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TIMBERWEST DELIVERS STRONG SECOND QUARTER RESULTS AND ANNOUNCES OCTOBER 15, 2004 DISTRIBUTION

Company moves quickly to take Operations Excellence to next level to simplify business model and focus on forestland management

Vancouver (BC) – TimberWest turned in a strong financial performance in the second quarter of 2004 and took its Operations Excellence strategy to the next level with the decision to contract out logging activities.

TimberWest generated distributable cash of \$43.5 million or \$0.57 per Stapled Unit, compared to \$4.7 million or \$0.06 per Stapled Unit for the same period in 2003. Q2, 2003 distributable cash reflected \$7.5 million in capital expenditures, which was unusually high for the quarter. Distributable cash was positively impacted by the disposition of TFL 46, which generated net proceeds of \$16.7 million. The Company also booked a restructuring charge of \$2.7 million associated with its plan to contract out logging activities. Excluding these non-recurring items, distributable cash was \$29.5 million for the quarter or \$0.39 per Stapled Unit, still significantly ahead of Q2, 2003. On a year to date basis, distributable cash is \$71.2 million compared to \$30.4 million for the first half of 2003.

“We are pleased with our second quarter results. Both log and lumber revenues were up during the quarter and we continue to take costs out of the system and improve our operating margin,” said TimberWest President and CEO Paul McElligott. “During the remainder of the year, we will continue to focus on Operations Excellence with the intention of having our logging activities fully contracted out by December 31, 2004.”

TimberWest also announced its next quarterly distribution of \$0.269 per Stapled Unit, payable on October 15, 2004, to unitholders of record on October 1, 2004. Since TimberWest's inception in July 1997, including the distribution paid on July 15, 2004, the Company has distributed in excess of \$525 million to unitholders.

During the quarter, Don Munroe, appointed mediator/arbitrator by the British Columbia government to resolve last year's coast forest industry strike, issued his decision for a new coast master agreement. Among other things, he made it possible for companies to contract out timber harvesting operations currently performed by company crews. Contractors taking over company crew work must be IWA certified, must recognize the union seniority of employees, and must do the work on a “stump-to-dump” basis.

Munroe's decision allows TimberWest to more closely align its business model with industry norms in the rest of North America. Some 50% of the Company's timber harvesting work is already done by independent contractors. TimberWest will now move to competitively bid the remainder of its logging operations to contractors and expects to completely exit the direct management of timber harvesting.

“This is a natural progression of our Operations Excellence strategy. It will further reduce costs while providing greater flexibility to respond to changes occurring in the marketplace. It will allow TimberWest to focus on our strengths: forest management and marketing and sales. The transformation also creates new opportunities for smaller, community-based timber harvesting firms in coastal British Columbia,” McElligott said.

Hourly employees will continue to be represented by the IWA. A number of salaried positions will be eliminated before year-end while others will be redefined. A number of TimberWest offices and facilities will also be closed. The Company has taken a \$2.7 million charge to earnings in Q2, 2004 to cover these restructuring costs.

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“While our future business model will be different, TimberWest remains committed to ensuring that harvesting operations on its lands are performed safely and in an environmentally responsible fashion. We will ensure that contractors live up to our standards, as we now do with timber harvesting work already contracted out,” McElligott said.

Also during the quarter, TimberWest completed the sale of the public land portion of its Southern Vancouver Island operation, or Tree Farm Licence (TFL) 46, to the Teal-Jones Group for a sale price of \$17.9 million. The Annual Allowable Cut on this TFL is approximately 500,000 m³. In addition to the sales proceeds, which net out at \$16.7 million after severance, transaction costs and \$0.5 million of deferred proceeds to be received in 2005, leased equipment with a value of \$6.0 million was transferred to Teal-Jones, relieving the Company of commitments for future payments under operating leases in the amount of \$2.6 million. Further, this transaction is expected to result in a reduction in the Company’s working capital by approximately \$8.0 million. Some 113 hourly IWA employees and seven salaried employees have transferred to the Teal-Jones Group.

