



CONIFEX

Conifex Timber Inc.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

Date and Time: June 22, 2020 at 4:00 p.m. (Vancouver time)



May 14, 2020

Dear Shareholders:

Our annual general and special meeting of shareholders will take place on June 22, 2020 at 4:00 p.m. (Vancouver time).

The meeting is your opportunity to:

- hear about our results in 2019 and our strategies for the future;
- vote on items of business brought before the meeting, namely the election of our directors, the appointment of our auditor and an amendment to increase the number of awards available for issuance under our stock incentive plan; and
- ask questions of our board of directors and senior management.

The items of business to be considered at the meeting, along with instructions on how to vote by proxy, are more fully described in our accompanying management information circular.

Due to the evolving COVID-19 pandemic and for the health and safety of our shareholders, employees, advisors and other stakeholders, we encourage you to vote in advance of the meeting by proxy instead of attending the meeting in person. Your board of directors unanimously recommends that shareholders vote FOR all nominees and resolutions at the meeting.

We ask that anyone considering attending the meeting in person review the most current advice of the British Columbia Ministry of Health and the Public Health Agency of Canada. Public health restrictions and recommendations may require that we restrict the number of people in attendance at the meeting. Any persons attending the meeting will be required to comply with health and safety measures that we may put in place. You should not attend the meeting if you or someone with whom you have been in close contact with are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days prior to the meeting.

In the event that it is not possible or advisable to hold the meeting in person, we may adjourn or announce alternative arrangements for the meeting.

We have mailed a copy of the management information circular to our registered shareholders and other shareholders who have asked to receive such information. Public documents, including our 2019 annual information form and audited financial statements, can also be accessed on our website at www.conifex.com and under our profile on SEDAR at www.sedar.com.

We thank you for your continued support.

Sincerely,

/s/ Kenneth A. Shields

Kenneth A. Shields
Chairman, Chief Executive Officer and President



Our business includes timber harvesting, reforestation, forest management, sawmilling logs into lumber and wood chips, and value added lumber finishing and distribution. Our lumber products are sold in the United States, Chinese, Canadian and Japanese markets. We also own and operate a power generation facility in Mackenzie, British Columbia. Our common shares are traded on the Toronto Stock Exchange under the symbol "CFF".

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**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 22, 2020**

TO: The shareholders of Conifex Timber Inc. ("**Conifex**")

NOTICE IS HEREBY GIVEN that our annual general and special meeting of shareholders will be held at 1000 – 925 West Georgia Street, Vancouver, British Columbia, Canada, on Monday, June 22, 2020, at 4:00 p.m. (Vancouver time) (the "**Meeting**"), for the following purposes:

1. to receive and consider our financial statements for the financial year ended December 31, 2019, together with the accompanying auditor's report;
2. to elect five directors to our board of directors for the ensuing year;
3. to appoint our auditor for the ensuing year and to authorize our directors to fix the remuneration to be paid to our auditor for the ensuing year;
4. to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution in the form attached at Appendix "A" to our management information circular dated May 14, 2020 (the "**Circular**"), approving an amendment to our amended and restated long-term performance incentive plan to increase the maximum number of common shares ("**Shares**") available for future issuances pursuant to the grant of long-term incentive awards thereunder, as more particularly described in the Circular; and
5. to transact such other business as may properly come before the Meeting and any adjournment(s) or postponement(s).

This Notice of Meeting is accompanied by the Circular, which provides important information relating to the matters to be addressed at the Meeting.

Your board of directors unanimously recommends that shareholders vote FOR all nominees and resolutions at the Meeting.

The board of directors has fixed the close of business (Vancouver time) on May 13, 2020 (the "**Record Date**") as the record date for the determination of holders of our Shares entitled to receive notice of and to vote at the Meeting, and any adjournment(s) or postponement(s). Only shareholders of record at the close of business (Vancouver time) on the Record Date will be entitled to vote at the Meeting.

In March 2020, the World Health Organization declared COVID-19 a pandemic, and the British Columbia government declared a state of emergency in the same month and introduced plans to reduce public gatherings and non-essential travel. In light of ongoing concerns related to the spread of COVID-19, our shareholders are strongly encouraged not to attend the Meeting but instead to vote on matters at the Meeting by proxy. Registered shareholders are therefore requested to complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the form of proxy and in the Circular accompanying this Notice of Meeting. A proxy will not be valid unless it is received by Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s). The chairman of the Meeting has the discretion to accept proxies received after that time. Registered shareholders of Conifex may also vote their proxies via telephone or the internet in accordance with the instructions provided in the proxy.

To help mitigate the risk of the spread of COVID-19, the Meeting will be made available by teleconference call, and all shareholders are encouraged to vote on the matters at the Meeting by proxy, using our Management Proxyholder(s)

(as defined in the Circular) to limit the number of attendees, and to listen to the Meeting by teleconference call. Only registered shareholders, non-registered shareholders who have followed the procedures described in the Circular and their respective proxyholders will be entitled to attend the Meeting in person. You should not attend the Meeting if you or someone with whom you have been in close contact with are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days prior to the Meeting.

A Shareholder who does not attend the Meeting in person may listen to the Meeting through teleconference call, commencing at 4:00 pm (Vancouver time) on June 22, 2020; **however, such Shareholders will not be able to vote or speak at, or otherwise participate in, the Meeting via the teleconference call.** Such Shareholders may also submit questions in advance of the Meeting by email which may, subject to shareholder verification and confirmation of the relevance and subject matter, be addressed at the Meeting. Teleconference call and email details are set out in the Circular which accompanies this Notice of Meeting.

We may take any additional precautionary measures that we consider necessary in relation to the Meeting in response to further developments in the COVID-19 outbreak, including: (i) holding the Meeting virtually or by providing a webcast of the Meeting; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms or who have or have been in contact with someone who has travelled outside of Canada within the 14 days immediately prior to the Meeting; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons, such as the Meeting. Should we determine that changes to the Meeting are required, we will announce these changes by news release, which will be filed on SEDAR as well as our website. We recommend that you view our website prior to the Meeting for the most current information. We do not intend to prepare or mail amended proxy and meeting materials if changes are required to the format of the Meeting.

DATED at Vancouver, British Columbia, Canada, as of the 14th day of May, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Kenneth A. Shields

Kenneth A. Shields

Chairman, Chief Executive Officer and President

If you are a non-registered shareholder of Conifex and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your Shares not being eligible to be voted by proxy at the Meeting.



MANAGEMENT INFORMATION CIRCULAR

Unless otherwise noted, information is provided as at May 14, 2020, for the Meeting to be held on June 22, 2020.

NOTICE TO READERS

This Circular is furnished in connection with the solicitation of proxies by and on behalf of management of Conifex for use at the Meeting and any adjournment(s) or postponement(s) for the purposes set forth in the accompanying Notice. As a Shareholder, it is important that you read this material carefully and then vote your Shares.

DEFINITIONS

In this Circular, unless otherwise stated:

"**AIF**" means our Annual Information Form for the year ended December 31, 2019.

"**Board**" or "**Board of Directors**" means our board of directors.

"**CGHR Committee**" means our Corporate Governance and Human Resources Committee.

"**Circular**" means this management information circular.

"**Code**" has the meaning ascribed thereto under "*Corporate Governance – Ethical Business Conduct*".

"**Computershare**" means Computershare Investor Services Inc., our transfer agent.

"**Conifex**", "**we**", "**us**" and "**our**" mean Conifex Timber Inc., together with our subsidiaries, as the context requires.

"**Diversity Groups**" has the meaning ascribed thereto under "*Corporate Governance – Diversity*".

"**DSUs**" means deferred share units.

"**EHS Committee**" means our Environmental, Health and Safety Committee.

"**Exchange**" has the meaning ascribed thereto under "*Securities Authorized for Issuance under Equity Compensation Plans – The Incentive Plan*".

"**Incentive Plan**" means our amended and restated long-term performance incentive plan dated June 25, 2018.

"**LTIP Awards**" has the meaning ascribed thereto under "*Statement of Executive Compensation – Elements of Compensation*".

"**LTIP Resolution**" means an ordinary resolution in the form attached at Appendix "A" to this Circular, approving an amendment to the Incentive Plan to increase the maximum number of Shares available for future issuances pursuant to the grant of LTIP Awards thereunder.

"**Management Proxyholder(s)**" means Kenneth A. Shields, a director and officer of Conifex, or, if Mr. Shields is unable to act, David E. Roberts, a director of Conifex.

"**Meeting**" means our annual general and special meeting of Shareholders to be held on June 22, 2020, and any adjournment(s) or postponement(s).

"**Named Executive Officers**" or "**NEOs**" have the meaning ascribed thereto under "*Statement of Executive Compensation*".

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*.

"**Nominees**" has the meaning ascribed thereto under "*Election of Directors*".

"**Notice**" means the notice of annual general and special meeting of Shareholders dated May 14, 2020, accompanying this Circular.

"**Pension Plan**" has the meaning ascribed thereto under "*Statement of Executive Compensation – Pension Plan Benefits*".

"**PSUs**" means performance share units.

"**Record Date**" means May 13, 2020.

"**RSUs**" means restricted share units.

"**Share**" means a common share of Conifex.

"**Shareholder**" means an owner of a Share as at the Record Date.

"**TSX**" means the Toronto Stock Exchange.

VOTING AND PROXIES: QUESTIONS AND ANSWERS

Q: Am I entitled to vote?

A: You are entitled to vote if you were a registered Shareholder as of the close of business on May 13, 2020, which we refer to as the Record Date. If you acquire Shares after the close of business on the Record Date, or if your name does not appear as a registered Shareholder as of the Record Date, you will not be entitled to vote those Shares at the Meeting.

Each Share entitles the Shareholder thereof to one vote. As at May 13, 2020, there were 47,027,507 Shares outstanding.

If you are the beneficial owner of Shares not registered in your name, please refer to "*Voting by Non-Registered Shareholders: Questions and Answers*" on page 5 below for a description of the procedures to be followed to vote your Shares. You may be a non-registered Shareholder if your Shares are held in "street name" by an intermediary (such as a bank, trustee, broker or investment dealer or an administrator of self-administered RRSPs, RRIFs, RESPs and similar plans) or the name of a clearing agency for which your intermediary is a participant.

Q: What am I voting on?

A: The following matters:

- the election of our directors to hold office until next year's annual general meeting;
- the appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, as our auditor until next year's annual general meeting, at a remuneration to be fixed by the directors; and
- the LTIP Resolution.

Q: How do I vote?

