

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stockbroker, bank manager, lawyer, accountant or other professional advisor.

This Offer (as defined below) has not been approved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, and deposits will not be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of that jurisdiction. However, Conifex may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Shareholders in such jurisdiction.

For U.S. Shareholders: *The Offer is made by a Canadian issuer for its own securities, and while the Offer is subject to disclosure requirements of Canada, investors should be aware that these requirements are different from those of the United States. Financial statements of Conifex referenced in this Offer have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and thus may not be comparable to financial statements of United States companies. The enforcement by investors of civil liabilities under the U.S. federal securities laws may be affected adversely by the fact that Conifex is located in Canada, and that a majority of its officers and directors are non-residents of the United States.*

November 12, 2021



CONIFEX TIMBER INC. OFFER TO PURCHASE FOR CASH

**UP TO \$9.0 MILLION IN VALUE OF OUR COMMON SHARES AT A PURCHASE PRICE OF
\$2.25 PER COMMON SHARE**

Conifex Timber Inc. ("we", "Conifex" or the "Company") hereby invites its shareholders (the "Shareholders") to deposit outstanding common shares of the Company ("Shares") for purchase and cancellation by the Company at the purchase price of \$2.25 per Share (the "Purchase Price"). The Company will purchase up to 4,000,000 Shares (or such greater number of Shares that the Company determines it will take up and pay for), or such fewer number of Shares as are properly tendered and not withdrawn prior to the Expiration Date (as hereinafter defined). The offer and all deposits of Shares are subject to the terms and conditions set forth in this Offer to Purchase and the Issuer Bid Circular (the "Circular", which together with the Offer to Purchase, constitute the "Offer").

The Offer will commence on November 12, 2021 and will expire at 5:00 p.m. (Toronto time) on December 20, 2021 or at such later time and date to which the Offer may be extended by Conifex (such time on such date, the "Expiration Date"). The Offer is not conditional upon any minimum number of Shares being deposited. We reserve the right to withdraw the Offer and not take up and pay for any Shares deposited under the Offer unless the conditions of the Offer are satisfied. See Section 5 of the Offer to Purchase, "Certain Conditions of the Offer" for a description of these conditions.

Each Shareholder who has properly deposited Shares and who has not withdrawn such Shares will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased, on the terms and subject to the Conditions of the offer, including the provisions relating to pro-rata described herein. Conifex will first accept for purchase Shares validly tendered by any Shareholder who beneficially holds, as of the close of business on the Expiration Date, fewer than 100 Shares ("Odd Lots") and who

tenders all such Shares and who checks Box A captioned "Odd Lots" in the accompanying Letter of Transmittal and, if applicable, Notice of Guaranteed Delivery.

If more than 4,000,000 Shares are validly tendered for purchase, the tendered Shares will be purchased on a pro-rata basis according to the number of Shares validly tendered, or deemed to be tendered, by Shareholders pursuant to the Offer, except that tenders by holders of Odd Lots will not be subject to pro-ration (with adjustments to avoid the purchase of fractional units). The Company will return all Shares not purchased under the Offer, including Shares not purchased as a result of pro-ration.

As of November 11, 2021, a total of 44,149,110 Shares were issued and outstanding and accordingly, the Offer is for up to approximately 9.06% of the total number of issued and outstanding Shares.

The Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "CFF". **The Purchase Price represents a 21.24% premium over the 30-day volume weighted average closing price of the Shares on the TSX for the prior 30 calendar days ending on November 8, 2021, being the last full trading day prior to the announcement of the Offer.**

Neither Conifex nor its board of directors (the "Directors" or "Board of Directors") or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares. Shareholders must make their own decisions as to whether to deposit Shares under the Offer. Shareholders should be aware that the acceptance of the Offer will have certain tax consequences under Canadian law which may differ considerably from the tax consequences that would otherwise generally apply on a sale of Shares in the open market, and should carefully consider the income tax consequences of depositing Shares pursuant to the Offer. See Section 12 of the Circular, "Income Tax Considerations".

As required by Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*, the board of directors (the "**Board**") has obtained a liquidity opinion (the "**Liquidity Opinion**") from Raymond James Ltd. ("**Raymond James**"), a qualified investment banking firm that the Board has determined is independent of the Company, to the effect that, based on and subject to the qualifications, assumptions and limitations contained in the Liquidity Opinion, a liquid market exists for the Shares as of November 8, 2021, and that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. A copy of the Liquidity Opinion is attached hereto as Schedule "A".

We have completed the maximum allowable purchases of Shares pursuant to our normal course issuer bid that commenced on December 1, 2020 (the "**NCIB**"), being 2,944,320 Shares. We will consider and evaluate our opportunities with respect to renewing our NCIB after the Expiration Date or the date of termination of the Offer, with such determination to be dependent on our then current and projected financial position.

Shareholders wishing to deposit all or a portion of their Shares pursuant to the Offer must comply in all respects with the delivery procedures described herein. See Section 2 of the Offer to Purchase "Manner and Time of Acceptance".

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF CONIFEX AS TO WHETHER YOU SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THIS OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY CONIFEX.

No Canadian, U.S. or foreign securities commission has approved or disapproved of this Offer or passed upon the merits or fairness of this Offer or passed upon the adequacy or accuracy of the information contained in this Offer. Any representation to the contrary is a criminal offense.

Any questions or requests for information regarding the Offer should be directed to the Depositary, Computershare Investor Services Inc., at 1-800-564-6253 (North America), 514-982-7555 (International), or by email at corporateactions@computershare.com or your broker or other professional advisors.

The Offer expires at 5:00 p.m. (Toronto time) on December 20, 2021, unless extended, varied or withdrawn.

WHERE YOU CAN FIND MORE INFORMATION

You may access our disclosure documents and any reports, statements or other information that we file with the securities regulatory authorities in each of the provinces of Canada, except Québec, through the Internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and which may be accessed at www.sedar.com.

You are invited to read and copy any reports, statements or other information that we file with the securities regulatory authorities in each of the provinces of Canada, except Québec, at their respective public reference rooms.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Offer to Purchase and Circular are forward-looking. Specific forward-looking statements in this document include, but are not limited to:

- the timing and completion of this Offer;
- Conifex continuing to have sufficient financial resources and working capital to conduct our operations and continuing to have sufficient financial resources to pursue our foreseeable or planned opportunities;
- the market for our Shares after completion of the Offer not being materially less liquid than the market that exists at the time of the making of the Offer;
- future purchases of additional Shares following expiry of the Offer, including purchases of Shares pursuant to any future NCIB; and
- our expectations that the conditions to the completion of the Offer will be satisfied.

When used in this Offer to Purchase and Circular, the words "anticipate," "believe," "plan," "estimate," "expect," "forecast," "intend," "will," "may," "could" and "should" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on certain assumptions and reflect our current expectations. As a result, forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks and uncertainties could materially and adversely impact the Company's actual results and performance and its ability to complete the Offer.

These risks and uncertainties include, but are not limited to:

- uncertainty in the level of shareholder participation in the Offer;
- failure to complete the Offer due to conditions to the Offer not being satisfied or waived;
- the aggregate number of Shares purchased;
- changes in the economic and financial conditions in the U.S., Canada and globally and consequential demand for our products;
- risks inherent to Conifex's product concentration and cyclicalities;
- effects of competition and product pricing pressures;
- effects of variations in the price and availability of manufacturing inputs, including continued access to fibre resources at competitive prices and the impact of third-party certification standards;

- availability of transportation services, including truck and rail services, and port facilities;
- various events that could disrupt operations, including natural, person-made or catastrophic events and ongoing relations with employees;
- risks inherent to customer dependence;
- impact of future cross border trade rulings or agreements;
- implementation of important strategic initiatives and identification, completion and integration of acquisitions;
- impact of changes to, or non-compliance with, environmental or other regulations;
- the impact of the COVID-19 pandemic on our operations and on customer demand, supply and distribution and other factors;
- government restrictions, standards or regulations intended to reduce greenhouse gas emissions;
- changes in government policy and regulation;
- impact of weather and climate change on our operations or the operations or demand of our suppliers and customers;
- ability to implement new or upgraded information technology infrastructure;
- impact of information technology service disruptions or failures;
- impact of any product liability claims in excess of insurance coverage;
- risks inherent to a capital intensive industry;
- impact of future outcomes of tax exposures;
- potential future changes in tax laws, including tax rates;
- effects of currency exposures and exchange rate fluctuations;
- future operating costs;
- availability of financing, bank lines, and/or other means of liquidity; and
- other risks detailed from time-to-time in our annual information forms, annual reports, management's discussion and analysis, quarterly reports and material change reports filed with and furnished to securities regulators.

This is not an exhaustive list of the factors and risks that may affect any of the Company's forward-looking statements. Investors should carefully consider these and other factors and not place undue reliance on the forward-looking statements. Further information regarding these and other risk factors is included in our public filings with provincial securities regulatory authorities and can be found on SEDAR at www.sedar.com.

The forward-looking statements contained in the Offer represent the Company's views only as of the date hereof. Forward-looking statements contained in the Offer are based on management's current plans, estimates, projections, beliefs and opinions and the assumptions related to these plans, estimates, projections, beliefs and opinions may change, and are presented for the purpose of assisting the Company's securityholders in understanding management's current views regarding those future outcomes and may not be appropriate for other purposes. While

the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not undertake to update any forward-looking statements, except to the extent required by applicable securities laws.

INFORMATION FOR UNITED STATES SHAREHOLDERS ONLY

The Offer is made by Conifex, a Canadian issuer, for its own securities, and while the Offer is subject to the disclosure requirements of the province of British Columbia and the other provinces of Canada, U.S. Shareholders should be aware that these disclosure requirements are different from those of the United States. Our financial statements that have been filed on SEDAR have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards and, therefore, they may not be comparable to financial statements of U.S. companies prepared in accordance with United States generally accepted accounting principles.

The enforcement by Shareholders of civil liabilities under U.S. federal securities laws may be adversely affected by the fact that Conifex is incorporated under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, the majority of Conifex's directors and officers are residents of Canada, that some or all of the experts named in the Circular are non-residents of the United States and that a substantial portion of the assets of Conifex and said persons are located outside the United States. It may be difficult to effect service of process on Conifex, its officers and directors and the experts named in the Circular. Additionally, it might be difficult for shareholders to enforce judgments of United States courts based on civil liability provisions of the U.S. federal securities laws or the securities or "blue sky" laws of any state within the United States in a Canadian court against Conifex or any of its non-U.S. resident directors, officers or the experts named in the Circular or to bring an original action in a Canadian court to enforce liabilities based on the federal or state securities laws against such persons.

The Offer will not be conducted in the United States or for the account or benefit of a person in the United States, unless the Company is satisfied that the Offer may be conducted in reliance upon available exemptions under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and other applicable U.S. securities laws, including U.S. state securities laws, or on a basis otherwise determined to be acceptable to the Company in its sole discretion, and without subjecting the Company to any registration qualification or similar requirements in the United States.

U.S. Shareholders should be aware that the acceptance of the Offer will have certain tax consequences under United States and Canadian law. See Section 12 of the Circular, "Income Tax Considerations". Shareholders should consult their own tax advisors with respect to their particular circumstances and tax considerations applicable to them.

Neither the United States Securities and Exchange Commission, nor any U.S. domestic state, Canadian provincial, territorial or foreign securities commission, has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this Circular. Any representation to the contrary is a criminal offense.

CURRENCY

All references to "dollars" or "\$" in the Offer to Purchase and the Circular are to Canadian dollars, except where otherwise indicated. References to "U.S. dollars" and "US\$" are to United States dollars.

INTERPRETATION

Unless the context otherwise requires, all references in the Offer to Purchase and the Circular to "our", "we", "us", "Conifex" or the "Company" refer to Conifex Timber Inc. and its subsidiaries.

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GLOSSARY

In this document, unless the subject matter or context is inconsistent therewith, the following terms have the following meanings:

"**2020 AIF**" means the Annual Information Form for the year ended December 31, 2020, dated as at March 2, 2021.

