for distribution and distributable cash are provided in the preceding tables.

The following tables present a quarterly comparison of distributable cash generated, in total and on a per Stapled Unit basis:

	2008	2007	2006	2005	2004	2003
Distributable Cash						
<i>(in millions of dollars)</i>						
First quarter	\$ (3.9)	\$ 26.9	\$ 31.5	\$ 23.9	\$ 27.7	\$ 25.7
Second quarter		13.6	35.5	15.4	43.5	4.7
Third quarter		(5.6)	9.3	(1.7)	35.9	12.0
Fourth quarter		55.4	27.5	29.7	18.1	9.0
	\$ (3.9)	\$ 90.3	\$ 103.8	\$ 67.3	\$ 125.2	\$ 51.4
Distributable Cash per Stapled Unit¹						
<i>(in dollars)</i>						
First quarter	\$ (0.05)	\$ 0.35	\$ 0.41	\$ 0.31	\$ 0.36	\$ 0.34
Second quarter		0.17	0.46	0.20	0.57	0.06
Third quarter		(0.07)	0.12	(0.02)	0.47	0.15
Fourth quarter		0.71	0.35	0.38	0.24	0.12
	\$ (0.05)	\$ 1.16	\$ 1.34	\$ 0.87	\$ 1.64	\$ 0.67

¹ Per Stapled Unit amounts by quarter do not necessarily add to the total of the year and year-to-date due to changes in the weighted average number of Stapled Units outstanding during the year.

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Financial Highlights

<i>(in millions of dollars)</i>	Three months ended March 31, 2008	Three months ended March 31, 2007
Sales	\$ 45.0	\$ 112.3
Operating earnings (loss)	(4.4)	27.2
Operating earnings (loss) - % of sales	(9.8)%	24.2%
Earnings (loss) before interest, taxes, depreciation and amortization ²	(3.1)	30.3
Earnings (loss) before interest, taxes, depreciation and amortization per basic and diluted weighted average Stapled Unit	(0.04)	0.39
Net earnings (loss)	(23.3)	3.7
Earnings (loss) per basic and diluted common share	(0.30)	0.05
Distributable cash	\$ (3.9)	\$ 26.9

Sales revenues for the three months ended March 31, 2008 were lower compared to the first quarter of 2007 with significant decreases in log and lumber sales volumes and sales realizations. In addition, the stronger Canadian dollar has negatively affected sales realizations. Since the first quarter of 2007, the dollar appreciated significantly against the US dollar.

Unit operating costs were higher in the first quarter of 2008 compared to the first quarter of 2007, which contributed to the decline in operating margins.

Highlights and Significant Transactions

Adoption of New Accounting Policies

During the first quarter, the Company adopted new accounting policies and disclosure requirements issued by the Canadian Institute of Chartered Accountants ("CICA"). TimberWest changed its policy of accounting for inventories and adopted enhanced disclosure requirements for inventories, financial instruments, capital management, and going concern assessment.

Prior to January 1, 2008, TimberWest accounted for inventories other than supplies at the lower of average cost and net realizable value on an aggregate basis for each of logs and for lumber. Effective January 1, 2008, inventories other than supplies are recorded at the lower of average cost and net realizable value on an item-by-item basis defined as end-use-sorts for logs and grade levels for lumber. TimberWest adopted the new accounting policy on a prospective basis and prior years have not been restated. Accordingly, the opening log inventory and opening retained earnings as at January 1, 2008 have been written down by \$2.0 million. For the three months ended March 31, 2008, log inventories have been written down by an additional \$1.8 million, which has been expensed to cost of sales for the period.

The opening lumber inventory and opening retained earnings as at January 1, 2008 have been written down by \$0.8 million. For the three months ended March 31, 2008, lumber inventories have been written down by an additional \$0.3 million as a result of the new accounting policy to measure inventories at the lower of average cost and net realizable value on an item-by-item basis, and this write-down has been expensed to cost of sales for the period.

Cash Distribution

On April 30, 2008, TimberWest announced a distribution of \$0.269 per Stapled Unit, payable July 15, 2008, to unitholders of record on July 1, 2008. From inception to March 31, 2008, the Company has generated distributable cash of \$854.3 million while, including the April 15, 2008 distribution of \$21.0 million, the Company has paid out \$838.4 million to unitholders.

² Earnings (loss) before interest, taxes, depreciation and amortization is a measure that does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. Management believes that the presentation of this measure will enhance an investor's understanding of the Company's operating performance. A reconciliation of net earnings (loss) as determined in accordance with GAAP and Earnings (loss) before interest, taxes, depreciation and amortization is provided in the supplemental information appended to this interim report.

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Due to the seasonal and cyclical nature of TimberWest's business, cash flows may fluctuate from quarter to quarter and from year to year. One of the objectives of TimberWest's cash distribution policy is to make even distributions to unitholders, which may differ from actual cash generated during the period. Any difference will be added to or subtracted from either cash reserves or available credit facilities.

Quarterly Conference Call

TimberWest will hold a conference call at 8:00am PDT (11:00am EDT) on Thursday, May 1, 2008, to discuss results of the first quarter. To access the conference call, listeners should dial 1-800-896-6826. For those unable to participate in the live call, a recording of the call will be available until May 15, 2008, and can be accessed at 1-800-558-5253 using code 21378994. The conference call will also be broadcast live over the internet via TimberWest's website home page at <http://www.timberwest.com>. The webcast will be archived and available for an additional 90 days.