A: If you are a registered Shareholder, you may vote by (1) voting your proxy in accordance with the instructions provided in the form of proxy, including via telephone or the internet; (2) attending the Meeting in person and voting; or (3) completing and signing a form of proxy appointing someone to represent you and to vote your Shares at the Meeting. Completing, signing and returning a form of proxy will not prevent you from attending the Meeting in person. In response to the ongoing COVID-19 outbreak, however we ask that Shareholders not attend the Meeting in person, but instead vote by completing and returning a proxy in the form enclosed.

Q: Will I be able to follow the Meeting if I do not attend in person?

A: If you do not attend the Meeting in person, you will still be able to listen to the Meeting by teleconference. However, you will not be able to vote or speak at, or otherwise participate in, the Meeting via the teleconference call. You may also submit questions in advance of the Meeting by email which may, subject to shareholder verification and confirmation of the relevance and subject matter, be addressed at the Meeting.

Q: What if amendments are made to these matters or if other matters are brought before the Meeting?

A: If you have completed and returned a proxy in the form enclosed, the person(s) named in it will have discretionary authority with respect to amendments or variations to matters identified in the Notice and to other matters which properly come before the Meeting. If any other matter properly comes before the Meeting, the persons so named will vote on it in accordance with their judgment. If you attend the Meeting in person and are eligible to vote, you may vote on such matters as you choose. As of the date of this Circular, our management does not know of any such amendment, variation or other matter expected to come before the Meeting.

Q: Who is soliciting my proxy?

A: Our management is soliciting your proxy. Solicitation of proxies will be primarily by mail. Proxies may also be solicited personally by our officers at nominal cost. The cost of this solicitation will be borne by us.

Q: If I deliver a proxy, who will vote my Shares?

A: Kenneth A. Shields (or, if Mr. Shields is unable to act, David E. Roberts), have been named as the Management Proxyholder(s) in the accompanying proxy and will represent the Shareholders at the Meeting that deliver proxies that do not name a different proxyholder.

You can appoint a person or company other than the Management Proxyholder(s) to represent you at the Meeting. To do so, you must write the name of your chosen proxyholder in the blank space provided in the form of proxy. It is important to ensure that any other person you appoint as proxyholder will attend the Meeting and is aware that his or her appointment has been made to vote your Shares and that he or she should present himself/herself to a representative of Computershare. We encourage you to vote by proxy using our Management Proxyholder(s) in order to reduce attendance at the Meeting and to help stop the spread of COVID-19.

Q: What if my Shares are registered in more than one name or in the name of my company?

A: If your Shares are registered in more than one name, all those registered must sign the form of proxy. If your Shares are registered in the name of your company or any name other than yours, we may require that you provide documentation that proves you are authorized to sign the form of proxy.

Q: What if I plan to attend the Meeting and vote in person?

A: To mitigate the risk of further spread of COVID-19, we ask that shareholders follow the Meeting by teleconference. If you plan to attend the Meeting and wish to vote your Shares in person, you do not need to complete or return a form of proxy. Your vote will be taken and counted at the Meeting. Please register with the scrutineer when you arrive at the Meeting. If your Shares are not registered in your name, but you wish to attend the Meeting, please see "*Voting by Non-Registered Shareholders: Questions and Answers*" on page 5.

Q: What happens when I sign and return a form of proxy?

A: You will have given authority to whomever it appoints as your proxyholder to vote, or withhold from voting, your Shares at the Meeting in accordance with the voting instructions you provide.

Q: What do I do with my completed form of proxy?

A: Return it to Computershare at the address set out below on page 5 so that it arrives no later than 4:00 p.m. (Vancouver time) on June 18, 2020 or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the adjourned or postponed Meeting. The chair of the Meeting has the discretion to accept proxies received after the deadline.

Q: How will my Shares be voted if my proxy is in the enclosed form with no other person named as proxyholder?

A: The Management Proxyholder(s) will vote or withhold from voting your Shares in accordance with your instructions.

In the absence of such instructions, your Shares will be voted FOR the election of the directors nominated by management, FOR the appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditor and for the LTIP Resolution.

Q: Can I revoke a proxy once it has been given?

A: Yes. If you are a registered Shareholder as of the Record Date, you may revoke your proxy with an instrument in writing (which can be another proxy with a later date) and delivered to Computershare or our registered office, up to and including the last business day preceding the day of the Meeting (or any adjournment(s) or postponement(s)), or to the individual chairing the Meeting prior to the commencement of the Meeting or any adjournment(s) or postponement(s). Any written revocation must be duly executed by you or your attorney authorized in writing or, if you hold your Shares through a company, by an authorized officer.

Please note that your participation in person in a vote by ballot at the Meeting would automatically revoke any proxy you have given in respect of the item of business covered by that vote.

If you are not a registered Shareholder, you must follow the instructions given to you by your intermediary to revoke your voting instructions.

Q: Who are the principal holder(s) of our Shares?

A: The principal holder(s) (persons or companies that beneficially own or exercise control or direction over more than 10% of a class of our outstanding Shares), to the knowledge of our directors and executive officers and based on public information, are set out below in this Circular.

Q: What if I have further questions?

A: You can contact our transfer agent, Computershare, at:

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Toronto, ON M5J 2Y1

1-800-564-6253 (toll free North America)
1-514-982-7555 (international)

VOTING BY NON-REGISTERED SHAREHOLDERS: QUESTIONS AND ANSWERS

Q: If my Shares are not registered in my name, how do I vote my Shares at the Meeting?

A: Many of our Shareholders do not hold their Shares registered in their name, but instead hold their Shares in the name of an intermediary or a nominee, such as a trustee, broker or other financial institution. Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.

If you are a non-registered Shareholder and are receiving these materials from your broker or other intermediary, you should carefully follow the instructions provided by your intermediary on how to direct the voting of your Shares or you may lose your right to vote at the Meeting, either in person or by proxy.

If you are a non-registered Shareholder, there are generally two ways that you can direct the voting of your Shares:

- 1) By providing voting instructions to your intermediary:

Applicable securities laws require an institutional intermediary to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received with these materials, from your intermediary either a request for voting instructions or a form of proxy for the number of Shares you beneficially own. Every institutional intermediary has its own mailing procedures and provides its own signing and return instructions, which you should follow carefully to ensure that your Shares are voted at the Meeting.

- 2) By being appointed as a proxyholder and attending the Meeting in person:

We generally do not have access to the names of all of our non-registered Shareholders. Therefore, if you attend the Meeting, we may have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder.

If you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or form of proxy provided by your nominee to appoint yourself as proxyholder. If you are a non-registered Shareholder and instruct your nominee to appoint yourself as proxyholder, you should present yourself to the scrutineer of the Meeting with appropriate identification. In light of the continued COVID-19 outbreak, all Shareholders are encouraged not to

attend in person, but to vote on the matters at the Meeting by proxy, using our Management Proxyholder(s) to limit the number of attendees.

MEETING TELECONFERENCE CALL

In light of ongoing concerns related to the spread of COVID-19 all Shareholders are encouraged not to attend in person, but to vote on the matters at the Meeting by proxy using our Management Proxyholder(s) to limit the number of attendees, and to listen to the Meeting by way of teleconference call. A Shareholder may listen to the teleconference call using the dial-in access instructions below, commencing at 4:00 pm (Vancouver time) on June 22, 2020; **however, such Shareholders will not be able to vote or speak at, or otherwise participate in, the Meeting via the teleconference call.** A Shareholder who does not attend the Meeting may, however, also submit questions to us in advance of the Meeting by email at investorrelations@conifex.com which may, subject to shareholder verification and confirmation of the relevance and subject matter, be addressed at the Meeting.

For teleconference access, please dial 1-800-806-5484 (toll free in North America) or 416-340-2217 and use passcode 3400618#.

MEETING SUMMARY

The following is a summary of certain information contained in this Circular concerning the business that will be transacted at the Meeting and the matters that you will be asked to vote on. This summary is not intended to be complete. You should read the entire Circular, including any appendices, carefully.

Presentation of Financial Statements

Our audited annual consolidated financial statements for the year ended December 31, 2019 and the accompanying auditor's report will be presented to Shareholders at the Meeting, but no vote with respect to them is required or proposed to be taken. You may view our consolidated financial statements online on our website at www.conifex.com and under our profile on SEDAR at www.sedar.com. You will have an opportunity to ask questions about our consolidated financial statements at the Meeting as described herein.

Election of Directors

The Board is recommending five persons for election to our Board of Directors at the Meeting. Further information on each Nominee can be found in this Circular under "*Election of Directors*". Each of our directors are elected each year at the annual general meeting and hold office until the next annual general meeting, unless that director resigns or until the director sooner ceases to hold office.

As a Shareholder, you have the opportunity to vote in the election of directors. The Board has adopted a majority voting policy with respect to the election of directors. This means that any director that receives more "withheld" votes than "for" votes in an uncontested election will be required to tender his or her resignation, which the Board will accept absent extraordinary circumstances. For further information on our majority voting policy, see "*Corporate Governance – Majority Voting Policy*".

The Board recommends that you vote FOR all Nominees standing for election.

Appointing the Auditor

The Board is proposing that PricewaterhouseCoopers LLP, Chartered Professional Accountants, Vancouver, Canada, be re-appointed as auditor, at a remuneration to be fixed by the Board. We have requested a representative of PricewaterhouseCoopers LLP, Chartered Professional Accountants, to be available to answer questions at the Meeting.

The Board recommends that you vote FOR the resolution appointing PricewaterhouseCoopers LLP, Chartered Professional Accountants, as our auditor and authorizing the Board to fix their remuneration.

The LTIP Resolution

Shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, the LTIP Resolution. In order for the LTIP Resolution to be passed, it must be approved at the Meeting by a majority of the votes cast at the Meeting by or on behalf of the holders of our Shares in accordance with the requirements of the TSX. See "*Increase in LTIP Awards*" for further information regarding the LTIP Resolution.

The Board recommends that you vote FOR the LTIP Resolution.

VOTING SECURITIES AND PRINCIPAL HOLDERS

Our authorized capital consists of an unlimited number of Shares. As at May 13, 2020, there were a total of 47,027,507 Shares outstanding. Each Share entitles the Shareholder to one vote.

