



CONIFEX TIMBER INC.

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Conifex Announces First Quarter 2011 Results

May 26, 2011, Vancouver, B.C. - Conifex Timber Inc. ("Conifex" or the "Company") (TSX-V: CFF) today reported a net loss of \$3.6 million or \$0.24 per share and negative EBITDA of \$1.3 million for the quarter ended March 31, 2011. Overall EBITDA improved by \$0.9 million and net loss by \$0.3 million over the previous quarter. Net loss for the first quarter of 2010 was \$1.6 million and negative EBITDA was \$0.9 million. A reconciliation of EBITDA to net loss is provided below. Overall operating rates based on current total estimated production capacity increased to approximately 34% in the most recent quarter compared to 26% in the previous quarter and 21% in the first quarter of 2010.

First quarter 2011 lumber shipments totalled 62.5 million board feet and sales revenues totalled \$21.2 million. Sales revenues and shipments for the first quarter of 2011 increased by approximately 16% over the previous quarter and by approximately 68% over the same quarter last year. The increase was largely attributable to the fourth quarter 2010 re-start and commencement of shipments from the Mackenzie Site II mill in December 2010. The advantage of the increase in higher average lumber prices in certain items, particularly the "headline" WSPF 2x4 #2 & Btr, during the first quarter of 2011 was largely offset by the appreciation of the Canadian dollar and the failure of lumber prices for other grades and species to track the increase in the benchmark price. Sales to China and Japan accounted for 43% of total net lumber revenues in the first quarter of 2011 compared to 54% during the previous quarter and 26% during the same quarter last year.

Lumber production during the first quarter of 2011 totalled 63.5 million board feet, an increase of approximately 29% over the previous quarter and 60% over the first quarter of 2010 with the increase largely attributable to the November 2010 start-up of the Mackenzie Site II manufacturing facilities.

Unit manufacturing costs during the last two quarters were adversely impacted by production inefficiencies related to the recently completed capital improvement project at the Fort St. James site, costs related to idle facilities and the start-up of one sawmill complex at Mackenzie, and low overall operating rates. The Company added a second sawmill shift at Fort St. James and at Mackenzie in late March and expects overall operating rates to approach 70% of total estimated production capacity of 745 million board feet by the end of the second quarter of 2011.

Commenting on the results, Conifex CEO Ken Shields noted "Given our low operating rates and the significant changes occurring at our sawmill complexes in the first quarter, we anticipated our EBITDA would be negative. However, unit costs in our lumber segment are expected to decline throughout the balance of the year, enabling us to produce positive EBITDA on the assumption 2011 lumber prices average out at the same level achieved in 2010."

With the realization of several key initiatives during the most recent quarter, including the completion of a major capital expenditure program, Conifex's key priority in the short term continues to be to achieve positive EBITDA from its lumber operations. Management will be focused on improving margins by optimizing value from the fibre harvested and reducing cash conversion costs.

The Company also recently announced the initiation of a bioenergy cogeneration project at its Mackenzie sawmill site.

Reconciliation of EBITDA to Net Loss

(millions of dollars)	Q1 2011	Q4 2010	Q1 2010
Net loss	(3.6)	(3.9)	(1.6)
Add:			-
Depreciation and amortization	1.4	1.0	0.5
Deferred union payroll liability	0.3	0.2	0.2
Share based compensation	0.3	0.3	0.1
Accretion of convertible debentures	0.3	0.3	-
EBITDA*	(1.3)	(2.2)	(0.9)*

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 the Company'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.

Earnings Release Call

There will be a conference call held by the Company on Friday, May 27, 2011 at 8:00 AM (Pacific time) to discuss the first quarter financial and operating results. To participate in the call, please dial 416-695-6616 or toll free 800-355-4959. The call will also be available on instant replay access until June 30, 2011 by dialling 905-694-9451 or 800-408-3053 and entering participant pass code 6307115.

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. 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 intends to expand into the bioenergy business segment.

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 is expected to be operating at approximately 70% of capacity by the end of the second quarter of 2011. 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 those matters described in Schedule “A” to the filing statement of the Company dated May 25, 2010 under the heading “Risk Factors”, 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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