



**CONIFEX TIMBER INC.**

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

**Conifex Announces Second Quarter 2013 Results and Appointments of Director and Senior VP Marketing**

August 13, 2013, Vancouver, B.C. - Conifex Timber Inc. (“Conifex” or the “Company”) (TSX-V: CFF) today reported a net income of \$2.4 million or \$0.12 per diluted share for the second quarter of 2013 compared to net income of \$6.2 million or \$0.29 per diluted share for the previous quarter and a net loss of \$2.4 million or \$0.13 per share for the second quarter of 2012. Net income for the first six months of 2013 was \$8.6 million or \$0.42 per diluted share compared to a net loss of \$9.0 million or \$0.49 per share over the same period last year.

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

	Q2	Q1	YTD	Q2	YTD
(millions of dollars except share and per share amounts)	2013	2013	2013	2012	2012
Sales	64.4	66.2	130.7	55.8	103.2
EBITDA (1)	4.8	9.2	14.0	0.6	(3.2)
Operating income (loss)	3.3	6.6	9.9	(1.6)	(7.7)
Net income (loss)	2.4	6.2	8.6	(2.4)	(9.0)
Net income (loss) per share - basic	0.12	0.30	0.42	(0.13)	(0.49)
Net income (loss) per share - diluted	0.12	0.29	0.42	(0.13)	(0.49)
<b>Reconciliation of EBITDA to net income (loss)</b>					
Net income (loss)	2.4	6.2	8.6	(2.4)	(9.0)
Add: Interest expense	0.4	0.9	1.3	0.5	1.1
Depreciation and amortization	2.1	1.9	4.0	1.8	3.7
Deferred union payroll liability	(0.3)	(0.3)	(0.6)	-	-
Share based compensation	(0.1)	0.2	0.1	0.2	0.3
Accretion of convertible debentures	0.3	0.3	0.6	0.3	0.5
Loss of disposal of assets	-	-	-	0.2	0.2
EBITDA (1)	4.8	9.2	14.0	0.6	(3.2)

(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 \$64.4 million in the second quarter of 2013 compared to \$66.2 million in the previous quarter and \$55.8 million in the second quarter of 2012. Lumber shipments totalled approximately 132 million board feet during the second quarter of 2013 and included wholesale lumber shipments of approximately 12 million board feet. Shipments of Conifex produced lumber was largely flat compared to the previous quarter, which lagged current quarter production volumes by 12% as the Company built finished goods transit inventory late in the quarter in anticipation of increased export order files in the subsequent period. A decline in shipments of wholesale lumber of 28% or approximately 5 million board feet from the previous quarter was largely attributable to the decline in demand from the Chinese market.

Benchmark lumber prices (expressed in Canadian dollars) declined by 13% over the previous quarter and increased by 14% over the second quarter of 2012. During the second quarter of 2013, a decrease of 5% in overall average unit mill net realizations compared to the previous quarter was comprised of an increase of 15% from shipments to the Japanese market offset by declines of 6% to 9% from other markets. The Japanese market accounted for 10% of total shipment volumes and contributed to 14% of total overall mill net revenues during the second quarter of 2013.

Lumber production totalled 136 million board feet in the second quarter of 2013 and represents capacity operations at our two operating mills. On a corporate basis, which includes our idled mill, our operating rate on an annualized basis was approximately 73% versus 55% for the second quarter of 2012. The 9% increase in production volumes over the previous quarter and 33% over the second quarter of 2012 resulted in improvements in unit cash conversion costs of 2% and 13% respectively. Average hourly production over the first six months of 2013 increased by 18% compared to the same period last year. The more consistent production contributed to an improvement in the Company's safety performance as safety related incidents are often correlated with adverse operating conditions.

Overall unit log costs increased by 6% compared to the previous quarter and 14% over the second quarter of 2012 with improvements in lumber recovery of 4% and 11% respectively more than offset by an increase in the unit cost of delivered logs. The increase in delivered log costs is generally attributable to costs associated with increased stumpage rates, contractor rates and purchased log costs.

Second quarter 2013 net income of \$2.4 million was comprised of lumber segment net income of \$4.7 million offset by bioenergy segment net loss of \$0.2 million and corporate costs and other items of \$2.1 million. Second quarter lumber segment EBITDA of \$6.7 million was offset by negative bioenergy segment EBITDA of \$0.2 million and corporate costs and other items of \$1.7 million.

Compared to the first quarter of 2013, lumber segment net income declined by \$4.0 million as the effects of lower mill net realizations and higher log costs were only partially offset by the benefits of increased revenue from residuals and a modest improvement in unit cash conversion costs. Compared to the second quarter of 2012, lumber segment net income increased by \$5.4 million as the benefits of a significant improvement in mill nets realization from higher lumber prices and a zero percent export tax rate, and reduction in unit cash conversion costs more than offset higher log costs.

### **Appointment of Patrick Bell as Director**

The Company is pleased to announce the appointment of Patrick Bell to its Board of Directors. During his political career, Mr. Bell served three terms in the BC Legislature and held a number of high profile positions with the Provincial Government, including Minister of Jobs, Tourism and Skills Training, Minister of Forests and Range, and Minister of Agriculture. Mr. Bell's entrepreneurial career involved interests in a variety of businesses, including a logging company and a trucking company. Earlier in his career, Mr. Bell worked in the hospitality industry at a corporate level and remains involved with the organization as a franchisee.

### **Appointment of Hans Thur as Senior Vice President, Marketing**

The Company is pleased to announce the appointment of Hans Thur as Senior Vice President, Marketing, and President of its wholly-owned subsidiary Conifex Fibre Marketing Inc. effective in September 2013. Mr. Thur's background includes extensive marketing, sales and global supply chain management experience with a leading North American lumber manufacturer. Mr. Thur is

familiar with the softwood lumber wholesale and distribution business through direct experience gained earlier in his career.

### **Earnings Release Call**

There will be a conference call held by the Company on Wednesday, August 14, 2013 at 8:00 AM Pacific time / 11:00 AM ET to discuss the second 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 August 28, 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 anticipated export orders and the timing and completion of the bioenergy facility in Mackenzie, British Columbia. 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](http://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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