Principal Holders of Shares

The following table lists, to the knowledge of our directors and executive officers, based solely on public information, those persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, Shares carrying 10% or more of the voting rights attached to all of our outstanding Shares as at May 13, 2020:

Name	Number of Shares	Percentage of Outstanding Shares
Polar Asset Management Partners Inc.	8,673,747 ⁽¹⁾	18.44%
BW SLC Holdings, LLC	8,197,215 ⁽²⁾	17.43%

Notes:

- (1) Based on publicly available information, the reported Shares are held by Polar Asset Management Partners Inc. on behalf of client accounts over which it has discretionary trading authority.
- (2) Based on publicly available information, BW SLC Holdings, LLC also holds 2,125,000 warrants entitling it to purchase, subject to certain restrictions, 2,125,000 Shares of Conifex, and also maintains control or direction over 55,158 Shares and 179,878 warrants owned by its affiliate Caddo River Forest Products Investment Holdings LLC.

ELECTION OF DIRECTORS

The Board is recommending five persons (the "**Nominees**") for election at the Meeting. Each of the five persons whose name appears below is proposed by the Board to be nominated for election as a director of Conifex to serve until the next annual general meeting of Shareholders or until the director sooner ceases to hold office.

The following table (and notes thereto) states the name and province or state and country of residence of each Nominee, all offices of Conifex now held by the Nominee, the period of time for which the Nominee has been a director of Conifex and the number of Shares beneficially owned by the Nominee, directly or indirectly, or over which the Nominee exercises control or direction, as at the date hereof.

The Board recommends that you vote FOR all Nominees standing for election.

Name, Province or State and Country of Residence	Current Position(s) with Conifex	Director Since	Shares (#)
Kenneth A. Shields ⁽¹⁾ British Columbia, Canada	Chairman, Chief Executive Officer, President and Director	June 3, 2010	1,257,539 ⁽²⁾⁽³⁾
David E. Roberts ⁽⁴⁾⁽⁵⁾ Ontario, Canada	Director	May 27, 2010	451,277 ⁽⁶⁾⁽⁷⁾
Michael Costello British Columbia, Canada	Director	April 18, 2012	42,500 ⁽⁸⁾⁽⁹⁾
Janine North ⁽¹⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Director	February 14, 2017	52,000 ⁽¹⁰⁾
Charles P. Miller ⁽⁴⁾ Texas, United States of America	Director	July 9, 2018	Nil

Notes:

- (1) A member of the EHS Committee, which is currently comprised of Messrs. Tom Reed (Chair) and Shields and Ms. North. Following the Meeting, the EHS Committee is expected to be comprised of Mr. Costello (Chair), Mr. Shields and Ms. North.
- (2) Does not include 100,000 options to purchase Shares on a one-for-one basis held by Mr. Shields. Mr. Shields also holds 200,000 PSUs and 590,000 RSUs. Each PSU and RSU represents, on vesting, one Share, provided that we may pay Mr. Shields the equivalent value in cash for such Shares, on the terms and conditions set forth in the applicable award agreements. For additional information, see "*Statement of Executive Compensation – Elements of Compensation*" below.
- (3) An aggregate of 83,256 of these Shares are held jointly by Mr. Shields with his spouse.
- (4) A member of the Audit Committee, which is comprised of Ms. North (Chair) and Messrs. Roberts and Miller.
- (5) A member of the CGHR Committee, which is comprised of Messrs. Roberts (Chair), Reed, and Judd and Ms. North. Following the Meeting, the CGHR Committee is expected to be comprised of Mr. Roberts (Chair), Ms. North and Mr. Miller.
- (6) An aggregate of 420,027 of these Shares are held indirectly by Mr. Roberts through D.E. Roberts Inc., an Ontario private company.
- (7) Mr. Roberts also holds 4,291 DSUs, which shall vest after the date that Mr. Roberts ceases to be a director of Conifex for any reason. We may pay the DSUs by the issuance of an equal number of Shares or by payment of the equivalent value of such Shares in cash on the terms and conditions set forth in the applicable award agreement.

- (8) Mr. Costello's spouse is the registered holder of 3,500 of these Shares.
(9) Mr. Costello also holds 4,291 DSUs. For vesting and payment terms of DSUs, see note #7 above.
(10) Ms. North also holds 4,291 DSUs. For vesting and payment terms of DSUs, see note #7 above.

Set out below are the profiles of our Nominees for election at the Meeting:

Kenneth A. Shields, age 71, Chairman, Chief Executive Officer, President and Director. Mr. Shields currently serves as a director of the Forest Products Association of Canada, the British Columbia Lumber Trade Council, the Council of Forest Industries and Bioindustrial Innovation Canada. Mr. Shields previously served as Chair of the Canadian Bioenergy Association and director of the Investment Dealers' Association of Canada, Raymond James Financial Inc., Mercer International Inc., TimberWest Forest Corp. and Slocan Forest Products Ltd. Mr. Shields resigned as Chief Executive Officer of Raymond James Ltd. in 2006 to devote his efforts to launching Conifex.

David Roberts, age 78, Director. Mr. Roberts retired in 2004 from Raymond James Ltd. where he headed its institutional equity business based in Toronto, Ontario.

Michael Costello, age 69, Director. Mr. Costello has held a number of executive and board positions during his career. Mr. Costello has served as President and Chief Executive Officer of the British Columbia Transmission Corporation, President and Chief Executive Officer of British Columbia Hydro and Power Authority and Deputy Minister of Finance and Secretary to the Treasury Board for the Government of British Columbia and the Government of Saskatchewan. Mr. Costello previously served as Chair of the Canadian Electricity Association, Chair of the Energy Council of Canada and director of the Vancouver Island Health Authority, the Ontario Power Authority and InTransit BC.

Janine North, age 59, Director. Ms. North currently serves as a director for Imperial Metals Corporation. Ms. North is a former director of British Columbia Hydro and Power Authority, viaSport, Canadian Sport Institute Pacific, Business Council of British Columbia, Association for Mineral Exploration of British Columbia, Agricultural Institute of Canada, Junior Achievement BC, the Nechako-Kitimaat Development Fund Society and the Central Interior Logging Association. Ms. North retired from the Northern Development Initiative Trust in 2016 after serving 11 years as the founding Chief Executive Officer.

Charles P. Miller, age 59, Director. Mr. Miller has served as a Partner of Blue Wolf Capital Partners LLC since 2010, and serves on the boards of Blue Wolf portfolio companies Pharmaceutical Strategies Group LLC, Novo Building Products, The Mulch and Soil Company LLC and Petrosmith, LLC. Prior to joining Blue Wolf Capital Partners LLC, Mr. Miller was a partner at Patton Boggs LLP, where he served as firm-wide Deputy Managing Partner and Managing Partner of the firm's Dallas, Texas office. Mr. Miller has also served as a director of numerous for profit and non-profit organizations.

CORPORATE GOVERNANCE

Board of Directors

Our directors are responsible for managing and supervising the management of our business and affairs. Each year, the Board considers the relationship that each director has with us as part of its assessment of director independence. A majority of our directors are "independent" within the meaning set out in NI 52-110.

Other than interests arising from shareholdings in Conifex, and other than as may be set forth herein, all of our directors are independent in that they are free from any interest which could reasonably interfere with their exercise of independent judgment as our directors. Mr. Shields is currently our Chief Executive Officer and President and therefore not independent.

In order to facilitate its exercise of independent judgment in carrying out its responsibilities, the Board may establish informal committees as needed consisting solely of independent directors to consider matters to be considered by the Board. The Board, or any committee, may also seek advice from outside advisors. The Board also follows a practice whereby any director who has an interest in a matter that the Board is considering will either abstain from voting on the matter or exit the Board meeting.

The following director of Conifex holds a directorship in another reporting issuer as set out below:

Name of Director	Name of Other Reporting Issuer
Janine North	Imperial Metals Corporation

The independent directors regularly attend meetings at which non-independent director(s) and members of management are not present. However, in order to facilitate open and candid discussion among independent directors, communication among the independent directors is also encouraged on an informal and ongoing basis. Independent members may also seek the advice of financial, legal or other advisors when necessary.

The Board does not have a Chairman independent of management. Mr. Shields, the Chairman of the Board, is also our Chief Executive Officer and President. The Board believes that this structure best reflects our entrepreneurial leadership. The Board is satisfied that the autonomy of the Board and its ability to function independently of management are protected through measures such as the Audit Committee and the CGHR Committee being composed entirely of independent directors and by substantially all of our Board (4 of 5 members) being independent. In order to provide leadership for its independent directors, Mr. Costello was appointed as our independent Lead Director. We have adopted written position descriptions for the Chief Executive Officer, Chairman and the Lead Director, each of which are contained in our Corporate Governance Guidelines, which can be found online at our website at www.conifex.com.

Board committees assist in the effective functioning of the Board. The Board has three standing committees: the Audit Committee, the CGHR Committee and the EHS Committee. Each committee operates under written Terms of Reference contained in our Corporate Governance Guidelines, which can be found online at our website at www.conifex.com. The Chair of each committee follows the Terms of Reference for its respective committee. We have not developed a separate written position description for committee Chairs. The Audit Committee and the CGHR Committee are comprised entirely of independent directors, which helps ensure that the views of the independent directors are effectively presented on these committees. Currently, Mr. Shields serves on the EHS Committee, which is therefore comprised of 66²/₃% independent directors. We believe that the composition of the EHS Committee, including the past experience of its members, including Mr. Shields, is best suited to fulfill the role of the committee in accordance with its charter. Special committees may be formed (whether formally or informally) from time to time to review particular matters or transactions.

The Audit Committee is appointed by the Board to assist in monitoring: (i) the integrity of our financial statements; (ii) our compliance with legal and regulatory requirements; and (iii) the qualification, appointment, independence and performance of our external auditor and senior financial executives.

The members of the Audit Committee are:

Janine North (Chair);
David E. Roberts; and
Charles P. Miller.

The CGHR Committee acts in an advisory capacity to the Board on governance and nominating matters. Additionally, on compensation and human resources matters, the CGHR Committee is responsible for (a) discharging the Board's responsibilities relating to compensation of our directors and officers, and (b) overseeing the performance and development of our senior executives. The CGHR Committee has overall responsibility for approving and evaluating our director and officer compensation plans, policies and programs. The CGHR Committee is responsible for reviewing the performance of senior executives and approving succession planning.

The members of the CGHR Committee are David E. Roberts (Chair), George R. Judd, Tom Reed and Janine North. Following the Meeting, we expect the CGHR Committee to be comprised of:

David E. Roberts (Chair);
Janine North; and
Charles P. Miller.

The CGHR Committee is also responsible for assisting the Board to fulfill its duty to meet applicable legal, regulatory and (self-regulatory) business principles and "codes of best practice" of corporate behavior and conduct.

