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TIMBERWEST FOREST CORP. COMPLETES OVERSUBSCRIBED RIGHTS OFFERING TOGETHER WITH PRIVATE PLACEMENT AND BANK REFINANCING

Vancouver (BC) – TimberWest Forest Corp. (TSX: TWF.UN) (“TimberWest” or the “Company”) announced today that it has completed its previously announced rights offering (the “Rights Offering”) pursuant to which the Company distributed rights (“Rights”) entitling existing holders of its Stapled Units (“Unitholders”) to purchase up to \$50 million aggregate principal amount of 9% extendible convertible debentures of the Company (“Debentures”).

TimberWest has issued the maximum amount of \$50 million aggregate principal amount of Debentures under the Rights Offering, which was oversubscribed by 53.2%. A total of approximately \$76.5 million aggregate principal amount of Debentures was subscribed for under the Rights Offering, comprising approximately \$41.5 million aggregate principal amount of Debentures subscribed for under the basic subscription right and an additional \$35.0 million aggregate principal amount of Debentures subscribed for under the additional subscription privilege available to holders of Rights who exercised their basic subscription privilege in full. Because only \$50 million aggregate principal amount of Debentures was available for distribution under the Rights Offering, subscriptions by holders of Rights under the additional subscription privilege were pro-rated to a total of approximately \$8.5 million aggregate principal amount of Debentures.

The Company also announced the completion of its previously announced private placement (the “Private Placement”) of convertible debentures of the Company (“Private Debentures”) having economic terms similar to those of the Debentures to two wholly-owned subsidiaries of British Columbia Investment Management Corporation (the “bcIMC Investors”). Under the terms of its investment agreement with the Company, the bcIMC Investors agreed to purchase \$100 million aggregate principal amount of Private Debentures plus an additional amount of Private Debentures equal to the aggregate principal amount of the Debentures not subscribed for under the Rights Offering. Because the Rights Offering was oversubscribed, no additional Private Debentures were purchased by the bcIMC Investors, leaving their total subscription for Private Debentures at \$100 million.

As a result of the Private Placement, the bcIMC Investors hold Private Debentures convertible into approximately 23.7% of the currently issued and outstanding Stapled Units, assuming the conversion in full of all Debentures and Private Debentures.

TimberWest also announced that the previously announced proposed amendments (the “Credit Amendments”) to the loan agreement governing its existing credit facilities have become effective. As a result, the Company’s existing \$325 million credit facility has been replaced with a \$250 million three-year revolving credit facility which matures in February 2012. The new facility is secured, and contains financial covenants including a minimum EBITDA test as well as a tangible net worth test and a loan to book and market value test.

With the coming into effect of the Credit Amendments, the maturity date of the Debentures has automatically been extended from February 27, 2009 to February 11, 2014 in accordance with the terms of the Debentures.

The net proceeds of the Rights Offering and Private Placement are being used by the Company to permanently repay \$75 million of indebtedness under its existing bank credit facilities, with the remainder being used to reduce indebtedness under the Company’s revolving credit facilities.



TIMBERWEST FOREST CORP.

Together, these refinancing transactions are expected to provide the Company with what it believes is sufficient flexibility to operate through the current market downturn.

Genuity Capital Markets acted as financial advisor to the Company.

TimberWest's amended and restated loan agreement and certain other agreements relating to the refinancing transactions will be filed on SEDAR and available at www.sedar.com.

Tax Information for Unitholders

TimberWest has determined that the fair market value of each Right distributed as part of the Rights Offering was \$0.09. Accordingly, a Unitholder who received Rights and was not resident in Canada on January 7, 2009 for Canadian income tax purposes was deemed to receive a dividend on January 7, 2009 equal to \$0.09 for each Right received by the Unitholder. A portion of the Rights received by non-resident Unitholders has been sold to fund the withholding tax arising as a result of the issuance of the Rights to non-resident Unitholders. Unitholders who received Rights and were resident in Canada on January 7, 2009 for Canadian income tax purposes should include in their income for Canadian tax purposes for their taxation year that includes January 7, 2009 an amount equal to the aggregate fair market value of the Rights received.

The tax consequences of the receipt of Rights are explained in greater detail in the Final Short Form Prospectus of TimberWest relating to the Rights Offering dated December 23, 2008, which is available at www.sedar.com.

Notice to Reader

This news release does not constitute an offer to sell or a solicitation of an offer to purchase any securities of TimberWest. 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"). This news release is not an offer of securities for sale in the United States and the securities 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.

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 TimberWest's public filings with securities regulatory authorities.

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TIMBERWEST FOREST CORP.

About TimberWest

TimberWest Forest Corp. is uniquely positioned as western Canada's largest private timber and land management company comprised of a timberland business unit and a real estate business unit. The Company owns in fee simple approximately 322,000 hectares or 796,000 acres of private land and is in the business of selling timber products and real estate.

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