Operating Highlights

Timberland Operations:	Three months ended March 31, 2008	Three months ended March 31, 2007
Log Sales (in millions of dollars)		
Domestic	\$ 13.0	\$ 38.0
Export – Asia	13.5	27.1
Export – US	1.7	13.2
Total log sales	\$ 28.2	\$ 78.3
Log Sales Realizations (\$/m ³)		
Domestic	67	83
Export – Asia	100	124
Export – US	79	90
	81	95
Log Sales Volume (thousand m ³)		
Domestic	193.8	456.9
Export – Asia	134.5	218.8
Export – US	21.4	147.4
	349.7	823.1
Log Sales Mix (thousand m ³)		
Fir	228.9	607.5
Hembal	79.1	126.9
Cedar	15.7	42.9
Other	26.0	45.8
	349.7	823.1
Log Production Volume (thousand m ³)		
Public tenures	107.4	116.4
Private timberlands	276.9	963.4
	384.3	1,079.8
Log Production Costs (\$/m ³)		
	72	61
Timberland operating margin (% of log sales)	0%	40%

Log sales revenues for the three months ended March 31, 2008, were down compared to sales revenues for the first quarter of 2007 due to lower log sales volumes and lower average log realizations as a result of weak

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log markets and the strong Canadian dollar. Contributing to the significant variance in log sales volumes compared to the three months ended March 31, 2007, was higher than normal log sales volume in the first quarter of 2007 due to increased harvest volumes to take advantage of stronger markets.

Production costs per unit for the first quarter of 2008 increased over the first quarter of 2007 due to approximately 71% reduction in private land log harvest levels.

Elk Falls Sawmill:	Three months ended March 31, 2008	Three months ended March 31, 2007
Sales by Product <i>(in millions of dollars)</i>		
Lumber	\$ 9.8	\$ 27.3
Wood chips and residuals	2.9	4.3
Sales Realizations		
Lumber (\$/mfbm)	579	669
Wood Chips and residuals (\$/m ³)	45	48
Sales Volume		
Lumber (million fbm)	17.0	40.8
Wood Chips and residuals (thousand m ³)	66.0	90.9
Lumber Production Volume (million fbm)	28.4	46.6

Sales realizations for the three months ended March 31, 2008, were lower relative to sales realizations for the first quarter of 2007 due to the strong Canadian dollar and weaker lumber markets, the result of oversupply in all markets. Lower lumber sales volumes during the quarter were the result of delays in lumber shipments at the end of the quarter and lower production volumes as a result of weak markets.

Wood chips and residuals sales for the three month period ended March 31, 2008 were lower than the comparative period in 2007, reflecting the reduction in chips produced due to reduced lumber production during the first quarter of 2008 as a result of market related downtime.

Real Estate:	Three months ended March 31, 2008	Three months ended March 31, 2007
Real Estate Sales <i>(in millions of dollars)</i>	\$ 2.8	\$ 0.3
Real Estate Net Proceeds <i>(in millions of dollars)</i>	2.4	0.2
Real Estate Net Proceeds <i>(\$/acre)</i>	72,547	10,082

Real estate sales in the first quarter of 2008 comprised one sale of an industrial property in Campbell River, which was previously an operations shop site. This sale was part of the on-line auction process that began at the end of 2007.

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	Three months ended March 31, 2008	Three months ended March 31, 2007
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)*		
<i>(in millions of dollars)</i>		
Net earnings (loss)	\$ (23.3)	\$ 3.7
Add (deduct):		
Interest on Series A Subordinate Notes paid to unitholders	21.0	20.9
Interest on long-term debt	2.5	0.1
Interest on short-term debt	0.1	3.4
Income tax recovery	(4.7)	(0.3)
Depreciation, depletion and amortization	1.2	2.3
Amortization of deferred financing costs	0.1	0.2
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization	\$ (3.1)	\$ 30.3

* EBITDA does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies. Management believes that the presentation of this measure will enhance an investor's understanding of the Company's operating performance.

Financial Position

Summary of Financial Position	As at March 31, 2008	As at December 31, 2007
<i>(in millions of dollars)</i>		
Cash and cash equivalents	\$ 0.1	\$ 1.2
Current assets	58.7	64.4
Current liabilities	61.9	40.4
Current liabilities (excluding short-term debt)	44.9	40.4
Long-term debt	188.0	187.5
Long-term liabilities	155.1	159.6
Series A Subordinate notes owned by unitholders	698.1	698.1
Unitholder's equity	184.8	210.8

Cash and cash equivalents decreased at March 31, 2008, reflecting lower cash from operations. Trade accounts receivable decreased to \$10.2 million at March 31, 2008, compared to \$13.4 million at the end of 2007, reflecting lower lumber sales volumes in the first quarter of 2008. Inventories were \$40.6 million at March 31, 2008, compared to \$41.1 million at the end of 2007. Log inventory was \$28.0 million at March 31, 2008, compared to \$33.2 million at the end of 2007. Prior to January 1, 2008, TimberWest recorded inventories at a lower of average cost and net realizable value on an aggregate basis for each of logs and for lumber. On January 1, 2008 TimberWest changed its policy of accounting for inventories to record inventories at the lower of average cost and net realizable value on an item-by-item basis defined as end-use-sorts for logs and grade levels for lumber. (See Highlights and Significant Transactions – *Adoption of New Accounting Policies*) This change in accounting policy for inventories resulted in a write-down of log inventories as at March 31, 2008, and is the primary reason for the decrease in log inventory values compared to the end of 2007. Lumber inventory was \$11.1 million at March 31, 2008 compared to \$6.4 million at the end of 2007. This increase is primarily the result of lower lumber sales volumes in the first quarter of 2008, due to the timing of lumber shipments and lower production. Prepaid expenses and other current assets were \$6.0 million at March 31, 2008, compared to \$6.6 million at the end of 2007, reflecting a decrease in non-trade receivables.

