No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, subject to certain exceptions, the securities offered hereby may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or unless an exemption from registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request, without charge, from the Corporate Secretary of TimberWest Forest Corp. at 2300 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3, telephone (604) 654-4600 and are also available electronically at www.sedar.com.

Short Form Prospectus

New Issue May 11, 2010

TIMBERWEST FOREST CORP.

12,000,000 Stapled Units
$60,000,000

This short form prospectus qualifies the distribution (the "Offering") of 12,000,000 stapled units (the "Firm Units") of TimberWest Forest Corp. (the "Company") at a price of $5.00 per unit. Each stapled unit of the Company (a "Stapled Unit") consists of (a) one common share in the capital of the Company (a "Common Share") and (b) one subordinate note receipt (a "Subordinate Note Receipt") representing Series A Subordinate Notes (as defined below) with a principal amount of approximately $8.98. See "*Description of Securities Being Offered*".

The currently outstanding Stapled Units are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "TWF.UN". On May 10, 2010, the last trading day prior to the filing of this short form prospectus, the closing price of the Stapled Units on the TSX was $4.61. The TSX has conditionally approved the listing of the Stapled Units to be distributed under this short form prospectus. Listing of the Offered Units on the TSX will be subject to the Company fulfilling all of the listing requirements of the TSX.

Price: $5.00 per Offered Unit

	Price to the Public[1]	Underwriting Fee[2]	Proceeds to the Company[3][4]
Per Offered Unit	$5.00	$0.2375	$4.7625
Total	$60,000,000	$2,850,000	$57,150,000

Notes:
(1) The offering price and underwriting fee were established by negotiation between the Company and the Underwriter (as defined below).
(2) The Underwriter will receive a cash fee equal to 4.75% of the gross proceeds of the Offering.
(3) Before deducting expenses of this Offering, estimated to be approximately $350,000, which will be paid from the proceeds of the Offering.
(4) The Company has granted the Underwriter an option (the "Over-Allotment Option"), exercisable for a period of up to 30 days following the closing of the Offering (the "Closing"), to purchase up to an additional 1,800,000 Stapled Units (the "Over-Allotment Units" and, together with the Firm Units, the "Offered Units") on the same terms set out above, to cover over-allotments, if any. The distribution of the Over-Allotment Option and the Stapled Units issuable upon the exercise of the Over-Allotment Option is qualified by this short form prospectus. A person who acquires Stapled Units issuable on the exercise of the Over-Allotment Option acquires such Stapled Units under this short form prospectus, regardless of whether the over-allotment position is filled through the exercise of the Over-Allotment Option or secondary market purchases.

An investment in the Offered Units is subject to a number of risks that should be carefully reviewed and considered by an investor. See "*Risk Factors*".

BMO Nesbitt Burns Inc. (the "Underwriter"), as principal, conditionally offers the Offered Units for sale, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of

the Company by McCarthy Tétrault LLP, as corporate counsel to the Company, and Blake, Cassels & Graydon LLP, as tax counsel to the Company, and on behalf of the Underwriter by Bull, Housser & Tupper LLP.

Underwriter's Position	Number of Stapled Units available	Exercise period	Exercise price
Over-allotment option	1,800,000 Stapled Units	30 days from closing of the Offering	$5.00 per unit

Subject to applicable laws, the Underwriter may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Stapled Units at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

After a reasonable effort has been made to sell all of the Firm Units at a price of $5.00 per unit, the Underwriter may subsequently reduce the price at which the Firm Units are offered. See "***Plan of Distribution***". **Notwithstanding any reduction by the Underwriter in the offering price of the Offered Units, the Company will still receive a price of $5.00 per Stapled Unit purchased by the Underwriter in the Offering.**

An affiliate of the Underwriter, along with certain other lenders, is a lender to the Company pursuant to the Loan Agreement (as defined below). Accordingly, the Company may be considered a "connected issuer" of the Underwriter within the meaning of applicable Canadian securities laws. See "*Relationship Between the Company and the Underwriter*".

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriter reserves the right to close the subscription book at any time without notice. Other than Offered Units sold in the United States, which will be represented by individual certificates, one or more book entry-only certificates representing the Offered Units will be issued in registered form to the Canadian Depository for Securities Ltd. ("CDS") or its nominee and deposited with CDS on the date of the closing, which is expected to occur on or about May 18, 2010 but, in any event, by no later than May 31, 2010. A purchaser of Offered Units (other than a purchaser of Offered Units in the United States) will receive only a customer confirmation from the registered dealer through which the Offered Units are purchased.

The earnings coverage ratio with respect to the Stapled Units is less than one-to-one. See "Earnings Coverage Ratio".

TABLE OF CONTENTS

GENERAL MATTERS

In this short form prospectus, "TimberWest" or the "Company" refer collectively to TimberWest Forest Corp. and its consolidated subsidiaries and affiliates, unless the context otherwise requires. Unless otherwise specified, all references in this short form prospectus to "$" are to Canadian dollars. The Company's financial statements incorporated herein by reference have been prepared in accordance with Canadian generally accepted accounting principles.

You should rely only on the information contained in this short form prospectus. The Company has not authorized anyone to provide you with information different from that contained in this short form prospectus. The Company is offering to sell, and is seeking offers to purchase the Offered Units only in jurisdictions where, and only to persons to whom, such offers and sales are lawfully permitted. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or of any sale of the Offered Units.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference in this short form prospectus, constitute "forward-looking statements". These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including business and economic conditions and the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend" or the negative of these terms or other comparable terminology. Forward-looking statements in this short form prospectus and the documents incorporated by reference herein include but are not limited to statements relating to:

- the Company's expected annual harvest of logs from its private timberlands;
- expected increases in volumes of second-growth timber;
- opportunities for the Company to create value with its portfolio of higher and better use lands;
- expected harvesting costs;
- lumber consumption in North America;

- log exports to Asian markets;
- national and international log markets;
- expected growth and real estate development on Vancouver Island;
- real estate sales; and
- the impact of legal proceedings and claims that arise in the ordinary course of business.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, prospective purchasers should specifically consider various factors, including the risks outlined herein under the heading "Risk Factors", which may cause actual results to differ materially from any forward-looking statement. Factors that could cause or contribute to such differences include but are not limited to:

- the ability to implement business strategies and pursue business opportunities;
- 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;
- labour relations;
- weather conditions, forest fires, insect infestation, disease and other natural phenomena; and
- other risks and uncertainties including those described under the heading "Risks and Uncertainties" in the Company's most recent annual information form (which is incorporated by reference into this short form prospectus).

The forward-looking statements contained herein reflect management's current beliefs and are based upon certain assumptions that management believes to be reasonable based on the information currently available to management. Such assumptions include, but are not limited to, assumptions regarding (i) general economic conditions, (ii) the expected actions of third parties, (iii) currency exchange fluctuations and (iv) the Company's future growth prospects and business opportunities. Should one or more of the risks or uncertainties identified herein materialize, or should the assumptions underlying the forward-looking statements prove to be incorrect, then actual results may vary materially from those described herein. Prospective purchasers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable securities laws, TimberWest does not intend, and does not assume any obligation, to update the forward-looking statements contained herein.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, tax counsel to the Company, and Bull, Housser & Tupper LLP, counsel to the Underwriter, provided the Stapled Units are listed on a designated stock exchange as defined in the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations") (which currently includes the TSX), the Stapled Units issuable pursuant to the Offering would, if issued on the date hereof, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and deferred profit sharing plans (other than deferred profit sharing plans to which payments are made by the Company or an employer with which the Company does not deal at arm's length) and for arrangements that are tax-free savings accounts ("TFSA"), all within the meaning of the Tax Act. However, the holder of a TFSA that holds Stapled Units will be subject to a penalty tax on the Stapled Units held in the TFSA, and on any income and capital gains reasonably attributable to such Stapled Units, if the holder does not deal at arm's length with the Company for the purposes of the Tax Act or if the holder has a significant interest (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm's length for purposes of the Tax Act. Holders are advised to consult their own tax advisers in this regard.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of TimberWest, as filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

(a) the annual information form of the Company dated March 17, 2010;

(b) the audited consolidated financial statements of the Company as at and for the years ended December 31, 2009 and 2008, together with the notes thereto and the auditors' report thereon;

(c) the management's discussion and analysis of the financial condition and results of operations for the Company for the financial year ended December 31, 2009;

(d) the interim consolidated financial statements of the Company as at and for the three months ended March 31, 2010 and 2009, together with the notes thereto;

(e) the management's discussion and analysis of the financial condition and results of operations for the Company for the three months ended March 31, 2010;

(f) the material change report of the Company dated April 28, 2010 relating to the Offering and the amendments of the terms of its bank loan agreement (the "Loan Agreement");

(g) the information circular of the Company dated March 30, 2009 relating to the annual general and special meeting of unitholders held on May 6, 2009; and

(h) the information circular of the Company dated March 29, 2010 relating to the annual general and special meeting of unitholders held on May 5, 2010.

Any documents of the type described in Section 11.1 of Form 44-101F1 *Short Form Prospectuses* filed by the Company with a securities commission or similar authority subsequent to the date of this short form prospectus and prior to the distribution of Stapled Units under the Offering shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus, to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute a part of this short form prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at 2300 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3, telephone (604) 654-4600 and are available electronically at www.sedar.com.

