TimberWest

For immediate release: October 21, 2003

TIMBERWEST ANNOUNCES THIRD QUARTER RESULTS OF $12.0 MILLION IN DISTRIBUTABLE CASH AND ANNOUNCES QUARTERLY DISTRIBUTION

Difficult markets, strong Canadian dollar, unresolved softwood lumber dispute and record fire season put downward pressure on quarterly results

Vancouver (BC) – TimberWest generated distributable cash for the third quarter of 2003 of $12.0 million, or $0.16 per unit, compared to $34.1 million, or $0.45 per unit, for the third quarter of 2002. On a year to date basis, the Company generated distributable cash of $42.4 million compared to $65.9 million this time last year.

President and CEO Paul McElligott said: "The third quarter of this year was a very difficult one for the Company. As in the preceding quarter, we struggled with three issues: all major markets TimberWest sells into continued to be over supplied for both logs and lumber; the Canadian dollar remained strong relative to the US dollar; and the Canada/US softwood lumber dispute remains unresolved. In addition, it was the driest operating season on the Coast in more than 60 years of record-keeping, resulting in extended logging curtailments due to fire risk."

Lumber mills operating on the coast of BC, where TimberWest sells the majority of its volume, experienced extended downtime again this quarter. Weak domestic demand for logs combined with the extended fire season resulted in lower than normal levels of log production and log sales. The most significant impact on sales revenues for the quarter compared to this time last year comes from the inventory mix. The Company started the quarter with a lower value log inventory mix compared to the same quarter of 2002, a situation exacerbated by low production during the quarter.

"We had limited access to helicopters this summer as most were assisting in the fire fighting effort throughout the province. Our helicopter logging program gives us access to some of our highest value fibre. As a result we were left with a higher component of pulp logs in the mix, less Japan export quality fibre, and considerably less higher value cedar and fir," McElligott said.

The market-related curtailments on public land operations and fire shutdowns on private land affected the Company's cost reduction progress. "All operations continued to work hard on Operations Excellence initiatives and the private land operations were able to make good progress against their targets despite tough operating conditions. However, our public land logging operations were not able to achieve their targets and, having to absorb all of their fixed costs during the quarter offset the operations excellence gains made in other parts of the organization," said McElligott.

To start making up for this lost production time and to lower costs, operational changes were implemented during September when it finally rained on Vancouver Island. Log sorting yards have been operating 12 hours per day, seven days a week. Where cost effective, logging contractors have been working seven days a week and have hauled logs every day that sorting facilities were open. These changes will continue on the Company's private lands until fire-related production losses have been reversed.

The Elk Falls lumbermill had a difficult quarter as well, with lumber pricing down 22% over third quarter 2002. One of Elk's main objectives for 2003 was to have the mill up and running on three shifts by July 1, 2003. The mill was producing on a three-shift basis earlier than planned, unfortunately, adverse market conditions meant Elk had to curtail operations beginning in July.

Real estate sales were also lower in the quarter compared to same period last year, when the sale of the Earle Creek property for $11.5 million resulted in record real estate revenue.

Labour negotiations between Forest Industrial Relations ("FIR"), which bargains on behalf of TimberWest, and the IWA occurred during the quarter but broke off when the IWA applied to the BC

Labour Relations Board to have all employers represented by FIR vote on their final offer. FIR has challenged the legality of the Union offer with the Labour Relations Board. Moreover, the FIR board of directors has unanimously agreed to recommend that FIR member companies reject the IWA proposal.

A cost-competitive labour agreement is one of the elements necessary for the coastal forest industry to manage through the structural problems that have been challenging the sector for the past 15 years. TimberWest has worked with International Forest Products and Weyerhaeuser to co-author a report describing a vision of what a rejuvenated BC Coastal forest industry could look like in the next 10 years — if the right moves are made now to rebuild the sector. The report – *Embracing a New Vision: Rebuilding BC's Coastal Forest Industry* – calls on all industry players to come together to collectively address the problems that are devastating one of the province's prime economic generators. Rebuilding the industry requires not only capital reinvestment but also the implementation of government policy reform and modernization of labour agreements.

"Positive news in the quarter included solid progress towards our safety goals. I congratulate employees for staying focused on working safely during such challenging times," McElligott said.

The Company also announced its quarterly distribution of $0.269 per Stapled Unit, payable on January 15, 2004, to unitholders of record on January 1, 2004. Since TimberWest's inception in July 1997, including the distribution paid on October 15, 2003, the Company has distributed $463.8 million to unitholders.