Property, plant and equipment were \$1,227.3 million as at March 31, 2008, \$2.7 million less than as at December 31, 2007. This decrease primarily reflects the sale of higher and better use properties and other capital assets, with a net book value of \$2.0 million during the first quarter of 2008, as well as a provision for depreciation of capital assets of \$1.2 million recorded during the quarter. These items were offset in part by capital additions of \$0.5 million, comprised primarily of logging roads.



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Other assets were \$1.9 million at March 31, 2008, comparable to the balance of \$2.0 million at December 31, 2007.

Current liabilities as at March 31, 2008, include borrowings of \$17.0 million on the Tranche B short-term unsecured revolving credit facility. Excluding the short-term credit facility, current liabilities at March 31, 2008 were \$44.9 million. This quarterly variance in current liabilities (excluding short-term debt) can be attributed to a \$4.5 million increase in accounts payable and accrued liabilities primarily attributed to accruals for property taxes and increased trade payables due to higher levels of production for the month of March 2008 compared to December 2007.

As at March 31, 2008, the Company had combined borrowings of \$205.0 million on its available credit facilities, including borrowings of \$188.0 million on its Tranche A \$216.7 million long-term unsecured revolving facility, and \$17.0 million on its Tranche B \$108.3 million short-term unsecured revolving facility. In addition, the Company had commitments of \$17.1 million relating to outstanding letters of credit, including \$9.3 million issued under its demand bank guarantee facility and \$7.8 million issued under its Tranche A \$216.7 million long-term unsecured revolving facility. TimberWest is currently in compliance with all of its debt covenants, however, it is possible that TimberWest may not be able to remain in compliance with its debt to EBITDA covenant later in 2008. Management will work with TimberWest's lenders to achieve amendments which will allow TimberWest to continue to carry out its business plan while maintaining distributions on the Stapled Units.

Other long-term liabilities as at March 31, 2008, included a silviculture liability of \$3.4 million, a \$37.5 million liability relating to employee future benefits and a future income tax liability of \$114.2 million. The silviculture liability and the liability relating to employee future benefits are comparable to balances as at December 31, 2007. The decrease in the liability for future income taxes from the balance of \$119.2 million at December 31, 2007, is primarily attributable to a \$4.3 million future income tax recovery to reflect the effects of changes in the provincial income tax rates that were substantively enacted during the first quarter of 2008.

The Series A Subordinate Note component of the Company's Stapled Unit is presented as a liability on the Company's consolidated balance sheets. As at March 31, 2008, the carrying value of the Series A Subordinate Note liability was \$698.1 million.

During the three months ended March 31, 2008, no Stapled Unit options were granted and options to purchase 2,720 Stapled Units were exercised for proceeds of \$35,000. As at April 30, 2008, the Company had 1,147,935 granted and outstanding Stapled Unit option awards and 77,752,863 issued and outstanding Stapled Units.

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Cash Flow and Liquidity

Selected Cash Flow Items <i>(in millions of dollars)</i>	As at March 31, 2008	As at March 31, 2007
Cash provided by (used in):		
Operating activities:		
Cash provided by (used in) operations before changes in non-cash working capital	\$ (26.6)	\$ 6.4
Changes in non-cash working capital	6.0	(13.0)
	(20.6)	(6.6)
Financing activities:		
Issuance of Stapled Units on exercise of options	—	1.3
Credit facilities	17.5	—
	17.5	1.3
Investing activities:		
Proceeds from sale of property, plant and equipment	2.4	0.2
Additions to property, plant and equipment	(0.5)	(0.5)
Other assets	0.1	0.2
	2.0	(0.1)
Decrease in cash and cash equivalents	\$ (1.1)	\$ (5.4)

During the three months ended March 31, 2008, the Company issued 2,720 Stapled Units on the exercise of Stapled Unit options for net proceeds of \$35,000, compared to the issuance of 86,462 Stapled Units on the exercise of Stapled Unit options for net proceeds of \$1.3 million in the comparative quarter in 2007. During the first quarter of 2008, \$17.5 million was borrowed on available credit facilities compared to no borrowings on available credit facilities during the same period in 2007.

In the first quarter of 2008, the Company received net proceeds of \$2.4 million from the sale of property, plant and equipment, primarily from the sale of higher use properties, and incurred \$0.5 million for capital expenditures, primarily for the construction of logging roads.

As at March 31, 2008, the principal amount of TimberWest's total debt³ outstanding was \$205.0 million compared to total principal amount of debt outstanding of \$187.5 million as at December 31, 2007. The Company's consolidated debt-to-total capitalization ratio³ as at March 31, 2008 was 19:81, compared to 17:83 as at December 31, 2007.

Total debt facilities available to the Company as at March 31, 2008, were \$334.3 million, comprised of \$9.3 million available under a demand bank guarantee facility, \$108.3 million available under Tranche B, a short-term revolving facility due September 24, 2008 and \$216.7 million available under Tranche A, a long-term revolving facility due September 24, 2012. As at March 31, 2008 the Company had commitments of \$17.1 million relating to outstanding letters of credit issued to secure various obligations of the Company, including \$9.3 million issued under its demand bank guarantee facility and \$7.8 million issued under Tranche A, the \$216.7 million long-term unsecured revolving facility.

³ Total debt and the debt-to-total capitalization ratio are measures that do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. As the Company's Series A Subordinate Notes trade only as part of the Company's equity instrument, the Stapled Unit, they are not included in the Company's definition of debt. Management believes that the presentation of these measures will enhance an investor's understanding of the Company's financial resources and capital structure.



