



CONIFEX TIMBER INC.

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Conifex Announces First Quarter 2012 Results

May 22, 2012, Vancouver, B.C. - Conifex Timber Inc. ("Conifex" or the "Company") (TSX-V: CFF) today reported a net loss of \$6.5 million or \$0.38 per share for the first quarter of 2012 compared to a net loss of \$7.5 million or \$0.49 per share for the fourth quarter of 2011, and a net loss of \$3.6 million or \$0.24 per share for the first quarter of 2011.

EBITDA in the first quarter of 2012 was negative \$3.8 million compared to negative \$5.2 million in the previous quarter and negative \$1.3 million in the first quarter of 2011. The changes in EBITDA are generally attributable to the lumber segment as corporate costs and costs related to the bioenergy segment were similar in each comparative period.

Lumber segment EBITDA was negative \$2.7 million for the first quarter of 2012 compared to negative \$4.1 million for the previous quarter and negative \$0.3 million for the first quarter of 2011. Current quarter lumber segment results include those of our newly acquired marketing and transportation and logistics subsidiaries. These businesses made a modest positive contribution to lumber segment EBITDA during the quarter that was in line with management expectations. The improvement of \$1.4 million lumber segment EBITDA over the previous quarter was generally attributable to an increase in unit mill net realization, increased profit from lumber derivatives and lower unit cash conversion and marketing and administrative costs due partly to a higher operating rate. Compared to the first quarter of 2011, current quarter improvements in unit cash conversion and SG&A expenses were partially offset by increased log costs, change in inventory valuation adjustment, and a decline in mill net realizations.

The 12% improvement in average benchmark lumber prices during the current quarter over the fourth quarter of 2011 was partially offset by a 2% strengthening of the Canadian dollar over the U.S. dollar. Low grade prices remained at unusually wide discounts to the #2 and Better prices during most of the quarter before showing a marked improvement over the closing weeks. Unit mill net realizations were hampered during the first quarter of 2012 as the Company worked off an abnormally high proportion of low grade inventory and lower priced export order files and built up inventory of premium grade products ahead of strong second quarter order files.

Lumber segment revenue totalled \$47.4 million during the first quarter of 2012, an increase of 22% over the previous quarter and 124% over the first quarter of 2011. Shipment of Conifex produced lumber totalled 115 million board feet, a 7% decline from the previous quarter. The Company continued to ship heavily to export markets, particularly China, during the first quarter of 2012 with approximately 62% of total shipment volumes going to these markets compared to 53% in the previous quarter and 44% in the first quarter of 2011.

Operating rates were 60% for the first quarter of 2012, during which the Company produced 111 million board feet of lumber, compared to 51% for the previous quarter and 34% for the first quarter of 2011. Production efficiencies during the current quarter were challenged by the recent conversion

of the Fort St. James mill from a three-line to two-line configuration and weather related disruptions in January.

The completion of the installation of an automated grading system at the Mackenzie Site II planer mill in April 2012 is expected to result in improved grade outturns, productivity gains from increased throughput and lower labour costs. The Company also expects an increase in production and shipments of premium grade products to Japan during subsequent quarters.

Bioenergy cogeneration project capital expenditures

The Company also announced today that it has approved a capital expenditures budget estimated to be \$79 million, including a \$7 million general contingency, to develop its bioenergy cogeneration project at Mackenzie B.C. The \$72 million amount, net of the contingency, represents an increase over previously estimated amounts with the increase largely due to the acceleration of certain project enhancements originally contemplated to be undertaken during the first three years of commercial operations and funded out of segment cash flows. The Company has decided to include these additional components within the initial construction phase in order to avoid further construction related disruptions to ensuing future bioenergy activities at the site. The expanded scope is expected to increase EBITDA as a result of improved uptime and fuel efficiency and reduced operating and maintenance costs.

The existing project site and infrastructure carries a book value of approximately \$10 million and as at March 31, 2012, the Company has invested an additional \$9.1 million in project development and equipment costs. The Company expects to invest an additional \$7 million in the project and expects to secure debt facilities to finance the balance of the expenditures. Proceeds of incentive funds from a Load Displacement Agreement with BC Hydro should also be available to the Company. The Company expects project financing to be in place and construction to commence in or about the third quarter of 2012.

Earnings Release Call

There will be a conference call held by the Company on Wednesday, May 23, 2012 at 8:00 AM (Pacific time) to discuss the first quarter financial and operating results. To participate in the call, please dial 416-695-6616 or toll free 800-355-4959. The call will be available on instant replay access until June 30, 2012 by dialling 905-694-9451 or 800-408-3053 and entering participant pass code 8116753.

For further information, please contact:

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About Conifex Timber Inc.

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

Conifex's sawmill complex situated in Fort St. James, British Columbia was purchased in August 2008 and commenced operations on a one-shift basis in March 2009. Conifex's two-mill

complex situated in Mackenzie, British Columbia was purchased in June 2010. One mill at Mackenzie started up on a one-shift basis in November 2010. Conifex added a second shift at Fort St. James and Mackenzie in late March 2011 and expects to be operating at approximately 65% of capacity on an annualized basis during the second half of 2012. On a combined basis, Conifex now owns sawmills having an annual lumber production capacity of approximately 745 million board feet on a two-shift basis. The sawmill complexes are supported by renewable forestry licences with an allowable annual cut of approximately 1.6 million cubic metres.

Forward-Looking Statements

Certain statements in this news release may constitute “forward-looking statements”, including statements related to our expectations for: improved grade outturns, productivity gains and lower labour costs following the installation of an automated grading system at the Mackenzie Site II planer mill; increased production and shipments of premium grade products to Japan; and completion of our bioenergy facility, including the estimated capital expenditures budget, or plans for additional investments in the bioenergy project and our expectation to be able to obtain additional debt facilities to help finance the project. 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 2011 annual management’s discussion and analysis, 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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