



CONIFEX TIMBER INC.

NEWS RELEASE: via MARKETWIRE

FOR IMMEDIATE RELEASE

Conifex Provides Financial Update

March 7, 2024, Vancouver, British Columbia - Conifex Timber Inc. ("**Conifex**") (TSX: CFF) announced today that it has completed a first amendment to credit agreement and accommodation agreement (the "**Amendment**") with Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"), pursuant to which Wells Fargo agreed, subject to certain terms and conditions, to amend Conifex's existing lumber business credit facility (the "**Facility**") and provide certain accommodations thereunder. Following the Amendment, the Facility is secured by substantially all Conifex's lumber business assets.

Benchmark SPF lumber prices declined 50% in 2023¹ which resulted in negative earnings before finance costs, taxes, depreciation and amortization ("**EBITDA**") in 2023 versus positive EBITDA of \$46.7 million in 2022. As we progressed through 2023, our liquidity diminished, and accumulating losses made it increasingly difficult to comply with our fixed charge coverage ratio requirements under the Facility. On May 4, 2023, the Chief Forester in British Columbia permitted licensees in the Mackenzie Timber Supply Area to transition to a "green" log diet which enabled us to benefit from increased sawmill productivity, improved lumber grade outturns, and higher mill net sales price realizations. These benefits have significantly contributed to reduced Q4, 2023 EBITDA losses compared to Q3, 2023. Q1, 2024 benchmark prices are currently 10% higher than in the preceding quarter.² If these prices hold, and assuming quarter-to-date productivity levels are maintained at our sawmill complex and green power generation facility, we expect further improvement in EBITDA in the first quarter of 2024.

Pursuant to the Amendment, Wells Fargo agreed to provide additional short-term liquidity, continue funding revolving loans and refrain from exercising certain of its rights under the Facility until May 31, 2024, subject to certain terms and conditions. The Amendment follows Conifex's non-maintenance of the minimum excess availability and fixed charge coverage ratio required by the terms of the Facility. Among other conditions, Conifex shall commence a process to secure replacement funding in an amount sufficient to repay in full the Facility. Conifex has engaged Raymond James Ltd. to assist in the process.

Concurrent with the Amendment, Conifex's wholly owned subsidiary Conifex Power Limited Partnership amended its outstanding power business credit facility to, among other things, release certain restricted cash thereunder, the proceeds of which were applied to paydown the Facility. Following this amendment, the power term loan bears interest at a stepped up interest rate per annum commencing at 7.35%. As part of the Amendment, Conifex is reviewing the long-term financing of its power business, which may include new or replacement lenders, and may be impacted by, among other things, potential business initiatives the company is pursuing. Conifex expects the foregoing to be completed by or about the second quarter of next year.

Conifex is working collaboratively with its lenders and is pleased to have their continued support as it works to implement an acceptable refinancing process. However, there can be no assurance that it will result in

¹ *Random Lengths.*

² *Random Lengths.*

or be able to provide an acceptable plan as required by the Amendment or at all.

For further information, please contact:

Kenneth A. Shields
Chairman and Chief Executive Officer
(604) 216-2949 or media@confifex.com

About Confifex Timber Inc.

Confifex 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. Confifex's lumber products are sold in the United States, Canadian and Japanese markets. Confifex also produces bioenergy at its power generation facility at Mackenzie, BC.

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 Confifex 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 Confifex's management. Because forward-looking statements involve known and unknown risks, uncertainties and other factors, actual results, performance or achievements of Confifex 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, but are not limited to, our expectations regarding our results of operations and performance; our success in providing an acceptable plan as required by the Amendment or at all; securing replacement funding in an amount sufficient to repay in full the Facility; whether Wells Fargo will continue to refrain from exercising its rights and remedies on expiry of the Amendment and what the terms or timing of such transaction or such continued restraint might be; the outcome of Confifex's review of its long-term financing of its power business and the expected completion date thereof. 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, risk factors described in Confifex's annual information from for the year ended December 31, 2022 which is available on SEDAR+ at www.sedarplus.ca. 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 Confifex undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.

Note Regarding Financial Information

We disclose EBITDA and expected EBITDA in this news release as it is a measure used in the Facility to calculate financial covenants and ratios and to provide clarity relating to the Amendment. EBITDA is not a substitute for net earnings, or cash flows, as determined in accordance with IFRS, and therefore readers should consider those measures in evaluating our financial performance, which shall be disclosed upon completion and filing of our audited consolidated financial statements for the year ended December 31, 2023 later this month. Expectations around EBITDA for the first quarter of 2024 involve known and unknown risks and uncertainties, including those beyond the assumptions disclosed herein, that may cause actual results to differ materially. While we believe there is a reasonable basis for this forecast, such forecast may not be met.