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Internal Controls over Financial Reporting

During the quarter ended March 31, 2008, the Company did not make any changes to its internal controls over financial reporting that would have materially affected, or would reasonably likely materially affect, such controls.

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, harvesting fee and trade policy changes and other actions by governmental authorities, the ability to implement business strategies and pursue business opportunities, labour relations, weather conditions, forest fires, insect infestation, disease and other natural phenomena and other risks and uncertainties described in TimberWest's public filings with securities regulatory authorities.



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Notice

The accompanying unaudited interim consolidated financial statements of TimberWest Forest Corp. (the "Company") have not been reviewed by the Company's auditors.

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Consolidated Statements of Operations and Comprehensive Income

(in millions of dollars)
Unaudited

	Three months ended March 31, 2008	Three months ended March 31, 2007
Sales	\$ 45.0	\$ 112.3
Operating costs and expenses:		
Cost of sales	45.0	78.2
Selling, administrative and other	3.2	4.6
Depreciation, depletion and amortization	1.2	2.3
	49.4	85.1
Operating earnings (loss)	(4.4)	27.2
Interest expense:		
Series A Subordinate Notes owned by unitholders	21.0	20.9
Long-term debt	2.5	0.1
Short-term debt	0.1	3.4
	23.6	24.4
Amortization of deferred financing costs	0.1	0.2
Other income	(0.1)	(0.8)
	23.6	23.8
Earnings (loss) before income taxes	(28.0)	3.4
Income tax recovery (note 3)	(4.7)	(0.3)
Net earnings (loss) and comprehensive income	\$ (23.3)	\$ 3.7
<i>Basic and diluted net earnings (loss) per common share (note 4)</i>	\$ (0.30)	\$ 0.05

Consolidated Statements of Retained Earnings

(in millions of dollars)
Unaudited

	Three months ended March 31, 2008	Three months ended March 31, 2007
Retained earnings, beginning of period, as previously reported	\$ 18.3	\$ 50.1
Change in accounting policy for inventories (note 2(a))	(2.8)	—
Retained earnings, beginning of period, as restated	15.5	50.1
Net earnings (loss) and comprehensive income for the period	(23.3)	3.7
Retained earnings (deficit), end of period	\$ (7.8)	\$ 53.8

See accompanying notes to unaudited interim consolidated financial statements.

TIMBERWEST FOREST CORP.

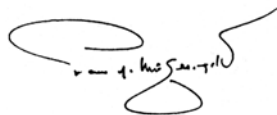
Consolidated Balance Sheets

(in millions of dollars)

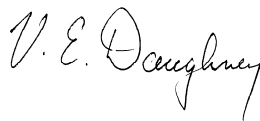
	As at March 31, 2008 <i>Unaudited</i>	As at December 31, 2007
Assets		
Current assets:		
Cash	\$ 0.1	\$ 1.2
Accounts receivable	10.2	13.4
Inventories (note 2(a))	40.6	41.1
Prepaid expenses and other current assets	6.0	6.6
Future income taxes	1.8	2.1
	58.7	64.4
Property, plant and equipment, net (note 5)	1,227.3	1,230.0
Other assets (note 6)	1.9	2.0
	\$ 1,287.9	\$ 1,296.4
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facilities	\$ 17.0	\$ —
Accounts payable and accrued liabilities	23.9	19.4
Distribution payable	21.0	21.0
	61.9	40.4
Revolving credit facilities	188.0	187.5
Long-term silviculture liability	3.4	3.2
Employee future benefits (note 7)	37.5	37.2
Future income taxes	114.2	119.2
	405.0	387.5
Series A Subordinate Notes owned by unitholders (note 8)	698.1	698.1
	1,103.1	1,085.6
Unitholders' equity:		
Share capital, consisting of common and preferred shares (note 8)	191.0	191.0
Contributed surplus	1.6	1.5
Retained earnings (deficit)	(7.8)	18.3
	184.8	210.8
	\$ 1,287.9	\$ 1,296.4

See accompanying notes to unaudited interim consolidated financial statements.

On behalf of the Board of Directors:



Paul J. McElligott
Director



V. Edward Daughney
Director

TIMBERWEST FOREST CORP.

Consolidated Statements of Cash Flows

(in millions of dollars)
Unaudited

	Three months ended March 31, 2008	Three months ended March 31, 2007
Cash provided by (used in):		
Operating activities:		
Net earnings (loss)	\$ (23.3)	\$ 3.7
Items not involving cash:		
Depreciation, depletion and amortization	1.3	2.5
Gain on sale of property, plant and equipment	(0.5)	(0.1)
Future income tax recovery	(4.7)	(0.3)
Other non-cash items	0.6	0.6
	(26.6)	6.4
Changes in non-cash working capital:		
Accounts receivable	3.2	(0.4)
Inventories	(2.3)	(15.1)
Prepaid expenses and other working capital	0.6	(1.0)
Accounts payable and accrued liabilities	4.5	3.5
	(20.6)	(6.6)
Financing activities:		
Issuance of Stapled Units on exercise of options:		
Series A Subordinate Notes	—	0.8
Share capital	—	0.5
	—	1.3
Revolving credit facilities	17.5	—
	17.5	1.3
Investing activities:		
Proceeds from sale of property, plant and equipment	2.4	0.2
Additions to property, plant and equipment	(0.5)	(0.5)
Other assets	0.1	0.2
	2.0	(0.1)
Decrease in cash and cash equivalents	(1.1)	(5.4)
Cash and cash equivalents, beginning of period	1.2	9.3
Cash and cash equivalents, end of period	\$ 0.1	\$ 3.9
Supplemental information:		
Interest on Series A Subordinate Notes paid to unitholders	\$ 21.0	\$ 20.9
Other interest paid	\$ 2.6	\$ 0.1
Income taxes paid	\$ —	\$ —

See accompanying notes to unaudited interim consolidated financial statements.