The EHS Committee is responsible for reviewing on behalf of the Board the policies and processes implemented by management, and the resulting impact and assessments of all of our health, safety and environmental related activities.

The members of the EHS Committee are Tom Reed (Chair), Kenneth A. Shields and Janine North. Following the Meeting, we expect the EHS Committee to be comprised of:

Michael Costello (Chair);
Kenneth A. Shields; and
Janine North.

In the fourth quarter of 2019, we formed a strategic committee of independent directors consisting of Janine North, David E. Roberts, Tom Reed and Michael Costello, to consider certain strategic initiatives including one or a combination of asset sales, refinancing alternatives or restructuring transactions. The strategic committee met five times in the quarter, and was subsequently disbanded following the execution of our agreement to sell our U.S. sawmill businesses in December 2019.

Meeting Attendance Report

The meeting attendance records for each of our directors in 2019, including each committee of which the director is a member, is set out below.

Director	Board Meetings	Committee		
		Audit	CGHR	EHS
Kenneth A. Shields	17/17	N/A	N/A	4/4
David E. Roberts	17/17	5/5	4/4	N/A
Michael Costello	16/17	2/2	2/2	N/A
Janine North	16/17	5/5	4/4	4/4
Charles P. Miller	16/17	2/2	N/A	N/A
Jim Jia ⁽¹⁾	16/17	N/A	N/A	N/A
Tom Reed ⁽¹⁾	17/17	N/A	4/4	4/4
George R. Judd ⁽¹⁾	15/17	N/A	2/2	N/A
George Malpass ⁽²⁾	11/11	N/A	N/A	N/A
Pat Bell ⁽²⁾	11/11	N/A	N/A	2/2

Notes:

- (1) Messrs. Jia, Reed and Judd are not standing for re-election at the Meeting.
(2) Mr. Malpass and Mr. Bell's terms as directors expired on June 24, 2019.

Orientation and Continuing Education

New directors receive historical and forward-looking information about us, the Board and committees, our industry, senior management and our strategic objectives.

The Board does not have a formal continuing education program. However, our directors are experienced in boardroom procedure and corporate governance and regularly share their experiences with other members of the Board, which assists the Board in identifying and adopting, on a continuing basis, best corporate practices and identifying any continuing education programs that could be relevant. Additionally, the Board regularly engages with outside advisors, including legal counsel, on corporate governance matters.

Ethical Business Conduct

We have adopted a Code of Business Conduct and Ethics (the "**Code**"), which is available on our website at www.conifex.com. The Code sets out the principles that should guide the behavior of our directors, officers and employees and addresses issues such as:

- (a) conflicts of interest;
- (b) public filings and communications;
- (c) accounting, record keeping and personal transactions;
- (d) relations with our auditor;
- (e) compliance with laws, rules and regulations;
- (f) insider trading;
- (g) corporate opportunities;
- (h) discrimination and harassment;
- (i) health and safety;
- (j) environmental protection;
- (k) protection and proper use of our assets; and
- (l) procedures for reporting concerns.

The Chair of the CGHR Committee is responsible for collecting accounts of possible violations of the Code and referring them to the appropriate director of the Audit Committee for review. The status of any active concerns is reported to the Board on a quarterly basis. All of our directors and senior officers periodically confirm compliance with the Code.

To ensure our directors exercise independent judgment in considering any transaction, agreement or decision in respect of which a director or executive officer has declared a material personal interest (in accordance with relevant corporate law requirements), the Board follows a practice whereby any such Board member removes himself or herself during relevant Board discussion and does not cast a vote on any such matter. Significant contracts that may be deemed to pose a conflict may also be reviewed and approved by the Audit Committee.

Nomination of Directors

The CGHR Committee is responsible for advising the Board with respect to the filling of vacancies on the Board and making recommendations as to nominees for the Board. The CGHR Committee uses an informal consultative process for identifying new candidates.

The CGHR Committee analyzes the needs of the Board when vacancies arise and identifies and proposes new nominees who have the necessary competencies and characteristics to meet such needs. Factors the CGHR Committee considers include experience, industry knowledge, financial literacy, board diversity, board renewal considerations and personal characteristics. New candidates are introduced to the Board by members of the CGHR Committee.

In order to foster an objective nomination process, the independent members of the Board are encouraged to recommend nominees for the Board.

Compensation

The CGHR Committee was also appointed by the Board to, among other things, discharge the Board's responsibilities relating to compensation of our directors and officers. The CGHR Committee periodically reviews the adequacy and form of compensation to ensure that it realistically reflects the responsibilities and risks involved in being a director or officer of a Canadian public company and that such compensation allows us to attract qualified candidates. Such review includes an examination of publicly available data and may include independent compensation surveys.

The CGHR Committee annually reviews, evaluates and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer's performance in light of those goals and objectives and recommends to the Board the Chief Executive Officer's compensation level based on this evaluation. The CGHR Committee also reviews and recommends to the Board other executive officer compensation, including: salary; bonus and incentive compensation levels; deferred compensation; perquisites; equity compensation (including awards to induce employment); severance arrangements; change-in-control benefits and other forms of executive officer compensation. The CGHR Committee meets without the presence of executive officers when approving Chief Executive Officer compensation but may invite the Chief Executive Officer to be present during approval of other executive officer compensation.

In order to help us form an objective process for determining compensation, the CGHR Committee may review independent materials such as pay survey data and industry reports. The CGHR Committee may benchmark against other companies in the same industry using peer group studies compiled for the CGHR Committee. The CGHR Committee may also consult with outside, independent, compensation advisory firms as it considers necessary. In June 2018, we retained Willis Towers Watson to provide an assessment of the competitiveness of certain of our executive compensation arrangements. For further information, see the section of this Circular entitled "*Statement of Executive Compensation – Compensation Governance*" below.

Assessments

The Board is responsible for keeping management informed of its evaluation of our performance and the performance of our senior officers in achieving and carrying out the Board's established goals and policies, and is also responsible for advising management of any remedial action or changes which it may consider necessary. Additionally, directors are expected to devote the time and attention to our business and affairs as necessary to discharge their duties as directors effectively.

The Board does not have a formal process to monitor the effectiveness of the Board, its committees and individual members, but rather relies on an informal review process. In order to gauge performance, the Board considers the following principal factors:

- (a) input from directors, where appropriate;
- (b) attendance of directors at meetings of the Board and any committee;
- (c) the charter of each committee;
- (d) balancing continuity and experience with board renewal considerations; and
- (e) the competencies and skills each individual director is expected to bring to the Board and each committee.

Board Renewal

We do not have a mandatory retirement age or limit on the number of terms that a director may serve. The Board recognizes the value of board renewal and the perspectives that new directors can bring, and considers these factors when nominating candidates for directorship and conducting assessments of the Board's performance. The Board balances these interests against the value of having members with company and industry-specific knowledge that can be gained through continuous service.

Diversity

We value the benefits that having a diverse board and management team can provide to our decision making process and value provided to Shareholders. The CGHR Committee takes diversity into account as part of its selection process for director nominees and filling Board vacancies. Similarly, diversity is one of several important factors considered when hiring and promoting candidates for executive officer and senior management positions.

We have not adopted a written policy relating to the identification and nomination of women, Indigenous peoples, persons with disabilities and members of visible minorities (collectively, "**Diversity Groups**") as directors or established specific targets for the representation from each of the Diversity Groups on the Board or in executive officer positions. We believe that diversity is an important factor when identifying candidates for director or executive

officer positions and, to that end, encourage people from Diversity Groups to apply for open positions. We, however, evaluate diversity as one of a variety of factors when considering a candidate, including their skills, expertise, experience and personal characteristics, with the ultimate priority being to ensure candidates bring value to us and our Shareholders.

The Board currently has one female director, representing 20% of our total directors nominated for election. Additionally, 20% of our executive officers are women.

Majority Voting Policy

In 2015, on the recommendation of the CGHR Committee, the Board adopted a majority voting policy. Under the policy, any director who receives more "withheld" votes than "for" votes in an uncontested election (*i.e.*, an election where there are not more nominees than the number of Board seats available) will be required to tender his or her resignation to the Board. The resignation will be effective when accepted by the Board, and any director tendering such a resignation will not be permitted to participate in Board or committee deliberations regarding the resignation. The CGHR Committee will consider the resignation and make its recommendation to the Board on whether or not to accept the resignation. The CGHR Committee expects to recommend any such tendered resignation for acceptance, and the Board expects to accept such a resignation. The Board will announce its decision (including any reasons for not accepting a resignation) by way of a news release within 90 days of the date of the meeting at which the election occurred.

Compensation of Directors

Our non-executive directors are paid an annual retainer of \$40,000. Non-executive directors are not paid additional amounts for each Board meeting attended. The Lead Director is paid an additional annual retainer of \$20,000.

The chair of the Audit Committee, CGHR Committee and the EHS Committee each receive retainers of \$10,000 per year. Committee members receive an annual retainer of \$2,500 for each committee of which they are a member. Committee members are not paid additional amounts for each committee meeting attended. Our Audit Committee is comprised of Janine North (Chair), David E. Roberts and Charles P. Miller and our EHS Committee is currently comprised of Tom Reed (Chair), Kenneth A. Shields and Janine North. Following the Meeting, we expect the EHS Committee to be comprised of Michael Costello (Chair), Kenneth A. Shields and Janine North. The CGHR Committee is comprised of David E. Roberts (Chair), George R. Judd, Tom Reed and Janine North, all of whom are "independent" members as that term is used in NI 52-110. Following the Meeting, we expect the CGHR Committee to be comprised of David E. Roberts (Chair), Janine North and Charles P. Miller.

In 2019, our non-executive directors were entitled to be paid the same numerical values as set forth above, but in US\$. Subsequent to year-end, our directors agreed to accept a reduced payment for all fees owed in 2019 and agreed that future fees would be paid in Canadian dollars.

From time to time, at the discretion of the Board, our non-executive directors may also be compensated for extraordinary time commitments, such as those resulting from additional travel or special assignments.

The following table states the director's fees earned by our directors in our most recently completed financial year.

Name	Fees earned ⁽¹⁾ (\$)
David E. Roberts	55,949
Michael Costello	58,467
Janine North	54,320
Charles P. Miller	34,002
Jim Jia ⁽²⁾	33,173
Tom Reed ⁽²⁾	56,393
George R. Judd ⁽²⁾	34,002
George Malpass ⁽³⁾	36,490
Pat Bell ⁽³⁾	33,173

Notes:

- (1) We paid our directors' fees in United States dollars in 2019. The reported fees are presented in Canadian dollars, converted using an average exchange rate from United States dollars to Canadian dollars between January 1, 2019 and December 31, 2019 of 1.3269.
- (2) Messrs. Jia, Reed and Judd are not standing for re-election at the Meeting.
- (3) Mr. Malpass and Mr. Bell's terms as directors expired on June 24, 2019.