THE COMPANY

TimberWest Forest Corp. was established on January 31, 1997, under the laws of British Columbia. The Company owns all of the issued shares of TimberWest Holdings Ltd. The main business operation of TimberWest is carried on through a

corporate partnership called TimberWest Forest Company. The Company is the managing partner of TimberWest Forest Company and holds approximately 99% of the partnership interests directly, with the remaining partnership interests held by TimberWest Holdings Ltd. TimberWest's principal office is located at 2300 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3P3, Canada, telephone: (604) 654-4600. The Company's registered office is located at P.O. Box 10424, Pacific Centre, 1300 – 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K2. The Company's website is found at www.timberwest.com.

TimberWest operates entirely in the coastal region of British Columbia, where it is engaged primarily in the harvesting and sale of logs and the development and sale of real estate properties. The business of TimberWest has been owned and managed for over 80 years by the Company and its predecessors.

TimberWest is well-positioned as the largest owner of private forest lands in Western Canada. The Company owns in fee simple approximately 320,000 hectares/791,000 acres of private land. Over the previous five years, TimberWest's annual average harvest was 2.1 million m^3 of logs from its private lands. Over the next five years, the Company expects to harvest on average 1.8 million m^3 of logs per year from its private timberlands. These lands are located on Vancouver Island and the majority of the land base supports the growth of Douglas fir, a premium tree species sought after for structural building purposes. The management practices applied to these lands meet the stringent requirements of the *Private Managed Forest Land Act* (British Columbia) and the regulations thereunder. TimberWest also holds renewable Crown timber tenures to approximately 0.7 million m^3 of logs per year from Crown lands.

TimberWest is focused primarily on maximizing the value realized from its private timberlands and Crown timber tenures by:

- harvesting logs in a cost-effective manner consistent with sound safety, environmental and sustainable forestry practices;
- selling logs to targeted customers in both the domestic and higher value international markets; and
- achieving the maximum value from its real estate properties through development activities and property sales or exchanges.

Access to high-quality timber resources under sustainable forest management is an important competitive element in the solid wood segment of the forest industry. Through intensive silviculture and sustainable forest management practices, TimberWest is committed to maintaining, protecting and improving the productivity of its forest resource while protecting key environmental values.

RECENT DEVELOPMENTS

Amendment to Bank Loan Agreement; Payment of Interest on Convertible Debentures

On April 27, 2010, the Company reached agreement with its lenders regarding an amendment (the "Loan Amendment") to the terms of the Loan Agreement to remove the requirement that the Company pay interest on its 9% convertible debentures (the "Convertible Debentures") by issuing additional Convertible Debentures, rather than in cash. Pursuant to the Loan Amendment, the Company cannot make cash distributions on the Stapled Units unless in each case the Company's available cash exceeds, in the applicable year, the following thresholds: $90 million in 2010; $75 million in 2011; and $75 million in 2012.

In view of the Loan Amendment and the increased liquidity afforded by the Offering, the Company anticipates that it will resume paying interest on the Convertible Debentures in cash starting with the interest payment due on July 15, 2010. The Company may in the future elect to pay interest on the Convertible Debentures in kind. In order to ensure its ability to do so, the Company sought and obtained at its annual general and special meeting held on May 5, 2010 unitholder approval for the payment in kind of all remaining interest payments on the Convertible Debentures until their maturity in February 2014.

USE OF PROCEEDS

The estimated net proceeds of the Offering, after deducting the underwriting fee and the expenses of the Offering, which are estimated to be $350,000, will be approximately $56,800,000 (or approximately $65,372,500 if the Over-Allotment Option is exercised in full). The Company intends to use the net proceeds of the Offering to reduce indebtedness under the Loan Agreement. The proceeds of the indebtedness being reduced have been used, and the resulting increase in the Company's liquidity will be used, by the Company to make capital expenditures, including road construction, maintenance and other timberlands expenses, and real estate planning, entitlement and development expenditures; fund timberlands and real estate operating costs; pay interest on amounts outstanding under the Loan Agreement and on the Convertible Debentures; and provide working capital. The Company had negative operating cash flow of $29.0 million for the year ended December 31, 2009, and positive operating cash flow of $2.2 million for the quarterly period ended March 31, 2010.

CONSOLIDATED CAPITALIZATION

Since March 31, 2010, there has been no material change in the share and loan capital of the Company. Upon completion of the Offering, the number of issued and outstanding Stapled Units will be increased from 77,937,937 to 89,937,937 (91,737,937 if the Over-Allotment Option is exercised in full). After the net proceeds of the Offering of $56,800,000 (or approximately $65,372,500 if the Over-Allotment Option is exercised in full) are used to reduce indebtedness under the Loan Agreement, indebtedness under the Loan Agreement will be decreased from approximately $154.6 million to approximately $97.8 ($89.2 million if the Over-Allotment Option is exercised in full). See "*Use of Proceeds*".

EARNINGS COVERAGE RATIO

The tables below set forth the actual and pro forma earnings coverage ratios for the Company (after giving effect to the Offering and the use of proceeds therefrom) for the twelve month periods ended December 31, 2009 and March 31, 2010:

	Twelve months ended December 31, 2009 (in millions of Cdn$)		
	Actual	Pro forma earnings coverage (assuming no exercise of the Over-Allotment Option)[1][2]	Pro forma earnings coverage (assuming full exercise of Over-Allotment Option)[1][3]
Interest requirements	50.3	50.1	50.0
Earnings before interest expense and income taxes	(67.6)	(67.6)	(67.6)
Earnings coverage	(1.3)	(1.3)	(1.4)
Interest requirements			
Interest as per financial statements:			
Interest on bank debt	10.2	10.2	10.2
Interest on Convertible Debentures[4]	11.9	11.9	11.9
Interest on Series A Subordinate Notes[5]	20.8	20.8	20.8
Financing transactions costs	5.5	5.5	5.5
Amortization of deferred financing costs	1.9	1.9	1.9
	50.3	50.3	50.3
Adjustments to interest expense:			
Reduction in interest on bank debt	-	(3.7)	(4.3)
Increase in interest on Convertible Debentures[4]	-	0.6	0.6
Increase in interest on Series A Subordinate Notes[5]	-	2.9	3.4
	50.3	**50.1**	**50.0**
Earnings before interest expense and income taxes			
Net earnings (loss) as per financial statements	(55.8)	(55.8)	(55.8)
Income tax expense (recovery)	(62.1)	(62.1)	(62.1)
Interest on bank debt	10.2	10.2	10.2
Interest on Convertible Debentures[4]	11.9	11.9	11.9
Interest on Series A Subordinate Notes[5]	20.8	20.8	20.8
Financing transaction costs	5.5	5.5	5.5
Amortization of deferred financing costs	1.9	1.9	1.9
	(67.6)	**(67.6)**	**(67.6)**

	Twelve months ended March 31, 2010 (in millions of Cdn$)		
	Actual	Pro forma earnings coverage (assuming no exercise of the Over-Allotment Option)[1][2]	Pro forma earnings coverage (assuming full exercise of Over-Allotment Option)[1][3]
Interest requirements	47.5	47.1	47.1
Earnings before interest expense and income taxes	(81.1)	(81.1)	(81.1)
Earnings coverage	(1.7)	(1.7)	(1.7)
Interest requirements			
Interest as per financial statements:			
Interest on bank debt	10.2	10.2	10.2
Interest on Convertible Debentures[4]	13.7	13.7	13.7
Interest on Series A Subordinate Notes[5]	21.1	21.1	21.1
Financing transactions costs	0.1	0.1	0.1
Amortization of deferred financing costs	2.4	2.4	2.4
	47.5	47.5	47.5
Adjustments to interest expense:			
Reduction in interest on bank debt	-	(4.0)	(4.5)
Increase in interest on Convertible Debentures[4]	-	0.7	0.7
Increase in interest on Series A Subordinate Notes[5]	-	2.9	3.4
	47.5	**47.1**	**47.1**
Earnings before interest expense and income taxes			
Net earnings (loss) as per financial statements	(72.8)	(72.8)	(72.8)
Income tax expense (recovery)	(55.8)	(55.8)	(55.8)
Interest on bank debt	10.2	10.2	10.2
Interest on Convertible Debentures[4]	13.7	13.7	13.7
Interest on Series A Subordinate Notes[5]	21.1	21.1	21.1
Financing transaction costs	0.1	0.1	0.1
Amortization of deferred financing costs	2.4	2.4	2.4
	(81.1)	**(81.1)**	**(81.1)**

(1) The pro forma earnings coverage ratios have been calculated as the ratio of net earnings before interest expense and income taxes to interest expense (including interest on bank debt, interest on the Convertible Debentures and interest on the Series A Subordinate Notes). The pro forma earnings coverage ratios have been calculated to give effect to the issuance of the Series A Subordinate Notes included in the Offered Units as if such units had been issued on January 1, 2009 for the 12 month period ended December 31, 2009 and on April 1, 2009 for the 12 month period ended March 31, 2010.

(2) In order to achieve an earnings coverage ratio of one to one, the Company would need to have earned an additional $117.7 million for the 12 month period ended December 31, 2009 and $128.2 million for the 12 month period ended March 31, 2010.

(3) In order to achieve an earnings coverage ratio of one to one, the Company would need to have earned an additional $117.6 million for the 12 month period ended December 31, 2009 and $128.2 million for the 12 month period ended March 31, 2010.