TIMBERWEST FOREST CORP.

Notes to Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2008 and 2007

Financial figures presented in the tables that follow are in millions of dollars, except per common share amounts.

1. Significant Accounting Policies

The accompanying unaudited interim consolidated financial statements include the accounts of TimberWest Forest Corp. and its subsidiaries ("the Company"), have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in Canadian dollars. Not all disclosures required by Canadian generally accepted accounting principles for annual financial statements are presented and, accordingly, these interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements. These interim consolidated financial statements follow the same accounting policies and methods of application used in the Company's audited annual consolidated financial statements of December 31, 2007, except for the adoption of new accounting policies as described in note 2.

2. Adoption of New Accounting Policies

(a) Inventories, Section 3031

In June 2007, the CICA issued Section 3031, Inventories, that supersedes Section 3030 and applies to interim and annual periods beginning on or after January 1, 2008. This section establishes increased guidance on the measurement of inventory and enhances disclosure requirements. The changes in measurement requirements include measuring inventories at the lower of cost and net realizable value, increased guidelines on the grouping of inventories including requirement for the Company to use a consistent cost formula for inventory of a similar nature and use, the allocation of overhead based on normal capacity, the use of specific cost method for inventories that are not ordinarily interchangeable or goods and services produced for specific purposes, and the reversal of previous write-downs to net realizable value when the value of inventories increase subsequent to the write-downs.

Prior to January 1, 2008, TimberWest accounted for log and lumber inventories other than supplies at the lower of average cost and net realizable value on an aggregate basis for each of logs and for lumber. Supplies were recorded at the lower of cost and replacement value.

TimberWest adopted Section 3031 on January 1, 2008 on a prospective basis and prior periods are not restated. Accordingly, inventories other than supplies are recorded at the lower of average cost and net realizable value on an item-by-item basis defined as end-use-sorts for logs and grade levels for lumber. The opening log inventory and opening retained earnings as at January 1, 2008 have been written down by \$2.0 million. For the three months ended March 31, 2008, log inventories have been written down by an additional \$1.8 million, which has been expensed to cost of sales for the period.

The opening lumber inventory and opening retained earnings as at January 1, 2008 have been written down by \$0.8 million. For the three months ended March 31, 2008, lumber inventories have been written down by an additional \$0.3 million, which has been expensed to cost of sales for the period.

Supplies continue to be recorded at the lower of cost and replacement value according to the new accounting policy.

(b) Financial Instruments – Disclosures and Presentation, Sections 3862 and 3863

The CICA issued Section 3862 on disclosures, and Section 3863 on presentation. The two new Sections replace Section 3861, and set out additional financial instruments disclosure requirements while carrying forward unchanged its presentation requirements. These sections are applicable to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

TimberWest adopted Section 3862 and 3863 effective January 1, 2008 and provides qualitative and quantitative disclosures related to the nature and extent of risks arising from financial instruments.

TIMBERWEST FOREST CORP.

Notes to Unaudited Interim Consolidated Financial Statements For the three months ended March 31, 2008 and 2007

Financial figures presented in the tables that follow are in millions of dollars, except per common share amounts.

2. Adoption of New Accounting Policies (continued)

(c) Capital Disclosures, Section 1535

The Company adopted Section 1535, Capital Disclosures, effective January 1, 2008. This section requires additional disclosures relating to capital management strategies to enable users of its financial statements to evaluate the Company's objectives, policies and processes for managing capital.

(d) Assessing Going Concern, Section 1400

In June 2007, Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual periods beginning on or after January 1, 2008.

TimberWest has adopted this amendment on January 1, 2008 and is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

3. Income Taxes

	Three months ended March 31, 2008	Three months ended March 31, 2007
Current income tax expense	\$ —	\$ —
Future income tax recovery	(4.7)	(0.3)
	\$ (4.7)	\$ (0.3)

In the first quarter of 2008, British Columbia provincial tax legislation was substantively enacted, resulting in the reduction of the provincial corporate tax rate to 11% as of July 1, 2008. This rate change resulted in a future income tax recovery of \$4.3 million for the three months ended March 31, 2008.

4. Earnings (loss) per Share

	Three months ended March 31, 2008	Three months ended March 31, 2007
Net earnings (loss)	\$ (23.3)	\$ 3.7
Basic weighted average number of common shares	77,751,368	77,674,672
Incremental common shares from potential exercise of options	37,573	153,651
Diluted weighted average number of common shares	77,788,941	77,828,323
Basic and diluted net earnings (loss) per common share	\$ (0.30)	\$ 0.05

5. Property, Plant and Equipment

Property, plant and equipment at March 31, 2008, includes private timberlands with a carrying value of \$1,172.3 million. This amount includes a valuation increase adjustment of \$376.4 million recorded in the year ended December 31, 2000, resulting from the adoption of Section 3465 – Income Taxes of the CICA Handbook, which was mandatory for fiscal years ending on or after January 1, 2000.

During the first quarter of 2008, the Company sold 14 hectares (2007 - 7 hectares) of land with a net book value of \$1.5 million (2007 - \$0.2 million) for a gain of \$0.5 million (2007 - \$0.1 million).

TIMBERWEST FOREST CORP.

