



TimberWest

Plantation Investment Forum

**Steve Lorimer, RPF
TimberWest Forest Corp.
March 22, 2005**

TimberWest is a market-driven company with a vision of
“growing greatest value through Operations Excellence.”

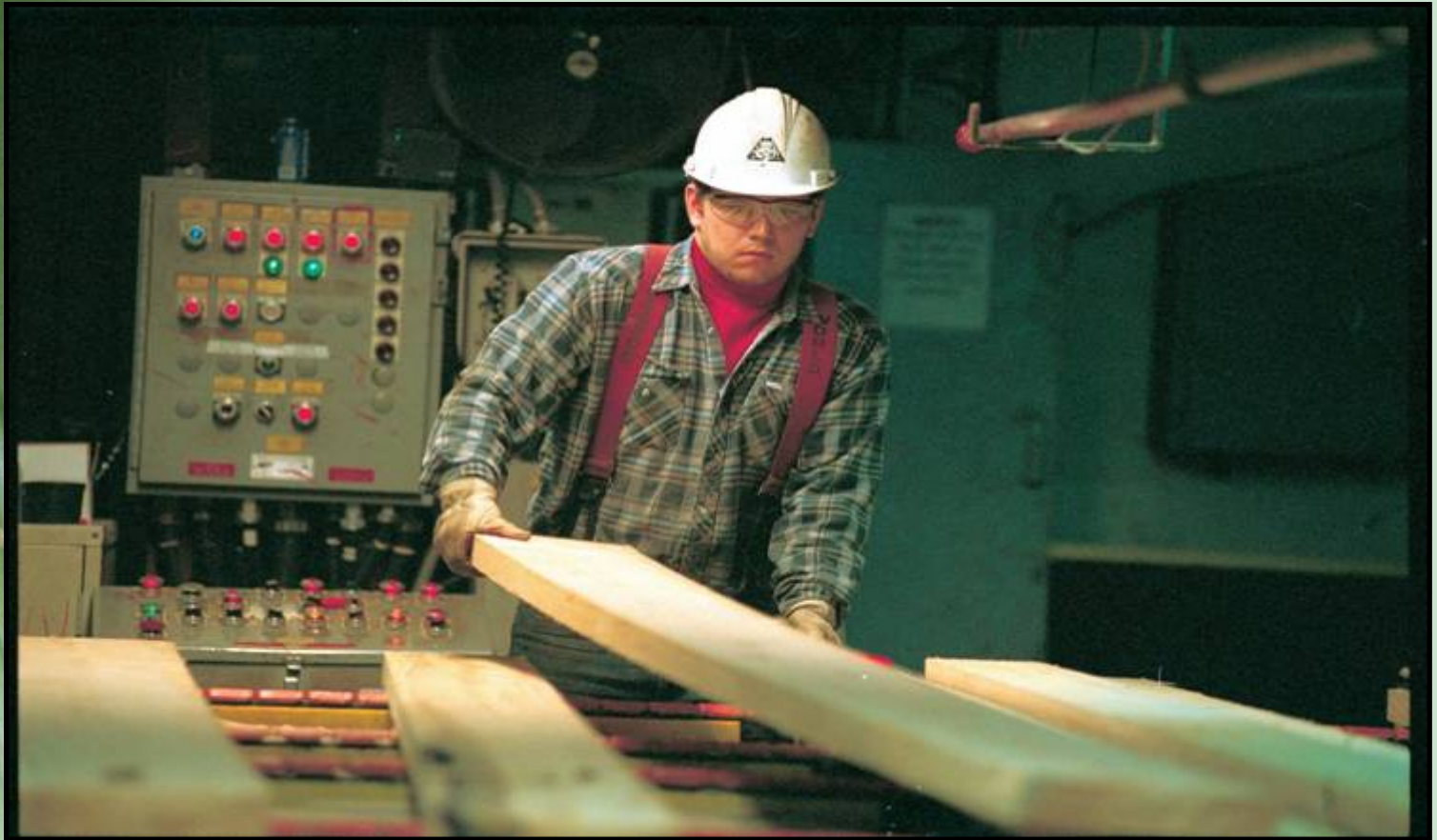
1. Background - TimberWest



North Island Sort - Logs for market



Elk Falls Mill - Lumber



Unique Attributes

- Largest private forest landowner in Western Canada
- Private holdings of 334,000 ha (825,000 acres); 11% of Vancouver Island
- Long-run sustainable harvest: ~ 2.5 million m³/yr
- Most log production is sold on the open market
- Company harvests mainly second growth on both private and public lands

Public Land and Lumbermill

- One renewable Tree Farm Licence (TFL 47)
- with rights to harvest 800,000 m³ per year
- Elk Falls lumbermill - consumes 885,000 m³ of logs annually on a three shift basis
- TFL 47 provides fibre to Elk Falls

Our Performance

- Market Cap of over \$1 billion; Enterprise value of \$1.2 billion
- One of the best performing publicly traded forest companies in Canada
- The company issues equity by way of Stapled Units which are made up of Subordinate Notes, preferred shares and one common share. As of December 31, 2003 there were 76,246,122 Stapled units.
- Each Stapled Unit pays \$1.08 annually in distributable cash to unit holders.

Stewardship

- Are constantly exploring ways to enhance our ecosystem management systems
- Includes a range of activities to protect biodiversity, fisheries and wildlife habitat, water quality and views