(4) Under the terms of the Convertible Debentures, the Company may, subject to certain conditions, satisfy its obligation to pay interest on the Convertible Debentures by increasing the aggregate principal amount of the Convertible Debentures or issuing additional Convertible Debentures. The Company announced in July 2009 that, as part of its focus on conserving cash and protecting its balance sheet in response to continuing weakness in economic and business conditions, it would pay interest on the Convertible Debentures in kind starting with the quarterly interest payment due on October 15, 2009. Since then, the Company has continued to pay interest on the Convertible Debentures in kind. In view of the Loan Amendment and the increased liquidity afforded by the Offering, the Company anticipates that it will resume paying interest on the Convertible Debentures in cash starting with the interest payment due on July 15, 2010.

(5) The Series A Subordinate Notes bear interest at a variable rate between 2% and 12% per annum, to be set from time to time based on the Company's distributable cash. During each of the periods covered in the above tables, the interest rate on the Series A Subordinate Notes was set at 2%. The Company may at any time and from time to time, in respect of any interest period for which the interest rate on the Series A Subordinate Notes is 2%, defer, in whole or in part, the payments of interest payable on the applicable interest payment date for up to 18 consecutive months. All interest payments for 2009 and the first quarter of 2010 were deferred for up to 18 consecutive months and the Company intends to defer interest payments for the foreseeable future. As deferred distributions become payable, the Company intends to make payment in kind by the issuance of additional Stapled Units. The first deferred interest payment becomes payable on October 15, 2010.

DESCRIPTION OF SECURITIES BEING OFFERED

Each Stapled Unit consists of one Common Share and one Subordinate Note Receipt. The securities comprising a Stapled Unit trade together as Stapled Units and cannot be transferred except with each other as part of a Stapled Unit until the earlier of:

(a) the maturity date of the Series A subordinate notes (the "Series A Subordinate Notes") represented by the Subordinate Note Receipts; or

(b) the date of accelerated repayment of the principal amount of the Series A Subordinate Notes following an event of default under the subordinate note indenture (the "Subordinate Note Indenture") under which the Series A Subordinate Notes were issued.

Each Stapled Unit is equal to each other Stapled Unit in all respects, and entitles the holder of a Stapled Unit, initially, to the rights of a holder of one Common Share and one Subordinate Note Receipt.

Common Shares

Holders of Common Shares forming part of the Stapled Units are entitled to receive notice of and to attend all shareholders' meetings (except meetings of holders of any other class of shares) and to vote (one vote per Common Share) at such meetings. Holders of Common Shares are, at the discretion of the Company's board of directors and subject to applicable legal restrictions, entitled to receive rateably any dividends declared by the Company's board of directors on the Common Shares from time to time, and are entitled to participate rateably in any distribution to the Company's shareholders upon a liquidation, dissolution or winding-up. There are no pre-emptive, redemption or outstanding conversion rights attached to the Common Shares.

The Subordinate Note Receipts

The Series A Subordinate Notes forming part of the Stapled Units are represented by Subordinate Note Receipts in order to allow the Company to issue additional Stapled Units equivalent to the outstanding Stapled Units where the rate of interest to be paid on the subordinate notes issued under the Subordinate Note Indenture ("Subordinate Notes") comprising the additional Stapled Units is required to be different than that payable on series of Subordinate Notes already outstanding. Accordingly, the Subordinate Notes forming part of any additional issue of Stapled Units may be of a series other than Series A Subordinate Notes.

In its capacity as custodian for the Subordinate Notes, Valiant Trust Company holds the outstanding Subordinate Notes of all series and issues the Subordinate Note Receipts which represent the Subordinate Notes forming part of the Stapled Units. Each Subordinate Note Receipt ranks equally with all other Subordinate Note Receipts. In order to ensure that each Subordinate Note Receipt is equivalent to all other Subordinate Note Receipts forming part of the current issue or subsequent issues of Stapled Units, each Subordinate Note Receipt represents one unit of Subordinate Notes entitling the holder to an interest payment per unit of up to $1.077456788 per annum and to an equal amount per unit after any repayment of principal and/or premium, if any, on maturity, redemption or acceleration on default of the Subordinate Notes. These provisions, set out in the note deposit agreement governing the Subordinate Note Receipts (the "Note Deposit Agreement"), are designed to ensure that the economic benefit of each series of Subordinate Notes will be financially equivalent to all other series of Subordinate Notes even though the face or principal amount of each series and the stated rate of interest thereon may be different.

The Note Deposit Agreement also contains provisions to the effect that if a take-over bid is made for all Stapled Units and not less than 90% of the outstanding Stapled Units (other than Stapled Units beneficially owned or controlled at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire, on the same terms, the Stapled Units (including the underlying Subordinate Note Receipts) held by holders of Stapled Units who did not accept the offer.

The Subordinate Notes

General

Subordinate Notes are issued under the Subordinate Note Indenture between the Company and Valiant Trust Company (the "Subordinate Note Trustee"). The Series A Subordinate Notes are unsecured and subordinate to all credit facilities and convertible debentures issued by the Company. The aggregate principal amount of Subordinate Notes that can be issued under the Subordinate Note Indenture is unlimited. The Subordinate Note Indenture can be amended by supplemental indentures providing for the creation and issue of additional series of Subordinate Notes in such amounts, without limit as to aggregate principal amount, and bearing such rates of interest, providing for such payments of principal (whether by instalment, sinking fund or otherwise), maturing on such dates and having such other attributes and characteristics as may be set forth in the supplemental indenture creating and defining such series of additional Subordinate Notes.

The Series A Subordinate Notes are not subject to a sinking fund provision. The principal amount of the Series A Subordinate Notes plus accrued and unpaid interest thereon will become due on August 31, 2038, unless such date is extended by the Company at the time of the issuance of additional Subordinate Notes to a date (the "Maturity Date"), not later than the earlier of (a) the date of maturity of such additional Subordinate Notes and (b) August 31, 2048 and will be payable in cash or, at the Company's option, by delivery of Common Shares to the Subordinate Note Trustee for the benefit of the holders of the Series A Subordinate Notes.

The Series A Subordinate Notes are issued in fully registered form only in denominations of $8.978806569 and integral multiples thereof.

Rank and Subordination

The Series A Subordinate Notes are unsecured debt obligations of the Company and rank *pari passu* with all other Subordinate Notes issued under the Subordinate Note Indenture and all other unsecured indebtedness of the Company to which the Subordinate Notes are not subordinated. The Subordinate Note Indenture provides that the Subordinate Notes are subordinated and junior in right of payment to:

(a) the principal (including redemption payments), premium, if any, interest and other payment obligations in respect of (i) indebtedness for money borrowed by the Company and (ii) indebtedness evidenced by debentures, bonds, notes or other similar instruments issued by the Company, including any such securities issued under any indenture or other instrument to which the Company is a party (including indentures pursuant to which subordinated debentures have been or may be issued);

(b) all of the Company's capital lease obligations;

(c) all of the Company's obligations issued or assumed as the deferred purchase price of property, all of the Company's conditional sale obligations, all of the Company's hedging agreements and agreements of a similar nature thereto and all agreements relating to any such agreements, and all of the Company's obligations under any title retention agreements (but excluding trade accounts payable arising in the ordinary course of business);

(d) all of the Company's obligations for the reimbursement of amounts paid pursuant to any letter of credit, banker's acceptance, security purchase facility or similar credit transaction;

(e) all obligations of the type referred to in items (a) through (d) above of other persons for the payment of which the Company is responsible or liable as obligor, guarantor or otherwise; and

(f) all obligations of the type referred to in items (a) through (d) above of other persons secured by any lien on any of the Company's property or assets (whether or not such obligation is assumed by the Company);

except, in each case, for (i) any such indebtedness that contains express terms, or is issued under an indenture or other instrument which contains express terms providing that it is subordinate to or ranks *pari passu* with the Subordinate Notes

and (ii) any indebtedness between the Company and its affiliates which obligations are of the type referred to in items (a) through (d) above which have been designated as senior indebtedness by the Company in the agreement or instrument by which such indebtedness is assumed, created or incurred by the Company or pursuant to which its liability for such indebtedness arises.

Such senior indebtedness also includes all indebtedness and liabilities of the Company including the principal of and premium, if any, and interest on, indebtedness of the Company which, by the terms of the instrument or agreement creating, evidencing or governing the same, is expressed to rank in right of payment in priority to the indebtedness evidenced by the Subordinate Notes.

No payment of principal (including redemption payments) or interest on the Subordinate Notes may be made and the Subordinate Note Trustee is not entitled to receive, retain or make any payments on account of the indebtedness represented by the Subordinate Notes or to demand or institute proceedings for the collection of, or receive any payment or benefit on account of, the Subordinate Notes:

(a) if any senior indebtedness of the Company is not paid when due;

(b) if any applicable grace period with respect to a payment default on senior indebtedness has ended and such default has not been cured or waived or ceased to exist; or

(c) if the maturity of any senior indebtedness has been accelerated because of a default and not been rescinded or such senior indebtedness is not repaid in accordance with its terms.

Upon any distribution of the Company's assets to creditors upon any dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due with respect to all senior indebtedness of the Company must be paid in full before the holders of the Subordinate Notes are entitled to receive or retain any payment.