McElligott said: “This disposition allows TimberWest to pursue our strategic objective of focusing more on the private timberland portion of our business, which we view as our core business. The sale also contributes to the diversification of tenure that the government’s new forest policy encourages and it enables Teal-Jones, a privately owned BC company, to secure fibre for its sawmills in British Columbia.”

Quarterly Financial Highlights

TimberWest generated distributable cash¹ of \$43.5 million or basic and diluted distributable cash of \$0.57 per weighted average Stapled Unit for the quarter ended June 30, 2004, compared to distributable cash of \$4.7 million or basic and diluted distributable cash of \$0.06 per weighted average Stapled Unit for the same period in 2003. The increase in distributable cash from the prior year reflects several factors, including: considerably higher net earnings in the second quarter of 2004, reflecting both higher sales and improved operating margins; increased proceeds from the sale of property, plant and equipment, including \$16.7 million in cash proceeds from the sale of TFL 46; and capital expenditures in the second quarter of 2004 that were \$6.0 million lower relative to the second quarter of 2003. Earnings available for distribution¹ for the second quarter of 2004, before provision for future income taxes, were \$29.0 million or \$0.38 per basic and diluted weighted average Stapled Unit compared to \$6.4 million or \$0.08 per basic and diluted weighted average Stapled Unit for the same quarter in 2003. Net sales for the second quarter of 2004 were \$131.4 million compared to net sales of \$109.3 million reported for the second quarter of 2003. Operating earnings were \$28.4 million for the second quarter of 2004 compared to \$10.4 million for the same period in 2003, representing a 127% improvement in the operating margin year over year. Earnings before interest, taxes, depreciation and amortization (EBITDA)¹ for the quarter ended June 30, 2004, were \$35.9 million or \$0.47 per basic and diluted weighted average Stapled Unit compared to \$13.3 million or \$0.17 per basic and diluted weighted average Stapled Unit for the same period in 2003. Net earnings for the quarter ended June 30, 2004, were \$21.7 million or basic and diluted net earnings of \$0.11 per weighted average common share, compared to net earnings of \$1.5 million or a basic and diluted net loss of \$0.19 per weighted average common share for the same period in 2003.

On May 6, 2004, the Company completed the sale of the public land portion of its southern Vancouver Island operations, referred to as TFL 46. The sale price for these assets was \$17.9 million. Under the terms of the sale, silviculture liabilities of \$0.4 million were assumed by the purchaser and leased equipment with a value of \$6.0 million was transferred to the purchaser, relieving the Company of commitments for future payments under operating leases in the amount of \$2.6 million. In addition, this transaction is expected to result in a reduction in the Company’s working capital by approximately \$8.0 million.

On May 26, 2004, the Company completed and received a renewal of short-term financing from a Canadian bank. The renewed financing consists of an unsecured 364-day committed revolving facility

¹ Distributable cash, earnings available for distribution and EBITDA are measures that do not have a standardized meaning prescribed by Canadian generally accepted accounting principles (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. A reconciliation of net earnings as determined in accordance with GAAP and EBITDA is provided in the supplemental information appended to this press release.

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in the amount of \$40.0 million that is due on May 25, 2005. Under the 364-day facility, funds are available to the Company by way of Canadian dollar prime rate based loans, bankers' acceptances and letters of credit or guarantee and US dollar LIBOR.

On June 24, 2004, the Company announced a plan to transform its business operations to focus on forest land management through a restructuring of the Company's log harvesting operations and a move to contract out all logging activities. The Company anticipates the move to a contractor model for its logging activities will provide increased flexibility and a reduced cost structure, and will improve the Company's competitiveness in a way that is sustainable over the long term. Operating results for the quarter ended June 30, 2004, include a provision of \$2.7 million for costs relating to this restructuring.

