

For immediate release: December 24, 2008

NOT FOR DISTRIBUTION TO US NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

TIMBERWEST FOREST CORP. ANNOUNCES DETAILS OF RIGHTS OFFERING

Vancouver (BC) – TimberWest Forest Corp. (TSX: TWF.UN) (“TimberWest” or the “Company”) announced today that it has filed a final short form prospectus (the “Prospectus”) in relation to its previously announced rights offering (the “Rights Offering”) pursuant to which the Company will distribute rights (“Rights”) that will entitle existing holders (“Unitholders”) of stapled units of the Company (“Stapled Units”) to purchase up to \$50 million aggregate principal amount of 9% extendible convertible debentures of the Company (“Debentures”).

Under the terms of the Rights Offering, Unitholders of record on January 7, 2009 will receive one Right for each Stapled Unit held. For every 155.53088 Rights held, the holder of such Rights will be entitled to subscribe for \$100 principal amount of Debentures. Subscriptions for Debentures must be completed by 4:30 p.m. (Vancouver time) (the “Expiry Time”) on February 9, 2009 (the “Expiry Date”). Unitholders who fully exercise their Rights are entitled to subscribe *pro rata* for additional Debentures, if available, that were not subscribed for initially on or before the Expiry Date.

As previously announced, the Company has also entered into an investment agreement with two wholly-owned subsidiaries (together, the “bcIMC Investors”) of British Columbia Investment Management Corporation under which the bcIMC Investors have agreed to purchase \$100 million principal amount of convertible debentures of the Company (“Private Debentures”) having economic terms similar to those of the Debentures (the “Firm Commitment”). In addition, the bcIMC Investors have committed to purchase an additional amount of Private Debentures equal to the aggregate principal amount of the Debentures not subscribed for under the Rights Offering (the “Standby Commitment” and, together with the Firm Commitment, the “Private Placement”).

The Company also announced that the proposed amendments (the “Credit Amendments”) to the loan agreement governing its existing credit facilities have now been approved by the Company’s lenders, subject to the execution of definitive documentation and the fulfillment of certain conditions, including the completion of an offering of convertible debentures having an aggregate principal amount of at least \$100 million and the application to the Company’s existing credit facilities of \$75 million of the proceeds of such offering. The Rights Offering and the Private Placement are intended to satisfy this condition. Once effective, the Credit Amendments will provide the Company with what it believes is sufficient flexibility to operate through the current market downturn.

The Debentures will bear interest at an annual rate of 9% payable quarterly in arrears, and will initially mature on February 27, 2009 (the “Initial Maturity Date”). If the Credit Amendments have become effective on or before the Initial Maturity Date, the maturity date of the Debentures will be automatically extended to February 11, 2014 (the “Final Maturity Date”). The Debentures, including all accrued and unpaid interest thereon, will be convertible at the option of holders into



TIMBERWEST FOREST CORP.

Stapled Units of the Company at any time after the Initial Maturity Date and prior to the earlier of (i) the Final Maturity Date and (ii) the last business day immediately preceding the date fixed for redemption of the Debentures, if applicable, at a conversion price of \$3.50 per Stapled Unit.

Assuming the Credit Amendments are effective on or prior to the Initial Maturity Date, the net proceeds of the Offering and the Private Placement will be used by the Company to permanently repay \$75 million of indebtedness under its bank credit facilities. The remaining proceeds will be used to reduce indebtedness under the Company's revolving credit facilities, with such amounts available to be redrawn for general corporate purposes.

The Rights and the Debentures have been qualified for distribution in each Province of Canada by way of the Prospectus filing, and the Debentures have been registered in the United States on Form F-7 under the United States Securities Act of 1933, as amended (the "U.S. Securities Act").

The Stapled Units are expected to commence trading on the Toronto Stock Exchange ("TSX") on an ex-rights basis at the opening of business on January 5, 2009, meaning that Stapled Units purchased on or following that date will not be entitled to receive the Rights under the Rights Offering. At that time, the Rights are expected to be posted for trading on the TSX on a "when-issued" basis and will thereafter trade under the symbol "TWF.RT". Trading of the Rights is expected to continue until the 12:00 noon (Toronto time) on the Expiry Date. The Stapled Units trade on the TSX under the symbol "TWF.UN".

A copy of the Prospectus and, in the case of eligible Unitholders, Rights Certificates representing the Rights to which they are entitled will be mailed to registered Unitholders following the Record Date. Registered Unitholders wishing to exercise their Rights must forward the completed Rights Certificates along with the applicable funds to Valiant Trust Company by no later than the Expiry Time. Unitholders who own their shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary.

Genuity Capital Markets, as lead manager, together with BMO Capital Markets and Raymond James Ltd. will act as dealer managers in connection with the Rights Offering to organize and participate in the solicitation in Canada of the exercise of the Rights. Affiliates of the dealer managers may solicit the exercise of Rights in the United States in New York, and may also solicit the exercise of Rights from certain institutional Unitholders in the U.S. States of California, Maryland and Utah to which such solicitations may be addressed without registration under the relevant state securities or Blue Sky laws.

The closing of the Rights Offering and the Private Placement is expected to occur on or about February 11, 2009 and is subject to customary closing conditions and the receipt of necessary regulatory approvals, including the approval of the TSX. As previously announced, the Company will rely on the financial hardship exemption under section 604(e) of the TSX Company Manual in order to complete the Private Placement without Unitholder approval. The TSX has advised the Company that reliance on this exemption will automatically result in a TSX review with respect to the Company meeting TSX continued listing requirements. The Company believes that it currently complies with applicable TSX listing requirements and will comply with such requirements following the completion of the Rights Offering and the Private Placement.



TIMBERWEST FOREST CORP.

Further details regarding the Rights Offering and the Private Placement may be found in the Prospectus which has been filed on SEDAR at www.sedar.com. Unitholders should consult the Prospectus and their financial advisors to determine their rights and entitlements under the Rights Offering.

This press release should be read together with, and is qualified in its entirety by, the more detailed information contained in the Prospectus.

Notice to Reader

This news release is not an offer of securities for sale in the United States. The securities to be offered in the Rights Offering described above may not be offered or sold in the United States absent registration under the U.S. Securities Act, or an exemption from registration. Public offerings of securities in the United States will be made by means of a prospectus that may be obtained from the Company that will contain detailed information about the Company and management, including financial statements.

Forward Looking Statements

The statements contained in this press release which are not historical facts 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, variations in harvest levels, changes in log transportation costs, actions of competitors, interest rate and foreign currency fluctuations, regulatory, harvesting fee and trade policy changes and other actions by governmental authorities including real estate zoning approvals, 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 the Prospectus and in TimberWest's other public filings with securities regulatory authorities.

For further information please contact:

Bev Park
Executive Vice President and Chief Financial Officer
Telephone: 604-654-4600
Facsimile: 604-654-4662
Email: invest@timberwest.com
Visit our website at: <http://www.timberwest.com>

.....

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 and generates distributable cash for unitholders from the sale of timber products and real estate.

TimberWest Forest Corp.

Suite 2300, 1055 West Georgia Street
PO Box 11101
Vancouver, BC V6E 3P3
Telephone: 604-654-4600
Facsimile: 604-654-4571

For further information:

Investor Relations Contact:

Bev Park
Executive Vice President and
Chief Financial Officer
Telephone: 604-654-4600
Facsimile: 604-654-4662
Email: invest@timberwest.com

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