"**2020 Annual MD&A**" means management's discussion and analysis for the year ended December 31, 2020.

"**ACB**" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"**allowable capital loss**" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"**Board of Directors**" or "**Board**" means the board of directors of Conifex.

"**Book-Entry Confirmation**" means a confirmation of a book-entry transfer of Shares into the Depository's account established at CDS through CDSX.

"**business day**" means any day other than a Saturday, a Sunday and a statutory holiday in Vancouver, British Columbia, Canada.

"**CDS**" means CDS Clearing and Depository Services Inc. or its nominee.

"**CDS Participant**" means a participant in CDSX.

"**CDSX**" means the CDS on-line tendering system pursuant to which book-entry transfers through CDS may be effected.

"**Circular**" means the accompanying offering circular.

"**Conifex**", "**Company**", "**we**", "**us**" or "**our**" means Conifex Timber Inc.

"**Convention**" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"**Dealer Managers**" means those advisors that we may engage, if and to the extent we determine that the engagement of advisors is desirable in connection with the Offer, as dealer manager with regard to the Offer in Canada, and, as dealer manager with regard to the Offer in the United States.

"**Depository**" means Computershare Investor Services Inc.

"**Deposited Shares**" means Shares validly deposited pursuant to the Offer and not withdrawn.

"**DRS**" means the direct registration system.

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

"**Eligible Institution**" means a Canadian Schedule I chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

"**Equivalent Securities**" has the meaning set out in "Information for United States Shareholders only".

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

"**Expiration Date**" means the Expiry Time on December 20, 2021 or such later time and date to which the Offer may

be extended.

"Expiry Time" means 5:00 p.m. (Toronto time) on the Expiration Date or such later time on the Expiration Date to which the Offer may be extended by the Company.

"Holder" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Incentive Plan" means our amended and restated long-term performance incentive plan dated June 22, 2020.

"Letter of Transmittal" means the letter of acceptance and transmittal in the form forwarded with this Offer to Purchase and the Circular.

"Liquidity Opinion" means the liquidity opinion prepared by Raymond James and attached as Schedule "A" hereto.

"Maximum Offer Amount" means the maximum aggregate purchase price of \$9.0 million that may be paid pursuant to the Offer for Shares validly tendered, and not withdrawn.

"MI 61-101" means Canadian Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as amended.

"MLI" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"NCIB" means the normal course issuer bid of Conifex originally commenced on December 1, 2020 for up to 2,944,320 shares.

"NI 62-104" means National Instrument 62-104 *Take-Over Bids and Issuer Bids*.

"Non-Resident Holder" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"Notice of Guaranteed Delivery" means the notice of guaranteed delivery in the form forwarded with this Offer to Purchase and the Circular.

"Odd Lot Holders" means Shareholders who beneficially hold, as of the close of business on the Expiration Date, fewer than 100 Shares in the aggregate.

"Offer" means the offer made to Shareholders to purchase up to 4,000,000 Shares at a purchase price of \$2.25 per Share, the terms and conditions of which are set forth in the Offer to Purchase, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery.

"Offer to Purchase" means this Offer to purchase.

"person" means and includes any individual, sole proprietorship, partnership, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and any governmental authority or any agency or instrumentality thereof.

"Preferred Shares" has the meaning set out in Section 2 of the Circular, "Authorized Capital".

"Proposed Amendments" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"PSUs" means performance share units.

"PUC" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

"**Purchase Price**" means \$2.25 per Share.

"**Q3 2021 MD&A**" means management's discussion and analysis for the three and nine months ended September 30, 2021.

"**Raymond James**" means Raymond James Ltd.

"**Resident Holder**" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

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

"**SEC**" means the U.S. Securities and Exchange Commission.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Shareholder**" means the registered or beneficial holder of outstanding Shares, as the context requires.

"**Shares**" means common shares in the capital of the Company.

"**Summary**" means the general summary set out herein.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, and the regulations made thereunder.

"**taxable capital gain**" has the meaning set out in Section 12 of the Circular, "Income Tax Considerations".

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

"**withdrawal right**" means the right of any shareholder to withdraw shares deposited pursuant to the Offer and in accordance with terms and the process described in Section 4 of this Offer to Purchase.

SUMMARY

This Summary is solely for the convenience of Shareholders and is qualified in its entirety by reference to the full text and more specific details in the Offer. This Summary highlights material information relating to this Offer, but it is not meant to be a substitute for the information contained in the Offer to Purchase, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery. Therefore, we urge Shareholders to carefully read the Offer to Purchase, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery in their entirety prior to making any decision regarding whether or not to deposit Shares held. We have included cross-references in this Summary to other sections of the Offer to Purchase, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery where a Shareholder will find a more complete discussion of the topics mentioned in this Summary. Unless otherwise defined in this Summary, capitalized terms have the meaning assigned to them under the heading "Glossary" above.

WHO IS OFFERING TO PURCHASE MY SHARES?

Conifex is offering to purchase Shares for cancellation.

WHY IS CONIFEX MAKING THE OFFER?

We believe that the Offer represents an opportunity for Conifex to return up to \$9.0 million of capital to Shareholders who elect to tender, while increasing the proportionate ownership interest of shareholders who elect not to tender. We are making the Offer because our Board of Directors, based on a number of factors, has determined that the Offer is in the best interests of Conifex and its Shareholders and is both an equitable and efficient way to distribute up to \$9.0 million to its Shareholders, and may provide them liquidity at a premium to current market prices. See Section 3 of the Circular, "Purpose and Effect of the Offer".

Repurchases of our shares through our NCIB, which has been completed, are not included in the Offer. See Section 3 of the Circular, "Purpose and Effect of the Offer".

WHAT IS THE PURCHASE PRICE FOR THE SHARES?

We are offering to purchase Shares under the Offer at a Purchase Price of \$2.25 per Share. If your Shares are purchased under the Offer you will be paid the Purchase Price (subject to applicable withholding taxes, if any) in cash, without interest, promptly following the expiration of the Offer, for each Share. Under no circumstances will we or the Depositary pay you interest on the Purchase Price, even if there is a delay in making payment. See Section 1 of the Offer to Purchase, "The Offer".

IN WHAT CURRENCY WILL THE PURCHASE PRICE BE PAID?

The Purchase Price will be denominated in Canadian dollars. Each Shareholder will receive payment in Canadian dollars, subject to their ability to elect to receive payment in U.S. dollars by checking the applicable box on the Letter of Transmittal.

WHAT HAPPENS IF MORE THAN 4,000,000 SHARES ARE TENDERED IN THE OFFER?

If more than 4,000,000 Shares are properly tendered and not properly withdrawn pursuant to the Offer, then we will purchase the tendered Shares on a pro-rata basis according to the number of Shares tendered by Shareholders, except that Odd Lot Holders will not be subject to pro-ration.

DO I HAVE TO PARTICIPATE IN THE OFFER?

No. The Offer is voluntary and each Shareholder should decide whether or not to participate.

CAN I TENDER ONLY A PORTION OF THE SHARES THAT I OWN?

Yes, if you decide to tender, you do not have to tender all of the Shares you own to participate in the Offer unless you are an Odd Lot Holder. You may not tender more Shares than you own in the Offer.

Odd Lot Holders tendering Shares pursuant to the Offer will be required to tender all of the Shares owned by the Shareholder. Partial tenders will not be accepted from Odd Lot Holders.

See Section 3 of this Offer to Purchase, "Procedure for Depositing Shares".

HOW DOES A SHAREHOLDER DEPOSIT THEIR SHARES?

In order to deposit Shares pursuant to the Offer, a Shareholder must either:

- deliver a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) with any required signatures guaranteed by an Eligible Institution, and any other documents required by the Letter of Transmittal, to the Depositary at its address set forth in the Letter of Transmittal to purchase, prior to 5:00 p.m. (Toronto time) on December 20, 2021 (or such time and date to which the Offer may be extended). A Shareholder who holds share certificates must deliver the certificates for all Shares validly deposited pursuant to the Offer in proper form for transfer, together with its Letter of Transmittal. A Shareholder whose Shares are held through DRS or represented by ownership statements must only deliver its Letter of Transmittal and is not required to submit its DRS positions or ownership statement; or
- tender by following the procedures for book-entry transfer, provided that a Book-Entry Confirmation through the CDSX system (in the case of Shares held in CDS) is received by the Depositary at its office in Toronto, Ontario prior to the Expiration Date; or
- follow the guaranteed delivery procedures described under Section 3 of the Offer to Purchase, "Procedure for Depositing Shares".

If a Shareholder wishes to deposit Shares pursuant to the Offer and the Shares held are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee, the Shareholder should immediately contact its nominee in order to take the necessary steps to be able to deposit the Shares held pursuant the Offer. Partial tenders will not be accepted from Odd Lot Holders. See Section 3 of this Offer to Purchase, "Procedure for Depositing Shares".

If an investment dealer, stockbroker, bank, trust company or other nominee holds Shares for a Shareholder, it is likely the nominee has established an earlier deadline for that Shareholder to act to instruct the nominee to accept the Offer on its behalf. A Shareholder should immediately contact the Shareholder's investment dealer, stockbroker, bank, trust company or other nominee to find out the nominee's deadline.

HOW LONG DOES A SHAREHOLDER HAVE TO DEPOSIT SHARES?

A Shareholder may deposit Shares held until the Offer expires. The Offer expires at 5:00 p.m. (Toronto time) on December 20, 2021, or at a later date as we may determine. If an investment dealer, stockbroker, bank, trust company or other nominee holds Shares for a Shareholder, it is likely the nominee has established an earlier deadline for that Shareholder to act to instruct the nominee to accept the Offer on its behalf. A Shareholder should immediately contact the Shareholder's investment dealer, stockbroker, bank, trust company or other nominee to find out the nominee's deadline.

See Section 6 of the Offer to Purchase, "Extension and Variation of the Offer".

CAN THE OFFER BE EXTENDED, VARIED OR TERMINATED?

Yes. We may extend or vary the Offer in our sole discretion. See Section 6 of the Offer to Purchase, "Extension and Variation of the Offer". We can also terminate the Offer under certain circumstances.

See Section 5 of the Offer to Purchase, "Certain Conditions of the Offer".

HOW WILL A SHAREHOLDER BE NOTIFIED IF CONIFEX EXTENDS THE OFFER?

If Conifex extends the Offer, Conifex will issue a press release no later than 9:00 a.m. (Toronto time) on the next business day after the day on which the Offer was previously scheduled to expire.

See Section 6 of the Offer to Purchase, "Extension and Variation of the Offer".

WHAT WILL HAPPEN IF A SHAREHOLDER DOES NOTHING?

Upon completion of the Offer, if a Shareholder does not deposit the Shares held by it to the Offer, that Shareholder will realize a proportionate increase in its equity interest in Conifex to the extent we purchase Shares pursuant to the Offer. See Section 3 of the Circular, "Purpose and Effect of the Offer".

ARE THERE ANY CONDITIONS TO THE OFFER?

Yes. The Offer is subject to a number of conditions as usual in the circumstances, such as certain changes in market price of the Shares or stock market conditions, the absence of court, governmental and regulatory action prohibiting the Offer and the absence of certain changes in general market conditions or our business, that in our sole judgment, acting reasonably, make it inadvisable to proceed with the Offer.

See Section 5 of this Offer to Purchase, "Certain Conditions of the Offer".

ONCE A SHAREHOLDER HAS DEPOSITED SHARES TO THE OFFER, CAN THAT SHAREHOLDER WITHDRAW THOSE SHARES?

Yes. A Shareholder may withdraw Shares deposited pursuant to the Offer: (a) at any time before those Shares have been taken up by the Company; (b) at any time before the expiration of 10 days from the date that a notice of change or variation (unless the Shares deposited pursuant to the Offer have been taken up by the Company before the date of the notice of change or variation, and other than a variation that (i) consists solely of an increase in the consideration offered for those Shares under the Offer where the time for deposit is not extended for greater than 10 days, or (ii) consists solely of the waiver of a condition of the Offer) has been given in accordance with Section 6 of this Offer to Purchase, "Extension and Variation of the Offer"; or (c) if those Shares have not been paid for by the Company within three business days after having been taken up.