Notes to Unaudited Interim Consolidated Financial Statements For the three months ended March 31, 2008 and 2007

Financial figures presented in the tables that follow are in millions of dollars, except per common share amounts.

6. Other Assets

	As at March 31, 2008	As at December 31, 2007
Deferred debt issue costs	\$ 0.4	\$ 0.5
Receivable on sale of property, plant and equipment	0.5	0.5
Other	1.0	1.0
	\$ 1.9	\$ 2.0

7. Employee Benefits

	As at March 31, 2008	As at December 31, 2007
Pension benefits	\$ 8.8	\$ 8.8
Non-pension post-retirement benefits	28.7	28.4
	\$ 37.5	\$ 37.2

The Company, through its subsidiaries, maintains pension plans that include defined benefit and defined contribution segments available to all salaried employees and a small number of hourly employees not covered by union pension plans. For the three months ended March 31, 2008, the Company recorded an expense of \$0.5 million for pension benefit costs (2007 – \$0.6 million) and made cash payments of \$0.5 million to fund current service costs (2007 – \$0.8 million).

The Company also provides non-pension benefits consisting of group life insurance and medical benefits to eligible retired employees, which the Company funds on an as-incurred basis. For the three months ended March 31, 2008, the Company recorded an expense of \$0.8 million for non-pension benefit costs (2007 – \$1.0 million) and made cash payments of \$0.5 million to fund current benefit costs (2007 – \$0.5 million).

8. Stapled Units

	Stapled Unit Components			
	Number	Series A Subordinate Notes	Share Capital (consisting of common and preferred shares)	Total
Three months ended March 31, 2007:				
Balance, December 31, 2006	77,635,254	\$ 697.0	\$ 190.4	\$ 887.4
Issuance of Stapled Units on exercise of options	86,462	0.8	0.5	1.3
Balance, March 31, 2007	77,721,716	\$ 697.8	\$ 190.9	\$ 888.7
Three months ended March 31, 2008:				
Balance, December 31, 2007	77,750,143	698.1	191.0	889.1
Issuance of Stapled Units on exercise of options	2,720	–	–	–
Balance, March 31, 2008	77,752,863	\$ 698.1	\$ 191.0	\$ 889.1

TIMBERWEST FOREST CORP.

Notes to Unaudited Interim Consolidated Financial Statements For the three months ended March 31, 2008 and 2007

Financial figures presented in the tables that follow are in millions of dollars, except per common share amounts.

8. Stapled Units (continued):

The Company issues equity by way of Stapled Units, each Stapled Unit consisting of approximately \$8.98 face amount of Series A Subordinate Notes, 100 preferred shares and one common share. The securities comprising a Stapled Unit trade together as Stapled Units and cannot be transferred except with each other as part of a Stapled Unit until the date of maturity of the Series A Subordinate Notes or the payment of the principal amount of the Series A Subordinate Notes following an event of default and expiration of a remedies blockage period.

Each Series A Subordinate Note has been issued with a face amount of \$8.978806569, entitling the holder to an interest payment per unit of \$1.077456788 per annum (12%). The Series A Subordinate Notes are unsecured and subordinate to all credit facilities and debentures. The principal amount of the Series A Subordinate Notes plus accrued and unpaid interest thereon are due on August 31, 2038, unless such date is extended by the Company at the time of the issuance of additional Subordinate Notes to a date not later than the earlier of: (i) the date of maturity of such additional Subordinate Notes; and (ii) August 31, 2048, and will be payable by cash or, at the option of the Company, by delivery of common shares to the Subordinate Note Trustee for the benefit of the holders of the Subordinate Notes.

The Company may elect to pay the interest on the Series A Subordinate Notes held by unitholders in common or preferred shares of the Company, and may elect to pay the principal amount of the Series A Subordinate Notes held by unitholders in common shares of the Company.

9. Stock-based Compensation Plans

Under the Company's Stapled Unit Option Plan, the Company may grant options for the purchase of Stapled Units to directors, officers or employees who are in active service or employment of the Company or of any of its subsidiaries. During the quarter ended March 31, 2008, no Stapled Unit options were granted. (2007 – 289,370 Stapled Unit options were granted at an average exercise price of \$16.26).

The Company has applied the fair value method of accounting for Stapled Unit option grants awarded on or after January 1, 2003. The fair value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the weighted average assumptions below. As no Stapled Unit options were granted for the three months ended March 31, 2008, no weighted average assumptions are shown for 2008.

	2008	2007
Risk-free interest rate	–	4.0%
Expected life (years)	–	5.0
Expected volatility	–	21.4%
Dividend yield	–	6.5%
Number of options granted	–	289,370
Fair value of each option granted	–	\$1.80

No Stapled Unit options were granted between January 1, 2008 and March 31, 2008. The compensation cost for the 289,370 Stapled Unit options that were granted in the same period in 2007 was \$521,000. The compensation cost of Stapled Unit option awards is amortized against earnings over the three-year vesting period of the underlying options, or for employees eligible to retire, at the grant date rather than over the vesting period. An expense of \$64,000 has been recognized in net earnings for the three months ended March 31, 2008 (2007 – \$234,000), with a corresponding credit to contributed surplus.

Under the Company's Distribution Equivalent Plan, the Company awards Stapled Unit option holders an amount equal to actual distributions paid on the Company's Stapled Units. Awards granted under the Distribution Equivalent Plan vest under the same terms that apply to the corresponding options and can only be exercised at the time of exercise of the corresponding options. The Company applies the principles of the fair value-based method of accounting for stock-based compensation to awards granted under this plan.

TIMBERWEST FOREST CORP.

