



For immediate release: February 10, 2004

**TimberWest generates \$9.0 million of distributable cash in Q4,
\$51.4 million for 2003; Company announces April 2004 distribution**

***Results reflect challenges from oversupplied markets, a strong Canadian dollar,
weather-related downtime, a stumpage system on Crown lands which was not
market based, the ongoing softwood lumber dispute and IWA strike in fourth
quarter***

Vancouver (BC) – TimberWest generated distributable cash of \$9.0 million or \$0.12 per Stapled Unit for the fourth quarter of 2003, compared to distributable cash of \$24.2 million, or \$0.32 per Stapled Unit for the same period in 2002.

“The last quarter of 2003 proved to be another challenging quarter in a very difficult year,” said CEO Paul McElligott. “In previous months, we struggled with oversupplied markets in Japan and the US, a strong Canadian dollar, a stumpage system on Crown lands which was not market based, the ongoing softwood dispute with the US, and a very dry summer. These problems followed us into the fourth quarter and were exacerbated when the IWA launched a strike that took down most of our coastal operations for 19 days – and effectively longer because the strike ended as winter weather and other seasonal curtailments hit.”

The strike also hindered efforts to make up for production time lost when severely dry conditions closed down timberland operations during the third quarter. In addition, the Company decided to sell a much higher proportion of low-value fibre during the quarter and retain a higher-value-mix inventory to close out the year. Thus, log sales volumes were about 17 percent lower than anticipated for the quarter and log sales values were off by approximately 10 percent.

For the year, TimberWest generated distributable cash of \$51.4 million or \$0.67 per Stapled Unit, compared to distributable cash of \$90.1 million or \$1.21 per Unit for fiscal 2002.

“In addition to all of the factors outlined above, higher capital expenditures and lower proceeds from the sale of real estate also reduced distributable cash,” McElligott said. “Some 80% of TimberWest’s operating revenues are log sales and, relative to 2002, the average external log sales realization declined 10% in the year. This created a revenue shortfall of approximately \$38.0 million for the volume of logs sold in 2003. While 20% of this variance is attributable to a lower value species and end-use sort mix, about 50% related to currency and 30% related to weaker markets.”

All operations continued to work hard on reducing costs and improving productivity in 2003 and, despite the tough operating conditions, TimberWest’s private land operations made good progress towards their cost reduction targets, achieving a \$4.27 per m³ improvement over 2002 production costs. These gains were offset by difficulties at the Company’s public land logging and sawmilling operations, which were unable to achieve their targets due to the low level of operations during the year due to oversupplied markets, a stumpage system on Crown lands which was not market based and weather and strike-related curtailments.

“This year TimberWest spent \$13.0 million of additional capital on strategic investments to upgrade our Elk Falls lumbermill and to acquire real estate for the construction of a new log sort on Vancouver Island. Distributable cash was reduced by a corresponding amount,” said McElligott.

Cash flow from operations, after changes in working capital, was a more positive story in 2003 because considerable working capital was turned into cash in the fourth quarter. As a result, debt levels are only \$18.5 million higher than at the beginning of the year, at \$255.0 million.

The Company paid out \$82.1 million in distributions to its unitholders in 2003 and had to borrow to satisfy some of this requirement. “From inception to the end of 2003, the Company has generated distributable cash of \$471.6 million while, including the January 2004 distribution of \$20.5 million, the Company has paid out \$484.3 million to unitholders,” said McElligott. In addition, the Company announced its quarterly distribution of \$0.269 per Stapled Unit, payable on April 15, 2004, to unitholders of record on April 1, 2004.

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He added: "We made good progress on our safety performance in 2003, a core component of our Operations Excellence strategy. At Elk Falls, we achieved a Medical Incident Rate ("MIR") of 2.56, bettering our 2002 MIR of 4.1. Timberland Operations achieved an MIR of 4.48, improving on 2002's MIR by 18 percent."