See Section 4 of this Offer to Purchase, "Withdrawal Rights".

HOW DOES A SHAREHOLDER WITHDRAW SHARES PREVIOUSLY DEPOSITED?

For a withdrawal to be effective, a written notice of withdrawal must be received in a timely manner by the Depositary at the office as set forth in the Letter of Transmittal or Notice of Guaranteed Delivery of the relevant Shares. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal or Notice of Guaranteed Delivery that accompanied the Shares being withdrawn and must specify the name of the person who deposited the Shares to be withdrawn, the name of the registered holder, if different from that of the person who deposited such Shares, and the number of Shares to be withdrawn. Some additional requirements apply if the certificates representing the Shares to be withdrawn have been delivered to the Depositary. The withdrawal will take effect only upon actual receipt by the Depositary of the properly completed and executed written notice.

See Section 4 of this Offer to Purchase, "Withdrawal Rights".

WHAT DOES A SHAREHOLDER DO IF THAT SHAREHOLDER OWNS AN "ODD LOT" OF SHARES?

If a Shareholder owns in the aggregate fewer than 100 Shares as of the close of business on the Expiration Date and that Shareholder validly deposits all such Shares pursuant to the terms of the Offer, the Company will purchase all of those Shares without pro-ration (but otherwise subject to the terms and conditions of the Offer). This pro-ration preference is not available to holders of 100 or more Shares even if holders have separate share certificates, DRS positions or ownership statements for fewer than 100 Shares or hold fewer than 100 Shares in different accounts. Odd Lot Holders will be required to tender all Shares owned by the Shareholder. Partial tenders will not be accepted from Odd Lot Holders. If a Shareholder owns an "odd lot" of Shares, that Shareholder must check (or tick) the "Odd Lots" box in either the Letter of Transmittal or the Notice of Guaranteed Delivery. See Section 3 of this Offer to Purchase, "Procedure for Depositing Shares".

WHEN WILL CONIFEX PAY FOR THE SHARES DEPOSITED?

The Company will take up Shares to be purchased pursuant to the Offer promptly after the Expiration Date. The Company will pay for such Shares within three business days after taking up the Shares. See Section 7 of this Offer to Purchase, "Taking Up and Payment for Deposited Shares". In the event that the Company elects to extend the Offer, it will not take up or pay for any Shares until the expiry of such extension.

WHAT IS THE RECENT MARKET PRICE OF THE SHARES?

On November 8, 2021, the trading day immediately prior to our announcement of the terms of the Offer, the closing price of the shares on the TSX was \$1.76 per share. During the 12 months ended November 8, 2021, the prices of the shares on the TSX have ranged from a low of \$1.12 to a high of \$2.79 per share. See Section 4 of the Circular, "Price Range of Shares".

WILL A SHAREHOLDER HAVE TO PAY BROKERAGE COMMISSIONS IF SHARES ARE DEPOSITED?

If a Shareholder is a registered Shareholder and deposits Shares directly to the Depositary, the Shareholder will not incur any brokerage commissions. If the Shareholder holds Shares through an investment dealer, broker, bank, trust company or other nominee, Conifex urges the Shareholder to consult its nominee to determine whether the Shareholder will incur any transaction costs. See Section 3 of this Offer to Purchase, "Procedure for Depositing Shares".

WHAT ARE THE INCOME TAX CONSEQUENCES OF DEPOSITING SHARES?

Certain material Canadian federal income tax considerations are described in general terms in Section 12 of the Circular, "Income Tax Considerations". Shareholders are urged to carefully consider the income tax consequences of depositing Shares pursuant to the Offer and to consult their own tax advisors in this regard and to carefully review the discussion under Section 12 of the Circular, "Income Tax Considerations".

HAS CONIFEX OR ITS BOARD OF DIRECTORS ADOPTED A POSITION ON THE OFFER?

None of Conifex, our Board of Directors or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares. Shareholders must make their own decisions as to whether to deposit or refrain from depositing shares pursuant to the Offer and, if so, how many shares to deposit and whether to specify a price and, if so, at what price to deposit such shares. Shareholders should carefully consider all relevant factors with their own financial advisors, including the income tax consequences of depositing shares pursuant to the Offer.

WILL CONIFEX'S DIRECTORS OR OFFICERS DEPOSIT SHARES TO THE OFFER?

Except as set forth below, to the knowledge of the Company and its directors and officers, after reasonable inquiry, no director or officer of the Company, no associate or affiliate of a director or officer of the Company, no associate or affiliate of the Company, nor any other insider of the Company, and no person or company acting jointly or in concert with the Company, has indicated any present intention to deposit any of such person's or company's Shares pursuant to the Offer.

Each of Polar Asset Management Partners Inc. ("**Polar**") and BW SLC AIV III, L.P. ("**Blue Wolf**"), each of whom own 10% or more of our Shares, have indicated that they intend to deposit Shares pursuant to the Offer. Each of Polar and Blue Wolf, respectively, will determine how many Shares it wishes to deposit pursuant to the Offer and may change their intention at any time.

The intentions of the directors and officers of the Company and their respective associates or affiliates as described above may change or Shares may be sold on the TSX during the period of the Offer. See Section 11 of the Circular, "Intention to Deposit Shares".

HOW WILL CONIFEX PAY FOR THE SHARES?

The Company intends to pay for the Shares purchased in the Offer (to the Maximum Offer Amount) with cash on hand generated from its business operations. See Section 14 of the Circular, "Source of Funds".

The Offer is also subject to a number of conditions. See Section 5 of this Offer to Purchase, "Certain Conditions of the Offer".

WILL CONIFEX HAVE SUFFICIENT FINANCIAL RESOURCES REMAINING UPON COMPLETION OF THE OFFER?

After giving effect to the Offer, Conifex believes that it will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations.

WHAT IMPACT WILL THE OFFER HAVE ON THE LIQUIDITY OF THE MARKET FOR THE SHARES?

Conifex's Board of Directors has obtained a liquidity opinion from Raymond James that, based on and subject to the qualifications, assumptions and limitations contained in such opinion, as of November 8, 2021: (i) a liquid market existed for the Shares as of November 8, 2021 and (ii) it is reasonable to conclude that, upon completion of the Offer in accordance with its terms, there will be a market for the holders of Shares who do not tender their Shares to the Offer that is not materially less liquid than at the time of making the Offer. See Section 3 of the Circular, "Purpose and Effect of the Offer — Liquidity of Market".

WHOM CAN I TALK TO IF I HAVE QUESTIONS?

For further information regarding the Offer, contact the Depositary (at 1-800-564-6253 in North America, 514-982-7555 International, or by email at corporateactions@computershare.com) or your broker or other professional advisors.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY AS TO WHETHER SHAREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THE OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY CONIFEX.

OFFER TO PURCHASE

To the Holders of the Shares of Conifex Timber Inc.

1. The Offer

We hereby invite Shareholders to deposit outstanding Shares of the Company for purchase and cancellation by the Company at the Purchase Price of \$2.25. We will purchase up to 4,000,000 Shares (or such greater number of Shares that the Company determines it is willing and permitted to take up and pay for), or such fewer number of Shares as are properly tendered and not withdrawn prior to the Expiration Date on the terms and subject to the conditions set forth in the Offer.

The Purchase Price will be denominated in Canadian dollars and payments of amounts owing to a depositing Shareholder will be made in Canadian dollars.

The Offer will commence on November 12, 2021, the date of this Offer to Purchase, and expire at 5:00 p.m. (Toronto time) on December 20, 2021, or at such later time and date to which the Offer may be extended by Conifex.

As of November 9, 2021, 44,149,110 Shares were issued and outstanding. Accordingly, the Offer is for up to approximately 9.06% of the total number of issued and outstanding Shares. See Section 3 of this Offer to Purchase, "Procedure for Depositing Shares".

THE OFFER IS NOT CONDITIONAL UPON ANY MINIMUM NUMBER OF SHARES BEING DEPOSITED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 5 OF THIS OFFER TO PURCHASE, "CERTAIN CONDITIONS OF THE OFFER".

Registered Shareholders who deposit their Shares directly to the Depositary will not incur any brokerage commissions. Shareholders who hold Shares through an investment dealer, stockbroker, bank, trust company or other nominee are urged to consult with their nominee to determine whether they will incur any transaction costs. See Section 3 of this Offer to Purchase, "Procedure for Depositing Shares".

All Deposited Shares not purchased due to pro-ration and Shares not otherwise accepted for purchase, will be returned to the depositing Shareholder promptly after the Expiration Date or termination of the Offer without expense to the depositing Shareholder.

None of Conifex, our Board of Directors or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares. Shareholders must make their own decisions as to whether to deposit or refrain from depositing Shares under the Offer. Shareholders should carefully consider all relevant factors with their own advisors, including the income tax consequences of depositing Shares pursuant to the Offer. See Section 12 of the Circular, "Income Tax Considerations".

The accompanying Circular, Letter of Transmittal and Notice of Guaranteed Delivery contain important information and should be read carefully before making a decision with respect to the Offer.

2. Manner and Time of Acceptance

All Shareholders who have, prior to the Expiration Date, properly deposited and not withdrawn their Shares will receive in cash the Purchase Price (subject to applicable withholding taxes, if any) for all Shares purchased, on the terms and subject to the conditions of the Offer, including the provisions relating to pro-ration and the preferential acceptance of Shares deposited by Odd Lot Holders described herein.

If the number of Shares properly deposited by the Expiration Date and not withdrawn is in the aggregate less than or equal to 4,000,000, the Company, on the terms and subject to the conditions of the Offer, will purchase all deposited Shares at the Purchase Price.

If the number of Shares properly deposited by the Expiration Date and not withdrawn exceeds in the aggregate 4,000,000 (or such greater number of Shares that the Company determines it is willing and permitted to take up and pay for), the Company will take-up and pay for the Shares at the Purchase Price on a pro-rata basis according to the number of Shares deposited (or deemed to be deposited) from Shareholders (with adjustments to avoid the purchase of fractional Shares), except that Odd Lot Holders will be accepted for purchase first and will not be subject to pro-ration. Conifex's determination as to pro-ration shall be final and binding on all parties. Conifex will return all Shares not purchased under the Offer, including Shares not purchased because of pro-ration.

For the purposes of the foregoing, an odd lot deposit is a deposit by a Shareholder owning in the aggregate fewer than 100 Shares as of the close of business on the Expiration Date, who deposits all such Shares pursuant to the Offer prior to the Expiration Date and who checks (or ticks) the box captioned "Odd Lots" in either the Letter of Transmittal or the Notice of Guaranteed Delivery. As set forth above, odd lots will be accepted for purchase before any pro-ration. Our determination as to pro-ration will be final and binding on all parties, absent a finding to the contrary by a court of competent jurisdiction.

Prior to the Expiration Date, all factual information regarding the number of Shares tendered will be kept confidential, and the Depositary will be directed by the Company to maintain such confidentiality.

3. Procedure for Depositing Shares

Proper Deposit of Shares

To deposit Shares pursuant to the Offer, (i) the certificates for all deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Shares with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal must be received by the Depositary at one of the addresses listed in the Letter of Transmittal by the Expiration Date, (ii) the guaranteed delivery procedure described below must be followed, or (iii) such Shares must be transferred pursuant to the procedures for book-entry transfer described below (and a confirmation of such tender must be received by the Depositary if the tendering Shareholder has not delivered a Letter of Transmittal).

If a Shareholder desires to deposit Shares in separate lots, such Shareholder must complete a separate Letter of Transmittal (and, if applicable, a Notice of Guaranteed Delivery) for each lot.