- Means working with communities, partnering with conservation organizations
- Foundation of operations excellence strategy is a strong commitment to stewardship and sustainable forest management



As a Baseline

- We meet and exceed
 - The Forest Practices Code (now FRPA) on public land
 - The results-based, Private Land Forest Practices Regulations on our private land
- Certification
 - To assure customers we are pursuing sustainable forestry through a system that evaluates performance against internationally accepted standards
 - First Canadian company to achieve certification on private lands under AF&PA's Sustainable Forestry Initiative
 - Builds on ISO 14001 environmental management system certification received in 1999 on all forest operations and facilities

2. Plantation Related Activities

- On average plant ~5 million seedlings per year
- Own a 100 acre seed orchard that produces genetically improved seed to support reforestation program.
 - The seed orchard currently produces Douglas fir seed that will increase forest growth by ~ 13%, with further increases expected over the next 10 years.



Plantation related activities cont'd

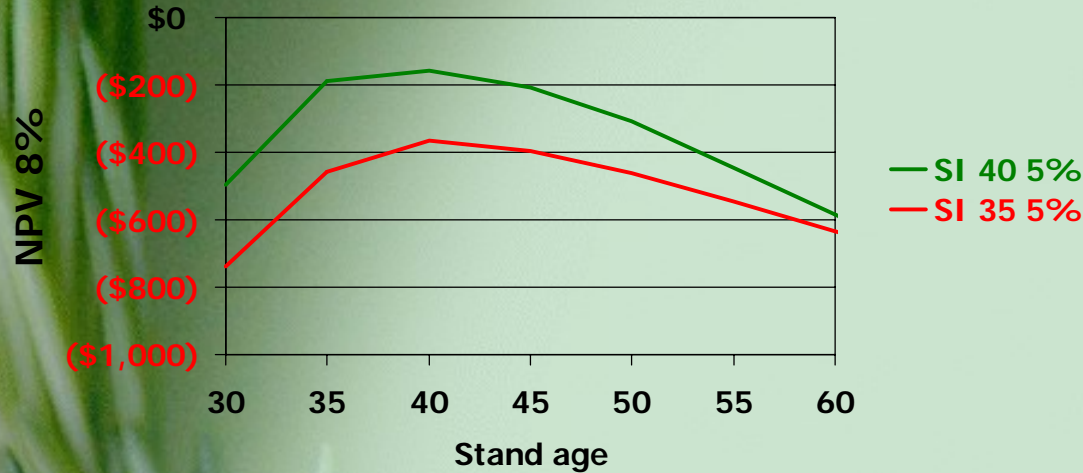
- Vegetation management on young plantations as required
 - This is essential to obtain maximum benefit from tree improvement and fertilization
- Late rotation fertilization program of \$1 million per year

Current Practice – Does it work?