Notes to Unaudited Interim Consolidated Financial Statements For the three months ended March 31, 2008 and 2007

Financial figures presented in the tables that follow are in millions of dollars, except per common share amounts.

9. Stock-based Compensation Plans (continued)

Awards are accrued on a basis equal to actual distributions paid on the Company's issued and outstanding Stapled Units and are charged to earnings as the underlying Stapled Unit options vest. For the three months ended March 31, 2008, \$0.3 million has been accrued for awards granted under this plan (2007 – \$0.2 million) and \$0.3 million has been amortized against earnings for the quarter (2007 – \$0.3 million).

During the three months ended March 31, 2008, a total of 2,720 Stapled Unit options with an average exercise price of \$11.90 were exercised and 1,500 Stapled Unit options with an average price of \$16.26 were cancelled (2007 – 86,462 Stapled Unit options with an average exercise price of \$13.84 were exercised).

10. Financial Instruments

(a) Accounting for financial instruments

TimberWest has classified its cash and cash equivalents as held-for-trading and recorded them at fair value. Accounts receivable, and receivables on the sale of property, plant and equipment, are classified as loans and receivables and measured at amortized cost. The Company's drawings on available credit facilities, accounts payable and accrued liabilities, distribution payable, including interest payable, are classified as other liabilities, all of which are measured at amortized cost.

The Company measures its Series A Subordinate Notes owned by unitholders at amortized cost using the effective interest method. The effective interest method establishes the rate which equates the estimated future cash flows with the net carrying amount of the financial liability. The embedded derivative arising from the option to extend the Series A Subordinate Notes for a further 10 year period is measured at fair value.

The carrying values of accounts receivable, accounts payable and accrued liabilities and distribution payable approximate their fair values due to the short term to maturity of these instruments.

The carrying values of receivables on the sale of property, plant and equipment are estimated to approximate their fair values due to their short term to maturity.

The carrying values of drawings on available credit facilities approximate their fair values, as they bear floating interest rates that approximate market rates and have a short term to maturity.

The carrying value of accrued liabilities for future silviculture costs approximate their fair value as determined based on the present value of future cash flows associated with these liabilities.

At March 31, 2008, the Company's Series A Subordinate Notes owned by unitholders had a carrying value of \$698.1 million measured at the amortized cost using the effective interest method. The Series A Subordinate Notes are a component of the Company's Stapled Units, which include one common share, 100 preferred shares and approximately \$8.98 face amount of the 12% Series A Subordinate Notes. The Stapled Units are listed on the Toronto Stock Exchange. The embedded derivative arising from the option to extend the Series A Subordinate notes for a further 10 year period from 2038 to 2048 is measured at fair value. The fair value of this option is determined by an independent financial institution and it is insignificant to TimberWest's consolidated financial statements.

TIMBERWEST FOREST CORP.

Notes to Unaudited Interim Consolidated Financial Statements For the three months ended March 31, 2008 and 2007

Financial figures presented in the tables that follow are in millions of dollars, except per common share amounts.

10. Financial Instruments (continued)

(b) Nature and extent of risks arising from financial instruments

TimberWest is exposed to the following risks as a result of holding financial instruments: credit risk, market risk, and liquidity risk. The following is a description of the risks and how the Company manages its exposure to them.

(i) Credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk on accounts receivable from customers. To mitigate and manage its credit risk, the Company regularly reviews customer credit limits, monitors the financial status of customers, and assesses the collectibility of accounts receivable. In certain offshore markets, the Company requires bank letters of credit. The maximum exposure to credit risk as at March 31, 2008 is the carrying value of the Company's accounts receivable. As at March 31, 2008, approximately 93% of accounts receivable is current or outstanding for less than 30 days.

(ii) Market risk:

Market risk refers to the risk of loss that may arise from changes in market factors such as interest rates, and foreign exchange rates.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

TimberWest has two credit facilities as at March 31, 2008: the first facility, Tranche A, is long-term financing in the amount of \$216.7 million, due on September 24, 2012; the second facility, Tranche B, is short-term financing in the amount of \$108.3 million, due on September 24, 2008. Under both facilities, funds are available to the Company in both Canadian and US dollars by way of adjusted prime rate-based loans, bankers' acceptances, LIBOR plus 0.9% loans and letters of credit or guarantee.

The Company normally enters into Bankers' Acceptance for less than 30-day periods for both credit facilities and could therefore be exposed to fluctuations in interest rates fluctuations at the Bankers' Acceptance expiration.

For the three months ended March 31, 2008, with other variables unchanged, an interest rate change of 1% per annum related to both of the credit facilities would affect net earnings by approximately \$0.5 million.

Foreign exchange risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate.

TimberWest sells a substantial volume of product outside of Canada (55% of sales for the three months ended 2008), all in US dollars. As such, the relative strength of the Canadian dollar versus its US counterpart has an effect on sales and earnings. Results can be adversely affected by a strengthening Canadian dollar. The relative strength of the Japanese yen and the European euro also affect the Company's competitiveness in the markets where it sells its products. TimberWest does not hedge its foreign exchange risk.

Cash, accounts receivable, and accounts payable are denominated in US and Canadian dollars. As at March 31, 2008, with other variables unchanged, the effect of a \$0.01 US change per Canadian dollar on cash, accounts receivable, and accounts payable would be less than \$0.1 million.

TIMBERWEST FOREST CORP.

Notes to Unaudited Interim Consolidated Financial Statements For the three months ended March 31, 2008 and 2007

Financial figures presented in the tables that follow are in millions of dollars, except per common share amounts.

10. Financial Instruments (continued)

(iii) Liquidity risk:

Liquidity risk refers to the risk that TimberWest may be unable to generate or obtain sufficient cash or cash equivalents in a timely and cost-effective manner to meet its commitments as they come due.

