

Summary of Interest for Holders (“Holders”) on the Redemption of the 9% Convertible Debentures (the “Debentures”) of TimberWest Forest Corp. (the “Company”) listed on the Toronto Stock Exchange pursuant to the exercise of the Company’s Redemption Right

This information regarding the interest on the Debentures is of general nature only and is provided for information purposes only. This information is not taxation advice provided by the Company to any Holder or any other person and the Company does not accept any liability to any Holder or any other person relying on this information. The information contained herein is subject to and should be read in conjunction with the disclosure contained in the Short Form Prospectus for the Rights Offering of the Debentures dated December 23, 2008. Holders should consult their own tax advisors regarding their specific tax consequences.

This information is based on the Change of Control Notice¹ (the “**Notice**”) issued by the Company dated June 30, 2011, in which it is stated that following a Change of Control of the Company, the Company exercised its Redemption Right, all as described in the Notice. As a result the Company plans to redeem (the “**Redemption**”) all outstanding Debentures described in the Notice at a price (the “**Redemption Price**”), payable in cash, described in the Notice and being \$192.662738 for each \$100 principal amount of Debentures. As described in the Notice, the Redemption Price includes all accrued and unpaid interest on the principal amount of Debentures as at the Change of Control Effective Date of June 29, 2011, being \$2.1945205 for each \$100 principal amount of Debentures.

Upon the Redemption, the Company will be considered to have purchased the Debentures so redeemed and paid the Redemption Price to the Holder in consideration thereof.

Non-Resident Holder

The amount by which the Redemption Price exceeds the issue price of the Debentures, such excess being \$92.6627380 for each \$100 principal amount of Debentures, is deemed to be a payment of interest (the “**Deemed Interest**”) on the Debentures made by the Company to non-resident Holders (“**Non-Resident Holders**”) and subject to Canadian withholding tax.

Twenty-five percent is the maximum withholding tax rate applicable under the Canadian income tax legislation. A Non-Resident Holder who is resident in a country with which Canada has signed a tax treaty or convention may be entitled to be taxed at a lower rate, provided the Non-Resident Holder ensures that the relevant information, forms and certifications, as applicable, are provided along with the Redeemed Debentures, duly endorsed for transfer. The Deemed Interest will be treated as “participating debt interest” and, accordingly, the reduced withholding tax rate for residents of the U.S. who are eligible for the benefits of the Canada-United States Income Tax Convention (the “**U.S. Convention**”) will be 15%.

The following table shows the approximate amount of Canadian withholding tax that will be withheld in respect of the disposition of \$100 principal amount of Debenture tendered by a Non-

¹ Unless otherwise indicated, all capitalized terms in this Summary have the meaning assigned in such term in the Notice.

Resident Holder at the maximum withholding tax rate of 25% and at the withholding tax rate of 15% (for a Non-Resident Holder who is eligible for the benefits of the U.S. Convention).

Country of Residence of Non-Resident Holder	Withholding Tax Rate	Deemed Interest per \$100 principal amount of Debenture	Withholding Tax on each \$100 principal amount of Debenture
No Tax Convention Applicable	25%	\$92.6627380	\$23.16568450
United States	15%	\$92.6627380	\$13.89941070