



CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

Conifex Announces Second Quarter 2012 Results

August 16, 2012, Vancouver, B.C. - Conifex Timber Inc. ("Conifex" or the "Company") (TSX-V: CFF) today reported a net loss of \$2.4 million or \$0.13 per share for the second quarter of 2012 compared to a net loss of \$6.5 million or \$0.38 per share for the first quarter of 2012, and a net loss of \$3.6 million or \$0.24 per share for the second quarter of 2011.

EBITDA in the second quarter of 2012 was positive \$0.6 million compared to negative \$3.8 million in the previous quarter and negative \$0.8 million in the second quarter of 2011. The EBITDA improvement over the comparative periods was mainly attributable to the lumber segment as corporate costs and costs related to the bioenergy segment were relatively constant in each period.

Lumber segment EBITDA was positive \$1.7 million for the second quarter of 2012, an increase of \$4.5 million over the previous quarter and \$1.5 million over the second quarter of 2011. The current quarter EBITDA improvement over both comparative periods was mainly a result of an improvement in mill net price realizations, an increase in shipments of residuals, a favourable inventory valuation adjustment and an increased contribution from the Company's recently acquired subsidiaries, partially offset by higher log costs, costs associated with planned maintenance downtime, slightly higher cash conversion costs and relative decline in profit from lumber future derivatives.

Lumber segment revenue totalled \$55.8 million during the second quarter of 2012 and represented an 18% increase over the previous quarter which was largely attributable to improved lumber prices. Shipment of Conifex produced lumber totalled 112 million board feet, a 3% decline from the previous quarter. Per unit mill net realization during the current quarter increased by 19% over the previous quarter largely due to the shipment of an improved sales mix and a recovery in low grade lumber prices. The higher value sales mix was largely attributable to improved grade outturns resulting from the recent completion of a capital upgrade and a return to a more typical log profile at Mackenzie.

Operating rates were 55% during the current quarter and the same quarter last year and 60% for the first quarter of 2012. Production volume and costs during the recent quarter were hampered by the planned maintenance downtime taken at both mills to undertake activities related to the mitigation of workplace hazards and the enhancement of safety and risk awareness measures with our employees. The Company estimates costs associated with these initiatives resulted in an expense of approximately \$1 million during the second quarter of 2012.

Earnings Release Call

There will be a conference call held by the Company on Friday, August 17, 2012 at 8:00 AM (Pacific time) to discuss the second quarter financial and operating results. To participate in the call, please dial 416-340-8530 or toll free 877-440-9795. The call will be available on instant replay access by dialling 905-694-9451 or 800-408-3053 and entering participant pass code 8116753.

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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". 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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