TimberWest initiated an auction process for the sale of TFL 46 and associated forest licenses in September, and in 2004 signed definitive agreements with the Teal-Jones Group for the sale. The sale is still subject to several conditions but it is expected to close during the first half of 2004. This transaction simplifies TimberWest's business model and allows the Company to increase its focus on the private timberland business.

Quarterly Financial Highlights

TimberWest generated distributable cash¹ of \$9.0 million or basic and diluted distributable cash of \$0.12 per weighted average Stapled Unit for the quarter ended December 31, 2003, compared to distributable cash of \$24.2 million or basic and diluted distributable cash of \$0.32 per weighted average Stapled Unit for the same period in 2002. The decrease from 2002 can be attributed to a net loss of \$0.7 million in the fourth quarter of 2003, compared to net earnings of \$16.9 million for the comparable period in 2002. Earnings available for distribution¹ for the fourth quarter of 2003, before provision for future income taxes, were \$1.3 million or \$0.02 per basic and diluted weighted average Stapled Unit compared to \$23.6 million or \$0.31 per basic and diluted weighted average Stapled Unit for the same quarter in 2002. Net sales for the fourth quarter of 2003 were \$92.3 million compared to net sales of \$124.9 million reported for the fourth quarter of 2002. Operating earnings were \$5.8 million for the fourth quarter of 2003 compared to \$28.3 million for the same quarter in 2002. Earnings before interest, taxes, depreciation and amortization ("EBITDA")¹ for the quarter ended December 31, 2003, were \$8.7 million or \$0.11 per basic and diluted weighted average Stapled Unit compared to \$31.8 million or \$0.42 per basic and diluted weighted average Stapled Unit for the same period in 2002.

2003 fourth quarter results reflect the effects of 19 days of lost production during the quarter due to work stoppages on the Company's timberland operations, including a one day walk-out early in November 2003 by members of the Industrial, Wood & Allied Workers ("IWA") union, followed by a strike that commenced November 21, 2003, which resulted in an additional 18 days of lost production.

Year to Date Financial Highlights

TimberWest generated distributable cash of \$51.4 million or basic and diluted distributable cash of \$0.67 per weighted average Stapled Unit for the twelve months ended December 31, 2003, compared to distributable cash of \$90.1 million or basic distributable cash of \$1.21 per weighted average Stapled Unit and diluted distributable cash of \$1.20 per weighted average Stapled Unit for fiscal 2002. The decrease from the prior year can be attributed to lower operating earnings, higher additions to property, plant and equipment and lower proceeds from the sale of property, plant and equipment in 2003 compared to 2002. In 2003, net earnings of \$24.8 million were 37% lower, additions to property, plant and equipment of \$18.0 million were \$6.5 million higher, and proceeds of \$11.4 million from sale of property, plant and equipment were \$8.0 million lower than comparable amounts in 2002. In addition, 2002 distributable cash reflected a one-time, pre-tax restructuring charge of \$9.8 million and a one-time, pre-tax loss on a bond lock transaction of \$5.0 million recorded during the year. Earnings available for distribution for the year ended December 31, 2003, before provision for future income taxes, were \$42.2 million or \$0.55 per basic and diluted weighted average Stapled Unit compared to \$65.8 million or \$0.88 per basic and diluted weighted average Stapled Unit for 2002. Net sales for fiscal 2003 were \$428.5 million compared to net sales of \$464.9 million reported for 2002. Operating earnings for the year ended December 31, 2003, were \$58.7 million compared to \$99.3 million for 2002. EBITDA for the twelve months ended December 31, 2003, were \$70.3 million or \$0.92 per basic and diluted weighted average Stapled Unit compared to \$101.9 million, or \$1.36 per basic and diluted weighted average Stapled Unit for the same period in 2002.

As noted previously, 2003 financial results were adversely affected by 19 days of lost production during the fourth quarter of 2003 due to work stoppages on the Company's timberland operations, including a one day walk-out by members of the IWA early in November 2003, followed by a strike that commenced November 21, 2003, which resulted in an additional 18 days of lost production. The adverse effects of these work stoppages in the fourth quarter contributed to fiscal 2003 results coming in behind those reported in fiscal 2002.