The Subordinate Note Indenture and the Subordinate Notes do not contain any covenants or other provisions designed to afford holders of the Subordinate Notes protection in the event of a highly leveraged transaction involving the Company or any of its subsidiaries.

Interest

The Series A Subordinate Notes bear interest at a variable rate between 2% and 12% per annum, to be set from time to time based on the Company's distributable cash, payable quarterly in arrears except as provided below. Subject to the right of the Company to defer interest payments described below, interest accrued to January 1, April 1, July 1 and October 1 of each year (each an "Interest Accrual Date") will be paid on the 15th day of the month (each an "Interest Payment Date") next following each Interest Accrual Date to the person in whose name each such note is registered on the preceding Interest Accrual Date or to the order of such person. The interest rate on the Series A Subordinate Notes is currently set at 2%.

The amount of interest payable for any period will be computed on the basis of a 360-day year of 12 months of 30 days each. In the event that any date on which interest is payable on the Series A Subordinate Notes is not a business day, then payment of the interest otherwise due on such date will be made on the next succeeding business day (and without any interest or other payment in respect of any such delay) except that, if such business day is in the next succeeding calendar year, then such payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on such date. Interest payments will be made in an amount equal to the interest accrued from and including the immediately preceding Interest Accrual Date in respect of which interest has been paid or duly made available for payment (or from and including the date of issue, if no interest has been paid or duly made available for payment) to but excluding the applicable Interest Accrual Date or the Maturity Date, as the case may be.

Option to Defer Interest Payments

The Company may at any time and from time to time, in respect of any interest period for which the interest rate on the Series A Subordinate Notes is 2%, defer, in whole or in part, the payments of interest payable on the applicable Interest

Payment Date for up to 18 consecutive months (a "Deferral Period") commencing on such date. Such right may only be exercised in respect of interest periods for which the interest rate on the Series A Subordinate Note is 2%. Each exercise of the deferral right shall apply only to interest payable in respect of the applicable interest period and shall be deemed to be exercised, without further act by the Company, whenever the Company fails to pay interest on the applicable Interest Payment Date. Notwithstanding the foregoing, the Company shall have the right to defer, in whole or in part, the interest payable in respect of any interest period ending before January 1, 2009 for up to 27 consecutive months.

As announced in November 2008, the interest payment for the interest period ended December 31, 2008, payable on January 15, 2009, was deferred for up to 27 consecutive months. All interest payments for 2009 were deferred for up to 18 consecutive months and the Company intends to defer interest payments for the foreseeable future. As deferred distributions become payable, the Company intends to make payment in kind by the issuance of additional Stapled Units. The first deferred interest payment becomes payable on October 15, 2010.

During any Deferral Period, the Company may not declare or pay dividends on, or make a distribution with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of the Company's shares, other than:

(a) as a result of an exchange or conversion of any class or series of the Company's shares or rights to acquire such shares for any other class or series of the Company's shares or rights to acquire such shares;

(b) the purchase of fractional interests in the Company's shares pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged;

(c) dividends or distributions on the Company's shares or rights to acquire such shares paid with the Company's shares or rights to acquire such shares; or

(d) dividends or distributions upon, or redemptions, purchases or acquisitions of the Company's shares held by the Company's wholly-owned subsidiaries.

In addition, during any Deferral Period the Company may not make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities or indebtedness for borrowed money issued or incurred by the Company that rank *pari passu* with or junior to the Subordinate Notes.

At or prior to the termination of any Deferral Period, the Company may further defer payments of interest by paying, in cash or in Stapled Units (as described below under "Payment-in-Kind Election"), the amount of deferred interest payable at the commencement of such Deferral Period as last extended, thereby extending the commencement of such Deferral Period; provided, however, that no Deferral Period may exceed a period of 18 consecutive months from its commencement, as last extended, or extend beyond the Maturity Date or, in case of a Payment-in-Kind Election (as defined below under "Payment-in-Kind Election") in respect of amounts payable on the Maturity Date, the security delivery date (the "Payment Date"). The Company may, at any time during a Deferral Period, commence a new Deferral Period for up to 18 consecutive months, subject to the terms described in the Subordinate Note Indenture. There may be multiple Deferral Periods of various lengths, each of up to 18 consecutive months, throughout the term of the Subordinate Notes, but none of the Deferral Periods may extend beyond the Payment Date.

During a Deferral Period, interest will accrue but will not compound. All deferred interest will be paid on the Interest Payment Date at the end of such Deferral Period, as last extended, and, in any event, no later than the relevant Payment Date. Deferred interest will not be required to be paid during a Deferral Period except at the end thereof, as last extended.

The Company will use reasonable efforts to give the holders of the Subordinate Notes notice of the initiation of any Deferral Period, and any extensions thereof, at least 21 business days prior to the earlier of (a) the next succeeding Interest Payment Date or (b) the date upon which the Company is required to give notice to any applicable regulatory body or holders of the Subordinate Notes on the Interest Accrual Date or Interest Payment Date, in each such case with respect to interest payments the payment of which is being deferred.

Payment-in-Kind Election

The Company may elect from time to time to (a) satisfy its obligation to pay any interest (including deferred interest) on the Subordinate Notes on any Interest Payment Date by delivering Stapled Units and (b) pay the principal amount of the Subordinate Notes plus accrued and unpaid interest thereon on the Maturity Date by delivering Common Shares. Such election is referred to in this short term prospectus as a "Payment-in-Kind Election". The Company may make a Payment-in-Kind Election by delivering written notice (a "Payment-in-Kind Election Notice") to the Subordinate Note Trustee, subject to complying with applicable securities laws and other laws and to obtaining all appropriate regulatory approvals. In case of a Payment-in-Kind Election in respect of the payment of interest on an Interest Payment Date, the Payment-in-Kind Election Notice will specify the amount of interest (not exceeding the amount of interest payable on the applicable Interest Payment Date) that is to be paid by the Subordinate Note Trustee as the subscription price for Stapled Units. In case of a Payment-in-Kind Election in respect of payment of the principal amount and accrued but unpaid interest on the Maturity Date, the Payment-in-Kind Election Notice will specify the aggregate amount (not exceeding the aggregate amount of principal and accrued but unpaid interest payable on the Maturity Date) that is to be paid by the Subordinate Note Trustee as the subscription price for Common Shares. The Subordinate Note Trustee will then be required to subscribe for and purchase from the Company, on behalf of the holders of the Subordinate Notes, Stapled Units or Common Shares, as the case may be, at a subscription price equal to their 20-day volume-weighted average trading price, in the case of Stapled Units, or their fair market value as determined by an investment dealer or other qualified valuer, in the case of Common Shares. The Company may withdraw a Payment-in-Kind Election Notice at any time prior to the consummation of the issue and sale of the securities that are the subject of such Payment-in-Kind Election Notice, in which case the Company will be obligated to pay in cash all interest (or principal amount of the Subordinate Notes plus accrued and unpaid interest thereon, as the case may be) in respect of which the Company initially gave notice of a Payment-in-Kind Election.

Notwithstanding the foregoing, the Company may only issue Stapled Units or Common Shares pursuant to a Payment-in-Kind Election if, on the date of such issuance, the Stapled Units or Common Shares, as the case may be, are listed on a major stock exchange or other quoted market in Canada or the United States and there has not occurred any Subordinate Note Event of Default (as described below under "Events of Default").

Exchange for Changes in Canadian Tax Law

The Subordinate Notes of any series may be exchanged at the Company's option for a new series of Subordinate Notes, in whole but not in part, in the event there is a change to the tax laws of Canada, or the interpretation thereof, that would in the opinion of the Company's tax counsel give rise to more than an insubstantial risk that the Company could be denied the deduction of interest paid or payable in respect of the Subordinate Notes (other than deferred interest pursuant to the Subordinate Note Indenture and other than an amount of interest the deduction of which is denied under subsection 18(4) of the Tax Act in computing the Company's income for purposes of the Tax Act). The Company may exercise such right of exchange if, within 90 days following such event, the Company is unable to avoid the adverse effect of such event by taking ministerial action or pursuing some other reasonable measure that will have no adverse effect on the Company or the holders of the Subordinate Notes. The new series of Subordinate Notes will be identical in all respects to the series of Subordinate Notes to be exchanged, except that the Company will not be entitled to elect to pay interest on, or the principal amount of, the new series of Subordinate Notes by delivering Stapled Units or Common Shares pursuant to a Payment-in-Kind Election.

Canadian Withholding Taxes

The Subordinate Note Indenture and the Subordinate Notes do not contain any covenants or other provisions requiring the Company to make payment free of and without withholding or deduction for or on account of any tax or other government charge imposed or levied by the Government of Canada or any Canadian province or territory (or by any authority or agency therein or thereof) or to pay any additional amounts if the Company is so required to withhold or deduct any such amounts for or on account of such Canadian taxes from any payment made under or with respect to the Subordinate Notes. If the Company is required to make such withholding or deduction from any payment made under or in respect of the Subordinate Notes, the Company will make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required in accordance with applicable law.

Purchase by the Company

The Company may, at any time and from time to time, purchase Subordinate Notes in the market by purchasing Stapled Units (which will include the purchase from or through an investment dealer or a firm holding membership in a recognized stock exchange) or by tender or private contract at any price. Subordinate Notes that are so purchased will be cancelled and may not be reissued.