The Company manages liquidity risk by continuously monitoring and reviewing both actual and forecasted cash flows to maintain adequate cash and cash equivalent balances.

The following table provides a summary of the contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2008. This table details payments due in each of the next five years and thereafter for the Company's revolving credit facilities and outstanding letters of credit:

<i>(in millions of dollars)</i>	2008	2009	2010	2011	2012	2013+	Total
Reflected on the consolidated balance sheets:							
Revolving credit facilities	\$ 17.0	\$ -	\$ -	\$ -	\$188.0	\$ -	\$ 205.0
Not reflected on the consolidated balance sheets:							
Outstanding letters of credit	16.6	0.5	-	-	-	-	17.1
	\$ 33.6	\$ 0.5	\$ -	\$ -	\$188.0	\$ -	\$ 222.1

Letters of credit are committed in perpetuity, renew annually and the liability will diminish over time.

11. Capital Management

TimberWest's objectives for managing capital are to safeguard its ability to continue as a going concern, to provide a sufficient return to its unitholders, and to meet external capital requirements on its debt and credit facilities.

The Company manages its capital by monitoring its consolidated debt-to-total capitalization ratio. Debt is the total amount of borrowings on its revolving credit facilities on the balance sheet. Total capitalization is calculated as sum of Series A Subordinate Notes, plus unitholders' equity which includes share capital, contributed surplus, and retained earnings. As the Company's Series A Subordinate Notes trade only as part of the Company's equity instrument, the Stapled Unit, they are not included in the Company's definition of debt.

TimberWest's consolidated debt-to-total capitalization ratio as at March 31, 2008 was 19:81, compared to 17:83 as at December 31, 2007.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

TIMBERWEST FOREST CORP.

Supplemental Information

Unaudited

Three months ended
March 31, 2008

Three months ended
March 31, 2007

Sales by Product

(in millions of dollars)

Log sales		
Domestic	\$ 13.0	\$ 38.0
Export – Asia	13.5	27.1
Export – US	1.7	13.2
Total log sales	28.2	78.3
Lumber	9.8	27.3
Wood chips and other	4.2	6.4
Real estate	2.8	0.3
	\$ 45.0	\$ 112.3

Sales Volume

Logs (thousand m³)

Domestic	193.8	456.9
Export – Asia	134.5	218.8
Export – US	21.4	147.4
	349.7	823.1
Lumber (million fbm)	17.0	40.8

Log Sales Mix (thousand m³)

Fir	228.9	607.5
Hem-bal	79.1	126.9
Cedar	15.7	42.9
Other	26.0	45.8
	349.7	823.1

Production Volume

Logs (thousand m³)

Public tenures	107.4	116.4
Private timberlands	276.9	963.4
	384.3	1,079.8
Lumber (million fbm)	28.4	46.6

Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)*

(in millions of dollars)

Net earnings (loss)	\$ (23.3)	\$ 3.7
Add (deduct):		
Interest on Series A Subordinate Notes paid to unitholders	21.0	20.9
Interest on long-term debt	2.5	0.1
Interest on short-term debt	0.1	3.4
Income tax recovery	(4.7)	(0.3)
Depreciation, depletion and amortization	1.2	2.3
Amortization of deferred financing costs	0.1	0.2
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization	\$ (3.1)	\$ 30.3

* EBITDA does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies. Management believes that the presentation of this measure will enhance an investor's understanding of the Company's operating performance.

TIMBERWEST FOREST CORP.

About TimberWest

TimberWest Forest Corp. is uniquely positioned as Western Canada's largest private land management company. The Company owns in fee simple approximately 322,000 hectares or 796,000 acres of private land, including 75 kilometres of waterfront, that over the previous five calendar years, have provided an annual average timber harvest of 2.565 million m³ of logs and have an approximate annual growth rate of 8.0 m³ per hectare per year on the productive land base. These lands are located on Vancouver Island and the majority of the land base supports the growth of Douglas fir, a premium tree species sought after for structural purposes. TimberWest runs fully-contracted harvesting operations. With almost 80% of the Company's annual private land logging now being done in second-growth stands, TimberWest leads the Coastal industry in the growing and harvesting of second-growth timber.

TimberWest also owns renewable Crown harvest rights to 0.7 million m³ of logs per year and operates a sawmill located near Campbell River, BC.

In addition, approximately 54,000 hectares, or 134,000 acres (approximately 17% of the Company's landholdings) of the Company's lands have been identified as having greater value as real estate properties and will progressively be made available for higher uses over the next ten to fifteen years. Five land classifications have been developed for the Company's 39,000 acres of core development lands. An additional 41,000 acres adjacent to our core development lands have yet to be classified for specific development opportunities, and some 54,000 acres of non-core higher and better use lands will be sold "as is" over time with little additional planning or zoning work undertaken. The Company reviews its land base on a periodic basis to update the size of its portfolio of higher use properties.

The Company's independent auditor, KPMG Performance Registrar Inc., periodically certifies that the forest management practices on both the Company's private and public timberlands continue to meet all Sustainable Forestry Initiative (SFI[®]) requirements. SFI requirements specify that forest harvesting is integrated with environmental and conservation goals for soil, wildlife, water quality protection, conservation of biodiversity, protection of special sites and aesthetics in a manner that ensures a sustainable harvest over the long-term.

TimberWest Forest Corp.

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Stapled Units of TimberWest Forest Corp. are traded on the Toronto Stock Exchange under the symbol: TWF.UN

Visit us at our web site: www.timberwest.com