Quarterly Financial Highlights

TimberWest generated distributable cash[1] of $12.0 million or basic and diluted distributable cash of $0.16 per weighted average Stapled Unit for the quarter ended September 30, 2003, compared to distributable cash of $34.1 million, or basic and diluted distributable cash of $0.45 per weighted average Stapled Unit for the same period in 2002. The decrease from 2002 can be attributed to greater than normal proceeds from sale of capital assets of $14.5 million in the third quarter of 2002, including proceeds of $11.5 million from the sale of the Company's Earle Creek property, compared to more typical proceeds from sale of capital assets in the third quarter of 2003 of $3.0 million. 2002 distributable cash also reflects a one-time loss of $5.0 million on a bond lock transaction entered into in anticipation of a refinancing of debentures outstanding at that time. Earnings available for distribution[1] for the quarter, before provision for future income taxes, were $8.2 million or $0.11 per basic and diluted weighted average Stapled Unit compared to $22.0 million or $0.29 per basic and diluted weighted average Stapled Unit for the same quarter in 2002. Net sales for the third quarter of 2003 were $100.3 million compared to net sales of $130.4 million reported for the third quarter of 2002. Operating earnings were $12.0 million for the third quarter of 2003 compared to $30.7 million for the same quarter in 2002. Earnings before interest, taxes, depreciation and amortization ("EBITDA")[1] for the quarter ended September 30, 2003, were $14.8 million or $0.19 per basic and diluted weighted average Stapled Unit compared to $33.7 million or $0.44 per basic and diluted weighted average Stapled Unit for the same period in 2002.

On September 26, 2003, the Company completed a public offering of $65.0 million aggregate principal amount of 7.0% unsecured senior debentures due October 1, 2007. The debentures were sold at 101.28% of their principal amount, plus accrued interest of $2.2 million from April 1, 2003, with net proceeds to the Company of $67.3 million. The Company used these proceeds to reduce indebtedness under its revolving credit facilities.

Year to Date Financial Highlights

TimberWest generated distributable cash of $42.4 million or basic and diluted distributable cash of $0.56 per weighted average Stapled Unit for the nine months ended September 30, 2003, compared to distributable cash of $65.9 million, or basic and diluted distributable cash of $0.89 per weighted

[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. A reconciliation of net earnings as determined in accordance with GAAP and these measures is provided in the Company's 2003 Third Quarter Interim Report.

average Stapled Unit for the same period in 2002. This decrease can be attributed to lower operating earnings and higher capital expenditures in 2003 compared to 2002, with 2003 including $17.0 million of capital expenditures compared to capital expenditures of $6.0 million in 2002. 2002 distributable cash also includes higher than typical proceeds from sale of capital assets of $17.2 million compared to $6.9 million in 2003, and also reflects a one-time, pre-tax restructuring charge of $9.8 million recorded during the second quarter of 2002 and a one-time, pre-tax loss on a bond lock transaction of $5.0 million recorded during the third quarter of 2002. Earnings available for distribution for the first nine months of 2003, before provision for future income taxes, were $40.9 million, or $0.54 per basic and diluted weighted average Stapled Unit compared to $42.2 million, or $0.57 per basic and diluted weighted average Stapled Unit for the same period in 2002. Net sales for the first nine months of 2003 were $336.2 million compared to net sales of $340.0 million reported for the same period of 2002. Operating earnings were $52.9 million for the first three quarters of 2003 compared to $70.9 million for the same period in 2002. EBITDA for the nine months ended September 30, 2003, were $61.6 million or $0.81 per basic and diluted weighted average Stapled Unit compared to $70.0 million, or $0.94 per basic and diluted weighted average Stapled Unit for the same period in 2002.

As noted above, during the third quarter of 2003, the Company completed a public offering of $65.0 million aggregate principal amount of 7.0% unsecured senior debentures due October 1, 2007. Net proceeds to the Company of $67.3 million were used to reduce indebtedness under existing revolving credit facilities.

During the second quarter of 2003, the Company completed short-term financing from a Canadian bank in the amount of $40.0 million in the form of an unsecured 364-day revolving facility due May 26, 2004, and completed a two-year extension to its $125.0 million unsecured revolving facility now due June 30, 2006.

During the first quarter of 2003, the Company completed and received additional short-term financing from a Canadian bank in the amount of $40.0 million pursuant to an unsecured 364-day committed revolving facility due on March 1, 2004.

In addition, during the first quarter of 2003, the Company retired $106.5 million aggregate principal amount of its 6.5% debentures when they matured on March 3, 2003.