Year to Date Financial Highlights

TimberWest generated distributable cash of \$71.2 million or basic and diluted distributable cash of \$0.93 per weighted average Stapled Unit for the six months ended June 30, 2004, compared to distributable cash of \$30.4 million or basic and diluted distributable cash of \$0.40 per weighted average Stapled Unit for the same period in 2003. The increase in distributable cash from the prior year reflects higher net earnings in the first six months of 2004, increased proceeds from the sale of property, plant and equipment and capital expenditures in the first six months of 2004 that were \$13.0 million lower relative to the same period in 2003. Earnings available for distribution for the first half of 2004, before provision for future income taxes, were \$52.6 million or \$0.69 per basic and diluted weighted average Stapled Unit compared to \$32.7 million or \$0.43 per basic and diluted weighted average Stapled Unit for the period in 2003. Net sales for the first six months of 2004 were \$233.0 million compared to net sales of \$235.9 million reported for the first six months of 2003. Operating earnings were \$56.4 million for the first half of 2004 compared to \$40.9 million for the same period in 2003, representing a 40% margin improvement compared to the first six months of 2003. EBITDA for the six months ended June 30, 2004, were \$67.0 million or \$0.88 per basic and diluted weighted average Stapled Unit compared to \$46.8 million or \$0.61 per basic and diluted weighted average Stapled Unit for the same period in 2003. Net earnings for the six months ended June 30, 2004, were \$38.8 million or basic and diluted net earnings of \$0.16 per weighted average common share, compared to net earnings of \$19.2 million or a basic and diluted net loss of \$0.12 per weighted average common share for the same period in 2003.

Early in the first quarter of 2004, the Company signed a definitive agreement for the sale of the public land portion of its southern Vancouver Island operations, referred to as TFL 46. The Company completed the sale of TFL 46 on May 6, 2004, at a sale price of \$17.9 million.

During the second quarter of 2004, the Company completed and received a renewal of short-term financing from a Canadian bank in the form of an unsecured 364-day committed revolving facility in the amount of \$40.0 million due on May 25, 2005.

On June 24, 2004, the Company announced a plan to transform its business operations to focus on forest land management through a restructuring of the Company's log harvesting operations and a move to contract out all logging activities. Operating results for the six months ended June 30, 2004, include a provision of \$2.7 million for costs relating to this restructuring.

During the first quarter of 2004, the Company completed and received a renewal of short-term financing from a Canadian bank consisting of an unsecured demand bank guarantee facility in the amount of \$16.0 million and an unsecured 364-day committed revolving facility in the amount of \$40.0 million due on March 1, 2005. Under the 364-day facility, funds are available to the Company in both Canadian and US dollars by way of adjusted prime rate based loans, Canadian dollar bankers' acceptances and letters of credit or guarantee.

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Summary of Results

In millions of dollars, except as otherwise indicated

Unaudited

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Net sales	\$ 131.4	\$ 109.3	\$ 233.0	\$ 235.9
Operating earnings	\$ 28.4	\$ 10.4	\$ 56.4	\$ 40.9
Net earnings	\$ 21.7	\$ 1.5	\$ 38.8	\$ 19.2
Earnings available for distribution before provision for future income tax expense	\$ 29.0	\$ 6.4	\$ 52.6	\$ 32.7
Distributable cash	\$ 43.5	\$ 4.7	\$ 71.2	\$ 30.4
Proceeds from sale of real estate	\$ 0.2	\$ 0.5	\$ 1.0	\$ 3.1
Proceeds from sale of other property, plant and equipment	\$ 17.0	\$ 0.3	\$ 17.6	\$ 0.8
Additions to property, plant and equipment	\$ 1.5	\$ 7.5	\$ 2.0	\$ 15.0
Distributions paid	\$ 20.6	\$ 20.5	\$ 41.1	\$ 41.0
\$ per weighted average Stapled Unit: (unless otherwise noted)				
Basic and diluted earnings available for distribution before provision for future income taxes	\$ 0.38	\$ 0.08	\$ 0.69	\$ 0.43
Basic and diluted distributable cash	\$ 0.57	\$ 0.06	\$ 0.93	\$ 0.40
Distributions paid	\$ 0.27	\$ 0.27	\$ 0.54	\$ 0.54
Basic and diluted earnings (loss) per weighted average common share	\$ 0.11	\$ (0.19)	\$ 0.16	\$ (0.12)

Outlook

Overall, TimberWest expects a fairly stable back half of the year in its end markets. In Japan, demand for logs and lumber are expected to continue to be solid as economic reports indicate wood based housing starts should continue at a slightly higher pace than last year. A log shortage in the domestic market due to weather related logging curtailments should keep supply in balance with demand.

