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FOR IMMEDIATE RELEASE **TSX: WEF**

Western's Annual Results Show Continued Improvement
EBITDA for 2011 Improved by 32% Over 2010

2011 HIGHLIGHTS

- EBITDA of $62 million, a $15 million increase over 2010
- Sales of $854 million were 28% higher than 2010
- Year-end liquidity at $112 million, compared to $85 million at the end of 2010
- Net debt to capitalization reduced to 13% from 23% last year
- Cash flow from operations increased to $44 million

"2011 was a good year for Western with EBITDA increasing 32% from 2010 to $62 million," said Dominic Gammiero, Chairman and Chief executive Officer, "Even though markets for some of our products remain historically weak, our repositioned cost structure allowed our timberlands and lumber manufacturing businesses to operate at significantly higher rates than 2010. The improved financial results and resulting balance sheet will allow the Company to continue to implement our strategic capital plan."

February 22, 2012 – Vancouver, British Columbia. Western Forest Products Inc. (TSX: WEF) ("Western" or "the Company") today announced results for the fourth quarter and year ended December 31, 2011. The Company reported EBITDA of $13.6 million for the fourth quarter of 2011, compared to EBITDA of $ $3.9 million for the fourth quarter of 2010.

Net income for the fourth quarter of 2010 was $5.3 million ($0.01 per share), on sales of $220.7 million, which compared to a net income reported for the fourth quarter of 2010 of $20.1 million ($0.04 per share) on sales of $172.6 million.

FINANCIAL SUMMARY

(millions of dollars except where noted)	Three months ended December 31, 2011	Three months ended December 31, 2010	Twelve months ended December 31, 2011	Twelve months ended December 31, 2010
Sales	$ 220.7	$ 172.6	$ 853.7	$ 667.9
EBITDA	13.6	3.9	61.8	46.9
EBITDA as % of sales	6.2%	2.3%	7.2%	7.0%
Operating income before restructuring items and other income (expenses)	7.0	16.4	35.2	40.4
Net income from continuing operations	5.6	20.4	25.1	42.6
Net income	5.3	20.1	24.0	41.1
Basic and diluted earnings per share (in dollars)	0.01	0.04	0.05	0.09
Net Debt at December 31			52.1	99.8
Liquidity at December 31			112.1	84.6

Fourth quarter, 2011

Our net income of $5.3 million reported in the fourth quarter of 2011 was a $14.8 million decline from the income of $20.1 million reported for the same quarter of 2010. Following an independent impairment assessment of our timber licenses undertaken at the end of 2010, the Company partially reversed a previously recognized impairment by $18.5 million in the fourth quarter of 2010 (see Note 5 to the 2011 Annual Financial Statements for further details). Excluding this item, the current quarter income is $3.7 million higher than the fourth quarter of 2010, and operating income is $2.8 million higher this year.

The improvement in EBITDA in the fourth quarter of 2011 was the result of increased shipments in 2011 with lumber and log sales volumes being 24% and 32% higher than the fourth quarter of 2010 respectively. Average log prices realized in the fourth quarter of 2011 were $9 per m^3, or 15%, higher than the same quarter in 2010. The average selling price realised for lumber sales in the current quarter was marginally less than those achieved in the fourth quarter of 2010. In order to meet improved demand our mills operated at 82% of capacity in the fourth quarter of 2011, compared to 76% in the same period of 2010, which resulted in fixed shutdown costs incurred in 2011 being $2.4 million less than those incurred in 2010. Revenue from by-product sales was lower in the current quarter primarily because of lower chip prices received this year because of lower pulp prices.

Selling and administration expenses in the fourth quarter of 2011 were $6.9 million, or $0.7 million less than those in the same quarter of 2010. This reduction is attributable to lower incentive costs and pension costs in the current quarter compared to 2010. Other expenses in the fourth quarter of 2011 of $0.3 million compares to other income of $6.3 million in the fourth quarter of 2010. The fourth quarter of 2010 included a receipt of $5.2 million from the Province of British Columbia for the reimbursement of costs incurred by Western on Bill 28 timber take-back areas. Finance costs in the current quarter were $1.4 million lower than the fourth quarter of 2010 primarily as a result of lower average debt levels in the current quarter.