Outstanding Share-based Awards and Option-based Awards for Directors

Other than DSUs, none of our non-executive directors held any Share-based or option-based awards as at December 31, 2019. During the most recently completed financial year, no LTIP Awards were awarded to non-employee directors.

STATEMENT OF EXECUTIVE COMPENSATION

Pursuant to applicable securities legislation, we are providing a summary of all annual and long-term compensation for services in all capacities to us and our subsidiaries for the most recently completed financial year in respect of the individuals comprised of the Chief Executive Officer, the Chief Financial Officer and our other three most highly compensated executive officers, including of our subsidiaries, whose individual total compensation for the most recently completed financial year exceeded \$150,000, and any individual who would have satisfied these criteria but for the fact that the individual was not serving as our officer or an officer of any of our subsidiaries at the end of the most recently completed financial year (the "**Named Executive Officers**" or "**NEOs**"). For the financial year ended December 31, 2019, our NEOs were (i) Kenneth A. Shields, our Chief Executive Officer, (ii) Yuri Lewis, our former Chief Financial Officer, (iii) Jordan Neeser, our Chief Financial Officer, in his capacity as Vice President, Finance in 2019, (iv) Adam Infanti, our Executive Vice President, and (v) Hans Thur, previously our Executive Vice President.

Compensation Discussion and Analysis

Our compensation policy with respect to executive officers is designed to provide both short- and long-term rewards that are consistent with individual and corporate performance. Our CGHR Committee performs the functions of a compensation committee in the determination of compensation of executive officers. The CGHR Committee's goal is to provide sufficient compensation opportunities for executive officers in order to attract, retain and motivate the best possible management team, while at the same time aligning the interests of our executive officers with those of our Shareholders.

Elements of Compensation

The CGHR Committee believes that the components of our compensation package allow us to offer an appropriate mix of fixed versus "at-risk" compensation to facilitate the CGHR Committee in achieving its primary goals with respect to compensation. Compensation for our executive officers primarily consists of:

- (i) a base salary;
- (ii) an annual discretionary cash bonus; and
- (iii) equity-based compensation granted on a discretionary basis under our Incentive Plan.

Base Salary. The objective of base salary, consistent with market practice, is to provide a portion of compensation as a fixed cash amount. The CGHR Committee reviews each executive officer's base salary with reference to relevant industry norms relating to, among other things, experience, past performance and level of responsibility. The CGHR Committee reviews salary levels periodically and may recommend adjustments to the Board, if warranted, as a result of salary increase trends in the marketplace, competitive positioning and an increase in responsibilities assumed by an executive. For information regarding benchmarking, see the section of this Circular entitled "*Corporate Governance – Compensation*".

Annual Bonus. Annual cash bonuses are a component of the total compensation that may be received by our executive officers based on the achievement of specific goals. Annual cash bonus incentives, if paid, may be based upon our actual performance relative to specified targets, such as the level of "EBITDA" (which we define as earnings before finance costs, taxes, depreciation and amortization) generated over a period and/or the successful completion of initiatives designed to improve our competitive position and financial integrity. The CGHR Committee relies on

the recommendations of our Chief Executive Officer in respect of other officers and Board discussions in their analysis and recommendation-making process.

For 2017 and 2018, we paid \$1,025,000 and \$300,000, respectively, in annual cash bonuses to our NEOs. In 2019, we did not pay annual cash bonuses to our NEOs. The prior period bonuses were primarily based on the acquisition, integration and expansion of our previous U.S. sawmill business.

Long-term Incentive Awards. The CGHR Committee also considers long-term performance incentive awards ("**LTIP Awards**") to be an important component of executive compensation. The objective of making grants under the Incentive Plan is to encourage executive officers to acquire an ownership interest in our Company over a period of time, thus better aligning the interests of executive officers with the interests of shareholders, and thereby discouraging excessive risk taking. When determining possible future LTIP Award grants, the CGHR Committee considers past grants.

We consider various factors when determining the number of LTIP Awards to be granted to specific individuals, including the level of responsibility and base salary associated with the position held by such individual. Our management periodically submits to the Board for approval its recommendations in respect of the number of LTIP Awards to be granted to specific individuals.

Risk Management

The CGHR Committee considers the implications of risks associated with our compensation policies and practices. The CGHR Committee considers the balance between the long-term objectives and short-term financial goals incorporated into our executive compensation program and whether our executive officers are potentially encouraged to expose us to inappropriate or excessive risks. Risks, if any, may be identified and mitigated through regular meetings of the CGHR Committee, which is comprised entirely of independent directors, and the Board.

Hedging

We have a policy which prohibits executive officers or directors from purchasing financial instruments for the purpose of hedging or offsetting a decrease in the market value of our equity securities. Executive officers or directors are prohibited from engaging in short sales, monetization of equity awards before vesting and transactions in derivatives involving the Shares, namely put and call options.

Compensation Governance

The CGHR Committee operates under a written Terms of Reference contained in our Corporate Governance Guidelines. Among other things, the CGHR Committee has the responsibility of assessing the performance of the Chief Executive Officer, evaluating the Chief Executive Officer's contribution to our overall success and recommending to the Board the Chief Executive Officer's level of compensation. The CGHR Committee is also responsible for reviewing and approving the compensation of other key executive officers and directors including salary, bonus, incentive and other compensation levels. For further information, see the sections of this Circular entitled "*Statement of Executive Compensation – Compensation Discussion and Analysis*" above and "*Corporate Governance – Compensation*" above.

All members of the CGHR Committee have experience in compensation matters, either as members of compensation committees of other public companies and/or from having served as senior executives with significant responsibility for or involvement in compensation matters. For further information, see the profiles of our directors above under the section entitled "*Election of Directors*".

In June 2018, the CGHR Committee retained Willis Towers Watson to provide an assessment of the competitiveness of certain of our executive compensation arrangements. Willis Towers Watson also provided a review of compensation for our directors. A peer group of companies for compensation benchmarking was also provided, including:

Canfor Corporation	Canfor Pulp Products Inc.	Norbord Inc.
Interfor Corporation	Mercer International Inc.	Stella-Jones Inc.
Pinnacle Renewable Holdings Inc.	Resolute Forest Products Inc.	Western Forest Products Inc.
Supremex Inc.	West Fraser Timber Co. Ltd.	

We paid Willis Towers Watson fees of \$27,646 in 2018. No fees were paid to Willis Towers Watson in 2019.

Summary Compensation Table

The following table states the name of each Named Executive Officer and his or her annual compensation, consisting of salary, bonus and other annual compensation, and long-term compensation, for example LTIP Awards, for our three most recently completed financial years:

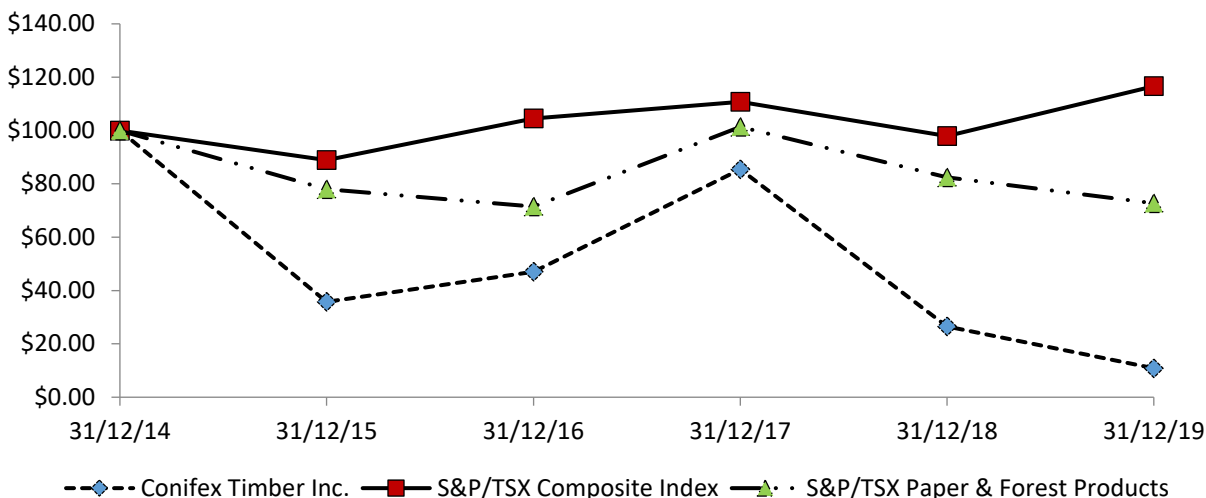
Name and principal position	Year	Salary (\$)	Share-based awards ⁽¹⁾ (\$)	Annual Incentive Plan (non-equity compensation) (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Kenneth A. Shields Chief Executive Officer	2019	645,959 ⁽²⁾	324,000	-	20,625	66,021	1,056,605
	2018	544,071 ⁽²⁾	319,200	225,000	21,375	45,045	1,154,711
	2017	450,000	468,000	450,000	20,250	45,047	1,433,297
Yuri Lewis ⁽³⁾ Former Chief Financial Officer	2019	380,000	141,750	-	19,000	19,483	560,233
	2018	332,500	167,705	75,000	18,717	13,427	607,349
	2017	262,500	273,000	200,000	18,579	15,144	769,223
Jordan Neeser ⁽⁴⁾ Chief Financial Officer	2019	260,000	40,500	-	19,175	16,506	336,181
	2018	15,833	70,000	-	712	862	87,407
Adam Infanti ⁽⁵⁾ Executive Vice President	2019	315,000	121,500	-	19,435	20,370	476,305
	2018	277,500	96,382	-	18,927	14,349	407,158
	2017	220,000	218,400	175,000	16,750	15,816	645,966
Hans Thur ⁽⁶⁾ Former Executive Vice President	2019	315,000	-	-	19,435	25,878	360,313
	2018	300,000	96,382	-	18,926	19,080	434,388
	2017	262,500	273,000	200,000	18,736	22,044	776,280

Notes:

- (1) The reported amounts represent the grant date fair value of the share-based awards for each reported period and do not reflect the actual value of the payout recipients may receive on any vesting of such awards. For additional information, see "Statement of Executive Compensation – Elements of Compensation" above. The fair value of any RSUs awarded during a year is based upon the closing price of our Shares on the grant date. The fair value of any PSUs awarded during a year is based on the 10-day volume weighted average price of our Shares on the grant date and the percentage of PSUs that are expected to be earned on the vesting date based upon historical norms.
- (2) A portion of Mr. Shield's salary was paid in United States dollars for the reported periods, which amount has been converted to Canadian dollars using an average exchange rate from United States to Canadian dollars between January 1, 2018 and December 31, 2018 of 1.2957 for the 2018 period and an average rate of 1.3269 between January 1, 2019 and December 31, 2019 for the 2019 period. As an "inside" director, Mr. Shields does not collect any fees relating to his role as a director.
- (3) Ms. Lewis retired from her position as Chief Financial Officer effective March 31, 2020.
- (4) Mr. Neeser was appointed as our Vice President, Finance effective April 12, 2019 and was appointed as our Chief Financial Officer on April 1, 2020.
- (5) Mr. Infanti was appointed as our Executive Vice President on December 17, 2019. Mr. Infanti was previously our Senior Vice President, Canadian Operations. Mr. Infanti's last day of employment with us is May 31, 2020.
- (6) Mr. Thur was appointed as our Executive Vice President on June 20, 2017. Mr. Thur was previously our Senior Vice President, Marketing. Mr. Thur's last day of employment with us was November 30, 2019.