Delivered prices for logs in Japan from all major supply regions continue at levels higher than last year. Japanese sawmillers cutting imported logs had a difficult second quarter due to higher log prices, higher ocean freight and a weakening yen. Whether or not Japanese sawmillers are successful in driving down log prices will depend on the availability of supply. At this time it appears that the second growth fir prices, supported by the strength of the domestic US market, should be stable in the near term while hemlock prices are likely to decline as there is a somewhat higher supply of hemlock available.

High levels of demand sustained by high lumber prices in the second quarter resulted in stronger log prices on the US West Coast during the second quarter in spite of increased harvest activity. While lumber prices weakened toward the end of the second quarter the price of logs has not changed and with the logging curtailments during the summer due to fire risk, log prices are expected to be stable for fir and hemlock logs.

On the cost side of the business, the Company will continue its efforts on Operations Excellence and expects to see costs continue to improve. The certainty provided by the new Coast Master Agreement with the IWA will allow the Company to proceed with its plans to move the harvesting part of its business to IWA certified contractors such that all of these operations are contracted out by year end.

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The Company expects hot, dry weather conditions to persist throughout the summer which could cause logging curtailments. In spite of this, the Company still expects to log its planned private land harvest level of 2.5 million m³ for the year.

Both capital expenditures and real estate sales are expected to be higher in the second half of the year than in the first half, but still well within normal levels.

Finally, TimberWest expects to generate distributable cash from operations that exceeds its distribution requirements for 2004 and covers its restructuring costs, with the proceeds from the sale of TFL 46 having paid down debt. TimberWest continues to believe that with the forest policy changes underway and a more flexible collective agreement in place conditions are improving on the Coast for the industry and the Company.

Supplemental Information	Three Months Ended		Six Months Ended	
In millions of dollars, except as otherwise indicated	June 30		June 30	
<i>Unaudited</i>	2004	2003	2004	2003
Operations				
Net sales	\$ 131.4	\$ 109.3	\$ 233.0	\$ 235.9
Operating costs and expenses:				
Cost of products sold	97.6	92.1	164.8	181.8
Depreciation, depletion and amortization	2.5	2.6	5.4	5.2
Selling, administrative and other	2.9	4.2	6.4	8.0
	103.0	98.9	176.6	195.0
Operating earnings	28.4	10.4	56.4	40.9
Interest expense	4.0	3.8	8.1	7.8
Amortization of deferred financing costs	0.4	0.3	0.7	0.7
Other income	(5.0)	(0.3)	(5.2)	(0.7)
Earnings before income taxes	29.0	6.6	52.8	33.1
Income tax expense	7.3	5.1	14.0	13.9
Net earnings	\$ 21.7	\$ 1.5	\$ 38.8	\$ 19.2
Distributable cash				
Net earnings	\$ 21.7	\$ 1.5	\$ 38.8	\$ 19.2
Income tax benefit related to distributions	7.4	4.9	14.7	12.6
Earnings available for distribution	29.1	6.4	53.5	31.8
Future income tax expense (recovery)	(0.1)	-	(0.9)	0.9
Earnings available for distribution before provision for future income tax expense (recovery)	29.0	6.4	52.6	32.7
Add (deduct):				
Depreciation, depletion and amortization	2.9	2.9	6.1	5.9
Proceeds from sale of property, plant and equipment	17.2	0.8	18.6	3.9
Gain on sale of property, plant and equipment	(4.9)	(0.3)	(5.4)	(1.3)
Additions to property, plant and equipment	(1.5)	(7.5)	(2.0)	(15.0)
Other non-cash items	0.8	2.4	1.3	4.2
	14.5	(1.7)	18.6	(2.3)
Distributable cash	\$ 43.5	\$ 4.7	\$ 71.2	\$ 30.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)				
Net earnings	\$ 21.7	\$ 1.5	\$ 38.8	\$ 19.2
Add: Interest expense	4.0	3.8	8.1	7.8
Income tax expense	7.3	5.1	14.0	13.9
Depreciation, depletion and amortization	2.5	2.6	5.4	5.2
Amortization of deferred financing costs	0.4	0.3	0.7	0.7
EBITDA	\$ 35.9	\$ 13.3	\$ 67.0	\$ 46.8

