



CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

Conifex Provides Operational Updates

August 20, 2024, Vancouver, B.C. - Conifex Timber Inc. ("Conifex", "we" or "us") (TSX: CFF) announced today that, in light of imminently expected transportation challenges that will affect all Canadian lumber producers for an unspecified period, together with already existing unfavourable market conditions, Conifex is reducing its sawmill operating schedule at its Mackenzie, British Columbia site to a one-shift basis for the foreseeable future and temporarily curtailing its power plant, each commencing on August 26, 2024. We anticipate an end to the curtailment of our power plant by September 30, 2024.

On August 18, 2024, Canadian National Railway formally notified the Teamsters Canada Rail Conference (the "Union") that it would begin locking out Union workers early on August 22, 2024, and the Union issued a 72-hour strike notice to Canadian Pacific Kansas City Rail.

"Unfortunately, a reduced operating schedule at the sawmill is necessary for the foreseeable future due to the combined impact of our inability to ship production on a two-shift basis to end markets for an unspecified timeframe, reduced demand for our lumber products, low lumber prices and punitive lumber export duty impositions," said Andrew McLellan, President and COO of Conifex.

While it is difficult to quantify the impact that the reduced operating schedule will have on production capacity, the power plant curtailment is anticipated to impact power production capacity by approximately 24.6 GWh. If there is a near-term resolution to the imminent transportation challenges, Conifex may be in a position to end the curtailment of the power plant before the end of September.

"Conifex will closely assess and adjust the sawmill operating schedule as supply chain and market conditions evolve. We are working on a priority basis to position Mackenzie for long term sustainable production and will be seeking to mitigate the impacts on our employees as much as possible," said Mr. McLellan.

Conifex continues to work collaboratively with the Ministry of Forests to implement important policy decisions, including a decision published by the Minister of Forests today, under Section 63 of the *Forest Act* to align annual harvest volumes with the Chief Forester of British Columbia's May 2023 Allowable Annual Cut ("AAC") determination for the Mackenzie Timber Supply Area ("TSA"). Accordingly, the Minister has prescribed an 18.4% reduction of AACs of Replaceable Forest Licences to align harvest levels to the current AAC.

Effective August 19, 2024, the AACs of Conifex's Forest Licence A15385 and Forest License A93631, in which Conifex owns a 50% interest, have been reduced by 117,172 cubic metres and 55,576 cubic metres, respectively. The new AACs for the licenses are 515,328 cubic metres and 244,424 cubic metres, respectively, or a total available sawlog supply of 759,752 cubic metres annually.

Current open market timber volume available for sale in the Mackenzie TSA exceeds 1.7 million cubic metres annually. At Conifex's existing footprint, the requirement to procure additional timber volume represents less than 10% of the available open market timber supply. A primary consequence of the Minister's decision is that Conifex's internal timber supply will account for a slightly lower portion of our sawlog consumption, while open market sawlog purchases will account for a slightly higher portion.

To help ensure that manufacturing facilities in the Mackenzie TSA have assured access to sawlog supply for decades to come, Conifex also expects the Ministry will update its methodology for determining cost allowances and stumpage charge impositions and put additional safeguards in place to ensure harvesting in the southwest partition zone is sustainable. We expect this approach should also encourage BC Timber Sales to better meet its mandated requirement to provide a full range of cost and pricing benchmarks for timber harvested from public land in British Columbia.

"While the decision to reduce our operating schedules was difficult, and we regret the impact this will have on our employees, their families, and the community," we are encouraged by the fact the Mackenzie TSA has the highest sawlog surplus of any TSA in the interior region of BC, and are confident the Ministry recognizes it is in the public interest to strengthen the economic sustainability of the ultra-forest-dependent community of Mackenzie and nearby First Nations communities. We do not anticipate any challenges securing sawlogs to maintain capacity operations in the future once logistical and market conditions permit a return to full operations." said Ken Shields, Chairman and CEO of Conifex.

For further information, please contact:

Trevor Pruden
Chief Financial Officer (604) 216-2949

About Conifex Timber Inc.

Conifex and its subsidiaries' primary business currently includes timber harvesting, reforestation, forest management, sawmilling logs into lumber and wood chips, and value added lumber finishing and distribution. Conifex's lumber products are sold in the United States, Canadian and Japanese markets. Conifex also produces bioenergy at its power generation facility at Mackenzie, B.C.

Forward-Looking Statements

Certain statements in this news release may constitute "forward-looking statements". Forward-looking statements are statements that address or discuss activities, events or developments that Conifex expects or anticipates may occur in the future. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "projects", "will", "believes", "intends" "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements reflect the current expectations and beliefs of Conifex's management. Because forward-looking statements involve known and unknown risks, uncertainties and other factors, actual results, performance or achievements of Conifex or the industry may be materially different from those implied by such forward-looking statements. Examples of such forward-looking information that may be contained in this news release include statements regarding: our planned operating format and expected operating rates; expectations regarding our results of operations and performance; our perception of the industries or markets in which we operate and anticipated trends in such markets and in the countries in which we do business; our ability to supply our manufacturing operations with wood fibre and our expected cost of wood fibre; our expectation for market volatility associated with, among other things, the softwood lumber dispute with the US; potential negative impacts of duties or other protective measures on our products, such as antidumping duties or countervailing duties on softwood lumber; continued positive relations with Indigenous groups; demand and prices for our products; the availability and use of credit facilities or proceeds therefrom; expectations regarding our liquidity levels; and our expectations for US dollar benchmark prices. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, our future debt levels; that we will effectively market our products; that capital expenditure levels will be consistent with those estimated by our management; our ability to obtain and maintain required governmental and community approvals; the impact of changing government regulations and shifting political climates; that the US housing market will continue to improve; that transportation services by third party providers will resume in a timely manner; our ability to ship our products in a timely manner; that there will be no additional unforeseen disruptions affecting the operation of our Mackenzie power plant and that we will be able to deliver power therefrom after ending the curtailment; our ability to obtain financing on acceptable terms, or at all; that interest and foreign exchange rates will not vary materially from current levels; the general health of the capital markets and the lumber industry; and the general stability of the economic environments within the countries in which we operate or do business. Forward-looking statements involve significant uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, without limitation: those relating to potential disruptions to production and delivery, including as a result of equipment failures, continuing labour issues, the complex integration of processes and equipment and other similar factors; labour relations; failure to meet regulatory requirements; changes in the market; potential downturns in economic conditions; fluctuations in the price and supply of required materials, including log costs; fluctuations in the market price for products sold; foreign exchange fluctuations; trade restrictions or import duties imposed by foreign governments; availability of financing (as necessary); and other risk factors detailed in our 2023 annual

information form dated March 31, 2024 and our management's discussion and analysis for the year ended December 31, 2023 and the quarter ended March 31, 2024 available on SEDAR+ at www.sedarplus.com and other filings with the Canadian securities regulatory authorities. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should exercise caution in relying upon forward-looking statements and Conifex undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by applicable securities laws.