Performance Graph

The following graph compares the total cumulative return for a Shareholder who invested \$100 in our Shares for the five-year period beginning on December 31, 2014 through December 31, 2019 with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Paper and Forest Products Index for the same period, assuming, in each case, the reinvestment of any dividends during the covered periods.



Our executive compensation is generally linked to initiatives completed year-over-year and our financial performance. Trends in our returns to Shareholders are not generally determinative of total compensation to our NEOs.

Outstanding Share-based Awards and Option-based Awards for Named Executive Officers

The following table states the name of each NEO, the number of options available for exercise and the exercise price and expiration date for each option and the market or payout value of LTIP Awards that have not vested, as at December 31, 2019.

Name and Principal Position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Shares or units of Shares that have not vested ⁽³⁾ (#)	Market or payout value of share-based awards that have not vested ⁽²⁾⁽³⁾ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kenneth A. Shields Chief Executive Officer	100,000 ⁽⁴⁾	8.25	August 20, 2020	Nil ⁽⁵⁾	790,000	421,326	N/A
Yuri Lewis ⁽⁶⁾ Former Chief Financial Officer	Nil	N/A	N/A	N/A	337,500	203,309	Nil
Jordan Neeser ⁽⁶⁾ Chief Financial Officer	Nil	N/A	N/A	N/A	85,000	59,500	Nil
Adam Infanti Executive Vice President	Nil	N/A	N/A	N/A	255,000	165,324	Nil
Hans Thur Former Executive Vice President	Nil	N/A	N/A	N/A	122,500	72,574	Nil

Notes:

- (1) The reported amounts represent outstanding RSUs and/or PSUs.
- (2) The reported value of unvested RSUs is based on the closing price of our Shares on December 31, 2019. The reported value of unvested PSUs is based on the 10-day volume weighted average price of our Shares on December 31, 2019, and the percentage of unvested PSUs which are expected to be earned on the vesting date based upon historical norms.
- (3) On July 25, 2019, (i) 400,000 RSUs were issued to Mr. Shields, (ii) 175,000 RSUs were issued to Ms. Lewis, (iii) 50,000 RSUs were issued to Mr. Neeser and (iv) 150,000 RSUs were issued to Mr. Infanti. Our RSUs and PSUs generally vest on the third anniversary of the grant date.
- (4) The reported options were granted to Mr. Shields on August 20, 2010 and have fully vested.
- (5) The reported amounts represent the fair value of vested stock options.
- (6) Mr. Neeser was appointed as our Vice President, Finance effective April 12, 2019 and was appointed as our Chief Financial Officer effective April 1, 2020. Ms. Lewis retired from her position as Chief Financial Officer effective March 31, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year for Named Executive Officers

The table below discloses the aggregate dollar value that would have been realized by a NEO if stock options under option-based awards had been exercised on the vesting date, and the aggregate dollar value realized upon vesting of share-based awards by a NEO.

Name and Principal Position	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$)
Kenneth A. Shields Chief Executive Officer	Nil	140,400 ⁽¹⁾
Yuri Lewis ⁽²⁾ Former Chief Financial Officer	N/A	54,000 ⁽¹⁾
Jordan Neeser ⁽²⁾ Chief Financial Officer	N/A	-
Adam Infanti Executive Vice President	N/A	37,800 ⁽¹⁾
Hans Thur Former Executive Vice President	N/A	54,000 ⁽¹⁾

Notes:

- (1) Amounts represent the aggregate dollar value of LTIP Awards that vested in 2019. Values are based upon the closing price of our Shares on the vesting date.
- (2) Mr. Neeser was appointed as our Vice President, Finance effective April 12, 2019 and was appointed as our Chief Financial Officer effective April 1, 2020. Ms. Lewis retired from her position as Chief Financial Officer effective March 31, 2020.

During the most recently completed financial year, the Named Executive Officers did not exercise any stock options under the Incentive Plan. During the most recently completed financial year, 775,000 LTIP Awards were granted to employees. As at December 31, 2019, there were 1,809,509 LTIP Awards outstanding under the Incentive Plan.

Pension Plan Benefits

We provide a defined contribution plan (the "**Pension Plan**") for all full-time regular salaried employees and certain part-time salaried employees based upon prescribed eligibility criteria. The accumulated value of the Pension Plan as at January 1, 2019 and December 31, 2019 for each NEO is set forth in the table below:

Name and Principal Position	Accumulated value at start of year (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Accumulated value at year end (\$)
Kenneth A. Shields Chief Executive Officer	318,499	20,625	(339,124) ⁽¹⁾	-
Yuri Lewis ⁽²⁾ Former Chief Financial Officer	214,350	19,000	32,105	265,455
Jordan Neeser ⁽²⁾ Chief Financial Officer	712	19,175	8,858	28,746
Adam Infanti Executive Vice President	153,330	19,435	33,993	206,757
Hans Thur Former Executive Vice President	144,101	19,435	28,615	192,151

Note:

- (1) Mr. Shields' accumulated pension value was transferred to him in 2019. Conifex no longer administers or contributes to Mr. Shields' pension.
- (2) Mr. Neeser was appointed as our Vice President, Finance effective April 12, 2019, and was appointed as our Chief Financial Officer effective April 1, 2020. Ms. Lewis retired from her position as Chief Financial Officer effective March 31, 2020.

We contribute a base percentage to the Pension Plan for each plan member and also match each plan member's optional contribution up to a maximum contribution limit. Our contribution vests immediately. Upon normal or early retirement, the value of the member's account is used to provide a retirement annuity as at that date.

Termination and Change of Control Benefits

Kenneth A. Shields

Mr. Shields, our Chief Executive Officer, entered into an employment agreement with us during the fiscal year ended December 31, 2016. Pursuant to the agreement, we pay Mr. Shields an annual base salary of \$650,000 (subject to annual review) and an annual discretionary bonus and provide him certain benefits and customary perquisites. The agreement also entitles Mr. Shields to receive LTIP Awards under the Incentive Plan.

If Mr. Shields' employment is terminated by us other than for just cause or by Mr. Shields for good reason, he will be entitled to any accrued benefits and any unpaid amounts payable under the Incentive Plan with respect to the fiscal year ending on or preceding the date of termination, and a severance amount, payable in substantially equal installments over twelve months, equal to one times the sum of: (i) his current annual base salary, and (ii) the higher of (A) his current annual bonus and (B) the highest variable pay and incentive bonus received by him in the three fiscal years prior to termination. Assuming Mr. Shields' employment was terminated by us other than for just cause or by Mr. Shields for good reason effective December 31, 2019, we would have been required to make a severance payment to him in the aggregate amount of \$1,100,000 pursuant to the terms of his employment agreement.

If Mr. Shields' employment is terminated by us other than for just cause or by Mr. Shields for good reason in contemplation of, or within eighteen months of, a change of control, he will be entitled to any accrued benefits and a lump sum cash payment equal to two times the sum of: (i) his current annual base salary, and (ii) the higher of (A) his then current annual bonus and (B) the highest variable pay and incentive bonus received by him for the three fiscal years prior to termination, and all unvested options or equity awards granted by us to Mr. Shields during the term of his employment agreement shall become fully and immediately exercisable. Assuming Mr. Shields' employment was terminated by us other than for just cause or by Mr. Shields for good reason in contemplation of, or within eighteen months of, a change of control effective December 31, 2019, we would have been required to make a lump sum cash payment to Mr. Shields in the aggregate amount of \$2,200,000 pursuant to the terms of his employment agreement.

Yuri Lewis

Ms. Lewis, our prior Chief Financial Officer, entered into an employment agreement with us during the fiscal year ended December 31, 2016. Pursuant to the agreement, we paid Ms. Lewis an annual base salary of \$380,000 (subject to annual review) and an annual discretionary bonus and provided her certain benefits and customary perquisites. The agreement also entitled Ms. Lewis to receive LTIP Awards under the Incentive Plan.

If Ms. Lewis' employment was terminated by us other than for just cause or by Ms. Lewis for good reason, she was entitled to any accrued benefits and any unpaid amounts payable under the Incentive Plan with respect to the fiscal year ending on or preceding the date of termination, and a severance amount, payable in substantially equal installments over twelve months, equal to one times the sum of: (i) her current annual base salary, and (ii) the higher of (A) her current annual bonus and (B) the highest variable pay and incentive bonus received by her in the three fiscal years prior to termination. Assuming Ms. Lewis' employment was terminated by us other than for just cause or by Ms. Lewis for good reason effective December 31, 2019, we would have been required to make a severance payment to Ms. Lewis in the aggregate amount of \$580,000 pursuant to the terms of her employment agreement.

If Ms. Lewis' employment was terminated by us other than for just cause or by Ms. Lewis for good reason in contemplation of, or within twelve months of, a change of control, she was entitled to any accrued benefits and a lump sum cash payment equal to one and a half times the sum of: (i) her current annual base salary, and (ii) the higher of (A) her then current annual bonus and (B) the highest variable pay and incentive bonus received by her for the three fiscal years prior to termination, and all unvested options or equity awards granted by us to Ms. Lewis during the term of her employment agreement shall become fully and immediately exercisable. Assuming Ms. Lewis' employment was terminated by us other than for just cause or by Ms. Lewis for good reason in contemplation of, or within twelve months of, a change of control effective December 31, 2019, we would have been required to make a lump sum cash payment to Ms. Lewis in the aggregate amount of \$870,000 pursuant to the terms of her employment agreement.