Year ended December 31, 2011

Our net income of $24.0 million in 2011 declined from the 2010 result of $41.1 million, which included a number of one-time items. As discussed in the fourth quarter summary above, the 2010 result includes a recovery of $18.5 million as a result of the impairment reversal on our timber licenses. In addition, the net income in 2010 included two other non-recurring items totaling $14.1 million; a net gain of $8.9 million generated on the establishment of a jointly-owned entity and the receipt of $5.2 million from the Province of British Columbia relating to the reimbursement of costs incurred by Western with respect to Bill 28 timber take-back areas. Excluding these three items, net income in 2011 was actually higher than 2010 by $15.5 million.

EBITDA for 2011 was $61.8 million which is an improvement of $14.9 million over the $46.9 million achieved in 2010. This improvement reflects increased shipment volumes of all our major products, particularly of logs, and the benefits of being able to run our operations at higher production levels, and realizing higher log prices. Our results in 2011 benefitted from lower unit costs as a result of running at higher production levels with the associated efficiencies. In particular, fixed costs incurred at curtailed operations were significantly less than the previous year.

The total log harvest for 2011 was 5.8 million cubic meters which was 25% higher than the 2010 harvest level, while lumber production was 17% higher than during 2010. Our sawmills operated at 83% of total capacity in 2011 compared to 63% of capacity in 2010. This increase primarily reflects the fact that our Nanaimo and Ladysmith sawmills which started up in the latter part of 2010, ran for all of 2011. Unavoidable fixed costs of $8.7 million associated with curtailed operations were directly expensed to the income statement in 2011, which is $16.1 million less than the amount expensed in 2010.

While much of the year over year improvement in Western's EBITDA is the result of higher operating rates at our operations, increased sales volumes, improved log prices and by-product prices also contributed to the increase. The benefits of Western's ongoing cost reduction initiatives and focus on various margin improvement programs, also contributed to reducing our cost of sales.

While our EBITDA increased significantly in 2011 compared to 2010, our EBITDA margin increased only slightly. As previously mentioned, the strength of the US dollar relative to the Canadian dollar in 2011 compared to 2010 had a negative impact on 2011 EBITDA of approximately $8.6 million, which equates approximately to a 1% margin reduction. Our EBITDA margin was also adversely impacted by the fact that the mills that have been restarted in the last year to take advantage of improved market demand are relatively higher cost operations. Our logging costs increased in 2011 compared to 2010 as a result of various factors including higher road construction and associated engineering costs, logging in higher cost areas, higher contract rates and labour costs, and the effects of adverse weather conditions in 2011 compared to 2010. Higher freight costs and selling and administration costs also tempered an improvement in our 2011 EBITDA.

Selling and administration expenses in 2011 were $26.6 million (2010 - $24.6 million). Our expenditures have stabilized following the previous two years of significant reductions, as the Company restructured its organizational needs to adapt to a new operating environment. The $2.0 million increase is largely because of an increase in employee related costs and contractor services. The increase in employee costs is a result of re-instating the 10% pay roll-back part way through 2010, and incentive based awards being re-introduced in recognition of improved performance and results.

Operating restructuring items

In 2011, Western recorded restructuring expenses of $0.7 million, $0.9 million lower than the equivalent expense of $1.6 million in 2010. The restructuring charges in 2011 primarily related to severance costs associated with restructuring of administrative functions. In 2010 the severance costs were for severance obligations incurred as a result of restructuring the Company's Japanese sales organization, the closures of our Mid-Island Remanufacturing operation and Andy's Bay logging facility, and the re-organization of the Ladysmith sawmill.

