

INTRODUCTION

Conifex Timber Inc. (the "**Company**") is a corporation incorporated under the laws of Canada in 2007. In June 2010, the Company was party to a reverse take-over with DTR Wood Acquisition Co. Ltd., now a direct wholly-owned subsidiary of the Company. The Company's shares trade on the TSX Venture Exchange under the symbol "CFF". The Company is in the forestry business with its current operations primarily located in British Columbia, Canada.

The Board of Directors (the "**Board**") of the Company is elected annually at the Company's annual general meeting. The directors of the Company are responsible to its shareholders to ensure that proper standards of good governance are adhered to by the Company. The purpose of the Corporate Governance Guidelines set forth below is to assist the directors in ensuring that the Company adheres to such standards and to set forth terms of reference for various Board committees and for various corporate officers.

TERMS OF REFERENCE FOR THE BOARD

1. PURPOSE

- 1.1 The directors are responsible for managing or supervising the management of the business and affairs of the Company. Directors do not conduct day-to-day management of the Company, which is the responsibility of the executive officers.
- 1.2 In discharging their responsibility, among other things, the directors should:
- (i) require management to develop and maintain a strategic planning process and to bring its strategic and operating plans to the Board for review and approval on an annual basis or such other basis as may be required by the Board;
 - (ii) approve all capital plans and establish priorities in the allocation of funds for major capital projects on an annual basis or such other basis as may be required by the Board;
 - (iii) require management to implement appropriate procedures and systems to attempt to identify the principal risks to the Company's business;
 - (iv) plan for senior management succession, including the appointment of and monitoring of senior management's performance;
 - (v) require senior management to develop and maintain a strategy to communicate effectively with its security holders, investment analysts and the public generally and to accommodate and address feedback from security holders;
 - (vi) require management to maintain internal control and management information systems and, through Board committees or otherwise, to monitor these systems as it considers fit;
 - (vii) require senior management to implement systems to ensure that the Company operates within applicable laws and regulations;
 - (viii) review and approve and, as required, revise the environmental policies and compliance programs of the Company and monitor the Company's environmental management systems and results;
 - (ix) review actual results achieved by the Company against the objectives contained in the Company's plans and implement or cause to be implemented corrective action where indicated;
 - (x) arrange for the operating results of the Company to be presented by management to the Board on a regular basis;
 - (xi) require that the Board be kept reasonably informed of the Company's activities and performance and take appropriate action to correct inadequate performance;
 - (xii) authorize the issuance of equity and debt securities of the Company;
 - (xiii) approve all public disclosure by the Company including press releases, financial results, management's discussion and analysis, material change reports, prospectuses and other public continuous disclosure documents other than: (a) interim quarterly financial statements and quarterly earnings releases, which may be approved by the Audit Committee; (b) press releases and public disclosure in the ordinary course of the Company's operations which do not include any earnings announcements, which may be

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approved by the Company's Chief Executive Officer or Chief Financial Officer, in consultation with the Company's legal counsel; and (c) press releases resulting from emergency or urgent situations which may be approved by the Company's Chief Executive Officer or Chief Financial Officer, in consultation with the Company's legal counsel; and

- (xiv) review and consider all reports and recommendations of the Corporate Governance and Human Resources Committee and approve all compensation of executive officers (including the Chief Executive Officer) and directors.

- 1.3 The Board will give direction and guidance to management and will also keep management informed of its evaluation of the performance of the Company and of its senior officers in achieving and carrying out the Board's established goals and policies, and in advising management of any remedial action or changes which it may consider to be necessary.