A non-registered Shareholder who desires to deposit Shares under the Offer should immediately contact such Shareholder's investment dealer, stockbroker, commercial bank, trust company or other nominee in order to take the necessary steps to be able to deposit such Shares under the Offer.

If an investment dealer, stockbroker, bank, trust company or other nominee holds Shares for a Shareholder, it is likely the nominee has established an earlier deadline for that Shareholder to act to instruct the nominee to accept the Offer on its behalf. A Shareholder should immediately contact the Shareholder's investment dealer, stockbroker, bank, trust company or other nominee to find out the nominee's deadline.

Participants of CDS should contact CDS to obtain instructions as to the method of depositing Shares under the terms of the Offer. CDS will be issuing instructions to its participants as to the method of depositing Shares under the terms of the Offer.

Odd Lot Holders who wish to tender all of their Shares must check the appropriate box in the Letter of Transmittal in order to qualify for preferential treatment available to Odd Lot Holders. See Section 2 of this Offer to Purchase, "Manner and Time of Acceptance". Odd Lot Holders tendering Shares pursuant to the Offer will be required to tender all Shares owned by the Shareholder. Partial tenders will not be accepted from Odd Lot Holders.

Notice to Holders of Stock Awards and Convertible or Exchangeable Securities

The Offer is made only for Shares and is not made for any stock awards to purchase Shares or any other

securities of Conifex that are convertible into or exchangeable or exercisable for Shares. Any holder of such stock awards or other securities convertible into or exchangeable or exercisable for Shares who wishes to accept the Offer must, to the extent permitted by the terms of the security and applicable laws, exercise the award or other securities convertible into or exchangeable or exercisable for Shares in order to obtain certificates representing Shares and deposit those Shares in accordance with the terms of the Offer. Any such conversion, exchange or exercise must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such stock awards or other securities will have the Shares issued or deliverable and, if applicable, will have received the certificate(s) or DRS representing the Shares, on such exercise available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in this Section 3, "Procedure for Depositing Shares". Any such conversion, exercise or exchange will be irrevocable, including where the Shares tendered are subject to pro-rata or otherwise are not taken up. Holders of stock awards or other securities should consult their income tax advisors as there are income tax consequences on the exercise of such securities (and such income tax consequences are not addressed in Section 12 of the Circular, "Income Tax Considerations"), and should read Section 12 of the Circular, "Income Tax Considerations" as there are tax consequences on the deposit of Shares to the Offer.

Signature Guarantees

No signature guarantee is required on the Letter of Transmittal if (a) the Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder appears on the Share certificate deposited therewith, and payment and delivery is to be made directly to such registered holder at the address shown on the register of Shareholders maintained by or on behalf of Conifex, or (b) Shares are deposited for the account of an Eligible Institution. In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution.

If a certificate, DRS position or ownership statement representing Shares is registered in the name of a person other than the signatory to a Letter of Transmittal, or if payment is to be made, or certificates, DRS positions or ownership statements representing Shares not purchased or deposited are to be issued, to a person other than the registered holder, the certificate, DRS position or ownership statement must be endorsed or accompanied by an appropriate share transfer power of attorney, in either case, signed exactly as the name of the registered holder appears on the certificate, DRS position or ownership statement with the signature on the certificate or share transfer power of attorney signature guaranteed by an Eligible Institution.

Book-Entry Transfer Procedures

Any financial institution that is a participant in CDS may make book-entry delivery of the Shares through CDSX, CDS's on-line tendering system pursuant to which book-entry transfers may be effected by causing CDS to transfer such Shares into the Depositary's account in accordance with CDS's procedures for such transfer. Delivery of Shares to the Depositary by means of a book-entry transfer through CDSX will constitute a valid tender under the Offer.

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary at its Toronto, Ontario office address set forth on the back cover page of this Offer to Purchase and Circular prior to the Expiration Date. Shareholders, through their respective CDS Participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary's account with CDS will be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depositary are considered a valid tender in accordance with the terms of the Offer. **Delivery of documents to CDS does not constitute delivery to the Depositary.**

Method of Delivery

The method of delivery of certificates representing Shares and all other required documents is at the option and risk of the depositing Shareholder. If certificates representing Shares are to be sent by mail or registered mail, proper insurance, is recommended and it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Depositary on or prior to such date. Delivery of a share certificate representing Shares

will only be made upon actual receipt of such share certificate representing Shares by the Depositary.

Procedure for Guaranteed Delivery

If a Shareholder wishes to deposit Shares pursuant to the Offer and cannot deliver certificates for such Shares, or the book-entry transfer procedures described above cannot be completed, prior to the Expiration Date, or time will not permit all required documents to reach the Depositary by the Expiration Date, such Shares may nevertheless be deposited if all of the following conditions are met:

- (a) such deposit is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery, or a manually executed photocopy thereof, substantially in the form provided by the Company through the Depositary, is received by the Depositary at its mailing address in Toronto, Ontario or email address as set out in the Notice of Guaranteed Delivery prior to the Expiration Date; and
- (c) the certificates for all Deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal, or a manually executed photocopy thereof, relating to such Shares, with signatures that are guaranteed by an Eligible Institution if so required in accordance with the Letter of Transmittal, or, in the case of a book-entry transfer, a Book-Entry Confirmation through the CDSX system (in the case of Shares held in CDS), and any other documents required by the Letter of Transmittal, are received by the Toronto, Ontario office of the Depositary, before 5:00 p.m. (Toronto time) on or before the second trading day on the TSX after the Expiration Date.

The Notice of Guaranteed Delivery may be hand delivered, mailed or transmitted by facsimile transmission to the Toronto office of the Depositary listed in the Notice of Guaranteed Delivery, and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares deposited and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares, a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Shares with signatures that are guaranteed if so required, or, in the case of a book-entry transfer, a Book-Entry Confirmation through the CDSX system (in the case of Shares held in CDS), and any other documents required by the Letter of Transmittal.

The tender information specified in a Notice of Guaranteed Delivery by a person completing such Notice of Guaranteed Delivery will, in all circumstances, take precedence over the tender information that is specified in the related Letter of Transmittal that is subsequently deposited.

Determination of Validity, Rejection and Notice of Defect

All questions as to the number of Shares to be accepted, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any deposit of Shares will be determined by us, in our sole discretion, which determination will be final and binding on all parties. We reserve the absolute right to reject any deposits of Shares determined by us not to be in proper form or completed in accordance with the instructions herein and in the Letter of Transmittal or the acceptance for payment of or payment for which may, in the opinion of our legal counsel, be unlawful. We also reserve the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the deposit of any particular Shares and our interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No individual deposit of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with deposits must be cured within such time as we will determine. **None of Conifex, our Board of Directors or the Depositary nor any other person is or will be obligated to give notice of defects or irregularities in deposits, nor will any of them accept any liability for failure to give any such notice.** Our interpretation of the

terms and conditions of the Offer (including the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding.

Under no circumstances will interest be paid by the Company or the Depositary by reason of any delay in making payment to any person using the guaranteed delivery procedures, including without limitation any delay arising because the Shares to be delivered pursuant to the guaranteed delivery procedures are not so delivered to the Depositary, and therefore payment by the Depositary on account of such Shares is not made, until after the date the payment for the Deposited Shares accepted for payment pursuant to the Offer is to be made by the Company.

Formation of Agreement

The proper deposit of Shares pursuant to any one of the procedures described above will constitute a binding agreement between the depositing Shareholder and the Company, effective as of 5:00 p.m. (Toronto time) on the Expiration Date, upon the terms and subject to the conditions of the Offer.

Prohibition on "Short" Tenders

It is a violation of Rule 14e-4 promulgated under the Exchange Act for a person acting alone or in concert with others, directly or indirectly, to tender shares for such person's own account unless at the time of tender and at the Expiration Date such person has a "net long position" in (i) a number of shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered such shares for the purpose of tendering to us within the period specified in the Offer or (ii) other securities immediately convertible into, exercisable for or exchangeable into a number of shares ("**Equivalent Securities**") that is equal to or greater than the number of shares tendered and, upon the acceptance of such tender, will acquire such shares by conversion, exchange, or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such shares so acquired for the purpose of tender to us within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of shares made pursuant to any method of delivery set forth in the Circular will constitute the tendering shareholder's acceptance of the terms and conditions of the Offer, as well as the tendering shareholder's representation and warranty to us that (i) such shareholder has a "net long position" in a number of shares or Equivalent Securities at least equal to the shares being tendered within the meaning of Rule 14e-4, and (ii) such tender of shares complies with Rule 14e-4. Our acceptance for payment of shares tendered pursuant to the Offer will constitute a binding agreement between the tendering shareholder and us upon the terms and subject to the conditions of the Offer.

Further Assurances

Each Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal or book-entry transfer to execute, upon request of Conifex, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Shares to the Company. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Shareholder and will, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein will be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

4. Withdrawal Rights

Except as otherwise provided in this Section 4, "Withdrawal Rights", deposits of Shares pursuant to the Offer will be irrevocable. A Shareholder may withdraw Shares deposited pursuant to the Offer: (a) at any time before those Shares have been taken up by the Company; (b) at any time before the expiration of 10 days from the date that a notice of change or variation (unless the Shares deposited pursuant to the Offer have been taken up by the Company before the date of the notice of change or variation, and other than a variation that (i) consists solely of an increase in the consideration offered for those Shares under the Offer where the time for deposit is not extended for greater than 10 days, or (ii) consists solely of the waiver of a condition of the Offer) has been given in accordance with Section 6 of this Offer to Purchase, "Extension and Variation of the Offer"; or (c) if those Shares have not been paid for by the Company within three business days after having been taken up.

For a withdrawal to be effective, a written or printed copy of a notice of withdrawal must be actually received by the Depositary by the applicable date specified above at the place of deposit of the relevant Shares. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal or Notice of Guaranteed Delivery in respect of the Shares being withdrawn or, in the case of Shares tendered by a CDS Participant, be signed by such participant in the same manner as the participant's name is listed on the applicable Book-Entry Confirmation through the CDSX system, and must specify the name of the person who deposited the Shares to be withdrawn, the name of the registered holder, if different from that of the person who deposited such Shares, and the number of Shares to be withdrawn. If the certificates for the Shares deposited pursuant to the Offer have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the depositing Shareholder must submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in Section 3 of this Offer to Purchase, "Procedure for Depositing Shares"), except in the case of Shares deposited by an Eligible Institution. **A withdrawal of Shares deposited pursuant to the Offer may only be accomplished in accordance with the foregoing procedure. The withdrawal will take effect only upon actual receipt by the Depositary of a written or printed copy of a properly completed and executed notice of withdrawal.**

A Shareholder who wishes to withdraw Shares under the Offer and who holds Shares through an investment dealer, stockbroker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to withdraw such Shares under the Offer. Participants of CDS should contact these depositaries with respect to the withdrawal of Shares under the Offer.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination will be final and binding. None of the Company, the Depositary or any other person will be obligated to give any notice of any defects or irregularities in any notice of withdrawal and none of them will incur any liability for failure to give any such notice.

Any Shares properly withdrawn will thereafter be deemed not deposited for purposes of the Offer. However, withdrawn Shares may be redeposited prior to the Expiration Date by again following the procedures described in Section 3 of this Offer to Purchase, "Procedure for Depositing Shares".

If we extend the period of time during which the Offer is open, are delayed in our purchase of Shares or are unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may, subject to applicable law, retain on our behalf all Deposited Shares, and such Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as described in this Section 4, "Withdrawal Rights".

