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TimberWest to invest more than \$10 million and create 25 new jobs at Elk Falls Lumbermill in Campbell River

TimberWest Forest Corp. today announced that it will invest more than \$10 million into its Elk Falls Lumbermill in 2003 to build new kilns for drying lumber and on other improvements that will help the mill become more competitive. In addition, the company plans to add a third shift at its mill this summer, which will create more than 25 new full-time jobs.

“There has been such a dramatic turnaround in the mill in the last six months, we now have such a solid and experienced team in place, and there is such great morale among employees, that we feel very confident making this investment,” said President and CEO Paul McElligott.

The mill’s new management team, in place since June and led by Ed Vervynck, General Manager, Manufacturing, has focused on changing a number of processes to reduce costs and eliminate the history of losses at the mill. By modifying some existing equipment in the mill, the crew has been able to streamline production flow, increase productivity and improve lumber recovery. As a result, over the last few months, Elk Falls Lumbermill has been contributing positive cash earnings for the first time in many years.

The mill’s improved performance means that this investment is self-financing – the mill will, over time, pay for these improvements through its own cash flow.

“I’m proud of the results our people have delivered during such a difficult time for the industry. TimberWest’s strategy is to grow the greatest value from our existing assets through operations excellence, and the results from the mill are proving that this is the right strategy. In terms of our sawmill strategy, we also said we must prove we can add value to our fibre basket, and this team has achieved that as well,” McElligott said.

“I think we have a very strong and experienced management team in place at Elk Falls. The mill’s ability to create new jobs despite such tough markets is a testament to the team’s determination and expertise. It’s our goal to prove that Elk Falls Lumbermill can become efficient enough to consistently pay the international price for logs. That is important for two reasons: it will ensure the mill is always able to secure fibre and it will demonstrate to other mills on the Coast that being competitive on an international basis is indeed possible in BC,” said McElligott.

The new kilns will triple Elk Falls Lumbermill's drying capacity and allow the mill to run more profitable programs on a regular basis. This will help keep the mill operating. Markets are evaporating for green products in both Japan and the US. But there are new opportunities for supplying customers with kiln-dried products currently not being produced on the coast. Other projects being reviewed as part of this capital investment include upgrading Trimmer Optimizer software and hardware, installing a lumber block-end chipper to improve chip recovery on block-end material, modifying the planer mill to improve production and lower unit costs, and other miscellaneous projects in the mill to improve recovery, production and downtime.

During the first half of 2003, TimberWest will be upgrading the mill to improve throughput and runtime and will also be training newly hired employees. Adding a third shift will increase daily production while lowering unit operating costs.

In November, 2002, TimberWest officially opened its new dryland sort, in which it invested \$7.5 million. "The Campbell River area is very important to us, for both our timberlands and lumber operations. We are committed to doing everything we can to make sure our operations are as competitive as possible, and that will benefit our employees, the company and the communities," McElligott said.