Redemption

The Subordinate Notes may be redeemed by the Company, in whole but not in part, during the period commencing 180 days prior to the Maturity Date and ending on the Maturity Date; provided that no Subordinate Notes may be redeemed while any senior indebtedness of the Company is outstanding.

Mergers, Consolidations or Amalgamations

The Subordinate Note Indenture provides that the Company may not amalgamate or consolidate with or merge into any other person, or convey, transfer or lease, or permit one or more of the Company's subsidiaries to convey, transfer or lease, all or substantially all of its property and assets, on a consolidated basis, to any person unless certain conditions are met, including that (a) either the Company is the continuing corporation or such other person assumes by supplemental indenture all of the Company's obligations under the Subordinate Note Indenture, (b) at the time of and immediately after the transaction, there has not occurred any event of default in respect of the Subordinate Notes and (c) the surviving person is a corporation, partnership or trust organized and validly existing under the laws of Canada or any province thereof or of the United States, any state thereof or the District of Columbia.

Events of Default

Under the Subordinate Note Indenture, the following events, among others, each constitute an event of default (a "Subordinate Note Event of Default") with respect to the Subordinate Notes:

(a) default in payment, in cash or pursuant to the Payment-in-Kind Election, of any interest on the Subordinate Notes for a period of 30 days after the applicable Interest Payment Date or, if applicable, the end of the applicable Deferral Period; provided that a deferral of the Interest Payment Date for the Subordinate Notes shall not constitute a default in the payment of interest for this purpose unless such failure to pay interest continues beyond the end of the Deferral Period in respect thereof, as last extended;

(b) failure to pay the principal on the Subordinate Notes, in cash or pursuant to the Payment-in-Kind Election, on the Maturity Date or when due upon redemption, acceleration or otherwise;

(c) acceleration of any senior indebtedness of the Company, or any indebtedness of the Company's material subsidiaries, exceeding $25 million;

(d) failure to observe or perform any covenant contained in the Subordinate Note Indenture for a period of 60 days after delivery to the Company of a written notice specifying such failure or default from the Subordinate Note Trustee or the holders of at least 25% in principal amount of the outstanding Subordinate Notes; or

(e) certain events of bankruptcy, insolvency or reorganization of the Company or any of its material subsidiaries under bankruptcy, insolvency or analogous laws.

The holders of a majority in aggregate principal amount of the outstanding Subordinate Notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Subordinate Note Trustee or exercising any trust or power conferred on the Subordinate Note Trustee relating to or arising upon a Subordinate Note Event of Default with respect to the Subordinate Notes, provided that certain conditions are satisfied. The Subordinate Note Trustee or the holders of not less than 25% in aggregate principal amount of the outstanding Subordinate Notes may direct the Subordinate Note Trustee to declare the principal of and interest on the Subordinate Notes (including accrued interest, if

any), and any other amounts payable under the Subordinate Note Indenture, to be forthwith due and payable immediately upon a Subordinate Note Event of Default, but the holders of a majority in aggregate principal amount of the outstanding Subordinate Notes may annul such declaration and waive the default if the default has been cured and a sum sufficient to pay all matured instalments of interest and principal due with respect to the Subordinate Notes, otherwise than by acceleration, has been deposited with the Subordinate Note Trustee.

The Subordinate Note Indenture provides that no holder of the Subordinate Notes may institute any proceeding with respect to the Subordinate Note Indenture unless:

(a) such holder has previously given to the Subordinate Note Trustee written notice of any Subordinate Note Event of Default and continuance thereof;

(b) the holders of not less than 25% in aggregate principal amount of the outstanding Subordinate Notes have requested the Subordinate Note Trustee to institute such proceeding and have offered the Subordinate Note Trustee reasonable indemnity in respect thereof;

(c) the Subordinate Note Trustee has not instituted such proceeding within 60 days of such request;

(d) the Subordinate Note Trustee has not received directions inconsistent with such written request by the holders of a majority or more in aggregate principal amount of the outstanding Subordinate Notes; and

(e) any remedies blockage period that the Subordinate Note Trustee has agreed to with any holder of specified senior indebtedness of the Company pursuant to the Subordinate Note Indenture has expired.

The holders of a majority in aggregate principal amount of the outstanding Subordinate Notes may, on behalf of the holders of all Subordinate Notes, waive any past default and its consequences, except a default in the payment of principal or interest when due (unless such default has been cured and a sum sufficient to pay all matured instalments of interest and principal due, otherwise than by acceleration, has been deposited with the Subordinate Note Trustee).

Notwithstanding the foregoing, the Subordinate Note Trustee will, at the Company's direction, enter into an agreement with the holders of certain senior indebtedness of the Company, or any trustee for such holders, agreeing with such holders or such trustee not to accelerate or commence or take any action, suit or other proceeding to enforce the rights of the holders of the Subordinate Notes during the period of 36 consecutive months following a Subordinate Note Event of Default while such senior indebtedness is outstanding. See "– *Priority Agreements*".

Limitation on Transactions

In the event that the Company has exercised its right to defer payment of interest as provided in the Subordinate Note Indenture and such Deferral Period is continuing, or there has occurred and is continuing any Subordinate Note Event of Default, then:

(a) the Company may not declare or pay dividends on, or make a distribution with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of its shares (other than (i) as a result of an exchange or conversion of any class or series of the Company's shares or rights to acquire such shares for any other class or series of the Company's shares or rights to acquire such shares, (ii) the purchase of fractional interests in the Company's shares pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged, (iii) dividends or distributions made on the Company's shares or rights to acquire such shares with the Company's shares or rights to acquire such shares or (iv) dividends or distributions upon, or redemptions, purchases or acquisitions of, the Company's shares held by wholly-owned subsidiaries); and

(b) the Company may not make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem any debt securities or indebtedness for borrowed money issued or incurred by the Company that rank *pari passu* with or junior to the Subordinate Notes.

Priority Agreements

Priority Agreements with Senior Lenders and Debentureholders

The Subordinate Note Trustee has entered into priority agreements (the "Priority Agreements") with the Company, the lenders under the Loan Agreement and the holders of the Convertible Debentures. Under the Priority Agreements, the Subordinate Note Trustee acknowledges that the Company's obligations under the Loan Agreement (and any derivative transactions entered into with a lender) and the Convertible Debentures constitute "Senior Indebtedness" under the Subordinate Note Indenture. Pursuant to the Priority Agreements, the Company's obligations under the Subordinate Notes are postponed and made subordinate in right of payment to the prior payment in full of the Company's obligations under the Loan Agreement and the Convertible Debentures. The Priority Agreements provide that the Company may not make any payment or prepayment of principal, interest or other amount under the Subordinate Notes except that, if there is no default or event of default under the Loan Agreement or the Convertible Debentures, the Company may make payment of interest and/or principal to holders of Subordinate Notes or make payment of reasonable remuneration and costs and expenses of the Subordinate Note Trustee, all in accordance with the terms of the Subordinate Note Indenture. The Priority Agreements also provide that the Subordinate Note Trustee or holders of the Subordinate Notes are only entitled to accelerate the time of payment of the Subordinate Notes if a Subordinate Note Event of Default has occurred and continues for a period of 36 months after notice in writing of such Subordinate Note Event of Default has been given by the Subordinate Note Trustee to the lenders under the Loan Agreement and the holders of the Convertible Debentures. The Subordinate Note Trustee and the holders of the Subordinate Notes also covenant in the Priority Agreements not to:

(a) petition the Company or certain of its subsidiaries into bankruptcy or initiate or participate in any similar proceedings unless they are entitled to accelerate the time of payment of the Company's obligations under the Subordinate Notes as described above;

(b) amend, alter or otherwise modify the Subordinate Note Indenture or any of the Subordinate Notes except for clerical or corrective changes; or

(c) commence or initiate any action or proceeding to recover or receive payment of any of the Subordinate Notes, provided however that the holders of the Subordinate Notes may commence or initiate any action or proceeding consequent to an acceleration of the time for payment of any of the Company's obligations under the Subordinate Notes as described above and may obtain judgment and levy execution with respect thereto, subject to proceeds being applied first to repayment in full of the Company's obligations under the Loan Agreement and the Convertible Debentures in accordance with the Priority Agreements.

The Subordinate Note Trustee and holders of the Subordinate Notes will not obtain, accept or hold any security from the Company or its subsidiaries for payment of the Company's obligations under the Subordinate Notes. In the event of any payment or distribution of the Company's assets, or those of certain of the Company's subsidiaries, or payment under any insolvency, receivership or bankruptcy or other similar proceedings involving the Company or certain of its subsidiaries, the payment or distribution of such assets will be applied in accordance with the Priority Agreements, with proceeds applied to the payment or prepayment of the Company's obligations under the Loan Agreement and the Convertible Debentures in priority to the Subordinate Notes.

PRIOR SALES

The following table summarizes sales of Stapled Units and securities convertible into Stapled Units by the Company during the 12-month period prior to the date of this short form prospectus.

