

TIMBERWEST FOREST CORP.

MATERIAL CHANGE REPORT

FORM 51-102F3

1. Name and Address of Company

TimberWest Forest Corp.
Third Floor, 856 Homer Street
Vancouver, British Columbia
V2B 2W5

2. Date of Material Change

The material change described in this report occurred on April 10, 2011.

3. News Release

TimberWest Forest Corp. (“**TimberWest**” or the “**Company**”) issued a news release with respect to the material change described in this report on April 11, 2011 through Canada NewsWire. A copy of the news release is attached hereto as Schedule A and forms a part hereof.

4. Summary of Material Change

On April 11, 2011, TimberWest announced that it has reached an agreement with British Columbia Investment Management Corporation (“**bcIMC**”) and Public Service Pension Investment Board (“**PSP Investments**”) under which bcIMC and PSP Investments, through an indirect, jointly-owned subsidiary, will acquire all of the outstanding stapled units of TimberWest for \$6.48 per existing stapled unit in cash.

5. Full Description of Material Change

On April 11, 2011, TimberWest announced that it has reached an agreement with bcIMC and PSP Investments, two leading Canadian pension funds, under which bcIMC and PSP Investments, through an indirect, jointly-owned subsidiary, will acquire all of the outstanding stapled units of TimberWest for \$6.48 per existing stapled unit in cash.

The transaction price is based on the fully diluted stapled units outstanding as of April 11, 2011. On April 15, 2011, TimberWest will pay deferred distributions on its stapled units in the amount of approximately \$24.5 million by issuing approximately 4.7 million additional stapled units on a pro rata basis to all of its unitholders of record as of April 15, 2011. After taking into account this issuance of additional stapled units and the resulting adjustment to the conversion price of TimberWest’s outstanding convertible debentures, unitholders will hold 1.0516 stapled units for each existing stapled unit and the purchase price will be \$6.16 per stapled unit. The aggregate value of the consideration

to each unitholder of record as of April 15, 2011 is not affected by the issuance of these additional stapled units. The stapled units will begin trading ex-distribution on the Toronto Stock Exchange on April 13, 2011.

As a consequence of the transaction, all convertible debentures not converted and that remain outstanding on closing will thereafter be convertible into the same amount of cash that they would have received under the transaction if they had been converted into stapled units as of the closing of the transaction.

bcIMC currently holds approximately \$107 million aggregate principal amount of convertible debentures of TimberWest convertible into approximately 31.1 million stapled units, or approximately 22% of the total fully diluted outstanding stapled units (assuming the conversion of all of TimberWest's outstanding convertible debentures).

As a holder of TimberWest convertible debentures, bcIMC is a related party to TimberWest. Accordingly, the board of directors of TimberWest formed a special committee of independent directors in connection with the transaction. In addition, as required under applicable securities laws, the special committee engaged UBS Securities Canada Inc. to conduct an independent valuation of TimberWest's stapled units. The purchase price falls within the range of values identified in the independent valuation. Based on the recommendation of the special committee, TimberWest's board of directors has approved the transaction.

As part of the definitive agreement, TimberWest has a 60-day "go-shop" period during which it is permitted to solicit a superior proposal. bcIMC and PSP Investments have no right to match a superior proposal made during this period. If the Company is successful in soliciting a superior proposal during the go-shop period, there will be a break fee payable to bcIMC and PSP Investments of approximately \$18 million.

BMO Capital Markets and UBS Securities Canada Inc. have each provided TimberWest's special committee and board of directors with an opinion that the transaction is fair, from a financial point of view, to unitholders (other than bcIMC).

The transaction will proceed by way of a statutory plan of arrangement and will be subject to court approval and approval of 66 2/3% of the votes cast by holders of stapled units and options to acquire stapled units at a meeting of TimberWest unitholders and optionholders convened to consider the transaction. The transaction is subject to customary closing conditions, including regulatory approvals. In the absence of a superior proposal, the transaction is expected to close by the end of June 2011.

TimberWest also announced that it will reschedule its annual general meeting of unitholders from April 26, 2011 to a date to be determined to coincide with the special meeting to approve the transaction. TimberWest has agreed to hold this meeting no later than June 14, 2011.

Further details regarding the terms and conditions of the transaction are set out in an Arrangement Agreement which has been publicly filed by TimberWest under its profile at www.sedar.com.

6. Disclosure for Restructuring Transactions

Not Applicable.

7. Reliance on subsection 7.1(2) of National Instrument 51-102

Not Applicable.

8. Omitted Information

Not Applicable.

9. Executive Officer

The following executive officer is knowledgeable about the material change and may be contacted for further information:

Mr. Robert Allen
Vice President Finance and
Chief Financial Officer
Tel. (604) 654-4667

10. Date of Report

April 12, 2011.

TIMBERWEST FOREST CORP.

Per: "Robert Allen"
Robert Allen
Vice President Finance
and Chief Financial Officer

SCHEDULE A
NEWS RELEASE

FOR IMMEDIATE RELEASE
April 11, 2011

**TIMBERWEST FOREST CORP. ANNOUNCES AGREEMENT TO BE ACQUIRED BY
bcIMC AND PSP INVESTMENTS IN TRANSACTION VALUED AT \$1.03 BILLION**

VANCOUVER (BC) – TimberWest Forest Corp. (TSX: TWF.UN) (“TimberWest” or the “Company”) announced today that it has entered into a definitive agreement under which two leading Canadian pension funds, British Columbia Investment Management Corporation (“bcIMC”) and the Public Sector Pension Investment Board (“PSP Investments”), have agreed to acquire TimberWest for \$1.03 billion in cash, including assumed debt.

