



CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

Conifex Announces Third Quarter 2013 Results

November 5, 2013, Vancouver, B.C. - Conifex Timber Inc. (“Conifex” or the “Company”) (TSX-V: CFF) today reported a net loss of \$0.1 million or \$0.01 per share for the third quarter of 2013 compared to net income of \$2.4 million or \$0.12 per share for the previous quarter and a net loss of \$3.7 million or \$0.19 per share for the third quarter of 2012. Net income for the first nine months of 2013 was \$8.5 million or \$0.41 per share compared to a net loss of \$12.6 million or \$0.68 per share over the same period last year.

Summarized operating results for each of the comparison periods are provided below.

	Q3	Q2	YTD	Q3	YTD
(millions of dollars except share and per share amounts)	2013	2013	2013	2012	2012
Sales	65.2	64.4	195.9	54.4	157.6
EBITDA (1)	2.8	4.8	16.9	(0.5)	(3.7)
Operating income (loss)	0.7	3.3	10.6	(2.8)	(10.5)
Net income (loss)	(0.1)	2.4	8.5	(3.7)	(12.6)
Net income (loss) per share - basic	(0.01)	0.12	0.41	(0.19)	(0.68)
Net income (loss) per share - diluted	(0.01)	0.12	0.41	(0.19)	(0.68)
Reconciliation of EBITDA to net income (loss)					
Net income (loss)	(0.1)	2.4	8.5	(3.7)	(12.6)
Add: Interest expense	0.5	0.4	1.7	0.5	1.6
Depreciation and amortization	2.3	2.1	6.4	1.9	5.6
Deferred union payroll liability	(0.2)	(0.3)	(0.8)	-	-
Share based compensation	0.2	(0.1)	0.3	0.4	0.7
Accretion of convertible debentures	0.2	0.3	0.8	0.3	0.8
Loss of disposal of assets	-	-	-	0.1	0.3
EBITDA (1)	2.8	4.8	16.9	(0.5)	(3.7)

(1) In this news release, reference is made to “EBITDA”. EBITDA represents earnings before interest, taxes, depreciation and amortization, as well as before deductions for non-cash charges related to employee compensation and changes in the balance sheet carrying value of convertible debentures and other investments. The Company discloses EBITDA as it is a measure used by analysts and by Conifex’s management to evaluate the Company’s performance. As EBITDA is a non-GAAP measure, it may not be comparable to EBITDA calculated by others. In addition, as EBITDA is not a substitute for net earnings, readers should consider net earnings in evaluating the Company’s performance.

Revenues totalled \$65.2 million in the third quarter of 2013 compared to \$64.4 million in the previous quarter and \$54.4 million in the third quarter of 2012. Lumber shipments totalled approximately 147 million board feet during the third quarter of 2013 and included wholesale lumber shipments of approximately 18 million board feet. An increase in shipments of Conifex produced lumber of approximately 8% over the previous quarter largely reflects the intentional finished goods inventory build late in the previous quarter in anticipation of heightened activity and relatively favourable mill net realizations expected from offshore markets during the third quarter of 2013.

Shipments to exports markets represented approximately 67% of total shipment volumes during the third quarter of 2013 compared to 42% during the previous quarter and 32% during the third quarter

of 2012. Shipments to Japan represented 9% of total shipments and contributed 15% of total mill net realizations. Shipments to China increased to 58% of total shipments in response to relatively higher unit mill net realizations available on certain products compared to the North American market and the increase of wholesale lumber shipments to normalized levels. Shipments to the U.S. represented 22% of total shipment volumes, compared to 44% during the previous quarter.

Benchmark lumber prices (expressed in Canadian dollars) remained flat compared to the previous quarter and increased by 14% over the third quarter of 2012. Compared to the second quarter of 2013, average unit mill net realizations improved on shipments to Canada and Japan by 4% and 6% respectively but declined by 10% on shipments to China and the U.S. Overall unit mill net realizations declined by 10% from the previous quarter and improved by 8% from the third quarter of 2012.