During the third quarter of 2003, the Company added on to its existing debenture issue by completing 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, with net proceeds to the Company of \$64.4 million. The

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 supplemental information appended to this press release.

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Company used these proceeds to reduce indebtedness under its revolving credit facilities. The Company also received accrued interest on these debentures from April 1, 2003, of \$2.2 million.

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

Unaudited

	Three Months Ended December 31		Twelve Months Ended December 31	
	2003	2002	2003	2002
Net sales	\$ 92.3	\$ 124.9	\$ 428.5	\$ 464.9
Operating earnings	\$ 5.8	\$ 28.3	\$ 58.7	\$ 99.3
Net earnings (loss)	\$ (0.7)	\$ 16.9	\$ 24.8	\$ 39.3
Earnings available for distribution before provision for future income tax expense (recovery)	\$ 1.3	\$ 23.6	\$ 42.2	\$ 65.8
Distributable cash, before restructuring charge	\$ 9.0	\$ 24.2	\$ 51.4	\$ 99.9
Restructuring charge	\$ -	\$ -	\$ -	\$ (9.8)
Distributable cash, after restructuring charge	\$ 9.0	\$ 24.2	\$ 51.4	\$ 90.1
Proceeds from sale of real estate	\$ 2.4	\$ -	\$ 7.4	\$ 16.2
Proceeds from sale of other property, plant and equipment	\$ 2.1	\$ 2.2	\$ 4.0	\$ 3.2
Additions to property, plant and equipment	\$ 1.0	\$ 5.5	\$ 18.0	\$ 11.5
Distributions paid	\$ 20.5	\$ 20.6	\$ 82.1	\$ 78.9
\$ per weighted average Stapled Unit: (unless otherwise noted)				
Basic and diluted earnings available for distribution before provision for future income taxes	\$ 0.02	\$ 0.31	\$ 0.55	\$ 0.88
Basic distributable cash, before restructuring charge	\$ 0.12	\$ 0.32	\$ 0.67	\$ 1.34
Diluted distributable cash, before restructuring charge	\$ 0.12	\$ 0.32	\$ 0.67	\$ 1.33
Restructuring charge	\$ -	\$ -	\$ -	\$ (0.13)
Basic distributable cash, after restructuring charge	\$ 0.12	\$ 0.32	\$ 0.67	\$ 1.21
Diluted distributable cash, after restructuring charge	\$ 0.12	\$ 0.32	\$ 0.67	\$ 1.20
Distributions paid	\$ 0.27	\$ 0.27	\$ 1.08	\$ 1.08
Basic and diluted earnings (loss) per common share	\$ (0.26)	\$ 0.07	\$ (0.52)	\$ (0.21)

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Outlook

TimberWest begins 2004 with a mixed set of business conditions. On the one hand, some improvements in our end markets are emerging and there is a strong organizational commitment to Operations Excellence; on the other, there are still unresolved policy and labour issues to contend with, which adds uncertainty to the business.

In Japan, economic reports indicate that a recovery is in progress, with measures to reinforce the banking system showing results and the export sector improving. In TimberWest's markets in Japan, demand for logs and lumber is improving as log and lumber inventories are low. Higher demand is causing pricing to increase in our domestic whitewood sawlog and Japan grade log sorts. Log supply on the coast of BC is tight, which will also help buoy pricing through the first part of the year, especially in our log mix for Japan.

In the US market, housing starts remain strong and lumber prices are stable. While tight supply in the US Pacific Northwest is also putting upward pressure on prices, TimberWest anticipates that it will be difficult to participate fully in this market in the near term because whitewood sorts suitable for the US market are in very short supply and as such the Company's exports to this market are being constrained by Notice 102. The strength of the Canadian dollar continues to be a concern in this market, but the recent weakening in the Canadian dollar against the US dollar will bring some relief.

