



August 24, 2009

### **Conifex Announces Significant Capital Expenditure Program**

Conifex Inc. intends to embark on a significant capital expenditure program at its Fort St. James BC forestry and sawmilling facility. The capital expenditure program, totaling approximately \$32 million, is expected to commence this fall and be completed one year later. The capital program calls for the modernization and upgrading of our lumber drying, planing and finishing operations.

Conifex CEO Ken Shields noted "The support Conifex received today from the federal government accelerates our plans to strengthen our product offering to off-shore markets, reduce our reliance on purchased natural gas, and move towards a two-shift operation at our sawmill. This is great news for Conifex, the community of Fort St. James, and also the logging contractors and suppliers that are so important to our business and this economy."

Ken Shields added "our loyal and talented employees have performed well since we resumed operations, and committing to these capital expenditures reflects the need to have modern equipment in place to ensure our future success."

Key components of the capital expenditure program are being finalized, but presently include:

- Installing a planer shavings thermal oil system to utilize wood waste to fuel our dry kilns, replacing purchased natural gas as an energy source;
- Installing a new dry kiln and converting other dry kilns to "zone-controlled" thermal oil heating which reduces lumber drying defects, improves grade outturn, and increases lumber recovery;
- Installing a GradExpert Automated Grading system which will strengthen our ability to produce products which require narrow and precise technical specifications;
- Speeding up our main planer and adding the necessary lumber sorting, stacking and packaging capacity to deal with an expanded output; and
- Relocating our second smaller planer into the same building as our main planer to operate an integrated planing complex.

Conifex intends to secure additional debt and equity financing to fund the capital expenditure program.

### **About Conifex**

In August of 2008, Conifex purchased the idled sawmill and forestry assets previously owned by Pope & Talbot and by Canfor Corporation. The mill had been idled in September 2007 and Conifex resumed operations on a one-shift basis in March 2009.

Conifex is a Canadian private corporation, 100% financed by shareholder funds. The Company is approximately 40% owned by its directors, 10% by three First Nations bands, and the balance by a cross section of individual and institutional investors.

The name Conifex is an amalgam of the words conifer and excellence.

### **Additional Information Contact**

Lorraine Ducharme, Vice President, Human Resources and Public Affairs,  
Ken Shields, CEO  
250 996 5400

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### **Conifex Inc.**

**300 Takla Road, P.O. Box 254, Fort St James, B.C., V0J 1P0 • 250-996-8241 • 250-996-5420 Fax**