Date	Security	Issue Price/ Exercise Price	Number of Stapled Units/ Principal Amount of Convertible Debentures
June 9, 2009	Stapled Units	$3.50	11,134[(1)]
October 15, 2009	Convertible Debentures	$3.50	$3,394,903[(2)]
December 18, 2009	Stapled Units	$3.50	58[(1)]

January 15, 2010	Convertible Debentures	$3.50	$3,468,313[2]
February 4, 2010	Stapled Units	$3.50	2,881[1]
February 23, 2010	Stapled Units	$3.50	86[1]
March 3, 2010	Stapled Units	$3.01	5,840[3]
March 19, 2010	Stapled Units	$3.50	10,041[1]
March 22, 2010	Stapled Units	$3.01	82,036[3]
March 23, 2010	Stapled Units	$3.01	34,260[3]
March 24, 2010	Stapled Units	$3.50	116[1]
March 25, 2010	Stapled Units	$3.01	5,045[3]
March 26, 2010	Stapled Units	$3.01	21,000[3]
April 15, 2010	Convertible Debentures	$3.50	$3,468,551[2]

Notes:
(1) Issued pursuant to the exercise of Convertible Debentures.
(2) Principal amount of Convertible Debentures issued as payment in kind in respect of interest payments on outstanding Convertible Debentures. The Convertible Debentures are convertible into Stapled Units at a conversion price of $3.50 per unit.
(3) Issued pursuant to the exercise of options granted under the Company's Stapled Unit Option Plan.

The following table summarizes the stock options granted under the Company's Stapled Unit Option Plan during the 12-month period prior to the date of this short form prospectus.

Date of Grant	Number of Options	Exercise Price
August 10, 2009	22,500	$3.71
March 20, 2010	848,797	$5.25

PRICE RANGE AND TRADING VOLUMES OF THE COMPANY'S SECURITIES

The Stapled Units are listed and posted for trading on the TSX under the symbol "TWF.UN". The following table sets forth, for the periods indicated, the reported high and low sales prices and the aggregate volume of trading of the Stapled Units on the TSX.

Period	High ($)	Low ($)	Aggregate Trading Volume
Calendar 2009			
May	4.35	3.27	7,630,253
June	3.81	2.90	2,657,275
July	3.87	3.08	2,170,414
August	3.95	3.30	2,452,495
September	4.16	3.68	2,727,059
October	4.24	3.52	3,191,401
November	4.95	4.01	2,119,205
December	4.64	4.11	1,867,453
Calendar 2010			
January	5.30	4.23	3,828,171
February	5.57	4.90	2,227,362
March	5.98	4.44	3,078,105
April	5.64	4.38	6,140,847
May 1 – May 10	4.93	4.35	1,087,200

The Convertible Debentures are listed and posted for trading on the TSX under the symbol "TWF.DB". The following table sets forth, for the periods indicated, the reported high and low sales prices and the aggregate volume of trading of the Convertible Debentures on the TSX.

Period	High ($)	Low ($)	Aggregate Trading Volume
Calendar 2009			
June[(1)]……	120.00	114.78	108,400
July ……	120.00	110.00	236,800
August ……	135.00	120.00	80,500
September ……	135.00	124.34	69,500
October ……	129.00	119.00	56,400
November ……	150.00	139.00	20,670
December……	144.00	135.00	153,500
Calendar 2010			
January……	160.00	125.57	2,046,600
February ……	155.00	141.15	229,500
March……	165.72	143.50	306,800
April ……	165.00	137.00	267,500
May 1 – May 10	144.50	144.02	224,500

Note:
(1) The Convertible Debentures were listed for trading on the TSX on May 28, 2009. Trading in the Convertible Debentures commenced in June 2009.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated May 3, 2010 (the "Underwriting Agreement") between the Company and the Underwriter, the Company has agreed to issue and the Underwriter has agreed to purchase, on or about May 18, 2010, or such other date as may be agreed upon by the Company and the Underwriter, but in any event not later than May 31, 2010, 12,000,000 Stapled Units to be issued by the Company at a price of $5.00 per Stapled Unit, payable in cash to the Company against delivery. The offering price was established by negotiation between the Company and the Underwriter. The obligations of the Underwriter under the Underwriting Agreement are conditional and may be terminated at its discretion upon the occurrence of certain stated events. The Underwriter is, however, obligated to take up and pay for all of the Offered Units if any of the Offered Units are purchased under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, a cash fee equal to 4.75% of the gross proceeds of the Offering ($0.2375 per Offered Unit) will be paid to the Underwriter, for an aggregate cash fee of $2,850,000 ($3,277,500 if the Over-Allotment Option is exercised in full).

Subject to applicable laws, the Underwriter may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Stapled Units at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriter proposes to offer the Offered Units initially at a price of $5.00 per Offered Unit. If the Underwriter is unable to sell any portion of the Firm Units after reasonable effort, the Underwriter may subsequently reduce the price at which the Firm Units are offered. If the offering price to the public is so decreased, the Underwriter will nonetheless be obligated to pay to the Company $5.00 per Offered Unit and the underwriting fee of $0.2375 per Offered Unit will not be affected. In such circumstances, the compensation realized by the Underwriter will be decreased by the amount that the aggregate price paid by the purchasers of the Offered Units is less than the gross proceeds paid by the Underwriter to the Company.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriter reserves the right to close the subscription book at any time without notice. Other than Offered Units sold in the United States, which will be represented by individual certificates, one or more book entry-only certificates representing the Offered Units will be issued in registered form to CDS or its nominee and deposited with CDS on the date of the closing. A purchaser of Offered Units (other than a purchaser of Offered Units in the United States) will receive only a customer confirmation from the registered dealer through which Offered Units are purchased.

Except in connection with the Offering, the Company has agreed with the Underwriter that it will not directly or indirectly issue any Stapled Units or securities or other financial instruments convertible into or having the right to acquire Stapled Units (other than pursuant to rights or obligations under previously issued securities or instruments) or enter into any agreement or

arrangement under which it acquires or transfers to another, in whole or in part, any of the economic consequences of ownership of Stapled Units, whether that agreement or arrangement may be settled by the delivery of Stapled Units or other securities or cash, or agree to become bound to do so, or disclose to the public any intention to do so, for a period of 90 days following the Closing without the prior consent of the Underwriter, which consent may not be unreasonably withheld.

The Offered Units have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Offered Units may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Offered Units are being offered by the Underwriter in the United States pursuant to certain exemptions from the registration requirements of the U.S. Securities Act. The Underwriter has agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, it will not offer or sell any Offered Units within the United States other than to certain "qualified institutional buyers" in accordance with Rule 144A under the U.S. Securities Act. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Units in the United States. In addition, until 40 days after the commencement of this Offering of Stapled Units, an offer or sale of the Offered Units within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made pursuant to an exemption under the U.S. Securities Act.

The TSX has conditionally approved the listing of the Offered Units to be distributed under this short form prospectus. Listing on the TSX will be subject to the Company fulfilling all the listing requirements of the TSX.

RELATIONSHIP BETWEEN THE COMPANY AND THE UNDERWRITER

An affiliate of the Underwriter, along with certain other lenders, is a lender to the Company pursuant to the Loan Agreement. Accordingly, the Company may be considered a "connected issuer" of the Underwriter within the meaning of applicable Canadian securities laws. As of March 31, 2010, there was approximately $154.6 million drawn under the credit facilities governed by the Loan Agreement and commitments of $16.4 million relating to outstanding letters of credit. All of the Company's assets are pledged to secure amounts outstanding under the Loan Agreement. As of the date hereof, the Company is in material compliance with the terms and conditions of the Loan Agreement. The Company may use a portion of the net proceeds of the Offering to reduce the amount outstanding under the Loan Agreement. See "Use of Proceeds".

The decision to distribute the Stapled Units offered hereby and the determination of the terms of the Offering were made through negotiations between the Company and the Underwriter. The lender in respect of which the Underwriter is an affiliate did not have any involvement in such decision or determination. Other than as described in this prospectus, neither the Underwriter nor any of its affiliates will receive any benefit from the Offering.

RISK FACTORS

An investment in the Stapled Units offered under this short form prospectus is subject to a number of risks. Prior to making an investment in the Stapled Units, potential investors should carefully consider the risks described under the heading "Risks and Uncertainties" found at pages 15 through 20 of the Company's annual information form dated March 17, 2010, which annual information form is incorporated by reference herein, and the additional risks set out below.

Discretion in the Use of Proceeds

The Company's management will have broad discretion concerning the use of the proceeds of the Offering. As a result, purchasers of Offered Units will be relying on the judgment of management with respect to the application of the proceeds of the Offering. The results and effectiveness of the proposed use of proceeds are uncertain, and there can be no assurance that the proceeds will be used efficiently or effectively. If the proceeds are not applied effectively, the Company's results of operations may be adversely affected. While the Company currently anticipates that it will use the net proceeds of the Offering as described under "Use of Proceeds", management may re-allocate the net proceeds of the Offering if it believes that it is necessary or advisable to do so.

Future Sales or Issuances of Securities

The Company may sell additional Stapled Units or other securities in subsequent offerings. The Company may also issue additional securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Stapled Units. Sales or issuances of substantial numbers of Stapled Units, or the perception that such sales could occur, may adversely affect prevailing market prices of the Stapled Units. With any additional sale or issuance of Stapled Units, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per Stapled Unit.

Volatility

A number of factors may influence volatility in the trading price of the Stapled Units, including changes in the economy or in the financial markets, industry-related developments and the impact of changes in the Company's operations. Each of these factors could lead to increased volatility in the market price of the Stapled Units. In addition, variations in the earning estimates of securities analysts may also lead to fluctuations in the market price of the Stapled Units.

