



CONIFEX TIMBER INC.

NEWS RELEASE: via GLOBENEWSWIRE

FOR IMMEDIATE RELEASE

Conifex Provides Corporate and Operations Update

January 2, 2025, Vancouver, B.C. - Conifex Timber Inc. ("Conifex") (TSX: CFF) announced today that it has amended and restated its existing credit agreement with PenderFund Capital Management Ltd. ("Pender").

The restated agreement increases the aggregate principal amount of the secured term loan provided thereunder to up to \$41 million, of which \$5 million is available immediately, and the remaining \$11 million is subject to completion of financial diligence. The loan continues to have a term of 5 years from original issuance and is substantially on the same terms, including the same annual interest rate. The loan was advanced in lieu of Conifex's consideration of a working capital facility to fund ongoing working capital requirements.

"The additional borrowings will be used to fund a build-up in sawlog inventories to support our transition to a two-shift operation at our sawmill complex, effective January 6, 2025," commented Conifex's Chairman and CEO, Ken Shields. The decision to move to a two-shift operation was based on a steadily improving backdrop for lumber prices, as evidenced by the 18% improvement in cash prices for Spruce Pine Fir benchmark lumber prices in the fourth quarter of 2024 relative to those in the third quarter of 2024. Mr. Shields continued: "The benefits of spreading our fixed costs over a larger base coupled with additional product sales are expected to lower our cash costs and boost the operating cash flow we expect to achieve in the first quarter of 2025 from what we presently achieve on a one-shift basis."

As partial consideration, subject to stock exchange approval, Pender will receive up to 5,904,000 warrants, with each warrant being exercisable into one common share for a period of five years on payment of \$0.50 per warrant. Pursuant to applicable securities laws, the warrants will be subject to a hold period of four months and one day from issuance. Concurrently, Pender has agreed to cancel all of its existing 3,600,000 warrants.

Pender shall have the right to appoint one director to the board of directors of Conifex on customary terms while the loan remains outstanding. The restated agreement includes mandatory prepayment obligations in favour of Pender, including in the event of a major disposition by Conifex of certain of its assets.

For further information, please contact:

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About Conifex Timber Inc.

Conifex and its subsidiaries' primary business currently includes timber harvesting, reforestation, forest management, sawmilling logs into lumber and wood chips, and value added lumber finishing 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, 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 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 the purposes for which the Term Loan may be used, expectations regarding Conifex's operating results in the first quarter of 2025, and the Toronto Stock Exchange granting its approval of the issuance of the Amendment Warrants. Assumptions underlying Conifex's expectations regarding forward-looking information contained in this news release include, among others, that Conifex will successfully negotiate and execute definitive documentation and complete a working capital facility. 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, that Conifex will obtain all expected benefits from the Term Loan; and other risk factors detailed in our filings with the Canadian Securities Regulatory Authorities 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 Conifex undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.