Summary of Results In millions of dollars, except as otherwise indicated	**Three Months Ended September 30**		**Nine Months Ended September 30**	
Unaudited	**2003**	2002	**2003**	2002
Net sales	**$ 100.3**	$ 130.4	**$ 336.2**	$ 340.0
Operating earnings	**$ 12.0**	$ 30.7	**$ 52.9**	$ 70.9
Earnings available for distribution before provision for future income tax expense (recovery)	**$ 8.2**	$ 22.0	**$ 40.9**	$ 42.2
Distributable cash, before restructuring charge	**$ 12.0**	$ 34.1	**$ 42.4**	$ 75.7
Restructuring charge	**$ -**	$ -	**$ -**	$ (9.8)
Distributable cash, after restructuring charge	**$ 12.0**	$ 34.1	**$ 42.4**	$ 65.9
Proceeds from sale of capital assets	**$ 3.0**	$ 14.5	**$ 6.9**	$ 17.2
Capital expenditures	**$ 2.0**	$ 4.3	**$ 17.0**	$ 6.0
Distributions paid	**$ 20.6**	$ 20.5	**$ 61.6**	$ 58.3
$ per weighted average Stapled Unit: (unless otherwise noted)				

Basic and diluted earnings available for distribution before provision for future income taxes	**$ 0.11**	$ 0.29	**$ 0.54**	$0.57
Basic and diluted distributable cash, before restructuring charge	**$ 0.16**	$ 0.45	**$ 0.56**	$ 1.02
Restructuring charge	**$ -**	**$ -**	**$ -**	$(0.13)
Basic and diluted distributable cash, after restructuring charge	**$ 0.16**	$ 0.45	**$ 0.56**	$ 0.89
Distributions paid	**$ 0.27**	$ 0.27	**$ 0.81**	$ 0.81

Outlook

Having come through two of the weakest quarters in our history, TimberWest is beginning to see some modest improvement in pricing for many of its products and, with the resumption of production after a period of prolonged downtime, we are beginning to see strength in overall cash flow generation.

In Japan, the rate of new housing starts over the past quarter was higher than the previous quarter. This increased demand helped expedite the reduction in the oversupply of logs and lumber in that market, however, some oversupply could persist through the balance of the year. That said, these factors have resulted in stable-to-improving log and lumber demand, which we expect to translate into improved prices for the balance of the year. If the Canadian dollar keeps pace with competing currencies, our market share in Japan should remain stable. The Company's lumber business in that market is expected to pick up for the balance of the year, particularly in the kiln-dried segment of the market.

In the US, housing starts remain strong at a seasonally adjusted annual rate of 1.6 million units and lumber prices have improved. While there is still a risk of continued oversupply, we expect stable demand for logs in this market for the balance of the year.

TimberWest's domestic log customers are largely dependent on these two major housing markets. Improvement in these markets, in conjunction with the effect of operational closures during this past summer's fire season, is expected to result in strong demand in the domestic log market through the balance of the year.

A key issue for the coastal industry this fall will be the outcome of negotiations with the Industrial, Wood and Allied Workers. We are hopeful that we will be able to modernize our collective agreement without a work stoppage.

The Company experienced an extended fire season during the third quarter with the driest summer on record. Market-related curtailments in July, combined with weather-related shutdowns in August, have created a shortfall in our quarterly and year to date production levels. We expect to recover this shortfall on our private land operations during the fourth quarter provided there are no work stoppages or additional weather-related shutdowns. At this volume level, the Company also expects to meet its private land cost reduction targets by year end. Public land logging volumes are expected to be two-thirds of planned levels. Neither planned production levels nor unit cost savings are expected to be achieved on public land operations for the year.

TimberWest expects capital expenditures to be modest for the balance of the year and expects real estate proceeds to mirror those of the third quarter.

Finally, TimberWest anticipates concluding a purchase and sale agreement for TFL 46 during this fiscal year.

Assuming no work stoppages in the fourth quarter, the Company still expects to generate sufficient distributable cash to cover its distributions for the year after normalizing for capital expenditure levels.

TIMBERWEST FOREST CORP.