Reliance on Debt Financing; Operating Cash Flow Levels

The Company relies on debt financing to fund a substantial portion of its operations and capital expenditures. The Company maintains a $220 million secured revolving credit facility, in respect of which substantially all of the Company's assets are pledged as security. In addition, at March 31, 2010, the Company had Convertible Debentures outstanding with a face value of $156.8 million.

As of March 31, 2010, the Company had $53.0 million of available liquidity, comprised of $4.0 million of cash on hand and $49.0 million available to be drawn on its revolving credit facility. Following the completion of the Offering, the Company will have approximately $110 million in liquidity, which will enable the Company to reduce indebtedness under its revolving credit facility and pay interest on the Convertible Debentures in cash rather than through the issuance of additional Convertible Debentures.

The Company's debt agreements contain, and future debt agreements will contain, various restrictive and financial covenants, including restrictions on its ability to incur debt, sell assets, make investments, make distributions, secure liens, enter into transactions with affiliates and enter into mergers and consolidations. All of these restrictions, together with the Company's existing debt, could:

- limit its ability to obtain additional financing to fund its growth strategy, working capital, capital expenditures, debt service requirements or other purposes;
- limit its ability to use operating cash flow in other areas of its business, because it must use some or all of these funds to pay obligations on its outstanding debt;
- increase its vulnerability to interest rate fluctuations because the debt under its revolving credit facility is at variable interest rates;
- limit its ability to compete with competitors who have more flexibility as to the use of their cash flow;
- limit its ability to make investments or take other actions; and
- limit its ability to react to changing market conditions, changes in its industry and economic downturns.

The Company's ability to satisfy its debt obligations will depend upon its future operating performance and its ability to obtain additional debt or equity financing, when necessary. The Company had negative operating cash flow of $29.0 million for the year ended December 31, 2009, and positive operating cash flow of $2.2 million for the quarter ended March 31, 2010. Prevailing economic conditions and financial, business and other factors beyond its control may affect the Company's future cash flows and its ability to satisfy its debt obligations. For example, depressed market conditions have been and in the future may be materially adverse to the Company. If in the future the Company cannot generate sufficient cash from operations to meet its obligations, it will need to renegotiate its debt agreements, obtain additional financing or sell assets. No assurance can be made that the Company's businesses will generate sufficient cash flow, that it will be able to obtain the funds necessary to satisfy these obligations or that it will be able to obtain additional or alternative financing.

Similarly, if the Company breaches or is unable to meet the restrictions or financial covenants in its revolving credit facility and the Convertible Debentures, or other credit facilities or debt instruments it may enter into in the future, the Company would have to cure the default, obtain a waiver of the default or enter into an appropriate amendment to these agreements. If the Company is not able to cure such default, obtain such waiver or enter into such amendment, a significant portion of its debt, including all of its secured debt, would become immediately due and payable. The Company may not have, or be able to obtain, sufficient funds to make accelerated debt payments. No assurance can be made that the Company will be able to effectively cure a breach or obtain debt or equity financing or sell assets as alternative means of responding to a breach. As of March 31, 2010, the Company was in compliance with the covenants under the agreement governing its revolving credit facility and under the Convertible Debentures.

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, Canadian tax counsel to the Company, and Bull, Housser & Tupper LLP, Canadian counsel to the Underwriter, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who, for the purposes of the Tax Act and at all relevant times, holds a Common Share and a Subordinate Note Receipt comprising a Stapled Unit (a reference in this summary to a Stapled Unit is a reference to such Common Share or the interest in a Series A Subordinate Note represented by the Subordinate Note Receipt comprising the Stapled Unit) as capital property, is not affiliated with the Company, and deals with the Company at arm's length (a "Holder"). A Stapled Unit will generally be capital property to a Holder unless it is held in the course of carrying on a business of trading in or dealing in securities, or it has been acquired in a transaction or transactions considered to be an adventure in the nature of trade. Certain Holders who are residents of Canada and whose Stapled Units do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Stapled Units and every "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. In the case of a non-resident Holder, the comments in this summary are further restricted to a Holder who is not, has not been and is not deemed to be resident in Canada for purposes of the Tax Act or any applicable income tax convention to which Canada is a signatory, who does not hold or use and is not deemed to hold or use the Stapled Unit in connection with the carrying on of a business in Canada and is not otherwise required by or for the purposes of the laws of Canada to include an amount in respect of the Stapled Unit in computing income from carrying on a business in Canada and who is not a non-resident insurer for purposes of the Tax Act.

This summary is not applicable to: (a) a Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (b) a Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act; (c) a Holder that is a "specified financial institution'' as defined in the Tax Act or (d) a Holder which has made an election under the Tax Act to determine its Canadian tax results in a foreign currency. Any such Holder to which this summary does not apply should consult its own tax advisor with respect to the tax consequences of the Offering.

This summary is based on the current provisions of the Tax Act and the Regulations, all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) ("Tax Proposals") before the date of this prospectus, and the current published administrative practices of the CRA. No assurance can be made that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder of a Stapled Unit. Accordingly, a holder of a Stapled Unit should consult its own tax advisors about the specific tax consequences to such holder of acquiring, holding and disposing of a Stapled Unit.

Stapled Units

Allocation of Purchase Price

In acquiring a Stapled Unit under the Offering, Holders will be acquiring ownership of the Common Share and Series A Subordinate Note represented by such Stapled Unit. The Common Share and Series A Subordinate Note comprising a

Stapled Unit are separate properties and, accordingly, the Tax Act requires an allocation of the purchase price of a Stapled Unit between the Common Share and Subordinate Note comprising such Stapled Unit in order to determine their respective costs for purposes of the Tax Act.

Dividends on Common Shares

Resident Holders

Dividends on Common Shares and amounts deemed under the Tax Act to be dividends received by a resident Holder that is an individual will be included in income and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. The Company has advised counsel that the Company anticipates dividends paid by the Company will be eligible dividends subject to the enhanced dividend gross-up and credit. The gross-up and dividend tax credit rules do not apply to taxable dividends received by a trust in a year to the extent that such dividends are included in computing the income of a non-resident beneficiary under such trust. The amount of the dividend, but not the amount of the gross-up, may be subject to the alternative minimum tax. Dividends received on Common Shares by a Holder that is a corporation will be included in its income but normally will also be deductible in computing its taxable income. A private corporation or a subject corporation as defined in the Tax Act will generally be liable to pay a refundable tax under Part IV of the Tax Act at a rate of 33⅓% on dividends received on the Common Shares.

Non-Resident Holders

Canadian withholding tax at a rate of 25% (subject to reduction under the provisions of any applicable tax treaty or convention) will be payable on dividends paid, or deemed under the Tax Act to be paid, on Common Shares to a non-resident Holder. The rate of withholding tax applicable to dividends paid on the Common Shares to a resident of the United States who beneficially holds Common Shares will generally be reduced to 15% or, if the non-resident Holder is a corporation that owns at least 10% of the Common Shares, to 5%. However, not all persons who are resident in the United States will qualify for the benefits of the U.S. Convention. A non-resident Holder who is resident in the United States is advised to consult its tax advisor in this regard. The rate of withholding tax on dividends is also reduced under certain other bilateral tax treaties to which Canada is a signatory.

Interest on Series A Subordinate Notes

Resident Holders

A resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary must include, in computing income for any taxation year, the amount of interest (including an interest payment which is deferred under the terms of the Series A Subordinate Notes ("Deferred Interest")) that accrued on a Series A Subordinate Note to the end of the taxation year or that became receivable or was received by it before the end of that taxation year, except to the extent that the interest was included in computing the resident Holder's income for a preceding taxation year.

Any other resident Holder, including an individual, must include, in computing income for each taxation year, the amount of interest received or receivable on the Series A Subordinate Note by the resident Holder in that taxation year (depending upon the method regularly followed by the resident Holder in computing income), and will be required to include in income any interest that accrued to the resident Holder (including Deferred Interest) on a Series A Subordinate Note up to the end of any "anniversary day" (as defined in the Tax Act) in that year except to the extent that such interest was included in computing the resident Holder's income for a preceding taxation year.

A Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay a refundable tax of 6 ⅔% on certain investment income, including interest on a Series A Subordinate Note.

Non-Resident Holders

Interest paid under the terms of the Series A Subordinate Notes, as amended, will be considered participating debt interest for purposes of the Tax Act. Consequently, Canadian withholding tax at a rate of 25% (subject to reduction under the provisions of any applicable tax treaty or convention) will be payable on interest paid or credited, or deemed to be paid or credited (including any premium on redemption and accrued interest on sales or transfers as described below), to a non-resident Holder. The rate of withholding tax applicable to interest paid on a Series A Subordinate Note to a non-resident Holder that is a resident of the United States for the purposes of the U.S. Convention who beneficially holds the Series A Subordinate Note will generally be reduced to 15%, provided that the non-resident Holder qualifies for the benefits of the U.S. Convention. A non-resident Holder who is resident in the United States should consult its tax advisors in this regard. The rate of withholding tax on interest is also reduced under certain other income tax conventions to which Canada is a signatory.

A transfer or sale of a Series A Subordinate Note by a non-resident Holder where there is accrued or unpaid interest will, in certain circumstances, be treated as the receipt of such accrued or unpaid interest by the non-resident Holder and will also be subject to Canadian withholding tax, as described above.

