



CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

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Conifex Announces First Quarter 2013 Results

May 13, 2013, Vancouver, B.C. - Conifex Timber Inc. (“Conifex” or the “Company”) (TSX-V: CFF) today reported a net income of \$6.2 million or \$0.29 per fully diluted share for the first quarter of 2013 compared to a net loss of \$3.6 million or \$0.18 per share for the previous quarter and a net loss of \$6.5 million or \$0.38 per share for the first quarter of 2012.

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

	Q1	Q4	Q1
(millions of dollars except share and per share amounts)	2013	2012	2012
Sales	66.2	60.0	47.4
EBITDA (1)	9.2	(0.3)	(3.8)
Operating income (loss)	6.6	(2.4)	(6.2)
Net income (loss)	6.2	(3.6)	(6.5)
Net income (loss) per share - basic	0.30	(0.18)	(0.38)
Net income (loss) per share - fully diluted	0.29	(0.18)	(0.38)
Reconciliation of EBITDA to net income (loss)			
Net income (loss)	6.2	(3.6)	(6.5)
Add: interest expense	0.8	0.9	0.5
Depreciation and amortization	2.0	1.9	1.8
Deferred union payroll liability	(0.3)	(0.2)	0.0
Share based compensation	0.2	0.3	0.1
Accretion of convertibles debentures	0.3	0.3	0.3
EBITDA (1)	9.2	(0.3)	(3.8)

(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 \$66.2 million in the first quarter of 2013 compared to \$60.0 million in the previous quarter and \$47.4 million in the first quarter of 2012. Lumber shipments totalled 137 million board feet during the first quarter of 2013 and included wholesale lumber shipments of 17 million board feet. Shipments of Conifex produced lumber increased by 9% over the previous quarter and 4% over the first quarter of 2012 but lagged current quarter production volumes by 4% with some of the shortfall attributable to a tightening in rail car supply which has since eased. An increase in unit gross sales and unit net mill realizations of approximately 19% over the previous quarter largely reflected the quarter over quarter movement in average benchmark lumber prices.

Lumber production totalled 124 million board feet in the first quarter of 2013 and improved annualized operating rates to approximately 67%. The 15% increase in production volumes over the previous quarter and 12% over the first quarter of 2012 resulted in improvements in unit cash

conversion costs of 15% and 6% respectively. Factors contributing to the productivity gains included the recent management restructuring, the processing of a more sustainable and representative log diet, a minor capital upgrade at the Fort St. James mill in December, a more effective maintenance regime, and the benefits of heightened focus on leadership training and continuous improvement.

First quarter 2013 net income of \$6.2 million was comprised of lumber segment net income of \$8.7 million offset by bioenergy segment net loss of \$0.2 million and corporate costs and other items of \$2.3 million. First quarter lumber segment EBITDA of \$10.5 million was offset by negative bioenergy segment EBITDA of \$0.2 million and corporate costs and other items of \$1.1 million.

Compared to the fourth quarter of 2012, lumber segment net income improved by \$9.9 million with approximately 50% of the increase attributable to higher mill net realizations, which largely reflects the rise in the average benchmark lumber price and reduction in export tax rate for U.S. shipments, and the balance primarily attributable to lower cost of sales resulting from productivity gains and cost containment. Compared to the first quarter of 2012, the benefits of a significant improvement in mill net realizations and moderate improvement in unit conversion costs were partially offset by higher unit log costs and resulted in a year over year increase in lumber segment net income of \$13.3 million.

Conifex Timber Issues Common Shares

The Company also announced today that it shall issue an aggregate of 6,162 common shares at a deemed price of \$8.17 per common share pursuant to severance arrangements with a former employee. The common shares are subject to a four-month hold period from date of issue.

Earnings Release Call

There will be a conference call held by the Company on Tuesday, May 14, 2013 at 8:00 AM Pacific time / 11:00 AM ET to discuss the first quarter financial and operating results. To participate in the call, please dial 416-340-2216 or toll free 866-226-1792. The call will also be available on instant replay access until May 28, 2013 by dialling 905-694-9451 or 800-408-3053 and entering participant pass code 1851950.

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". 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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