Ms. Lewis retired from her position as Chief Financial Officer effective March 31, 2020.

Jordan Neeser

Mr. Neeser, our Chief Financial Officer, entered into an employment agreement with us during 2019 with respect to his position as Vice President, Finance. Pursuant to the agreement, we paid Mr. Neeser an annual base salary of \$260,000 (subject to annual review) and an annual discretionary bonus and provided him certain benefits and customary perquisites. The agreement also entitled Mr. Neeser to receive LTIP Awards under the Incentive Plan.

If Mr. Neeser's employment was terminated by us other than for just cause or by Mr. Neeser for good reason, he was entitled to any accrued benefits and any unpaid amounts payable under the Incentive Plan with respect to the fiscal year ending on or preceding the date of termination, and a severance amount, payable in substantially equal installments over twelve months, equal to one times the sum of: (i) his current annual base salary, and (ii) the higher of (A) his current annual bonus and (B) the highest variable pay and incentive bonus received by him in the three fiscal years prior to termination. Assuming Mr. Neeser's employment was terminated by us other than for just cause or by Mr. Neeser for good reason effective December 31, 2019, we would have been required to make a severance payment to Mr. Neeser in the aggregate amount of \$260,000 pursuant to the terms of his employment agreement.

If Mr. Neeser's employment was terminated by us other than for just cause or by Mr. Neeser for good reason in contemplation of, or within fifteen months of, a change of control, he was entitled to any accrued benefits and a lump sum cash payment equal to one and a quarter times the sum of: (i) his current annual base salary, and (ii) the higher of (A) his then current annual bonus and (B) the highest variable pay and incentive bonus received by him for the three fiscal years prior to termination, and all unvested options or equity awards granted by us to Mr. Neeser during the term of his employment agreement shall become fully and immediately exercisable. Assuming Mr. Neeser's employment was terminated by us other than for just cause or by Mr. Neeser for good reason in contemplation of, or within fifteen months of, a change of control effective December 31, 2019, we would have been required to make a lump sum cash payment to Mr. Neeser in the aggregate amount of \$325,000 pursuant to the terms of his employment agreement.

Subsequent to year-end, Mr. Neeser entered into an employment agreement with us in connection with his appointment as Chief Financial Officer.

Adam Infanti

Mr. Infanti, our Executive Vice President, entered into an amended employment agreement with us during the fiscal year ended December 31, 2019. Pursuant to the agreement, we pay Mr. Infanti an annual base salary of \$315,000 (subject to annual review) and an annual discretionary bonus and provide him certain benefits and customary perquisites. The agreement also entitles Mr. Infanti to receive LTIP Awards under the Incentive Plan.

If Mr. Infanti's employment is terminated by us other than for just cause or by Mr. Infanti for good reason, he will be entitled to any accrued benefits and any unpaid amounts payable under the Incentive Plan with respect to the fiscal year ending on or preceding the date of termination, and a severance amount, payable in substantially equal installments over twelve months, equal to one times the sum of: (i) his current annual base salary, and (ii) the higher of (A) his current annual bonus and (B) the highest variable pay and incentive bonus received by him in the three fiscal years prior to termination. Assuming Mr. Infanti's employment was terminated by us other than for just cause or by Mr. Infanti for good reason effective December 31, 2019, we would have been required to make a severance payment to Mr. Infanti in the aggregate amount of \$490,000 pursuant to the terms of his employment agreement.

If Mr. Infanti's employment is terminated by us other than for just cause or by Mr. Infanti for good reason in contemplation of, or within twelve months of, a change of control, he will be entitled to any accrued benefits and a lump sum cash payment equal to one and a half times the sum of (i) his current annual base salary, and (ii) the higher of (A) his then current annual bonus and (B) the highest variable pay and incentive bonus received by him for the three fiscal years prior to termination, and all unvested options or equity awards granted by us to Mr. Infanti during the term of his employment agreement shall become fully and immediately exercisable. Assuming Mr. Infanti's employment was terminated by us other than for just cause or by Mr. Infanti for good reason in contemplation of, or within twelve months of, a change of control effective December 31, 2019, we would have been required to make a lump sum cash payment to Mr. Infanti in the aggregate amount of \$735,000 pursuant to the terms of his employment agreement.

Mr. Infanti's last day of employment with us is May 31, 2020.

Hans Thur

Mr. Thur, our former Executive Vice President, entered into an employment agreement with us during the fiscal year ended December 31, 2016. Pursuant to the agreement, we paid Mr. Thur an annual base salary of \$315,000 (subject to annual review) and an annual discretionary bonus and provided him certain benefits and customary perquisites. The agreement also entitled Mr. Thur to receive LTIP Awards under the Incentive Plan.

If Mr. Thur's employment was terminated by us other than for just cause or by Mr. Thur for good reason, he was entitled to any accrued benefits and any unpaid amounts payable under the Incentive Plan with respect to the fiscal year ending on or preceding the date of termination, and a severance amount, payable in substantially equal installments over twelve months, equal to one times the sum of: (i) his current annual base salary, and (ii) the higher of (A) his current annual bonus and (B) the highest variable pay and incentive bonus received by him in the three fiscal years prior to termination.

Mr. Thur's last day of employment with us was November 30, 2019. Pursuant to the terms of his employment agreement, we agreed to pay Mr. Thur a total of \$524,000.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets forth information relating to the Incentive Plan as at December 31, 2019.

Plan category	Plan name	Number of securities to be issued upon exercise of outstanding awards (a)	Weighted-average exercise price of outstanding awards (b)	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	Long-term Incentive Plan	1,303,089	N/A	670,515

The Incentive Plan

Effective June 21, 2011, our Shareholders approved and adopted the Incentive Plan. The Incentive Plan is available to our directors, key employees and consultants, as determined by the Board (the "**Eligible Employees**"). A total of 3,075,000 shares are approved for issuance under the Incentive Plan. At the Meeting, the Shareholders will be asked to adopt a resolution to increase the maximum number of Shares reserved for future issuances pursuant to the grant of LTIP Awards under the Incentive Plan to 4,575,000 (representing 9.73% of the current outstanding Shares).

So long as it may be required by the rules and policies of the applicable stock exchange (the "**Exchange**") upon which the Shares are listed for trading, (a) the total number of Shares issuable to any participant under the Incentive Plan, at any time, together with Shares reserved for issuance to such participant under any other of our security-based compensation arrangements, shall not exceed 5% of the issued and outstanding Shares, unless we obtain disinterested Shareholder approval; and (b) the total number of Shares issuable to insiders within any one-year period and at any given time under the Incentive Plan, together with any other of our security-based compensation arrangement, shall not exceed 10% of the issued and outstanding Shares. The total number of Shares issuable to non-executive directors under the Incentive Plan shall not exceed 1% of the issued and outstanding Shares. Except as otherwise determined by the Board, neither awards nor any rights under any such awards granted under the Incentive Plan shall be assignable or transferable.

The Board may at any time, in its sole and absolute discretion, amend, suspend, terminate or discontinue the Incentive Plan and may amend the terms and conditions of any grants thereunder, subject to (a) any required approval of any applicable regulatory authority or the Exchange; and (b) approval of our Shareholders as required by the rules of the Exchange or applicable law, provided that Shareholder approval shall not be required for the following amendments: (i) amendments of a "housekeeping nature"; (ii) any amendment for the purpose of curing any ambiguity, error or omission in the Incentive Plan or to correct or supplement any provision of the Incentive Plan that is inconsistent with any other provision of the Incentive Plan; (iii) an amendment which is necessary to comply with applicable law or Exchange requirements; (iv) amendments respecting administration and eligibility for participation under the

Incentive Plan; (v) changes to terms and conditions on which awards may be or have been granted pursuant to the Incentive Plan, including changes to the vesting provisions and terms of any awards; (vi) amendments which alter, extend or accelerate the terms of vesting applicable to any award; and (vii) changes to the termination provisions of an award or the Incentive Plan which do not entail an extension beyond the original fixed term. If the Incentive Plan is terminated, prior awards shall remain outstanding and in effect in accordance with their applicable terms and conditions. The Board may waive any conditions or rights under, or amend any terms of, any awards, provided that no such amendment or alteration shall be made which would impair the rights of any participant, without such participant's consent, unless the Board determines that such amendment or alteration either: (i) is required or advisable in order to conform to any law, regulation or accounting standard; or (ii) is not reasonably likely to diminish the benefits provided under such award.

Restricted Share Units. The Incentive Plan provides that the Board may, from time to time, in its sole discretion, grant awards of RSUs to directors and key employees. Each RSU shall represent one Share. RSUs shall be subject to such restrictions as the Board may establish in the applicable award agreement. All RSUs will vest and become payable by the issuance of Shares at the end of the applicable restriction period if all applicable restrictions have lapsed. Restrictions on any RSUs shall lapse immediately and become fully vested in the participant upon a change of control. Upon the death of a participant, subject to the applicable award agreement, any RSUs that have not vested will be immediately forfeited and cancelled without payment, provided that any RSUs granted to such participant that had vested prior to the participant's death will accrue to the participant's estate in accordance with the Incentive Plan. If a participant's employment is terminated for cause, any RSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, is voluntarily terminated by the participant or termination is due to the participant's retirement or disability, any RSUs granted to the participant will, subject to the applicable award agreement, immediately terminate without payment and be cancelled as of the termination date, provided, however, that any RSUs granted to such participant that had vested prior to the participant's termination without cause, voluntary termination, retirement or disability will accrue to the participant in accordance with the Incentive Plan. No RSUs may be redeemed by a participant at any time during a leave of absence. In the case of directors, if a participant ceases to be a director for any reason, RSUs granted to such participant will immediately terminate without payment and be cancelled, provided, however, that any RSUs granted to such participant that had vested prior to the participant ceasing to be a director will accrue to the participant in accordance with the Incentive Plan.

Performance Share Units. The Incentive Plan provides that the Board may, from time to time, in its sole discretion, grant awards of PSUs to key employees. Each PSU shall, contingent upon the attainment of the performance criteria within the applicable performance cycle, represent one Share. The performance criteria will be established by the Board which, without limitation, may include criteria based on the participant's individual performance and/or our and our subsidiaries' financial performance, which will determine vesting of the PSUs. The Board may, in its sole discretion, revise the performance criteria during a performance cycle or after it has ended, if unforeseen events occur, including, without limitation, changes in capitalization, equity restructuring, acquisitions or divestitures, if such events have a substantial effect on our financial results and make the application of the performance criteria unfair absent a revision.