Interest may be deemed to be received by a non-resident Holder on the sale or transfer of a Series A Subordinate Note as described below under "*– Dispositions of Common Shares or Series A Subordinate Notes – Non-Resident Holders*" (except for accrued or unpaid interest as described above) and may be subject to Canadian withholding tax. A non-resident Holder that is a seller or transferor of a Series A Subordinate Note should consult its own tax advisors in this regard.

Dispositions of Common Shares or Series A Subordinate Notes

Resident Holders

Upon a disposition or deemed disposition (including a redemption or repayment on maturity) of Common Shares or Series A Subordinate Notes, a capital gain (or loss) will generally be realized by a resident Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of the Common Shares or Series A Subordinate Notes to the resident Holder immediately before the disposition and any reasonable costs of disposition. Interest unpaid on a Series A Subordinate Note at the time of a disposition will be excluded from a resident Holder's proceeds of disposition of the Series A Subordinate Note. Any such capital gain (or loss) will be subject to the treatment described below under "*– Taxation of Capital Gains and Capital Losses*".

The adjusted cost base of a Common Share or Series A Subordinate Note to a resident Holder will be determined in accordance with certain rules in the Tax Act by averaging the cost to the resident Holder of a Common Share or Series A Subordinate Note (as the case may be) with the adjusted cost base of all other Common Shares or Series A Subordinate Notes held by the resident Holder and by making certain other adjustments required under the Tax Act. The resident Holder's cost for purposes of the Tax Act of Common Shares or Series A Subordinate Notes will include all amounts paid or payable by the resident for the Common Shares or Series A Subordinate Notes (as the case may be), subject to certain adjustments under the Tax Act.

A resident Holder receiving or paying an amount pursuant to the Note Deposit Agreement should see "*– Amounts Paid or Received Pursuant to the Note Deposit Agreement*".

On a disposition or deemed disposition of a Series A Subordinate Note, including a redemption by the Company or a repayment on maturity, a resident Holder will generally be required to include in computing income in the year of disposition an amount equal to the interest that accrued or was receivable on the Series A Subordinate Note, to the extent that such amount was not otherwise included in the resident Holder's income for the year or a preceding taxation year.

A Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay a refundable tax of 6 ⅔% on certain investment income, including an amount in respect of a taxable capital gain arising from the disposition of a Common Share or Series A Subordinate Note.

Non-Resident Holders

Upon a disposition or deemed disposition (including a redemption or repayment on maturity) of a Common Share or Series A Subordinate Note, a capital gain (or loss) will generally be realized by a non-resident Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of the Common Shares or Series A Subordinate Notes, respectively, to the non-resident Holder thereof immediately before the disposition and any reasonable costs of disposition.

The adjusted cost base of a Common Share or Series A Subordinate Note to a non-resident Holder will be determined in accordance with certain rules in the Tax Act by averaging the cost to the non-resident Holder of a Common Share or Series A Subordinate Note (as the case may be) with the adjusted cost base of all other Common Shares or Series A Subordinate Notes held by the non-resident Holder and by making certain other adjustments required under the Tax Act. The non-resident Holder's cost for purposes of the Tax Act of Common Shares or Series A Subordinate Notes will include all amounts paid or payable by the non-resident Holder for the Common Shares or Series A Subordinate Notes, subject to certain adjustments under the Tax Act.

Generally, a capital gain realized by a non-resident Holder on the disposition of a Series A Subordinate Note will not be subject to Canadian tax.

Under certain circumstances a portion of the amount received on the assignment or transfer (including on redemption or repayment) by a non-resident Holder of a debt obligation issued by a person resident in Canada may be deemed to be interest received by the non-resident holder of the debt obligation for the purposes of the Tax Act. A non-resident Holder should consult its tax advisors in respect of the assignment or transfer of a Series A Subordinate Note in this regard.

A non-resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Common Shares unless the Common Shares constitute "taxable Canadian property" of the non-resident Holder and the non-resident Holder is not entitled to relief under an applicable tax treaty or convention. The Company amalgamated with a wholly-owned subsidiary on February 1, 2010. Provided that the Common Shares issuable pursuant to the Offering are listed on a stock exchange designated under the Tax Act, which includes the TSX as of the date hereof, at the time of disposition, Common Shares should not be taxable Canadian property to a non-resident Holder, provided that at no time within the 60 month period prior to the disposition has the non-resident Holder together with persons with whom the non-resident Holder did not deal at arm's length owned 25% or more of the issued shares of any class or series of the Company, or its predecessors prior to the amalgamation, which includes Common Shares comprising part of a Stapled Unit. Provided that the Common Shares are listed on a stock exchange designated under the Tax Act, which includes the TSX as of the date hereof, at the time of disposition, Common Shares issuable pursuant to the Offering should be taxable Canadian property to a non-resident Holder only if, at any time from the day that is 60 months before the time of disposition or, while the matter is not free from doubt, February 1, 2010, if later, both of the following tests are met: a) the non-resident Holder together with persons with whom the non-resident Holder did not deal at arm's length owned 25% or more of the issued shares of any class or series of shares of the Company, which includes Common Shares comprising part of a Stapled Unit, and b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of the following properties: real or immovable property situated in Canada, Canadian resource properties, timber resource properties and options, interests, or rights in any of these types of properties, whether or not the property exists. The Company has advised counsel that, as of the date hereof, more than 50% of the fair market value of the Common Shares is derived directly or indirectly from real property situated in Canada. Non-resident Holders are urged to consult with their tax advisors with respect to the application of these rules.

Amounts Paid or Received Pursuant to the Note Deposit Agreement

Resident Holders

Pursuant to the terms of the Note Deposit Agreement, a resident Holder may be entitled to receive (or may be required to pay) an amount from (or to) other holders of different series of Subordinate Notes at the time of maturity or redemption of the Series A Subordinate Notes. Although this issue is not free from doubt, any amount a resident Holder receives pursuant to the Note Deposit Agreement in the taxation year in which the Series A Subordinate Note is redeemed or is repaid on maturity will be treated either as a capital gain or as additional proceeds of disposition of the Series A Subordinate Note and any amount the resident Holder pays pursuant to the Note Deposit Agreement in the taxation year in which the Series A Subordinate Note is redeemed or is repaid on maturity will be deductible as a capital loss in computing a resident Holder's

income or will be included in computing the adjusted cost base of, or will be a cost of disposition of, the Series A Subordinate Note. See "– *Dispositions of Common Shares or Series A Subordinate Notes*".

Non-Resident Holders

A non-resident Holder will not be subject to tax under the Tax Act on any payment received in the taxation year pursuant to the Note Deposit Agreement except to the extent any payment is, or is deemed to be under the Tax Act, interest paid to the non-resident Holder.

Taxation of Capital Gains and Capital Losses

One-half of a capital gain (a taxable capital gain) must be included in a Holder's income. One-half of a capital loss will generally be deductible to a Holder as an allowable capital loss against taxable capital gains realized in that year or in any of the three preceding taxation years or in any subsequent year (but not against other income) to the extent and under the circumstances described in the Tax Act. If the Holder is a corporation, any such capital loss realized on the sale of shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or certain trusts of which a corporation is a member or beneficiary. Taxable capital gains realized by a Holder who is an individual may give rise to alternative minimum tax depending on the Holder's circumstances.

A Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay a refundable tax of 6 ⅔% on any taxable capital gains.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG LLP, Chartered Accountants, 900–777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3. KPMG LLP has prepared the audit report attached to the audited consolidated financial statements for the year ended December 31, 2009. KPMG LLP is independent with respect to the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

The registrar and transfer agent for the Stapled Units and Subscription Agent for the Rights is Valiant Trust Company at its principal offices in Calgary, Alberta and Vancouver, British Columbia.

LEGAL MATTERS

Certain Canadian legal matters in connection with this Offering will be passed upon on behalf of the Company by McCarthy Tétrault LLP, as corporate counsel to the Company, and Blake, Cassels & Graydon LLP, as tax counsel to the Company, and on behalf of the Underwriter by Bull, Housser & Tupper LLP. As of the date of this prospectus, the partners and associates of each of McCarthy Tétrault LLP, Blake, Cassels & Graydon LLP and Bull, Housser & Tupper LLP beneficially own, directly or indirectly, less than 1% of the outstanding Stapled Units of the Company.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of such purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the short form prospectus of TimberWest Forest Corp. (the "Company") dated May 11, 2010 relating to the issue and sale of Stapled Units of the Company. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the unitholders of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive income (loss) retained earnings and cash flows for the years ended December 31, 2009 and 2008. Our report is dated March 2, 2010.

Vancouver, Canada
May 11, 2010

(signed) "*KPMG LLP*"
Chartered Accountants

CERTIFICATE OF THE COMPANY

Dated: May 11, 2010

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

(Signed) "*Paul J. McElligott*"
Chief Executive Officer

(Signed) "*Beverlee F. Park*"
Chief Financial Officer

On behalf of the Board of Directors
of the Company

(Signed) "*V. Edward Daughney*"
Director

(Signed) "*David Emerson*"
Director

CERTIFICATE OF THE UNDERWRITER

Dated: May 11, 2010

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

BMO NESBITT BURNS INC.

(signed) "*Jeff Watchorn*"
Managing Director