The organization continues to work hard to reduce costs, and plans are well underway to continue with the Operations Excellence strategy in 2004. The Company also anticipates returning to more normal capital expenditure levels.

With respect to the broader business issues, TimberWest continues to support the provincial government's policy direction, particularly the implementation of a market based stumpage system. These changes will add value to the industry on the Coast and add certainty and stability for the future of the industry. However, in the near term, some coastal BC sawmills will continue to force TimberWest to sell more logs at below market prices – a situation facilitated by federal government regulations that restrict the freedom of private forestland owners. The labour mediation/arbitration process is well underway for a new Coast Master Agreement and TimberWest's expectation is that a resolution to the labour agreement, too, will bring more certainty to the business climate here. The impact of both of these initiatives will become clearer in the first half of 2004.

At this point TimberWest has plans in place, even with the current uncertainty in the business climate, to meet its distribution requirements for 2004. In comparison to 2003, this plan anticipates relatively flat pricing, further cost reduction, a better end-use sort mix and a return to more normal capital expenditure levels. Our expectation is that with these improvements, the Company will just meet its distributable cash requirements for the year from operations but will use the proceeds from the TFL 46 sale to generate cash well above our distribution requirements, thereby improving our overall debt position while meeting unitholder expectations. The Company believes that 2004 will be a year of transition and restructuring in our industry on the Coast and in our Company to improve business conditions for the future. Successful implementation of plans developed for 2004 – to further reduce costs and simplify our business model – are expected to improve earnings and cash from operations in 2005.

Supplemental Information

In millions of dollars, except as otherwise indicated

Unaudited

Operations

	Three Months Ended December 31		Twelve Months Ended December 31	
	2003	2002	2003	2002
Net sales	\$ 92.3	\$ 124.9	\$ 428.5	\$ 464.9
Operating costs and expenses:				
Cost of products sold	81.1	89.7	346.5	340.1
Depreciation, depletion and amortization	2.5	3.2	9.8	11.5
Selling, administrative and other	2.9	3.7	13.5	14.0
	86.5	96.6	369.8	365.6
Operating earnings	5.8	28.3	58.7	99.3
Interest expense	4.3	4.3	16.0	15.3
Amortization of deferred financing costs	0.3	0.7	1.4	3.7
Loss on bond lock transaction	-	-	-	5.0
Restructuring charge	-	-	-	9.8
Other (income) expense, net	(0.4)	(0.3)	(1.8)	(0.9)
Earnings before income taxes	1.6	23.6	43.1	66.4
Net earnings (loss)	\$ (0.7)	\$ 16.9	\$ 24.8	\$ 39.3