All PSUs will vest and become payable to the extent that the performance criteria are satisfied in the sole determination of the Board. PSUs granted to a participant shall become fully vested and payable to such participant within 95 days after the last day of the performance cycle or upon a change of control. Upon the death of a participant, subject to the applicable award agreement, all PSUs granted to the participant which, prior to the participant's death, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. If a participant's employment is terminated for cause, any PSUs granted to the participant will immediately terminate without payment and be cancelled as of the termination date. If a participant's employment is terminated without cause, by voluntary termination, or if the participant's employment terminates due to retirement or disability, all PSUs granted to the participant which, prior to such termination without cause, voluntary termination, retirement or disability, had not vested, will immediately be forfeited and cancelled without payment, provided, however, that the Board may determine, in its discretion, the number of the participant's PSUs that will vest based upon the extent to which the applicable performance criteria have been satisfied in that portion of the performance cycle that has lapsed. No PSUs may be redeemed by a participant at any time during a leave of absence.

Deferred Share Units. The Incentive Plan provides that the Board may, from time to time, in its sole discretion, grant awards of DSUs to directors in lieu of director fees. Directors may also elect to receive any or all of their fees in DSUs in lieu of cash. A director becomes a participant effective as of the date he or she is first appointed or elected as a director and ceases to be a participant at the time he ceases to be a director for any reason. The number of DSUs to be granted to a participant shall be calculated by dividing the amount of fees by the market price on the grant date.

Each participant shall be entitled to receive, subsequent to the effective date that the participant ceases to be a director for any reason, either (a) that number of Shares equal to the number of DSUs granted to such participant; or (b) a cash payment in an amount equal to the market price of the DSUs granted to such participant on the trading day following the day that the participant ceases to be a director, net of applicable withholdings, and subject to adjustments if the value of a DSU is determined during applicable black-out periods. Upon the death of a participant, such participant's estate shall be entitled to receive, within 120 days, a cash payment or Shares that would otherwise have been payable upon such participant ceasing to be a director.

Options. The Incentive Plan provides that the Board may, from time to time, in its discretion, grant awards of options to directors, key employees and consultants. The number of options to be granted, the exercise price and the time(s) at which an option may be exercised shall be determined by the Board in its sole discretion, provided that the exercise price of options shall not be lower than the exercise price permitted by the Exchange, and further provided that the term of any option shall not exceed ten years. So long as it may be required by the rules and policies of the Exchange, options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares in any twelve-month period to any one consultant or to key employees conducting investor relations activities.

In the event of a change of control, each outstanding option shall automatically become fully and immediately vested and exercisable, subject to the policies of the Exchange. Upon the death of an optionee, any option held by such optionee shall be exercisable by the person(s) to whom the rights of the optionee under the option shall pass by will or the laws of descent and distribution for a period of 120 days or prior to the expiration of the option period in respect of the option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the option at the date of death of such optionee. If an optionee shall cease to be an eligible person for cause, no option held shall be exercisable following the date on which such optionee ceases to be an eligible person. If an optionee ceases to be an eligible person by reason of termination without cause, by voluntary termination or in the case of retirement, subject to the applicable award agreement, any option held shall remain exercisable in full for a period of 60 days after the date on which the optionee's employment is terminated without cause, voluntarily or due to retirement or prior to the expiration of the option period in respect of the option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the option at such time. If an optionee becomes afflicted by a disability, all options granted to the optionee will continue to vest in accordance with the terms of such options. Where a participant's employment is terminated due to disability, subject to the applicable award agreement, any option held by such optionee shall remain exercisable for a period of 120 days after the date of termination due to disability of the optionee or prior to the expiration of the option period in respect of the option, whichever is sooner, and then only to the extent that such optionee was entitled to exercise the option at the date of termination.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at December 31, 2019, no individual who is or was our director, executive officer or employee or a director, executive officer or employee of any of our subsidiaries, and no proposed Nominee for election as our director or any associate of such director or officer, is, or was at the end of the most recently completed financial year, indebted to us or any of our subsidiaries since the beginning of our most recently completed financial year, or is or has been indebted to another entity that is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or any of our subsidiaries during that period.

MANAGEMENT CONTRACTS

To the best of the knowledge of our directors and executive officers, our management functions are not, to any substantial degree, performed by any person other than our directors and senior officers.

AUDIT COMMITTEE

For information regarding the Audit Committee, refer to our AIF, under the heading "Audit Committee Disclosure". The AIF is available under our profile on SEDAR at www.sedar.com.

APPOINTMENT OF AUDITOR

Our management will recommend at the Meeting that Shareholders appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as our auditor until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

The Board recommends that you vote FOR the resolution appointing PricewaterhouseCoopers LLP, Chartered Professional Accountants, as our auditor and authorizing the Board to fix their remuneration.

INCREASE IN LTIP AWARDS

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, the LTIP Resolution, which provides for an increase in the number of Shares available for the future grant of LTIP Awards under the Incentive Plan. For a summary of the Incentive Plan, see "*Securities Authorized for Issuance under Equity Compensation Plans – The Incentive Plan*" above.

The Board, with the benefit of recommendations from the CGHR Committee, administers the Incentive Plan. LTIP Awards are considered an important component of Conifex's long-term compensation strategy because they significantly enhance our ability to attract and retain highly qualified full-time employees, officers and directors. Additionally, compensating our employees, officers and directors with LTIP Awards encourages them to focus on our critical long-range objectives and links their interests directly to Shareholder interests through increased Share ownership. Increasing the maximum number of Shares reserved for issuance under the Incentive Plan will therefore help ensure that a sufficient number of Shares continue to be available for future issuances pursuant to the grant of LTIP Awards thereunder.

The Incentive Plan was first approved by Shareholders in 2011 and reserved 1,250,000 Shares for future issuances pursuant to the grant of LTIP Awards. In 2013, the Incentive Plan was further amended to increase the maximum number of Shares available for issuance to 2,075,000 and in 2018 the maximum number of Shares available was increased to 3,075,000.

Currently, under the Incentive Plan, a total of 1,303,089 LTIP Awards are outstanding. However, due to past vested awards which are not available for re-issuance in accordance with the terms of the Incentive Plan, only 670,515 LTIP Awards remain available for issuance. Accordingly, we are proposing to increase the maximum number of Shares available for future issuances under the LTIP Plan by 1,500,000. As a result, the aggregate number of Shares available for issuance for future grants of LTIP Awards will be 2,170,515 (representing 4.62% of the current outstanding Shares), in addition to the 1,303,089 LTIP Awards currently outstanding (representing 2.77% of the current outstanding Shares).

For the years ended December 31, 2019, 2018 and 2017, our annual burn rate under the Incentive Plan was 1.66%, 1.75% and 2.12%, respectively.

No other material term of the Incentive Plan is proposed to be amended. If the proposed increase is approved by Shareholders, the number of Shares available for future issuances pursuant to the grant of LTIP Awards under the Incentive Plan will be approximately 4.62% of the 47,027,507 total outstanding Shares as at the date hereof, excluding the 1,303,089 LTIP Awards currently outstanding.

The Board believes that approving an amendment to the Incentive Plan to increase the maximum number of Shares available for future issuances pursuant to the grant of LTIP Awards by 1,500,000 is in the best interest of Conifex and recommends that Shareholders vote FOR the LTIP Resolution.

To be effective, the LTIP Resolution must be approved at the Meeting by a majority of the votes cast by Shareholders present in person or by proxy at the Meeting. Unless instructed in the proxy to the contrary, the persons named in the accompanying proxy intend to vote FOR the LTIP Resolution.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, no director, executive officer or proposed Nominee for election as our director or any of their associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of Shares or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of our auditor.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of Conifex, proposed Nominees for election as our director, nor any associate or affiliate of such informed person or proposed Nominees, has any material interest, direct or indirect, in any transaction since the commencement of our most recently completed financial year or in any proposed transaction which has materially affected or will materially affect us or any of our subsidiaries, except any interest arising from the ownership of Shares where such person or company will receive no extra or special benefit or advantage not shared on a *pro rata* basis by all holders of the same class of Shares who are resident in Canada.

For the purposes of this Circular, an "informed person" means (i) any of our directors or officers; (ii) a director or officer of a person or company that is itself an informed person; or (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over our voting securities carrying more than 10% of the voting rights attaching to all our outstanding voting securities.

REGISTRAR AND TRANSFER AGENT

Our registrar and transfer agent is Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

OTHER BUSINESS

Our management knows of no other matters to come before the Meeting other than as referred to in the Notice. However, if any other matter(s) which are not known to our management shall properly come before the Meeting, the proxy given pursuant to the solicitation by our management will be voted on such matter(s) in accordance with the best judgment of the person(s) voting the proxy.

SHAREHOLDER PROPOSALS

The final date by which we must receive any proposals for any matter that a person entitled to vote at an annual meeting of Shareholders proposes to raise at the next annual meeting of Shareholders is March 26, 2020, subject to the requirements of the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44.

ADDITIONAL INFORMATION

Additional information relating to us is available on SEDAR at www.sedar.com. Shareholders may contact us to request copies of our financial statements and management's discussion and analysis by sending a written request to 980-700 West Georgia Street, Vancouver, British Columbia V7Y 1B6, Attention: Chief Financial Officer. Financial information is provided in our comparative financial statements and management's discussion and analysis for our fiscal year ended December 31, 2019, which are also available on SEDAR.

APPROVAL OF CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Board.

DATED at Vancouver, British Columbia, Canada, as of the 14th day of May, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS OF
CONIFEX TIMBER INC.**

/s/ Kenneth A. Shields

Kenneth A. Shields

Chairman, Chief Executive Officer and President

APPENDIX "A"
RESOLUTION

Capitalized words used in this Appendix "A" and not otherwise defined have the same meanings as in the Circular.

LTIP Resolution

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Incentive Plan be amended to increase the maximum number of Shares available for future issuances pursuant to the grant of LTIP Awards thereunder by 1,500,000 Shares, as more fully set forth in the Circular.
2. Notwithstanding that this resolution has been duly passed by the Shareholders of Conifex, the Board may revoke such resolution at any time before it is effected without further action by the Shareholders.
3. Any one director or officer of Conifex be, and is hereby, authorized, for and on behalf of Conifex, to execute and deliver all documents and instruments and take such other actions as such director or officer may determine to be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions.