



**CONIFEX TIMBER INC.**

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

**Conifex Announces Fourth Quarter 2012 Results**

February 22, 2013, Vancouver, B.C. - Conifex Timber Inc. ("Conifex" or the "Company") (TSX-V: CFF) today reported a net loss of \$3.6 million or \$0.18 per share for the fourth quarter of 2012 compared to a net loss of \$2.8 million or \$0.19 per share for the previous quarter and a net loss of \$7.5 million or \$0.49 per share for the fourth quarter of 2011. The net loss for the year ended December 31, 2012 was \$16.2 million or \$0.86 per share compared to a net loss of \$16.9 million or \$1.11 per share for the year ended December 31, 2011.

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

(millions of dollars except share and per share amounts)	<b>Q4 2012</b>	<b>Q3 2012</b>	<b>YTD 2012</b>	<b>Q4 2011</b>	<b>YTD 2011</b>
Sales	60.0	54.4	217.6	38.7	124.8
Operating loss	(2.4)	(2.8)	(12.9)	(6.8)	(18.1)
Net loss	(3.6)	(3.7)	(16.2)	(7.5)	(16.9)
Net loss per share - basic and diluted	(0.18)	(0.19)	(0.86)	(0.49)	(1.1)
EBITDA	(0.3)	(0.5)	(4.0)	(5.2)	(6.8)
Shares outstanding - end of period (millions)	20.7	19.4	20.7	15.2	15.2
Shares outstanding - weighted average (millions)	19.6	19.4	18.9	15.2	15.2

**Statistics**

Lumber shipments - Conifex product (MMfbm)	110.2	107.5	444.2	116.7	360.3
Lumber production (MMfbm)	108.4	102.8	424.4	94.9	362.6
Average exchange rate - US\$/Cdn\$ (1)	1.009	1.005	0.998	0.981	1.012
Average WSPF 2x4 #2&Btr lumber price (US\$) (2)	\$ 335	\$ 301	\$ 300	\$ 239	\$ 255
Average WSPF 2x4 #2&Btr lumber price (Cdn\$)	\$ 332	\$ 299	\$ 299	\$ 244	\$ 252

**Reconciliation of EBITDA to Net Loss**

Net loss	(3.6)	(3.7)	(16.2)	(7.5)	(16.9)
Add: Interest expense	0.9	0.5	2.5	0.3	0.6
Depreciation and amortization	1.9	1.9	7.6	1.6	6.5
Deferred union payroll liability	(0.2)	-	(0.2)	(0.1)	1.1
Share-based compensation	0.3	0.4	1.0	0.2	0.8
Accretion of convertible debentures	0.3	0.3	1.0	0.3	1.0
Loss on disposal of assets	-	0.1	0.3	-	-
<b>EBITDA</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>(4.0)</b>	<b>(5.2)</b>	<b>(6.8)</b>

(1) Source: Bank of Canada website [www.bankofcanada.ca](http://www.bankofcanada.ca)

(2) Source: Random Lengths Publications Inc.

Revenues totalled \$60 million in the fourth quarter of 2012 compared to \$54.4 million in the previous quarter and \$38.7 million in the fourth quarter of 2011.

Consolidated EBITDA in the fourth quarter of 2012 was negative \$0.3 million compared to negative \$0.5 million in the third quarter of 2012 and negative \$5.2 million in the fourth quarter of 2011. Fourth quarter 2012 operating results included an expense of \$1.0 million related to a management reorganization of which \$0.7 million was included in the lumber segment results. The Company expects its more streamlined management structure will not only produce cost benefits but also heighten focus on and facilitate continuous operational improvements. EBITDA in the lumber segment was \$0.7 million in the fourth quarter of 2012, compared to positive \$1.0 million in the previous quarter and negative \$4.1 million in the fourth quarter of 2011. The benefit of higher lumber prices and mill net realizations during the fourth quarter of 2012 compared to the previous quarter was partially offset by a decline in revenue from residuals and an increase in log costs.

Lumber shipments for the fourth quarter of 2012 totalled 148 million board feet. The 16% increase in shipment volumes over the previous quarter was attributable primarily to a higher level of wholesale lumber activity. Revenues from lumber sales totalled \$53 million for the fourth quarter of 2012 compared to \$46 million in the previous quarter and \$34 million for the fourth quarter of 2011. Revenues from residual products declined by approximately 14% during the fourth quarter of 2012 compared to the previous quarter due primarily to lower unit prices for wood chip residuals.

Lumber production totalled 108 million board feet during the fourth quarter of 2012, an increase of over 5% over the previous quarter and 14% over the same quarter last year despite seasonal shutdowns and a planned curtailment at the Company's Fort St. James mill to accommodate a capital upgrade. Some of the productivity improvement reflects the benefits of the performance improvement program and progress of the new mill leadership team at the Fort St. James operations.

During 2012, the Company primarily focused on shorter-term opportunities to enhance the cash flow producing capabilities of its lumber segment assets. Since only modest improvements in lumber segment competitiveness were achieved in 2012, Conifex effected a management reorganization in December. Looking forward, management expects the benefits of an improved log profile at Mackenzie and capital upgrades at Fort St. James and Mackenzie will continue to enrich product mix and result in competitive mill net realizations. Unit cash conversion costs are expected to improve in 2013 due to normalization of certain operating costs, increased productivity and the achievement of further benefits from its performance improvement program.

#### **Earnings Release Call**

There will be a conference call held by the Company on Monday, February 25, 2013 at 8:00 AM Pacific time / 11:00 AM ET to discuss the fourth 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 March 11, 2013 by dialling 905-694-9451 or 800-408-3053 and entering participant pass code 1851950.

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, sawmilling logs into lumber and wood chips, and value added

lumber finishing and distribution. 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 2012 annual management's discussion and analysis, 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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