5. Certain Conditions of the Offer

Notwithstanding any other provision of the Offer, we will not be required to accept for purchase, to purchase or to pay for any Shares deposited, and may terminate or cancel the Offer or may postpone the payment for Shares deposited, if, at any time before the payment for any such Shares, any of the following events will have occurred (or will have been determined by us to have occurred) which, in our sole discretion and judgment, in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer or with such acceptance for purchase or payment:

- (a) there will have been threatened, taken or pending any action or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction (i) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment of some or all of the Shares by the Company or otherwise directly or indirectly relating in any manner to or affecting the Offer, or (ii) that otherwise, in the sole judgment of the Company, acting reasonably, has or may have a material adverse effect on the Shares or the business, income, assets, liabilities, condition (financial or otherwise), properties,

operations, results of operations or prospects of the Company and its subsidiaries taken as a whole or has impaired or may materially impair the contemplated benefits of the Offer to the Company;

(b) there will have been any action or proceeding threatened, pending or taken or approval withheld or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Company or any of its subsidiaries by any court, government or governmental authority or regulatory or administrative agency in any jurisdiction that, in the sole judgment of the Company, acting reasonably, might directly or indirectly result in any of the consequences referred to in clauses (i) or (ii) of paragraph (a) above or would or might prohibit, prevent, restrict or delay consummation of or materially impair the contemplated benefits to the Company of the Offer;

(c) there will have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada (whether or not mandatory), (iii) any actual or potential existence, occurrence or continuation of any force majeure events, including any earthquakes, floods, hurricanes, disasters, an outbreak or escalation of hostilities, disease, war, acts of terrorism, political instability or any other national, international or regional calamity, crisis, emergency, epidemic or natural disaster, act of God or any governmental or other response to any of the foregoing, in each case involving Canada, the United States or any other region where the Company conducts business or has operations, (iv) any limitation by any government or governmental authority or regulatory or administrative agency or any other event that, in the sole judgment of the Company, acting reasonably, might affect the extension of credit by banks or other lending institutions, (v) any significant decrease, in the sole judgment of the Company, acting reasonably, in the market price of the Shares since the close of business on November 8, 2021, which will include, without limitation, any decline by an amount in excess of 10%, measured from the close of business on November 8, 2021, (vi) any change in the general political, market, economic or financial conditions that, in the sole judgment of the Company, acting reasonably, has or may be reasonably expected to have a material adverse effect on the Company's business, operations or prospects or the trading in, or value of, the Shares (including any change attributable to the COVID-19 pandemic), (vii) any decline in any of the S&P/TSX Composite Index, the Dow Jones Industrial Average or the S&P 500 by an amount in excess of 10%, measured from the close of business on November 8, 2021, (viii) any material change in the short-term or long-term interest rates in Canada or the United States, or (ix) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(d) there will have occurred any change or changes (or any development involving any prospective change or changes) in the business, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of the Company or its subsidiaries that, in the sole judgment of the Company, acting reasonably, has, have or may have material adverse significance with respect to the Company and its subsidiaries taken as a whole;

(e) any take-over bid or tender or exchange offer with respect to some or all of the securities of Conifex, or any merger, business combination or acquisition proposal, disposition of assets, or other similar transaction with or involving Conifex or any of its affiliates, other than the Offer, will have been proposed, announced or made by any individual or entity;

(f) Raymond James will have withdrawn or adversely amended its Liquidity Opinion;

(g) we will have determined that the consummation of the Offer is reasonably likely to cause the shares to be delisted from the TSX;

(i) we will have determined that the completion of the Offer subjects the Company to any material tax liability;

(j) the Company will have concluded, in its sole judgment, acting reasonably, that the Offer or the take-

up and payment for any or all of the Shares by the Company is illegal or not in compliance with applicable law, or that necessary exemptions under applicable securities, are not available to the Company for the Offer and, if required under any such legislation, the Company will not have received the necessary exemptions from or waivers of the appropriate courts or securities regulatory authorities in respect of the Offer; or

(k) any changes will have occurred or been proposed to the Tax Act, the publicly available administrative policies or assessing practices of the Canada Revenue Agency, or to relevant tax jurisprudence, that, in the sole judgment of the Company, acting reasonably, are detrimental to Conifex or a Shareholder, or with respect to making the Offer or taking up and paying for Shares deposited under the Offer.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company in its sole discretion, regardless of the circumstances (including any action or inaction by the Company) giving rise to any such conditions, or may be waived by the Company, in its sole discretion, in whole or in part at any time. The failure by the Company at any time to exercise its rights under any of the foregoing conditions will not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver with respect to any other facts and circumstances; and each such right will be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by the Company concerning the events described in this Section 5 will be final and binding on all parties.

Any waiver of a condition or the withdrawal of the Offer by the Company will be deemed to be effective on the date on which notice of such waiver or withdrawal by the Company is delivered or otherwise communicated to the Depositary. Conifex, after giving notice to the Depositary of any waiver of a condition or the withdrawal of the Offer, will immediately make a public announcement of such waiver or withdrawal and provide or cause to be provided notice of such waiver or withdrawal to the TSX and the applicable Canadian securities regulatory authorities. If the Offer is withdrawn, the Company will not be obligated to take up, accept for purchase or pay for any Shares deposited under the Offer, and the Depositary will return all certificates for Deposited Shares, Letters of Transmittal and Notices of Guaranteed Delivery and any related documents to the parties by whom they were deposited.

6. Extension and Variation of the Offer

Subject to applicable law, we expressly reserve the right, in our sole discretion, and regardless of whether or not any of the conditions specified in Section 5 of this Offer to Purchase, "Certain Conditions of the Offer" will have occurred, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice, or oral notice to be confirmed in writing, of extension or variation to the Depositary and by causing the Depositary to provide to all Shareholders, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth in Section 10 of this Offer to Purchase, "Notice". Promptly after giving notice of an extension or variation to the Depositary, but, in the case of an extension, no later than 9:00 a.m. (Toronto time) on the next business day following the last previously scheduled or announced Expiration Date, we will make a public announcement of the extension or variation and provide or cause to be provided notice of such extension or variation to the TSX and the applicable securities regulatory authorities. Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated by facsimile or electronic mail to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than a variation consisting solely of the waiver of a condition of the Offer), the period during which Shares may be deposited pursuant to the Offer will not expire before 10 days (except for any variation increasing or decreasing the percentage of Shares to be purchased, the consideration provided for under the Offer, in which case the Offer will not expire before 10 business days) after the date of the notice of variation, unless otherwise permitted by applicable law. In the event of any variation, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by us in accordance with the terms of the Offer, subject to Section 4 of this Offer to Purchase, "Withdrawal Rights". An extension of the Expiration Date or a variation of the Offer does not constitute a waiver by us of our rights in Section 5 of this Offer to Purchase, "Certain Conditions of the Offer".

If we make a material change in the terms of the Offer or the information concerning the Offer, we will extend the time during which the Offer is open to the extent required under applicable Canadian securities legislation.

We also expressly reserve the right, in our sole discretion, (a) to terminate the Offer and not take up and pay for any Shares not theretofore taken up and paid for upon the occurrence of any of the conditions specified in Section 5 of this Offer to Purchase, "Certain Conditions of the Offer", and/or (b) at any time or from time to time, to vary the Offer in any respect, including increasing or decreasing the aggregate number of Shares that we may purchase or the Purchase Price, subject to compliance with applicable Canadian securities legislation.

Any such extension, delay, termination or variation will be followed as promptly as practicable by a public announcement. Without limiting the manner in which we may choose to make any public announcement, except as provided by applicable law, we will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through our usual news wire service.

7. Taking Up and Payment for Deposited Shares

Conifex will take up and pay for Shares to be purchased pursuant to the Offer promptly after the Expiration Date, but in any event not later than 10 days after such time, provided that the conditions of the Offer (as the same may be amended) have been satisfied or waived. Conifex will pay for such Shares within three business days after taking up the Shares.

Number of Shares

For purposes of the Offer, we will be deemed to have accepted for payment, subject to pro-ration and the preferential acceptance of Shares deposited by Odd Lot Holders, that number of Shares up to 4,000,000 Shares (or such greater number of Shares that we determine we are willing and permitted to take up and pay for) that are properly deposited under the Offer and not withdrawn if, as and when we give written notice or other communication confirmed in writing to the Depositary to that effect.

Payment

Payment for Shares accepted for purchase pursuant to the Offer will be made on the date on which we deliver funds on account of the purchase price of the accepted Shares to the Depositary by bank transfer or other means satisfactory to the Depositary, who will act as agent for the depositing Shareholders for the purpose of receiving payment from Conifex and transmitting such payment to the depositing Shareholders.

Under no circumstances will interest accrue or be paid by Conifex or the Depositary on the Purchase Price to any person depositing Shares regardless of any delay in making payment, including any delay in making payment to any person using the guaranteed delivery procedures.

In the event of pro-ration of Shares deposited pursuant to the Offer, the Company will determine the pro-ration factor and pay for those Deposited Shares accepted for payment promptly after the Expiration Date. However, the Company does not expect to be able to announce the final results of any such pro-ration for at least three business days after the Expiration Date.

All Deposited Shares not purchased, including Shares not purchased due to pro-ration and Shares not otherwise accepted for purchase, will be returned promptly after the Expiration Date or termination of the Offer without expense to the depositing Shareholder. Certificates for all Shares not purchased, including Shares not purchased due to pro-ration and Shares not otherwise accepted for purchase, will be returned as soon as practicable after the Expiration Date or termination of the Offer without expense to the depositing Shareholder.

The Company reserves the right, in its sole discretion, to delay taking up or paying for any Shares or to terminate the Offer and not take up or pay for any Shares if any condition specified in Section 5 of this Offer to Purchase, "Certain Conditions of the Offer" is not satisfied or waived, by giving written notice thereof or other communication confirmed in writing to the Depositary. The Company also reserves the right, in its sole discretion and

notwithstanding any other condition of the Offer, to delay taking up and paying for Shares in order to comply, in whole or in part, with any applicable law.

The Purchase Price for Shares deposited and purchased will be paid by cheque issued to the order of, and certificate(s) or equivalent DRS positions or ownership statements representing Shares not deposited or not purchased pursuant to the Offer will be issued to, the person signing the relevant Letter of Transmittal or to the order of such other person as identified by the person signing such Letter of Transmittal, by properly completing the appropriate boxes in such Letter of Transmittal. In the absence of an address being provided, cheques or certificates will be forwarded to the address of the person as shown on the share register for the Shares. Payments will be made net of any applicable withholding taxes. A Shareholder may also request that the Purchase Price for Shares deposited and purchased be paid by wire payment by properly completing the appropriate box in the Letter of Transmittal. The Purchase Price for Shares deposited by book-entry transfer and purchased will be paid by credit to the relevant account at CDSX.

The Depositary will forward, at the Company's expense, cheques and certificates representing all certificated Shares not purchased by first-class insured mail, postage pre-paid, to the person signing the relevant Letter of Transmittal or to such other person or such other address as identified by the person in such Letter of Transmittal (unless, in the case of a cheque, the person signing the Letter of Transmittal instructs the Depositary to hold such certificates for Shares and/or cheques for pickup or, alternatively, to make a wire payment) by properly completing the appropriate boxes in such Letter of Transmittal. See Section 8 of this Offer to Purchase, "Payment in the Event of Mail Service Interruption", in the event of real or possible mail service interruption. Any Shares deposited by book-entry transfer and not purchased will be credited to the relevant account at CDSX.

All Shares purchased by the Company pursuant to the Offer will be cancelled.

Each registered Shareholder who has tendered Shares pursuant to the Offer and whose Shares are taken up will receive payment of the Purchase Price in Canadian dollars subject to their ability to elect to receive payment in U.S. dollars by checking the applicable box on the Letter of Transmittal.

Each non-registered Shareholder who has tendered Shares through its nominee pursuant to the Offer and whose Shares are taken up will receive payment of the Purchase Price in Canadian dollars subject to their ability to elect to receive payment in U.S. dollars.

8. Payment in the Event of Mail Service Interruption

Notwithstanding the provisions of the Offer, cheques in payment for Shares purchased under the Offer and certificates for any Shares to be returned will not be mailed if the Company determines that delivery by mail may be delayed. Persons entitled to cheques or certificates that are not mailed for this reason may take delivery at the office of the Depositary at which the deposited certificates for the Shares were delivered until the Company has determined that delivery by mail will no longer be delayed. Conifex will provide notice, in accordance with Section 10 of this Offer to Purchase, "Notice", of any determination not to mail under this Section 8, "Payment in the Event of Mail Service Interruption" as soon as reasonably practicable after such determination is made.

9. Liens and Dividends

Shares acquired pursuant to the Offer will be acquired by the Company free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions that may be paid, issued, distributed, made or transferred on or in respect of such Shares to Shareholders of record on or prior to the date upon which the Shares are taken up and paid for under the Offer will be for the account of such Shareholders. Each Shareholder of record on that date will be entitled to receive that dividend or distribution whether or not such Shareholder deposits Shares pursuant to the Offer. See Section 5 of the Circular, "Dividends and Dividend Policy".

10. Notice

Without limiting any other lawful means of giving notice, any notice to be given by the Company or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first-class mail, postage prepaid, to the registered holders of Shares at their respective addresses as shown on the share registers maintained in respect of the Shares and will be deemed to have been received on the first business day following the date of mailing. These provisions apply despite (i) any accidental omission to give notice to any one or more Shareholders, and (ii) an interruption of mail service following mailing. In the event of an interruption of mail service following mailing, the Company will use reasonable efforts to disseminate the notice by other means, such as publication. If post offices are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice which the Company or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is issued by way of a news release and if it is published once in the National Edition of *The Globe and Mail* or the *National Post* and in a French language daily newspaper of general circulation in the Province of Québec.

11. Other Terms

No broker, dealer or other person has been authorized to give any information or to make any representation on behalf of the Company other than as contained in the Offer, and, if any such information or representation is given or made, it must not be relied upon as having been authorized by the Company.

It is a term of the Offer that for the purposes of subsection 191(4) of the Tax Act, the "specified amount" in respect of each Share will be \$2.20, being an amount equal to the Purchase Price less \$0.05.

Shareholders should carefully consider the income tax consequences of accepting the Offer. See Section 12 of the Circular, "Income Tax Considerations".

The Offer and all contracts resulting from the acceptance thereof will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

Conifex, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer and the validity of any withdrawals of Shares. The Offer is not being made to, and deposits of Shares will not be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. Conifex may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and extend the Offer to Shareholders in any such jurisdiction.

(Remainder of page intentionally left blank.)

The accompanying Circular, together with this Offer to Purchase, constitutes the issuer bid circular required under Canadian provincial securities legislation applicable to Conifex with respect to the Offer.

The accompanying Circular contains additional information relating to the Offer.

In any U.S. state or other jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on our behalf by one or more registered brokers or by dealers licensed under the laws of that jurisdiction.

DATED this 12th day of November, 2021 at Vancouver, British Columbia.

CONIFEX TIMBER INC.

(Signed) *Kenneth A. Shields*
President and Chief Executive Officer

CIRCULAR

This Circular is being furnished in connection with our Offer to Purchase for cash up to 4,000,000 Shares at a price of \$2.25 per Share, for an aggregate purchase price of not more than \$9.0 million. Terms defined in the Offer to Purchase and not otherwise defined herein have the same meaning in this Circular. The terms and conditions of the Offer to Purchase, Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of its terms and conditions.

1. Conifex Timber Inc.

We are a British Columbia forestry company operating in lumber and bioenergy. Our lumber operations are primarily involved in the manufacture, sale and distribution of dimension lumber through our sawmill located in Mackenzie, British Columbia. Our bioenergy facility is located adjacent to our Mackenzie sawmill.

We operate a 2-line sawmill in Mackenzie, British Columbia. We hold a forest licence in the timber supply area ("TSA") in and around Mackenzie with an allowable annual cut ("AAC") of 632,500 cubic metres, and also own 50% of a joint venture which holds a forest licence with an AAC of 300,000 cubic metres in the same TSA. Our Mackenzie mill has approximately 240 million board feet of annual lumber capacity on a two-shift basis.

We operate a 36 megawatt biomass power generation plant in Mackenzie, British Columbia, located at the site of our Mackenzie mill. Our power plant's output capacity is in excess of 230 gigawatt hours ("GWh") of electricity per year. We have executed an electricity purchase agreement ("EPA") and a related load displacement agreement ("LDA") with the British Columbia Hydro and Power Authority ("BC Hydro"). Under the EPA, BC Hydro agreed to purchase approximately 200 GWh of electrical energy annually over a 20-year term for a fixed price, and under the LDA we agreed to supply the energy requirements of our Mackenzie mill over the same 20-year term.

We were incorporated under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 (the "CBCA") on May 17, 2007. Our head office address is 980, 700 West Georgia Street, Vancouver, British Columbia V7Y 1B6, and our registered and records office address is 1000, 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

Additional Information

We are subject to the continuous disclosure requirements of applicable Canadian provincial securities legislation and the rules of the TSX, and in accordance therewith, file periodic reports and other information with Canadian provincial securities regulators and the TSX relating to our business, financial condition and other matters. Shareholders may access documents filed with Canadian provincial securities regulators through SEDAR at www.sedar.com.

2. Authorized Capital

Authorized Capital

Our authorized capital consists of an unlimited number of Shares and preferred shares (the "**Preferred Shares**").

The Shares entitle their holders to: (a) receive notice of and attend any meetings of our shareholders and are entitled to one vote for each Share held, except at meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to any other class of our shares, including without limitation the rights of the holders of Preferred Shares, any dividend declared by us; and (c) the right to receive, subject to the prior rights and privileges attaching to any other class of our shares, including without limitation the holders of Preferred Shares, our remaining property and assets upon dissolution. Subject to the provisions of the CBCA, we may, by special resolution, fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to each series of our Shares including, without limiting the

generality of the foregoing, any voting rights, the rate or amount of dividends, the method of calculating dividends, the dates of payment of dividends, the terms and conditions of redemption, purchase and conversion, if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

The Preferred Shares may, at any time and from time to time, be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of our Board. Holders of Preferred Shares shall not be entitled to receive notice of and attend any meetings of our shareholders or to vote at any such meetings, except meetings at which only holders of Preferred Shares are entitled to vote. Holders of Preferred Shares are entitled to: (a) the right to receive, subject to the prior rights and privileges attaching to any other class of our shares, any dividend declared by us; and (b) the right to receive, subject to the prior rights and privileges attaching to any other class of our shares, our remaining property and assets upon dissolution. Subject to the provisions of the CBCA, we may, by special resolution, fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to each series of the Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends, the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

Issued and Outstanding Share Capital

As at November 9, 2021, our issued share capital consisted of 44,149,110 Shares. No Preferred Shares are issued and outstanding.

Shares Subject to the Offer

The shares that are the subject of the Offer are our Shares.

3. Purpose and Effect of the Offer

We believe that the purchase of Shares under the Offer represents an equitable and efficient means of distributing an aggregate of up to \$9.0 million in cash to Shareholders who elect to tender to the Offer, while at the same time proportionately increasing the equity interest in Conifex of Shareholders who do not elect to tender. After giving effect to the Offer, we expect to have sufficient financial resources and working capital to conduct our ongoing business and operations. The Offer is not expected to preclude us from pursuing our foreseeable business opportunities.

Background to the Offer

Financial Considerations

On December 24, 2019, we entered into a share purchase agreement with an affiliate of Resolute Forest Products Inc. for the sale by Conifex of our US sawmill business, consisting of our El Dorado, Cross City and Glenwood sawmills and related operations. The purchase price, payable in cash, was US\$163 million plus net working capital at closing. In February 2020, we completed the sale for US\$172.8 million, including net working capital of US\$9.8 million.

We utilized the proceeds from the sale to retire our previous secured credit facility that supported our lumber mills. Since the completion of the sale, our term loan supporting our electricity generation operations (the "**Power Term Loan**"), which is secured against our power assets and largely non-recourse to our lumber operations, represents substantially all our remaining long-term debt.

On October 13, 2020, we completed a \$10 million secured revolving credit facility with Wells Fargo Capital Finance Corporation Canada (the "**Revolving Credit Facility**"). The Revolving Credit Facility is available for a term of three years and is substantially secured by our lumber inventory, equipment, and accounts receivable. The Facility includes an accordion feature to increase the limit on the facility to \$15 million, subject to certain conditions. The Revolving Credit Facility remains undrawn.

On November 10, 2020, our Board approved the NCIB allowing us to acquire up to 2,944,320 Shares for cancellation until the expiry of the NCIB on November 30, 2021. In total, between December 1, 2020 and September 21, 2021, we returned approximately \$5.9 million to shareholders through the purchase of 2,944,320 shares at an average price of \$2.00 per share under the NCIB.

Our overall debt was \$60.8 million at September 30, 2021 compared to \$63.4 million at December 31, 2020. The reduction of \$2.6 million in debt comprised net lease repayments of \$0.6 million and Power Term Loan repayments of \$2.0 million. As at September 30, 2021, we had \$58.3 million outstanding on our Power Term Loan, supported by \$101.9 million of property, plant and equipment attributable to our power operations. Other than the Power Term Loan, our remaining long-term debt, consisting of leases, was \$2.5 million.

We use the net debt to total capitalization ratio to measure our relative debt position and as an indicator of the relative strength and flexibility of our balance sheet. Net debt is calculated as interest-bearing debt less cash. Total capitalization is calculated as the sum of net debt and equity. Net debt at September 30, 2021 decreased by \$17.8 million to \$30.8 million from \$48.6 million at December 31, 2020. The net debt to capitalization ratio was approximately 18% at September 30, 2021 compared to 29% at December 31, 2020. Excluding the effects of the Power Term Loan, net debt was negative \$17.7 million and the net debt to capitalization ratio at September 30, 2021 was negative 14% compared to negative 3% at December 31, 2020.

Like other Canadian lumber producers, we began depositing cash on account of softwood lumber duties imposed by the United States government in April 2017. Cumulative duties of US\$17.3 million paid by us, net of sales of the right to refunds, since the inception of the current trade dispute remain held in trust by the US pending administrative reviews and the conclusion of all appeals of US decisions.

Regulatory Considerations

Over the past three years, management regularly provided information to the Board about the competitiveness of our Mackenzie harvesting and lumber manufacturing operations and identified opportunities to modernize and upgrade its facilities on a staged basis.

Fluctuations in the availability, quality and costs of sawlog supply have a material effect on the prospective returns on capital investment associated with modernizing and upgrading our Mackenzie sawmill complex. The Chief Forester of British Columbia is expected to release a decision on the AAC for the Mackenzie Timber Supply Area early in 2022. The Ministry of Forests, Lands, Natural Resources Operations and Rural Development (the "**Ministry**") typically releases its tenure apportionment decision following the release of a revised AAC determination. On October 20, 2021, the British Columbia government introduced legislation to amend the *Forest and Range Practices Act* (the "**FRPA**"). FRPA governs all stages of forest planning on public lands in British Columbia, including road building, timber harvesting and reforestation.

On November 2, 2021, the British Columbia government announced its intention to work in partnership with First Nations on the proposed deferral of harvesting of 2.6 million hectares of BC forests. The proposed deferrals have been identified as temporary, are subject to First Nations engagement and have not yet been implemented. The British Columbia government has stated that final decisions on deferral areas will be based on discussions between it and First Nations governments. We require more specific information on the proposed measures to meaningfully

assess any potential impacts on our business. Determination of potential impacts will be subject to further dialogue with the First Nations on whose territories we operate and their government-to-government discussions.

We do not expect to be able to settle capital expenditure plans for modernizing and upgrading our Mackenzie sawmill complex until we have reviewed the upcoming AAC and apportionment decisions and gained an understanding of how these decisions, combined with the proposed amendments to FRPA and any old-growth logging deferrals, are likely to influence the competitiveness of our harvesting and manufacturing activities in Mackenzie.

Board Considerations

In about the middle of August, 2021, our Board met to consider various matters at its quarterly meeting, including opportunities with respect to capital allocation. The various opportunities included the completion and renewal of our NCIB, as well as the possibility of implementing a substantial issuer bid. Management was instructed to review options relating to the size and scope of a potential substantial issuer bid.