Lumber production totalled 123 million board feet in the third quarter of 2013 compared to 136 million board feet in the previous quarter and 103 million board feet in the third quarter of 2012. Production volumes during the third quarter of 2013 were impacted primarily by disruptions from capital projects undertaken at both mills which were concentrated in the last month of the quarter. The upgrades did not involve any shutdowns but hourly productivity levels were reduced as a result of operating under test conditions and the measured ramp up to normal production levels. Hourly production at both mills returned to expected levels following the completion of the upgrades. Current year to date production totalled 383 million board feet, an increase of 21% over the same period last year. Average hourly production over the first nine months of 2013 increased by 15% compared to the same period last year.

Overall unit log costs increased by 2% compared to the previous quarter and 14% over the third quarter of 2012. The effects of a considerable increase in stumpage rates during the third quarter of 2013 were not reflected until late in the quarter generally due to the lag between harvesting of the logs and delivery to the mill sites. The Company expects the impact of higher third quarter stumpage rates to be reflected in the fourth quarter. Compared to the third quarter of 2012, an increase in unit log costs of 23% was offset by an improvement of 9% in lumber recovery. The increase in delivered log costs is generally attributable to costs associated with increased stumpage rates, contractor rates and purchased log costs.

Unit cash conversion costs during the third quarter of 2013 increased by only 2% over the previous quarter despite a 10% reduction in production levels. Unit cash conversion costs improved by 14% compared to the third quarter of 2012 with the improvement largely attributable to productivity gains.

Third quarter 2013 net loss of \$0.1 million was comprised of lumber segment net income of \$1.9 million offset by bioenergy segment net loss of \$0.1 million and corporate costs and other items of \$1.9 million. Third quarter lumber segment EBITDA of \$4.0 million was offset by negative bioenergy segment EBITDA of \$0.1 million and corporate costs and other items of \$1.1 million.

Compared to the second quarter of 2013, the decline in lumber segment net income of \$2.8 million was primarily attributable to lower mill net realizations and, to a lesser extent, to modest increases in log costs and unit cash conversion costs. Compared to the third quarter of 2012, lumber segment net income increased by \$3.1 million as the benefits of an 8% improvement in unit mill net realizations from higher lumber prices and a lower export tax rate, and a 14% reduction in unit cash conversion costs more than offset higher log costs.

Earnings Release Call

There will be a conference call held by the Company on Wednesday, November 6, 2013 at 8:00 AM Pacific time / 11:00 AM ET to discuss the third quarter financial and operating results. To participate in the call, please dial 416-340-8527 or toll free 800-952-4972. The call will also be available on

instant replay access until November 20, 2013 by dialling 905-694-9451 or 800-408-3053 and entering participant pass code 6257898.

For further information, please contact Yuri Lewis, Chief Financial Officer at (778) 331-8687.

About Conifex Timber Inc.

Conifex and its subsidiaries' primary business currently includes timber harvesting, reforestation, forest management, and the manufacture, sale and distribution of dimension lumber. Conifex's lumber products are sold in the United States, Chinese, Canadian and Japanese markets. Upon completion of its bioenergy facility at Mackenzie, British Columbia, Conifex's business sectors will be expanded to include bioenergy.

Forward-Looking Statements

Certain statements in this news release may constitute "forward-looking statements" including the timing and completion of the bioenergy facility in Mackenzie, British Columbia and the impact and timing of stumpage costs. Forward-looking statements are statements that address or discuss activities, events or developments that the Company expects or anticipates may occur in the future. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "projects", "will", "believes", "intends" "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements reflect the current expectations and beliefs of the Company's management. Because forward-looking statements involve known and unknown risks, uncertainties and other factors, actual results, performance or achievements of the Company or industry may be materially different from those implied by such forward-looking statements. Forward-looking statements involve significant uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including the additional matters described in the Company's most recent Annual Information Form, available on SEDAR at www.sedar.com. Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.

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