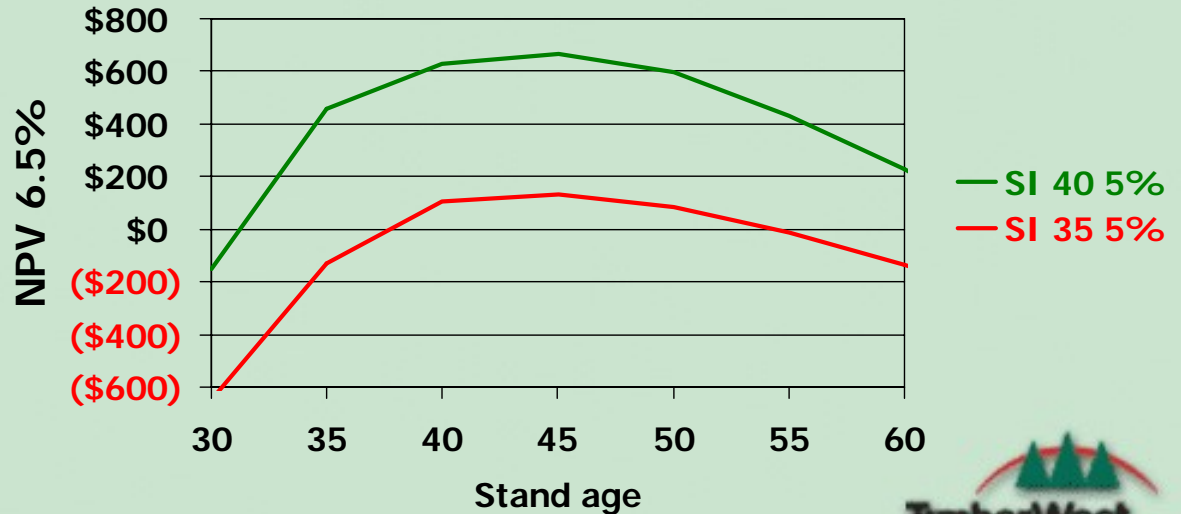


Planting – Return on Investment

Douglas-fir Planted 1000/ha GW 5%