2. ORGANIZATION OF THE BOARD

- 2.1 The composition of the Board shall comply with applicable corporate and securities laws. In addition, it shall be comprised of a majority of directors who qualify as "independent directors" for the purposes of the corporate governance guidelines established by the TSX Venture Exchange, or such other stock exchange as the common shares of the Company may then be listed.
- 2.2 Each year the Board shall review the relationship that each director has with the Company in order to satisfy themselves that the independence criteria have been met.
- 2.3 Directors are expected to exercise their business judgment to act in good faith, on an informed basis and in what they reasonably believe to be the best interest of the Company and its shareholders. Directors are expected to attend the meetings of the Board and the committees on which they serve and to review in advance materials distributed before the meeting.
- 2.4 The Board believes that director attendance at shareholder meetings is appropriate and can assist directors in carrying out their duties. When directors attend shareholder meetings, they are able to hear directly shareholder concerns regarding the Company. The Board expects that directors will attend annual shareholder meetings.
- 2.5 Directors should become shareholders of the Company within sixty days after their election to the Board. Non-employee directors generally receive common shares when they are reelected. The Board believes that the number of common shares of the Company owned by each director is a personal decision. The Board maintains a target share ownership guideline for non-employee directors equal to three times the amount of cash retainer for Board service, with three years as the expected time to achieve the target.
- 2.6 Directors shall not serve on the board of more than four (4) public companies, including the Company, except with the prior approval of the Corporate Governance and Human Resources Committee.
- 2.7 There is no limit on the number of terms a director may serve, however, unless the Board authorizes an exception, a director shall not stand for re-election after his or her 72nd birthday.
- 2.8 As part of every regularly scheduled quarterly meeting of the Board, the non-management directors shall meet in the absence of management. Such executive sessions shall be chaired by the Chair if he or she is a non-executive director or otherwise the Lead Director and may be held in person or by teleconference or other means of telecommunications acceptable to the non-management directors.

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- 2.9 The Board will annually:
- (i) appoint an Audit Committee, a Corporate Governance and Human Resources Committee and an Environmental, Health and Safety Committee and establish the duties, powers and responsibilities of these committees;
 - (ii) appoint a Chair of the Board and prescribe his or her duties and responsibilities;
 - (iii) appoint the Chief Executive Officer of the Company and prescribe his or her duties and responsibilities;
 - (iv) appoint a Lead Director, if the same person is appointed as Chair and Chief Executive Officer or the Chair is not "independent" under applicable law or the rules of any exchange or quotation system upon which the Company's securities are listed or quoted; and
 - (v) on the recommendation of the Chief Executive Officer, appoint the officers of the Company reporting directly to the Chief Executive Officer, approve all changes therein, and approve the senior management structure of the Company.
- 2.10 The Board shall meet at least 4 times each year on dates determined by the Board and also at any other time(s) at the call of the Chair or of any two members of the Board. Board meetings may be called on 48 hours' notice.
- 2.11 In the event of a change of the status or credentials underlying a director's appointment to the Board, the director so affected should, on his or her own initiative, discuss the change with the Chair of the Corporate Governance and Human Resources Committee so that there is an opportunity for the Board through the Corporate Governance and Human Resources Committee to review the continued appropriateness of Board membership under his or her new circumstances. Each case will be dealt with on its own merits, but as a rule a director is expected to tender his or her resignation if there is a change in his or her credentials and circumstances.
- 2.12 In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "majority withheld vote") will promptly tender his or her resignation as a director. The Corporate Governance and Human Resources Committee, without participation by any director so tendering his or her resignation, will consider the resignation offer and recommend to the Board whether to accept it. The Board, without participation by any director so tendering his or her resignation, will act on the Corporate Governance and Human Resources Committee's recommendation within 90 days following certification of the shareholder vote. The Company will promptly disclose the Board's decision, and, if the Board rejects the resignation offer, the Board's reasons for that decision. If each member of the Corporate Governance and Human Resources Committee received a majority withheld vote at the same election, then the independent Directors who did not receive a majority withheld vote will act as a committee to consider the resignation offers and recommend to the Board whether to accept them. This policy shall be disclosed in each information circular relating to the election of the Company's directors.
- 2.13 Unless specified otherwise, the following procedural rules apply to committees of the Board:
- (i) each committee shall meet on the call of the Chair of the committee or of two members of the committee or of the Chair of the Board or the Chief Executive Officer;

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- (ii) the quorum for the conduct of business of a committee shall be a majority of the number of its members. The committee shall have full power and authority to act notwithstanding that there may be one or more vacancies in its membership;
- (iii) unless the Board shall have appointed a Chair of the committee, the members of that committee shall elect a Chair from amongst their number;
- (iv) the Chair of a committee shall appoint a Secretary to take minutes of meetings and otherwise record the proceedings of the committee. Failing such appointment, the Chair of the committee shall also act as its Secretary;
- (v) notice of a committee meeting shall be given by the Chair or the Secretary orally or in writing at least 48 hours before a meeting;
- (vi) in the exercise of its absolute discretion, the Board may remove or replace any member of any committee and may fill any vacancies. Any member of a committee who shall for any reason cease to be a director of the Company shall *ipso facto* cease to be a member of that committee;
- (vii) any committee may appoint sub-committees of one or more people, a majority of whom must be members of the committee; and
- (viii) except as otherwise prescribed by the Board, the Articles and Bylaws of the Company applicable to the conduct and meetings of the Board shall apply *mutatis mutandis* to all committees.