Supplemental Information In millions of dollars, except as otherwise indicated	**Three Months Ended September 30**		**Nine Months Ended September 30**	
Unaudited	**2003**	2002	**2003**	2002
Operations				
Net sales	**$ 100.3**	$ 130.4	**$ 336.2**	$ 340.0
Operating costs and expenses:				
Cost of products sold	**83.6**	94.7	**265.4**	249.2
Depreciation, depletion and amortization	**2.1**	2.6	**7.3**	8.2
Selling, administrative and other	**2.6**	2.4	**10.6**	11.7
	88.3	99.7	**283.3**	269.1
Operating earnings	**12.0**	30.7	**52.9**	70.9
Interest expense	**3.9**	3.5	**11.7**	10.9
Amortization of deferred financing costs	**0.4**	0.5	**1.1**	3.1
Loss on bond lock transaction	**-**	5.0	**-**	5.0
Other income, net	**(0.7)**	(0.4)	**(1.4)**	(0.7)
Restructuring charge	**-**	-	**-**	9.8
	3.6	8.6	**11.4**	28.1
Earnings before income taxes	**8.4**	22.1	**41.5**	42.8
Income tax expense	**2.1**	9.2	**16.0**	20.4
Net earnings	**$ 6.3**	$ 12.9	**$ 25.5**	$ 22.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)				
Net earnings	**$ 6.3**	$ 12.9	**$ 25.5**	$ 22.4
Add: Interest expense	**3.9**	3.5	**11.7**	10.9
Loss on bond lock transaction	**-**	5.0	**-**	5.0
Income tax expense	**2.1**	9.2	**16.0**	20.4
Depreciation, depletion and amortization	**2.1**	2.6	**7.3**	8.2
Amortization of deferred financing costs	**0.4**	0.5	**1.1**	3.1
EBITDA	**$ 14.8**	$ 33.7	**$ 61.6**	$ 70.0
Earnings available for distribution before provision for future income tax expense (recovery)	**$ 8.2**	$ 22.0	**$ 40.9**	$ 42.2
Distributable cash	**$ 12.0**	$ 34.1	**$ 42.4**	$ 65.9
Cash generated from operations before changes in non-cash working capital	**$ 9.2**	$ 22.7	**$ 46.8**	$ 52.4
Sales by Product				
Logs				
Domestic	**$ 39.8**	$ 50.4	**$ 137.4**	$ 128.3
Export – Asia	**22.0**	34.5	**84.1**	88.9
Export – US	**14.4**	14.1	**48.8**	57.6
Total log sales	**76.2**	99.0	**270.3**	274.8
Lumber	**14.8**	14.1	**46.1**	39.9
Wood chips and other	**5.9**	3.3	**13.2**	8.9
Real estate	**3.4**	14.0	**6.6**	16.4
	$ 100.3	$ 130.4	**$ 336.2**	$ 340.0

Sales Volume				
Logs (thousand m^3)				
Domestic	**470.3**	507.5	**1,548.2**	1,390.5
Export – Asia	**148.1**	190.5	**531.8**	534.4
Export – US	**168.3**	132.0	**542.1**	580.4
Total log sales volume	**786.7**	830.0	**2,622.1**	2,505.3
Lumber (million fbm)	**36.5**	27.2	**101.1**	82.7
Log Sales Mix (thousand m^3)				
Fir	**446.6**	428.6	**1,512.3**	1,552.1
Hembal	**228.1**	193.3	**660.2**	486.1
Cedar	**61.5**	120.6	**270.8**	256.5
Other	**50.5**	87.5	**178.8**	210.6
	786.7	830.0	**2,622.1**	2,505.3
Production Volume				
Logs (thousand m^3)				
Private timberlands	**613.9**	505.9	**1,871.7**	1,728.2
Public lands	**55.5**	353.5	**542.6**	862.5
Total log production	**669.4**	859.4	**2,414.3**	2,590.8
Lumber (million fbm)	**16.5**	31.3	**91.5**	88.2

Financial Position	**As at September 30, 2003**	As at December 31, 2002
Net working capital (excluding short-term borrowings and distribution payable)	**$ 49.2**	$ 56.3
Total assets	**$ 1,468.6**	$ 1,478.3
Total debt	**$ 252.1**	$ 236.5
Unitholders' equity	**$ 895.1**	$ 914.8
Total capitalization	**$ 1,147.2**	$ 1,151.3
Debt to total capitalization	**22%**	21%
Stapled Units outstanding (thousands)	**76,246**	76,193
Basic weighted average Stapled Units (thousands)	**76,246**	74,686
Diluted weighted average Stapled Units (thousands)	**76,312**	74,808

Quarterly Conference Call

TimberWest will hold a conference call at 9:00am PST (12:00pm EST) on Wednesday, October 22, 2003, to discuss results of the third quarter. To access the conference call, listeners should dial 1-800-298-3006. For those unable to participate in the live call, a recording of the call will be available until November 5, 2003, and can be accessed at 1-800-558-5253 using code 21161389. The conference call will also be broadcast live over the internet via TimberWest's website home page at 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 2.1 million to 2.5 million m^3 of logs, are largely located on Vancouver Island and contain some of the best coniferous forest growing sites in the world. The American Forest & Paper Association has certified that the Company is committed to managing these private lands according to sustainable forestry standards under its Sustainable Forestry Initiative (SFI)SM Program. TimberWest also owns annual Crown harvest rights for 1.3 million m^3 of logs, a lumbermill, and about 6,000 hectares of properties that 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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