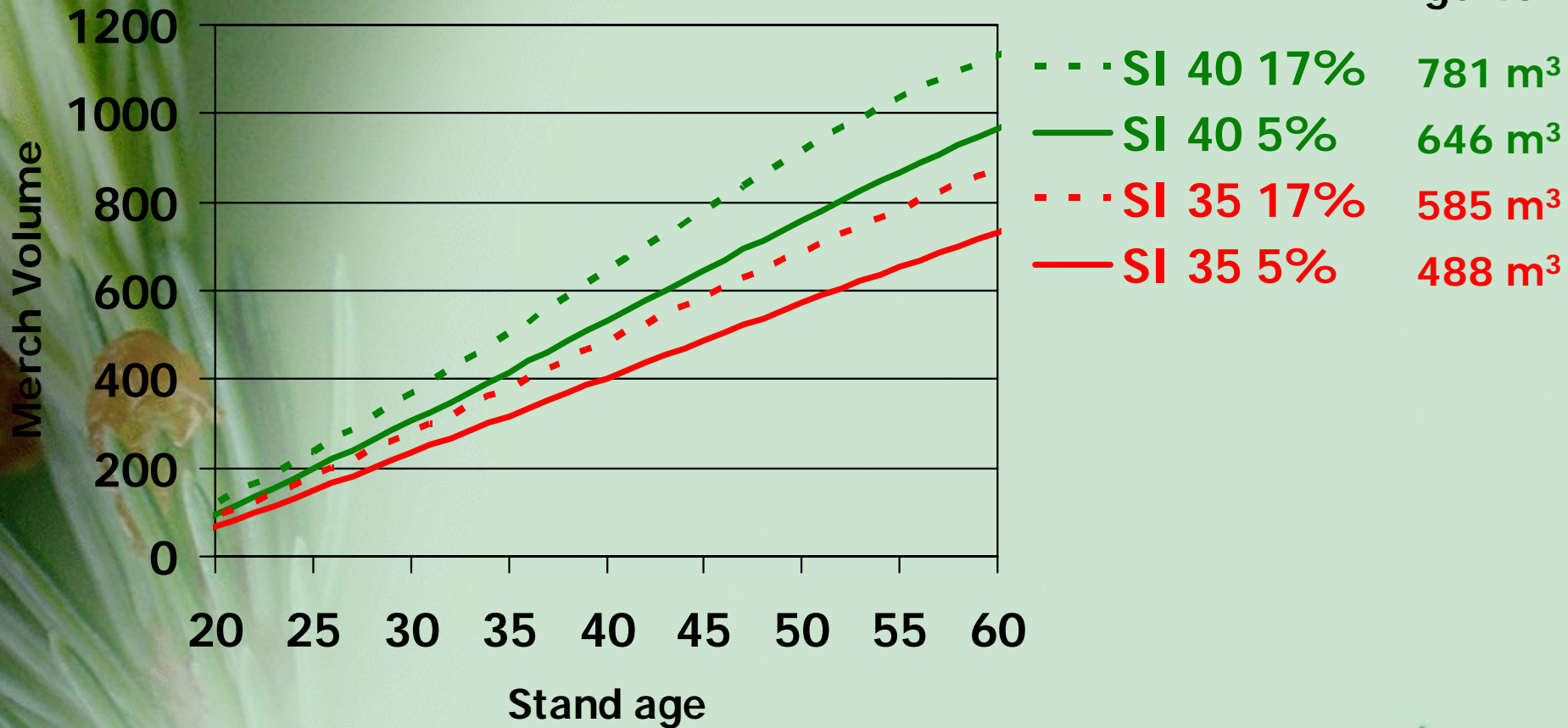
Douglas-fir Planted 1000/ha GW 5%



Genetic Improvement

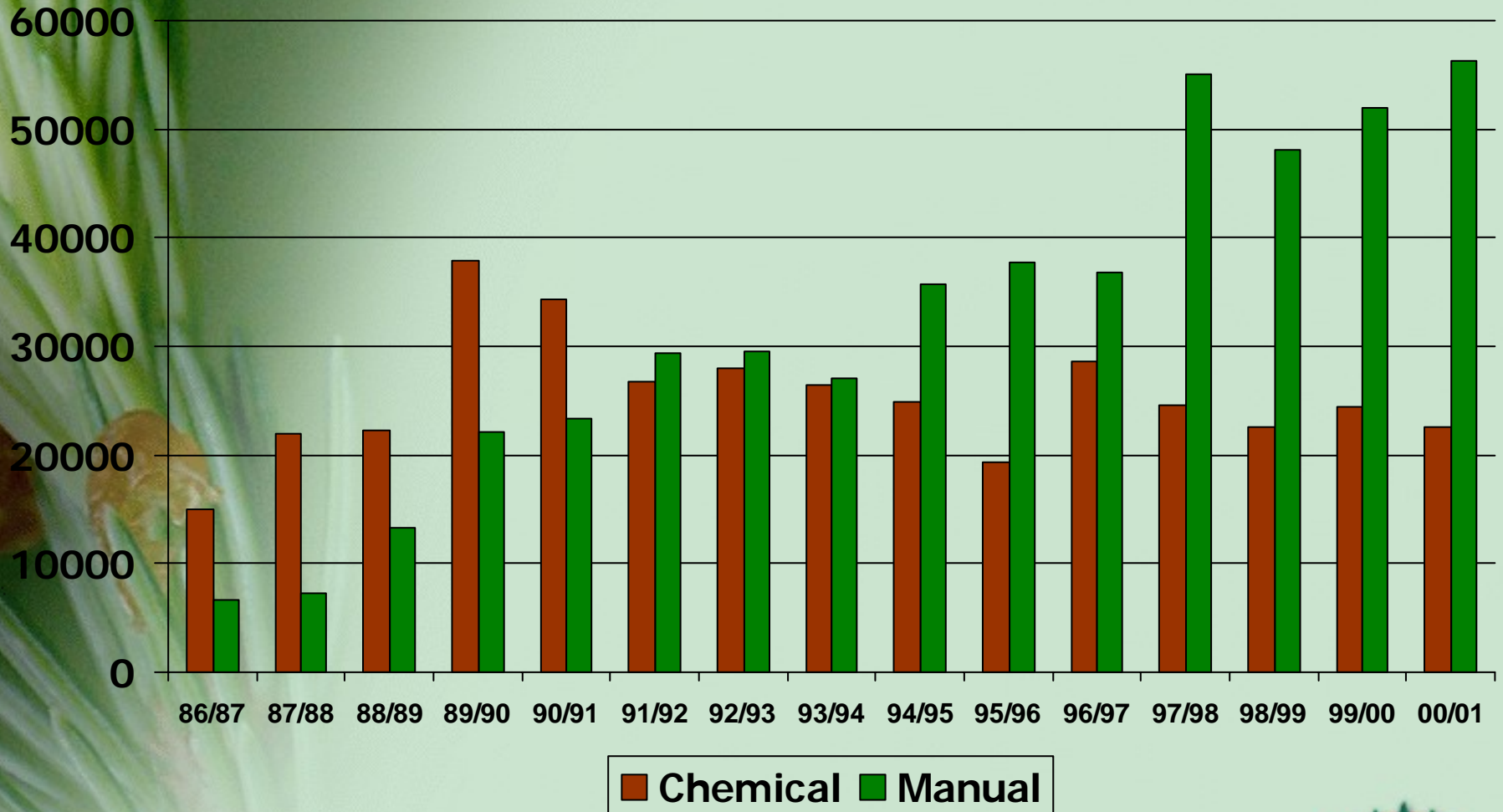
Douglas-fir Planted 1000/ha

Merch Vol
Age 45



Manual Versus Chemical Brushing on Crown Land

Area treated (ha)

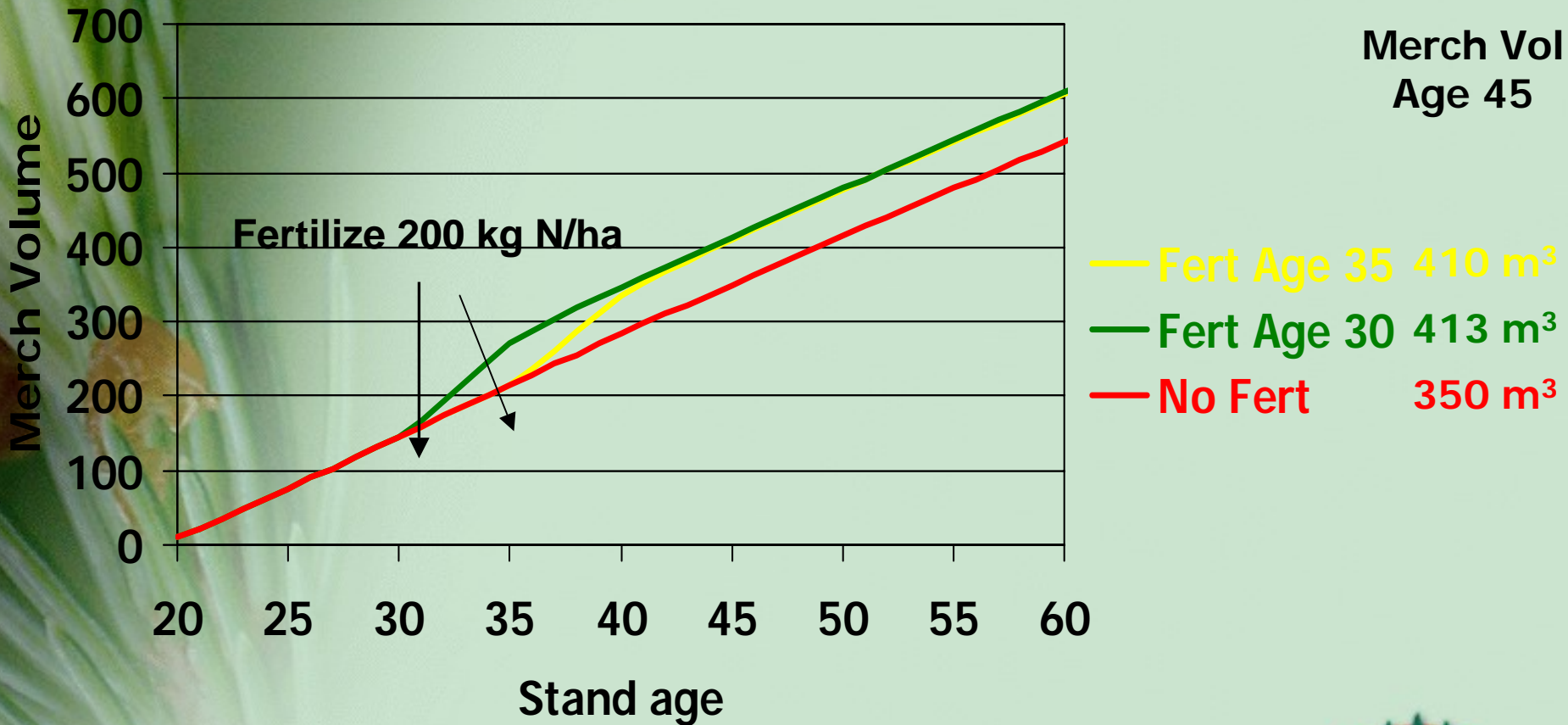


Fertilization of Existing Stands



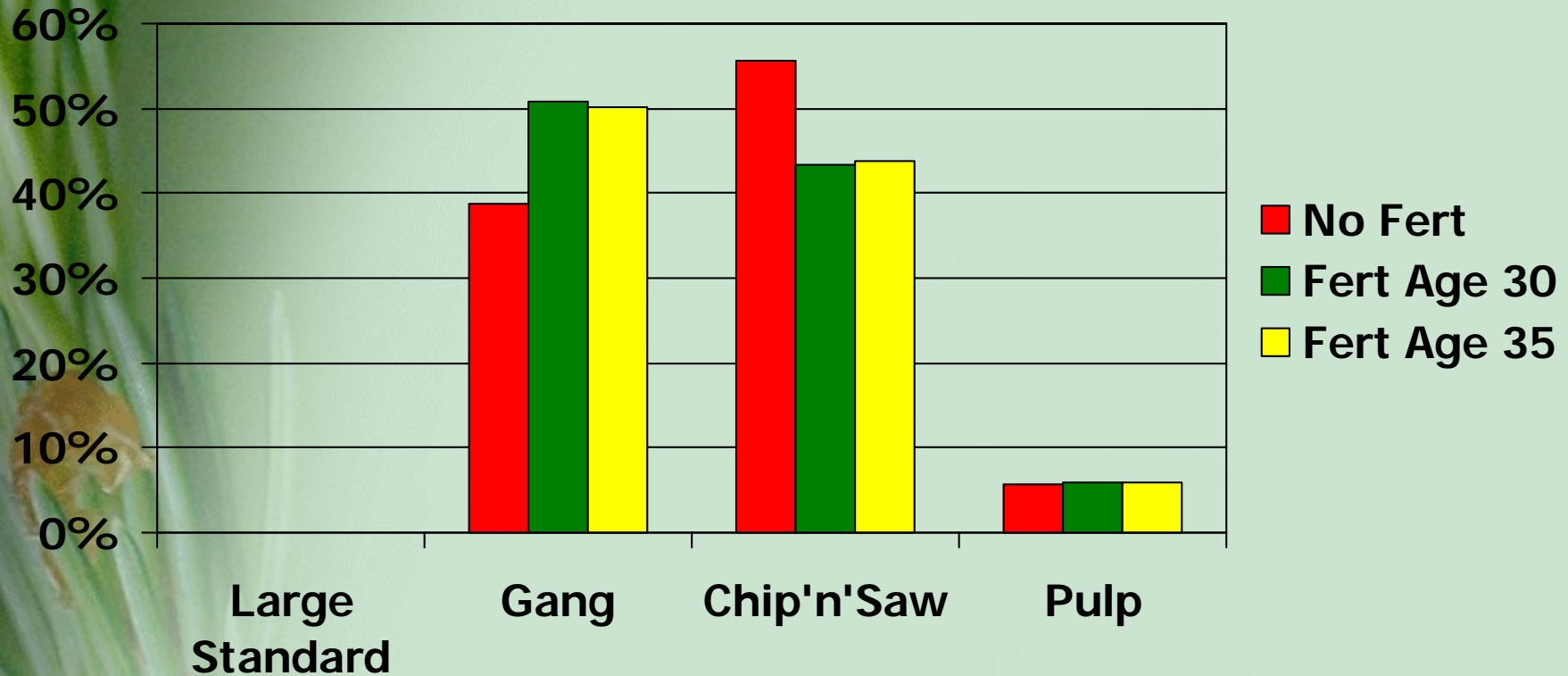
Fertilization of Existing Stands

Site Index 30



Fertilization of Existing Stands

SI 30 - Log Distribution - Age 45



Fd Fertilization Research

Shawnigan Lake – SI 25, 15 years after fertilization



147 m³/ha



234 m³/ha

Social, Political & Environmental Constraints

- Competing uses for the land – recreation, urban expansion, aesthetics, watershed management, aboriginal rights, NTFPs.
- Labour
- Legislation, regulation and bureaucracy
- Critical wildlife habitat, fisheries, threatened ecosystems,

3. Considerations & Issues



Challenges and Opportunities

- Investor expectations
 - ROI constraints
 - Security - risks
- Market access – Notice 102
- Tenure
 - Longer terms on crown lands
 - Privatization of crown lands

Challenges and Opportunities Continued

- Restrictions on herbicide use
 - Not only do currently available herbicides need to be easier to access and use, forest landowners need to be able to use pre-emergent herbicides (Oust) that are registered for use in the US but not Canada.
 - Major forestry herbicide manufacturers (Dow, Dupont and Monsanto) have eliminated or moved their forestry specialists out of BC due to a lack of business

Initial Vegetation Management

- Research by Oregon State University indicates that controlling vegetation with herbicides provides dramatic increases in tree growth that continue for at least 10 to 15 years
- These treatments increase the volume produced on each hectare and reduce the time required for trees to grow to merchantable size
- BC MoF Research indicates that controlling vegetation with herbicides before planting provides a 100% increase in Douglas-fir height and diameter growth for first 10 years

Herbicide Site Preparation Research Trial on Salal sites



Herbicide Spraying Before Planting in Oregon



24 Year Old Douglas fir



**Thanks very much for the
opportunity to share some
information with you today**