Finance costs

Finance costs for 2011 of $6.6 million were $6.3 million less than the $12.9 million incurred in 2010. The decrease was primarily caused by lower average debt levels outstanding in 2011 compared to 2010, resulting from the proceeds of non-core asset sales being used to pay down debt in 2011. Also contributing to this reduction is the benefit of lower negotiated interest rates in our loan agreements.

Other income (expenses)

Other expenses of $2.8 million incurred in 2011 was a net change of $19.5 million from the other income of $16.7 million reported in 2010. Other expenses of $2.8 million in 2011 comprise: a gain on the sale of an equity interest in certain real estate properties of $2.4 million; an expense incurred of $2.5 million to secure amendments to the terms of certain contractual arrangements; and losses on non-core asset sales of $2.7 million. The most significant non-core asset sale in the year was the sale to TimberWest Forest Corp. of 7,678 hectares of land located in the southern portion of Vancouver Island near Jordan River for gross proceeds of $21.9 million, which were used to pay down debt. The gain on the sale of the equity interest arose when the Company exercised its option to sell its equity interest in WFP Forest Products Ltd., a jointly owned entity between the Company and Brookfield Properties Limited ("BPL"), receiving $2.4 million as consideration for the sale of its interest. The expense of $2.5 million incurred to secure amendments to certain existing contractual arrangements is payable in 14 equal quarterly installments which commenced March 31, 2011.

The other income of $16.7 million in 2010 was comprised of: a gain of $8.9 million (net of costs of $0.5 million) related to the establishment of a jointly-owned entity with BPL in October 2009; a further receipt of $5.2 million from the Province of British Columbia relating to compensation with respect to Bill 28 timber take-back areas; gains on non-core asset disposals of $1.0 million; and other miscellaneous items aggregating to $1.6 million.

The most significant non-core asset sale reported in 2010 was the sale of land located in the southern part of Vancouver Island for proceeds of $14.3 million to the Capital Regional District of Victoria, British Columbia, which closed in August 2010. As part of this transaction the Company also agreed to sell a further two parcels of land for proceeds of $4.5 million which, as a condition of sale, require the Company to secure a Certificate of Compliance on an environmental remediation project under way. The Company expects to receive that certificate by the end of the second quarter of 2012. At December 31, 2011, $13.0 million of the proceeds had been received with a further $5.8 million due on or before August 15, 2012, subject to the receipt of the certificate.

On February 11, 2011, we completed the sale of certain non-core properties to TimberWest Forest Corp. for $21.9 million. The sale included properties located in the southern portion of Vancouver Island, near Jordan River, which cover approximately 7,678 hectares. The net proceeds from the sale were used to pay down the Company's long-term debt in accordance with lending agreements. A net loss of $1.1 million was recognized on this disposal in the first quarter of 2011.

On October 11, 2011 Western announced that it had reached an agreement to sell Tree Farm Licence 60 ("TFL 60") and related assets on Haida Gwaii to Taan Forest Limited Partnership ("Taan"), a partnership of the Council of the Haida Nation and Haida Enterprise Corporation, the business arm of the Haida Nation. Under the terms of the sale, Western will receive net proceeds of approximately $11.6 million and retain ongoing rights to cedar logs harvested by Taan. Taan will assume substantially all of the obligations of Western on Haida Gwaii. The sale is expected to close before the end of the first quarter of 2012. However, an impairment of $1.7 million has been recognized on the book value of the net assets in 2011. As the average timber harvest from TFL 60 by Western over the past five years has been modest, the sale of this tenure will have minimal impact on long term operating rates at our eight lumber mills. Proceeds from the sale will also be used to pay down the Company's revolving term debt.

Our improved operating results in 2011 have further strengthened the financial position of the Company. Liquidity increased from $84.6 million at the close of 2010 to $112.1 million as at December 31, 2011. This improvement was caused by a combination of cash flow from operations and increased availability on the revolving credit line due to a higher borrowing base. Proceeds received from non-core asset sales during 2011 facilitated debt repayments of $47.1 million. At December 31, 2011 our term debt was reduced to $58.5 million and the balance drawn on our revolving credit facility was $8.9 million.