The purchase price is equal to \$6.48 per existing stapled unit, which represents a 25% premium over the 20-day volume-weighted average price of TimberWest stapled units on the Toronto Stock Exchange for the period ended April 8, 2011, the last trading day prior to this announcement.

The transaction price is based on the fully diluted stapled units outstanding as of today. On April 15, 2011, TimberWest will pay deferred distributions on its stapled units in the amount of approximately \$24.5 million by issuing 4.7 million additional stapled units on a pro rata basis to all of its unitholders of record as of April 15, 2011. After taking into account this issuance of additional stapled units and the resulting adjustment to the conversion price of TimberWest's outstanding convertible debentures, unitholders will hold 1.0516 stapled units for each existing stapled unit and the purchase price will be \$6.16 per stapled unit. The aggregate value of the consideration to each unitholder of record as of April 15, 2011 is not affected by the issuance of these additional stapled units. The stapled units will begin trading ex-distribution on the Toronto Stock Exchange on April 13, 2011.

bcIMC currently holds approximately \$107 million aggregate principal amount of convertible debentures of TimberWest convertible into approximately 31.1 million stapled units, or approximately 22% of the total fully diluted outstanding stapled units (assuming the conversion of all of TimberWest's outstanding convertible debentures).

V. Edward Daughney, Chairman of the board of directors of TimberWest, said, “We believe this transaction provides significant value to TimberWest unitholders. bcIMC and PSP Investments are both leading Canadian pension plans well-positioned to support the long-term development of TimberWest's exceptional timber and real estate assets and emerging new businesses.”

As part of the definitive agreement, TimberWest has a 60-day “go-shop” period during which it is permitted to solicit a superior proposal. bcIMC and PSP have no right to match a superior proposal made during this period. If the Company is successful in soliciting a superior proposal during the go-shop period, there will be a break fee payable to bcIMC and PSP Investments of approximately \$18 million.

As a holder of TimberWest convertible debentures, bcIMC is a related party to TimberWest. Accordingly, the board of directors of TimberWest formed a special committee of independent directors in connection with the transaction. In addition, as required under applicable securities laws, the special committee engaged UBS Securities Canada Inc. to conduct an independent valuation of TimberWest's stapled units. The purchase price falls within the range of values identified in the independent valuation. Based on the recommendation of the special committee, TimberWest's board of directors has approved the transaction.

BMO Capital Markets and UBS Securities Canada Inc. have each provided TimberWest's special committee and board of directors with an opinion that the transaction is fair, from a financial point of view, to unitholders (other than bclMC).

The transaction will proceed by way of a statutory plan of arrangement and will be subject to court approval and approval by 66 2/3% of the votes cast by unitholders at a special meeting convened to consider the transaction. The transaction is subject to customary closing conditions, including regulatory approvals. In the absence of a superior proposal, the transaction is expected to close by the end of June 2011.

TimberWest also announced today that it will reschedule its annual general meeting of unitholders from April 26, 2011 to a date to be determined to coincide with the special meeting to approve the transaction.

BMO Capital Markets acted as financial advisor to TimberWest and the special committee and will be managing the go-shop process on behalf of the Company. UBS Securities Canada Inc. acted as independent valuator and financial advisor to the special committee. McCarthy Tétrault LLP acted as legal counsel to TimberWest.

Further details regarding the terms of the transaction are set out in an Arrangement Agreement which will be publicly filed by TimberWest under its profile at www.sedar.com.

Further information regarding the transaction will be contained in an information circular that TimberWest will mail to holders of stapled units in connection with the special meeting to be held to approve the transaction. In the absence of a superior proposal, TimberWest expects that these materials will be mailed in May 2011 for a meeting to be held in June 2011. Once mailed, the information circular will be available at www.sedar.com. Unitholders are urged to read the information circular once it is available.

About TimberWest

TimberWest is uniquely positioned as western Canada's largest private timber and land management company. The Company owns in fee simple approximately 327,000 hectares or 808,000 acres of private land and is in the business of selling timber products and real estate.

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For further information please contact:

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Stapled Units of TimberWest Forest Corp. are traded on the Toronto Stock Exchange under the symbol "TWF.UN"

Forward-looking Statements Disclaimer

Statements in this news release that are not historical facts are forward-looking statements that involve risks and uncertainties. Forward-looking statements in this news release include, but are not limited to, statements about: the proposed acquisition of TimberWest by bclMC and PSP Investments; expectations regarding the performance of TimberWest following such an acquisition; TimberWest's right to solicit superior proposals during a 60-day "go-shop" period; approval of the proposed transaction by TimberWest unitholders; applicable court and regulatory approvals and other closing conditions; and the anticipated closing date of the transaction. 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. In addition, the completion of the proposed acquisition, or of any superior proposal, is or would be conditional upon a number of factors, many of which are outside of TimberWest's control. There is no assurance that the proposed acquisition will be completed at all or upon the terms and conditions described above. Similarly, there is no assurance that TimberWest will be successful in soliciting a superior proposal during its go-shop process, or that any unsolicited superior proposal will be made following the completion of the go-shop process, or that, if made, any superior proposal will be completed at all or upon its terms and conditions.