Throughout September and October, management continued to review capital allocation options in view of our then current cash and liquidity position, our forecasted cash flows from operations, our debt repayment obligations and our capital requirements. A range of capital allocation options were reviewed including (i) renewing our NCIB, (ii) a substantial issuer bid that would permit re-purchases of our Shares beyond the limits under NCIB's imposed under Canadian securities legislation, (iii) special dividends to our shareholders, and (iv) the implementation of a normal course dividend. On October 13, 2021, our Chief Executive Officer advised the Board that a substantial issuer bid appeared to be an optimal use of excess capital.

On November 8, 2021, the Board of Directors met and considered the proposed Offer and whether it would be in the best interests of Conifex and its Shareholders. Representatives from Raymond James were in attendance at the meeting of the Board and provided advice in connection with the Offer, including a confirmation that Raymond James would be in a position to deliver a formal Liquidity Option should an Offer be commenced. In evaluating the Offer, the Board of Directors gave careful consideration to a number of factors, including the following:

- (a) the Offer represented an opportunity for the Company to return up to \$9.0 million of capital to Shareholders who elect to tender, while increasing the proportionate ownership interest of Shareholders who elect not to tender;
- (b) that it would be reasonable to conclude that, following the completion of the Offer, the Company will continue to have sufficient capital resources for any significant near term uses of capital (such as any contemplated or proposed business ventures or growth capital projects);
- (c) after giving effect to the Offer, the Company will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and the Offer is not expected to preclude the Company from its foreseeable business opportunities or the future growth of the Company's business;
- (d) the Board's belief that the repurchase of Shares represents an attractive investment and appropriate use of funds given that the recent trading price range of the Shares is not considered to be fully reflective of the value of our current business and future prospects;
- (e) the positive impact that the purchase of Shares would have on (i) Conifex's net asset value calculated on a per Share basis, (ii) Conifex's earnings calculated on a per Share basis, and (iii) Conifex's return on equity;
- (f) the Board's belief that the Offer represented a prudent use of the Company's financial resources given its business profile, assets, cash requirements and borrowing costs;
- (g) after giving effect to the Offer, the Company will continue to maintain the necessary financial resources and working capital to conduct its ongoing business and to pursue its business objectives;

- (h) the Offer would provide Shareholders with an opportunity to realize on all or a portion of their investment in the Company should they desire liquidity in quantities and at prices which may otherwise be unavailable in the market;
- (i) the deposit of Shares under the Offer would be optional, the Offer would be available to all Shareholders, and all Shareholders would be free to accept or reject the Offer depending on their investment preferences or other considerations;
- (j) the Offer would provide Shareholders who are considering the sale of all or a portion of their Shares with the opportunity to sell such Shares for cash without the usual transaction costs associated with market sales;
- (k) Shareholders owning fewer than 100 common shares whose Shares are purchased pursuant to the Offer would be available to avoid the payment of brokerage commissions and also any odd lot discounts which may be applicable to a sale of Shares over the facilities of the TSX;
- (l) the Offer provides for equal and hence fair treatment of all Shareholders;
- (m) the Offer would not be conditional on any minimum number of Shares being deposited;
- (n) Shareholders who do not deposit their Shares pursuant to the Offer would realize a proportionate increase in their equity interest in the Company to the extent that Shares are purchased by us pursuant to the Offer;
- (o) the advice of Raymond James regarding the Offer and its ability to deliver the Liquidity Opinion in connection with the Offer; and
- (p) that it was reasonable to conclude that, following the completion of the Offer, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer on the TSX (see "Liquidity of Market" below).

Following discussion, our Board of Directors unanimously determined that it would be in the best interests of Confifex and its shareholders to proceed with the Offer. Accordingly, our Board of Directors approved (i) the completion of the Offer in an amount of up to \$9,000,000; and (ii) the forms of the Offer and Circular, Letter and Transmittal and Notice of Guaranteed Delivery to be delivered to shareholders in connection with the Offer (subject to finalization) of the amount of the Offer and with updates to reflect the final terms of the Offer. The foregoing summary of the factors considered by the Board of Directors is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its determination to proceed with the Offer, the Board of Directors did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion.

Notwithstanding the foregoing considerations, before making any decision to tender or not tender Shares to the Offer, Shareholders should carefully consider the risks associated with our business, including the risks described in our (i) 2020 AIF, (ii) 2020 Annual MD&A and (iii) Q3 2021 MD&A, each of which are available on SEDAR.

Subject to certain exceptions, Canadian provincial securities legislation prohibits the Company and its affiliates from acquiring any Shares, other than pursuant to the Offer, until at least 20 business days after the Expiration Date or date of termination of the Offer. Any such purchases may be on the same terms or on terms that are more or less favourable to Shareholders than the terms of the Offer. Any possible future purchases by the Company will depend on many factors, including the market price of the Shares, the Company's business and financial position, the results of the Offer and general economic and market conditions.

None of Conifex, our Board of Directors or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing any or all of such Shareholder's Shares. No person has been authorized to make any such recommendation. Shareholders are urged to evaluate carefully all information in the Offer, consult their own investment and tax advisors and make their own decisions whether to deposit Shares and, if so, how many Shares to deposit. Shareholders should also carefully consider the income tax consequences of accepting the Offer. See Section 12 of this Circular, "Income Tax Considerations".

Liquidity of Market

As at November 11, 2021, there were 44,149,110 Shares issued and outstanding, of which approximately 26,663,363 Shares comprised the "public float", which excludes Shares beneficially owned, or over which control or direction is exercised, by "related parties" of Conifex, as defined under applicable securities laws (which includes directors and senior officers of Conifex and any of its subsidiaries as well as any person that beneficially owns or exercises control or direction over 10% or more of the issued and outstanding Shares). The maximum number of Shares that we are offering to purchase pursuant to the Offer is 4,000,000 Shares, which represents approximately 9.06% of the Shares issued and outstanding as at November 11, 2021. In the event Conifex takes up and purchases the maximum number of Shares pursuant to the Offer, and none of the "related parties" deposit their Shares pursuant to the Offer, the public float will comprise approximately 22,663,363 Shares (assuming that there are no new "related parties" as a result of the Offer).

We are relying on the "liquid market exemption" specified in MI 61-101 from the requirement to obtain a formal valuation applicable to the Offer. As required under applicable securities laws, management of the Company, on behalf of the Board, requested and received the liquidity opinion from Raymond James, as advisor to the Company, on November 8, 2021.

Neither Raymond James nor any of its affiliates is an "issuer insider", "associated entity" or "affiliated entity" (as those terms are defined in MI 61-101) of Conifex or any control person of Conifex (collectively, the **"Interested Parties"**). Raymond James acted as financial advisor to Conifex with respect to the disposition of our U.S. sawmill business in December 2019 (the **"Sawmill Transaction"**). The Sawmill Transaction closed on February 1, 2020, which is approximately 21 months from the date of this Offer and any fees earned by Raymond James in respect of the Sawmill Transaction were not financially material to Raymond James. Other than with respect to the Sawmill Transaction, neither Raymond James nor any of its affiliates has acted as a lead or co-lead underwriter or provided any valuation or financial advisory services to an Interested Party within the past two years, other than pursuant to the engagement agreement between Conifex and Raymond James in connection with the Offer, or had a material financial interest in any transaction involving an Interested Party. Raymond James may provide certain ordinary banking, insurance or related services to the Company for which it receives fees that are not material to Raymond James or its affiliates. Neither Raymond James nor any of its affiliates has a material financial interest in the completion of the Offer. There are currently no understandings, agreements or commitments between Raymond James or any of its affiliates with any Interested Party with respect to any future business dealings. Raymond James acts as a financial advisor, principal and agent in major financial markets and may in the future hold positions in or provide advice to an Interested Party on transactions for which it may receive compensation. As an investment dealer, Raymond James conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to Conifex or the Offer. It is possible that, in the normal course of business, certain employees of Raymond James currently own, or may have owned, securities of Conifex.

Raymond James shall receive a fixed fee for providing the Liquidity Opinion, which is not dependent on the conclusion reached in the liquidity Opinion.

The Board has determined that Raymond James is qualified and independent of the Interested Parties (including the Company) within the meaning of MI 61-101.

The Liquidity Opinion states that based upon and subject to the qualifications, assumptions and limitations contained therein and such other matters as Raymond James considered relevant, it is Raymond James' opinion as

of November 8, 2021 that: (a) a liquid market exists for the Shares as of November 8, 2021; and (b) it is reasonable to conclude that, on completion of the Offer in accordance with its terms, there will be a market for the holders of Shares who do not tender their Shares to the Offer that is not materially less liquid than the market that existed at the time of making the Offer. The full text of the Liquidity Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken by Raymond James in connection with the liquidity opinion, is attached as Schedule "A" to this Circular. The summary of the Liquidity Opinion in this Circular is qualified in its entirety by reference to the full text of the Liquidity Opinion. The Liquidity Opinion is not a recommendation to any shareholder as to whether to deposit or refrain from depositing Shares to the Offer.

Our Board of Directors urges Shareholders to read the Liquidity Opinion in its entirety. See Schedule "A" to this Circular.

Based on the Liquidity Opinion of Raymond James, we have determined that it is reasonable to conclude that, following the completion of the Offer, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of making the Offer.

Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

For further information, see the tables and information included in Section 4 of this Circular, "Price Range of Shares", Section 5 of this Circular, "Dividends and Dividend Policy" and Section 6 of this Circular, "Previous Distributions and Purchases of Securities".

Additional Securities Law Considerations

Conifex is a reporting issuer (or the equivalent thereof) in each of the provinces of Canada, except Québec, and the Shares are listed on the TSX. We believe that the purchase of Shares pursuant to the Offer will not result in: (i) Conifex ceasing to be a reporting issuer in any of its applicable jurisdictions in Canada or (ii) the Shares being delisted from the TSX.

4. Price Range of Shares

Our Shares are listed on the TSX under the trading symbol "CFF". The following table sets forth the high and low closing prices per Share and the monthly trading volume of the Shares traded on the TSX, as compiled from published financial sources for the 12 months preceding the date of Offer:

TSX PRICE RANGE

Period	High	Low	Total Volume
November 2020	1.70	1.12	846,300
December 2020	1.54	1.40	2,429,700
January 2021	1.50	1.40	1,259,300
February 2021	2.00	1.45	1,565,600
March 2021	1.95	1.69	1,399,000
April 2021	2.74	2.10	3,140,100
May 2021	2.79	2.27	3,435,800
June 2021	2.44	2.05	1,813,000
July 2021	2.15	1.62	670,200
August 2021	1.92	1.62	1,300,000
September 2021	1.95	1.70	510,100
October 2021	1.94	1.74	530,488
November 1 – 8, 2021	1.82	1.76	75,592

On November 8, 2021, the last trading day before the terms of the Offer were announced, the closing price of the Shares on the TSX was \$1.76 per Share.

Shareholders are urged to obtain current market quotations for the Shares.

5. Dividends and Dividend Policy

We have not declared or paid any dividends on our Shares since incorporation and do not foresee the declaration or payment of any dividends on our Shares in the near future. Our Board will make any decision to pay dividends on our Shares on the basis of our earnings, financial requirements and other conditions existing at such future time and which our Board considers appropriate in the circumstances.

We are subject to certain restrictions on the declaration and payment of dividends set out in the CBCA. In particular, the CBCA provides that a company will not declare or pay a dividend in property, including in money, if there are reasonable grounds for believing that the company is insolvent or the payment of the dividend would render the company insolvent.

6. Previous Distributions and Purchases of Securities

Previous Purchases of Securities

On November 10, 2020, we approved a NCIB authorizing us to acquire 2,944,320 Shares for cancellation until the expiry of the NCIB on November 30, 2021. During the period from December 1, 2020 to September 24, 2021, being the date on which we completed the maximum allowable purchases under the NCIB, we purchased 2,944,320 Shares under the NCIB at an average price of \$2.00 per share.