Markets and Outlook

During 2011, Western continued to build on its improved financial condition by increasing cash flow from operations, strengthening the balance sheet, and improving liquidity. These results are particularly impressive given the less than favourable market conditions that currently exist in the industry. With improved financial results, particularly the improved liquidity situation, management is able to focus more on longer term strategic goals. The long term strategic goals of the Company remain:

- Growing market share in traditional and developing export markets;
- Operating all our mills at capacity, realizing full economies of scale;
- Fully utilizing our annual allowable cut and ensuring the highest margin end use for our fibre resource; and
- Generating substantial free cash flow that justifies re-investment.

A key aspect of this strategy continues to be growing our four key lumber market segments: Japan, Western Red Cedar, Commodity, and Niche.

Japan is expected to continue its rebuilding efforts after the devastating tsunami in 2011. Based on feedback from our Japanese customers, management is optimistic the housing market in Japan will continue its recovery in 2012. Sales to this market are expected to grow by 10%, with the majority of the increase coming in yellow cedar custom cutting.

Western is the largest producer of Western Red Cedar in the world, and is working towards expanding its share of the US market. As the United States is the primary market for Western Red Cedar, demand in this market will largely be driven by economic conditions there. Despite recent improvements in renovation indices (a key indicator of cedar demand), we are forecasting demand to be only marginally better than last year. Cedar pricing is expected to remain stable until a material improvement in the US housing market occurs or the Canadian dollar significantly weakens against the US dollar.

Western maintains some flexibility with respect to its commodity market segment, having essentially moved the majority of our commodity business to China from the United States over the past three years. Buying activities in China slowed down over the past quarter, due to tighter credit and higher inventories. Western believes that this slowdown is short term in nature and we still see significant long term opportunities in the Chinese market.

Although China is currently Western's main focus for the commodity business, management continues to monitor the US and Canadian markets to maximize margin for its commodity products.

The US housing market remains deeply depressed from historical levels. New housing starts were approximately 588,000 in 2011, well below the peak level of 2.1 million starts in 2005. Conditions in the housing construction market have not improved significantly, with continued high unemployment, restricted credit, and large volumes of foreclosed homes. The situation is not expected to improve dramatically in 2012.

Sales in the Niche market segment are forecast to grow modestly in 2012, as the two main markets for these products, Europe and North America, remain challenging. The North American market for Douglas fir and hemlock products remains muted with no appreciable recovery in the US housing market expected in 2012, as described above. The outlook for Europe, a high value market, appears to be moving deeper into recession.

To support our market growth strategy, we have commenced implementation of our recently announced $125 million strategic capital investment program, starting with upgrades to our Saltair sawmill. The initial phase of the Saltair project includes new edgers, stackers, and sorters designed to increase mill productivity by 15%, strengthening our competitiveness in key markets such as Japan and China. The retrofit is expected to take one year to complete and will cost approximately $16 million.

The remaining strategic capital investments, which will occur over the next three years, will be focused on reducing costs by improving operating efficiencies in our operations and improving product flexibility. These improvements will allow us to continue operating through varying market conditions. Such investments are expected to be funded from operating free cash flows. The capital can be broken down into three areas:

- Significant rebuilds in our small log mills implementing state of the art breakdown, edging and sorting equipment to improve operating metrics and drive down costs;
- Installing technology such as automated grading that was not available until recently for our specialty product lines; and
- Replacement and additions of key equipment in our large log mills to improve quality, recovery and product flexibility.

In addition to our strategic capital investments, management is committed to improving product margins through a formalized non-capital Margin Improvement Program. The program is expected to deliver an additional $25 million of margin improvement over the next three years, through a variety of cost reduction and productivity initiatives.

As already mentioned, the Company expects to complete the sale of TFL 60 early in 2012. The net proceeds from the sale of $11.6 million will be used to pay down the Company's debt in accordance with its lending agreements.

