

For immediate release: December 19, 2008

**TIMBERWEST FOREST CORP. ANNOUNCES APPROVAL
OF NOTE INDENTURE AMENDMENTS**

Vancouver (BC) – TimberWest Forest Corp. (TSX: TWF.UN) (“TimberWest” or the “Company”) announced today that proposed amendments (the “Note Amendments”) to the terms of the Series A Subordinate Notes (the “Notes”) forming part of the Company’s stapled units (“Stapled Units”) have been approved by holders of Stapled Units (“Unitholders”) at a special meeting held on December 19, 2008. The Company also announced that the Note Amendments have been approved by the lenders under its credit facilities and accordingly will become effective as of December 31, 2008.

The Note Amendments will:

- change the rate of interest on the Notes from a fixed rate of 12% per annum to a variable rate of between 2% and 12% per annum to be set from time to time based on the Company’s distributable cash;
- reduce the period over which the Company can defer payments of interest on the Notes from 27 months to 18 months, and provide that the Company may only exercise this deferral right in respect of interest payments for periods where the applicable interest rate on the Notes is 2%; and
- replace the Company’s current right to elect to pay interest on the Notes by delivering common shares or preferred shares of the Company with the right to elect to pay interest on the Notes by delivering Stapled Units.

The Note Amendments are being implemented in order to enable the Company to better align its distributions with the underlying cash flows of its timberlands and real estate businesses.

“As a result of exceptionally challenging business conditions that have persisted since early 2007, the Company has not been generating sufficient distributable cash to fund distributions at the fixed \$1.08 per Stapled Unit level for several quarters and management believes there is no responsible method to continue to pay this level of distributions”, said Paul McElligott, TimberWest’s President and Chief Executive Officer. “By enabling the interest rate on the Notes – and therefore the level of cash distributions per Stapled Unit – to vary based on the Company’s distributable cash, the Note Amendments will allow the Company to make distributions at levels which correspond to available distributable cash. In addition, once the Note Amendments become effective, Unitholders will earn taxable interest income that better reflects the underlying cash generated by the Company’s businesses, which is currently materially less than the \$1.08 per Stapled Unit level.”

As previously announced, the Company will set the indicative interest rate on the Notes at 2% per annum (corresponding to annual cash distributions of \$0.18 per Stapled Unit) for 2009. However, given the challenging business conditions it continues to face, the Company will defer distributions for the foreseeable future, including the distribution payable on January 15, 2009.

The Note Amendments were approved by Unitholders holding approximately 99% of the aggregate principal amount of all the Notes represented in person or by proxy at the special meeting.



TIMBERWEST FOREST CORP.

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 land management company. The Company owns in fee simple approximately 322,000 hectares or 796,000 acres of private land and generates distributable cash for unitholders from the sale of 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