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Supplemental Information (continued)

In millions of dollars, except as otherwise indicated
Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2004	2003	2004	2003
Cash generated from operations before changes in non-cash working capital	\$ 26.3	\$ 9.3	\$ 53.3	\$ 37.6
Cash generated from operations after changes in non-cash working capital	\$ 28.0	\$ 0.2	\$ 52.7	\$ 22.6
Sales by Product				
Logs				
Domestic	\$ 55.3	\$ 43.8	\$ 101.1	\$ 97.6
Export – Asia	34.7	25.7	58.0	62.0
Export – US	13.2	20.8	23.4	34.5
Total log sales	103.2	90.3	182.5	194.1
Lumber	23.5	14.7	41.1	31.2
Wood chips and other	4.5	3.8	8.3	7.4
Real estate	0.2	0.5	1.1	3.2
	\$ 131.4	\$ 109.3	\$ 233.0	\$ 235.9
Sales Volume				
Logs (thousand m ³)				
Domestic	655.4	511.5	1,156.5	1,077.9
Export – Asia	206.3	173.8	359.5	383.7
Export – US	123.0	230.8	221.7	373.8
Total log sales volume	984.7	916.1	1,737.7	1,835.4
Lumber (million fbm)	39.1	33.5	71.2	64.6
Log Sales Mix (thousand m³)				
Fir	594.8	569.5	1,076.9	1,065.7
Hemal	216.3	209.4	338.3	432.1
Cedar	95.3	90.8	179.7	209.3
Other	78.3	46.4	142.8	128.3
	984.7	916.1	1,737.7	1,835.4
Production Volume				
Logs (thousand m ³)				
Private timberlands	789.3	671.6	1,394.5	1,257.8
Public lands	227.3	180.5	541.6	487.1
Total log production	1,016.6	852.1	1,936.1	1,744.9
Lumber (million fbm)	43.0	39.5	83.3	75.0
Financial Position				
	As at June 30, 2004		As at December 31, 2003	
Net working capital (excluding short-term borrowings and distribution payable)	\$ 41.2		\$ 40.6	
Total assets	\$ 1,448.1		\$ 1,440.9	
Total debt ²	\$ 224.2		\$ 255.0	
Unitholders' equity ²	\$ 890.7		\$ 875.5	
Total capitalization ²	\$ 1,114.9		\$ 1,130.5	
Debt to total capitalization	20%		23%	
Stapled Units outstanding (thousands)	76,476		76,246	
Basic weighted average Stapled Units (thousands)	76,438		76,234	
Diluted weighted average Stapled Units (thousands)	76,585		76,309	

² Total debt, total capitalization and debt to total capitalization are measures that do not have a standardized meaning prescribed by Canadian generally accepted accounting principles (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 financial resources and capital structure.

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Quarterly Conference Call

TimberWest will hold a conference call at 8:00am PT (11:00am ET) on Wednesday, July 21, 2004, to discuss results of the second quarter. To access the conference call, listeners should dial 1-800-470-5906. For those unable to participate in the live call, a recording of the call will be available until August 4, 2004, and can be accessed at 1-800-558-5253 using code 21200429. 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.

Corporate Profile

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 2.3 million m³ of logs, which can vary in the range of 2.1 million m³ to 2.5 million m³ under our SFI[®] certification, 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[®]). TimberWest also owns renewable Crown harvest rights to 0.8 million m³ 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.

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

Additional Information

TimberWest Stapled Units are listed on the Toronto Stock Exchange under the symbol "TWF.UN".

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