We will continue to pursue further opportunities that may arise to sell non-core or other land assets as appropriate. Proceeds from such sales will first be directed to reduce or eliminate long-term debt with any surplus being used to provide additional liquidity.

International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date for the Company was January 1, 2010. Full disclosure of the Company's accounting policies in accordance with IFRS can be found in Note 3 to the audited consolidated financial statements for the year ended December 31, 2011. The financial statements also include reconciliations of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles ("CGAAP") to IFRSs as set out in Note 26.

The Company's Annual Financial Statements and Management's Discussion and Analysis for 2011 containing discussion and analysis for the fourth quarter and full year as well as the Annual Information Form are available on SEDAR and the Company's website at www.westernforest.com

Forward Looking Statements and Information

This press release contains statements which constitute forward-looking statements and forward-looking information within the meaning of applicable securities laws. Those statements and information appear in a number of places in this document and include statements and information regarding our current intent, belief or expectations primarily with respect to market and general economic conditions, future costs, expenditures, available harvest levels and our future operating performance, objectives and strategies. Such statements and information may be indicated by words such as "estimate", "expect", "anticipate", "plan", "intend", "believe", "should", "may" and similar words and phrases. Readers are cautioned that it would be unreasonable to rely on any such forward-looking statements and information as creating any legal rights, and that the statements and information are not guarantees and may involve known and unknown risks and uncertainties, and that actual results and objectives and strategies may differ or change from those expressed or implied in the forward-looking statements or information as a result of various factors. Such risks and uncertainties include, among others: general economic conditions, competition and selling prices, changes in foreign currency exchange rates, labour disruptions, natural disasters, relations with First Nations groups, changes in laws, regulations or public policy, misjudgements in the course of preparing forward-looking statements or information, changes in opportunities and other factors referenced under the "Risks and Uncertainties" section of our MD&A in our 2011 Annual Report dated February 22, 2012. All written and oral forward-looking statements or information attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. Except as required by law, Western does not expect to update forward-looking statements or information as conditions change.

Reference is made in this report to EBITDA which is defined as operating income prior to operating restructuring items and other income (expenses), plus amortization of property, plant, equipment, and intangible assets, impairment adjustments, and changes in fair value of biological assets. Western uses EBITDA as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. We consider EBITDA to be a meaningful supplement to operating income as a performance measure primarily because amortization expense, impairment adjustments and changes in the fair value of biological assets are non-cash costs, and vary widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of their operating facilities. Further, the inclusion of operating restructuring items which are unpredictable in nature and timing may make comparisons of our operating results between periods more difficult. We also believe EBITDA is commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

EBITDA does not represent cash generated from operations as defined by IFRSs and it is not necessarily indicative of cash available to fund cash needs. Furthermore, EBITDA does not reflect the impact of a number of items that affect our net income. EBITDA is not a measure of financial performance under IFRSs, and should not be considered as an alternative to measures of performance under IFRSs. Moreover, because all companies do not calculate EBITDA in the same manner, EBITDA as calculated by Western may differ from EBITDA as calculated by other companies. A reconciliation between the Company's net income as reported in accordance with IFRSs and EBITDA is included in Appendix A to the Company's Management's Discussion & Analysis for the year ended December 31, 2011, which is available under the Company's profile on SEDAR at www.sedar.com.

Western Forest Products
Western is an integrated Canadian forest products company and the largest coastal British Columbia woodland operator and lumber producer with an annual available harvest of approximately 7.3 million cubic metres of timber of which approximately 7.1 million cubic metres is from Crown lands and lumber capacity in excess of 1.2 billion board feet from eight sawmills and three remanufacturing plants. Principal activities conducted by the Company include timber harvesting, reforestation, sawmilling logs into lumber and wood chips and value-added remanufacturing. Substantially all of Western's operations, employees and corporate facilities are located in the coastal region of British Columbia while its products are sold in over 25 countries worldwide.

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