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## **TIMBERWEST REACHES TIMBER REALLOCATION AGREEMENT WITH PROVINCE**

TimberWest has reached a comprehensive agreement with the Province of British Columbia to compensate the Company for the loss of its logging rights through the timber reallocation process. Timber reallocation is a cornerstone of the Province's Forestry Revitalization Plan where some of the logging rights held by major licensees are being reallocated to provide new opportunities in the forest economy.

Under the agreement, the area of the Tree Farm Licence and two Timber Licences held by TimberWest have been reduced by the Province and will be available to community forests, woodlots, First Nations, and new entrepreneurs. TimberWest will receive approximately \$3.7 million in compensation for the loss of logging rights and for improvements, such as roads and bridges, associated with areas being reallocated from these tenures.

"TimberWest recognized the necessity for tenure reallocation in the vision paper we co-authored for rebuilding BC's Coastal forest industry. TimberWest is satisfied with the settlement it reached with the Province, and welcomes both the certainty that closure of the reallocation undertaking now brings to our remaining operations on Crown lands as well as the opportunity that reallocation provides for revitalizing the Coastal forest industry," said Paul McElligott, President and CEO.

TimberWest Forest Corp. is uniquely positioned as the largest owner of private forest lands in western Canada. The Company's 334,000 hectares, providing a sustainable annual harvest of 2.5 million m<sup>3</sup> of logs, which can vary in the range of 2.3 million m<sup>3</sup> to 2.7 million m<sup>3</sup>, are located on Vancouver Island and predominantly support the growth of Douglas fir forests, a premium species used for structural purposes. Third party auditors have certified that the management of the Company's private forest land conforms to the objectives and performance measures of the American Forest and Paper Association's Sustainable Forestry Initiative (SFI<sup>®</sup>). The computation of the Company's recently revised long-run sustainable yield will be validated by the Company's external SFI<sup>®</sup> auditor, KPMG Performance Registrar Inc., in the first half of 2005. TimberWest also owns renewable Crown harvest rights to 0.8 million m<sup>3</sup> of logs per year and operates a lumbermill located near Campbell River, BC. In addition, approximately 6,000 hectares of the Company's private forest lands have been identified as having greater value as real estate properties and are progressively being made available for higher uses.