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In millions of dollars, except as otherwise indicated <i>Unaudited</i>	Three Months Ended December 31		Twelve Months Ended December 31	
	2003	2002	2003	2002
Distributable cash				
Net earnings (loss)	\$ (0.7)	\$ 16.9	\$ 24.8	\$ 39.3
Income tax benefit related to distributions	1.5	9.2	17.4	26.7
Earnings available for distribution	0.8	26.1	42.2	66.0
Future income tax expense (recovery)	0.5	(2.5)	-	(0.2)
Earnings available for distribution before provision for future income tax expense (recovery)	1.3	23.6	42.2	65.8
Add (deduct):				
Depreciation, depletion and amortization	2.8	3.9	11.2	15.2
Proceeds from sale of property, plant and equipment	4.5	2.2	11.4	19.4
Gain on sale of property, plant and equipment	(0.9)	(0.3)	(3.7)	(3.9)
Additions to property, plant and equipment	(1.0)	(5.5)	(18.0)	(11.5)
Other non-cash items	2.3	0.3	8.3	5.1
	7.7	0.6	9.2	24.3
Distributable cash	\$ 9.0	\$ 24.2	\$ 51.4	\$ 90.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)				
Net earnings (loss)	\$ (0.7)	\$ 16.9	\$ 24.8	\$ 39.3
Add: Interest expense	4.3	4.3	16.0	15.3
Loss on bond lock transaction	-	-	-	5.0
Income tax expense	2.3	6.7	18.3	27.1
Depreciation, depletion and amortization	2.5	3.2	9.8	11.5
Amortization of deferred financing costs	0.3	0.7	1.4	3.7
EBITDA	\$ 8.7	\$ 31.8	\$ 70.3	\$ 101.9
Cash generated from operations before changes in non-cash working capital	\$ 4.5	\$ 27.5	\$ 51.3	\$ 78.0
Cash generated from operations after changes in non-cash working capital	\$ 12.5	\$ 14.9	\$ 64.5	\$ 74.2
Sales by Product				
Logs				
Domestic	\$ 41.0	\$ 64.0	\$ 178.4	\$ 192.4
Export – Asia	22.6	25.4	106.6	114.3
Export – US	6.2	13.9	55.1	71.5
Total log sales	69.8	103.3	340.1	378.2
Lumber	16.5	18.2	62.6	58.0
Wood chips and other	3.9	3.3	17.2	12.2
Real estate	2.1	0.1	8.6	16.5
	\$ 92.3	\$ 124.9	\$ 428.5	\$ 464.9
Sales Volume				
Logs (thousand m ³)				
Domestic	534.5	650.8	2,082.7	2,041.3
Export – Asia	160.5	130.7	692.2	665.1
Export – US	71.6	129.7	613.8	710.1
Total log sales volume	766.6	911.2	3,388.7	3,416.5
Lumber (million fbm)	32.3	32.6	133.3	115.3

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In millions of dollars, except as otherwise indicated <i>Unaudited</i>	Three Months Ended December 31		Twelve Months Ended December 31	
	2003	2002	2003	2002
Log Sales Mix (thousand m ³)				
Fir	283.3	397.8	1,795.6	1,949.9
Hembal	328.2	297.3	988.4	783.4
Cedar	66.6	119.4	337.4	375.9
Other	88.5	96.7	267.3	307.3
	766.6	911.2	3,388.7	3,416.5
Production Volume				
Logs (thousand m ³)				
Private timberlands	589.3	658.1	2,461.1	2,386.4
Public lands	129.0	311.0	671.5	1,173.5
Total log production	718.3	969.1	3,132.6	3,559.9
Lumber (million fbm)	33.2	33.3	124.7	121.5

Financial Position	As at December 31, 2003	As at December 31, 2002
Net working capital (excluding short-term borrowings and distribution payable)	\$ 40.6	\$ 56.3
Total assets	\$ 1,440.9	\$ 1,478.3
Total debt	\$ 255.0	\$ 236.5
Unitholders' equity	\$ 875.5	\$ 914.8
Total capitalization	\$ 1,130.5	\$ 1,151.3
Debt to total capitalization	23%	21%
Stapled Units outstanding (thousands)	76,246	76,193
Basic weighted average Stapled Units (thousands)	76,234	74,686
Diluted weighted average Stapled Units (thousands)	76,309	74,808

Quarterly Conference Call

TimberWest will hold a conference call at 8:00am PST (11:00am EST) on Wednesday, February 11, 2004, to discuss results of the fourth quarter. To access the conference call, listeners should dial 1-800-296-1907. For those unable to participate in the live call, a recording of the call will be available until February 25, 2004, and can be accessed at 1-800-558-5253 using code 21178133. For those unable to participate in the live call, TimberWest will also broadcast the conference live on the internet via its website home page at www.timberwest.com. The webcast will be archived on the Company's website and will be 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 m³ of logs, are largely 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 annual Crown harvest rights of 1.3 million m³ of logs and a lumbermill. 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.

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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

For further information please contact:

Bev Park
Vice-President, Finance and
Chief Financial Officer
Telephone: (604) 654-4600
Facsimile: (604) 654-4662
Email: invest@timberwest.com

Media contact:

Virginia Aulin
Vice-President, Public Affairs and
Government Relations
Telephone: (604) 654-4634
Facsimile: (604) 654-4662
Email: aulinv@timberwest.com