We will consider and evaluate our opportunities with respect to renewing our NCIB after the Expiration Date or the date of termination of the Offer, with such determination to be dependent on our then current and projected financial position. Purchases pursuant to the renewed NCIB, if any, are expected to be made by way of open market transactions on the TSX and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX or under applicable law, including private agreement purchases if we receive an issuer bid exemption order from applicable securities regulatory authorities in Canada for such purchases pursuant to an NCIB.

Previous Sales of Securities

Except as described under "*Previous Distributions of Shares*" below, during the 12 months preceding the date of the Offer, no securities were sold by the Company.

Previous Distributions of Shares

We maintain the Incentive Plan, which provides for the issuance of RSUs, PSUs, DSUs and stock options to, as applicable, directors, key employees and consultants. A total of 4,575,000 Shares are approved for issuance under the Incentive Plan. As at the date hereof, a total of 2,312,875 stock awards are issued and outstanding.

Each RSU represents one Share. RSUs are subject to such restrictions as the Board may establish in the applicable award agreement. All RSUs vest and become payable by the issuance of Shares at the end of the applicable restriction period if all applicable restrictions have lapsed. During the five years preceding the date of this Offer, we have issued a total of 2,565,000 RSUs to key employees and directors. A total of 724,250 Shares have been issued on vesting of RSUs during the five years preceding the date of this Offer.

Each PSU, contingent upon the attainment of the performance criteria within the applicable performance cycle, represents one Share. The performance criteria is 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. During the five years preceding the date of this Offer, we

have issued a total of 1,416,000 PSUs to key employees. A total of 20,933 Shares have been issued on vesting of PSUs during the five years preceding the date of this Offer.

DSUs may be issued to directors in lieu of fees and directors may also elect to receive all or any of their fees in DSUs in lieu of cash. DSUs vest on retirement of such director from our Board. During the five years preceding the date of this Offer, we have issued a total of 34,328 DSUs to directors. A total of 17,164 Shares have been issued on vesting of DSUs during the five years preceding the date of this Offer.

No Options and no SARs have been issued in the five years preceding the date of this Offer.

Other than shares issued on vesting of RSUs, PSUs or DSUs under the Incentive Plan, the following table sets out details of all Shares distributed by Conifex during the five years prior to the date of this Offer.

Date of Distribution	Number of Shares Issued	Price per Share	Aggregate Proceeds	Nature of Transaction
March 8, 2017	3,450,000	\$3.05	\$10,552,500.00	Short Form Prospectus Offering
March 8, 2017	1,600,000	\$3.05	\$4,880,000.00	Private Placement
July 9, 2018	10,806,332	\$6.00	\$64,837,992.00	Short Form Prospectus Offering
July 9, 2018	9,273,291	\$6.50	\$60,276,391.50	Share Consideration Pursuant to Purchase Agreement

7. Interest of Directors and Officers and Transactions and Arrangements Concerning Securities

Interest of Directors and Officers

Except as set forth in the Offer, neither we nor, to our knowledge, any of our officers or directors, are a party to any contract, arrangement or understanding, formal or informal, with any security holder relating, directly or indirectly, to the Offer or with any other person or company with respect to any securities of our company in relation to the Offer, nor are there any contracts or arrangements made or proposed to be made between us and any of our directors or officers and no payments or other benefits are proposed to be made or given by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office if the Offer is successful.

Except as disclosed in the Offer, neither we nor, to our knowledge, any of our officers or directors have current plans or proposals which relate to, or would result in, any extraordinary corporate transaction involving us, such as a "going private transaction", a merger, a reorganization, the sale or transfer of a material amount of our assets or the assets of any of our subsidiaries (although we from time to time may consider various acquisition or divestiture opportunities), any material change in our present Board of Directors or management, any material change in our indebtedness or capitalization, any other material change in our business or corporate structure, any material change in our Articles of Incorporation or By-Laws, or actions that could cause any class of equity securities of our company to be delisted from the TSX, and any class of equity securities of our company to become eligible for termination of registration under the Exchange Act or any actions similar to any of the foregoing.

Ownership of the Securities of the Company

To our knowledge, after reasonable inquiry, the following table indicates, as of October 31, 2021, the number of securities of our company beneficially owned or over which control or direction is exercised, by each of our directors and officers and, after reasonable inquiry, by (a) each associate or affiliate of an insider, each as defined in applicable law, of Conifex, (b) each associate or affiliate of our company, (c) each other insider, as defined in applicable law, of Conifex, and (d) each person acting jointly or in concert with Conifex.

Name	Position with Company	Shares		RSUs		PSUs		DSUs	
		Number	% of o/s	Number	% of o/s	Number	% of o/s	Number	% of o/s
Kenneth A. Shields	Chairman, President, Chief Executive Officer and Director	1,117,739 ⁽¹⁾	2.53%	725,000	52.73%	500,000	54.05%	-	-
David E. Roberts	Director	526,277 ⁽²⁾	1.19%	50,000	3.64%	-	-	4,291	33.33%
Michael Costello	Director	42,500 ⁽³⁾	0.10%	50,000	3.64%	-	-	4,291	33.33%
Janine North	Director	52,000	0.12%	50,000	3.64%	-	-	4,291	33.33%
Charles P. Miller	Director	-	-	50,000	3.64%	-	-	-	-
Winnie Tang	Chief Financial Officer	5,958	0.01%	100,000	7.27%	25,000	2.70%	-	-
Andrew McLellan	Vice President & General Manager – Northern Operations	19,150	0.04%	95,000	6.91%	175,000	18.92%	-	-
Kristen Stinson	Vice President & General Manager—Corporate Services	11,850	0.03%	80,000	5.82%	125,000	13.51%	-	-
Polar Asset Management Partners Inc.	10% Security Holder	8,673,747 ⁽⁴⁾	19.65%	-	-	-	-	-	-
BW SLC AIV III, L.P.	10% Security Holder	7,036,526 ⁽⁵⁾	15.94%	-	-	-	-	-	-

Notes:

- (1) An aggregate of 83,256 of these Shares are held jointly by Mr. Shields with his spouse.
- (2) An aggregate of 495,027 of these Shares are held indirectly by Mr. Roberts through an Ontario private company.
- (3) Mr. Costello's spouse is the registered holder of 3,500 of these Shares.
- (4) Based on publicly available information, the reported shareholder exercised control or direction, but not ownership, of the Shares on behalf of client accounts over which it has discretionary trading authority.
- (5) Based on publicly available information, certain affiliates of the shareholder also beneficially own, or have control and direction of, 2,304,878 warrants to purchase up to 2,304,878 Shares, subject to certain restrictions

8. Commitments to Acquire Shares

Conifex has no agreements, commitments or understandings to acquire securities of the Company, other than pursuant to the Offer. To the knowledge of the Company, after reasonable inquiry, no person named under Section 7 of this Circular, "Interest of Directors and Officers and Transactions and Arrangements Concerning Securities" has any agreement, commitment or understanding to acquire securities of the Company.

9. Benefits from the Offer and Effect on Interested Parties

No person named under Section 7 of this Circular, "Interest of Directors and Officers and Transactions and

Arrangements Concerning Securities" will receive any direct or indirect benefit from accepting or refusing to accept the Offer other than the Purchase Price for any Shares tendered to the Offer and purchased by the Company in accordance with the terms of the Offer.

10. Material Changes in the Affairs of the Company

Except as otherwise described or referred to in the Offer to Purchase or this Circular, our directors and officers are not aware of any plans or proposals for material changes in the affairs of Conifex, or of any undisclosed material changes that have occurred since November 9, 2021, being the date on which our company's most recent interim financial report for the nine months ended September 30, 2021 was filed by us on SEDAR at www.sedar.com.

11. Intention to Deposit Shares

To our knowledge and to the knowledge of our directors and officers, after reasonable inquiry and except as set forth below, none of our directors or officers, no associate or affiliate of our directors or officers, none of our associates or affiliates, none of our other insiders as defined in applicable law and no person or company acting jointly or in concert with our company, will deposit any of such person's shares pursuant to the Offer.

To our knowledge, after reasonable inquiry, Polar and Blue Wolf intend to tender Shares pursuant to the Offer. Each of Blue Wolf and Polar have not indicated how many Shares they intend on tendering and may change their intention at any time.

12. Income Tax Considerations

Certain Canadian Federal Income Tax Considerations

General

In the opinion of Thorsteinssons LLP, Canadian tax counsel to Conifex, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to Shareholders who sell their Shares pursuant to the Offer and who, at all material times, for purposes of the Tax Act: (i) hold such Shares as capital property, and (ii) deal at arm's length, and are not affiliated, with Conifex (each, a "**Holder**"). The Shares will generally be considered capital property to a Holder provided they are not held in the course of carrying on a business and have not been acquired in a transaction considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules in the Tax Act), (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), (iii) that is a "specified financial institution" (as defined in the Tax Act), (iv) that has made a functional currency election under section 261 of the Tax Act, (v) that has entered into, or will enter into, a "derivative forward agreement" or "synthetic disposition arrangement" (each as defined in the Tax Act) in respect of any of the Shares, (vi) who is, or was, an employee of the Company and who acquired Shares in respect of, in the course of, or by virtue of, such employment, including pursuant to a stock bonus or award or the exercise of an employee stock option, RSU, PSU, or DSU, and who disposes of such Shares pursuant to the Offer, (vii) that is, or beneficially owns their Shares through, a partnership, (viii) that is exempt from tax under Part I of the Tax Act, (ix) that would receive dividends on any of the Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act), (x) that is a foreign affiliate of a taxpayer resident in Canada, or (xi) that is a corporation and is, or becomes as part of a transaction or event or series of transactions or events that include the Offer, controlled by a non-resident person or a group of non-resident persons not dealing with each other at arm's length for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. All such Holders should consult their own tax advisors.

This summary is based upon the provisions of the Tax Act in force as at the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes the Proposed Amendments will be enacted in the form proposed, although there can be no assurance that the Proposed Amendments

will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes in applicable law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax laws or considerations, which might differ significantly from those discussed herein. No advance income tax ruling has been sought or obtained from the CRA to confirm the tax consequences of any of the transactions described herein.

This summary is of a general nature only and is not intended to be, and should not be construed as, legal or tax advice to any particular Holder. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a Holder. The income tax consequences of acquiring and disposing of the Shares will vary depending on a number of factors, including the legal status of the Holder and the province or territory in which a Holder resides. Accordingly, holders or prospective holders of the Shares should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of acquiring, holding and disposing of the Shares. The discussion below is qualified accordingly.

Canadian Currency

For purposes of the Tax Act, all amounts relating to the acquisition, holding, return on, disposition or deemed disposition of a Share must generally be expressed in Canadian dollars. Amounts denominated in another currency must generally be converted into Canadian dollars using the applicable rate of exchange quoted by the Bank of Canada on the date such amounts arose or such other rate of exchange as is acceptable to the CRA. Holders may, as a consequence, realize capital gains or capital losses, or be deemed to receive dividends, by virtue of changes in the value of a foreign currency relative to the Canadian dollar.

Holders Resident in Canada

The following portion of the summary is applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, is, or is deemed to be, resident in Canada at all relevant times (a "**Resident Holder**").

Certain Resident Holders whose Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have their Shares and every "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election, and in all subsequent years, deemed to be capital property. Resident Holders should consult their own tax advisors regarding that election.

Disposition of Shares

Provided the Purchase Price payable for a Share held by a Resident Holder pursuant to the Offer does not exceed the "paid-up capital" (as determined for purposes of the Tax Act) ("**PUC**") of such Share immediately before the time of purchase, the sale of such Share to the Company should not give rise to the deemed receipt of a dividend by the Resident Holder. Management of Conifex expects that the Purchase Price payable for each Share will be substantially less than the PUC of such Share immediately before the time of purchase. **Accordingly, Management of Conifex believes that no Resident Holder should be deemed by the Tax Act to receive a dividend on the sale of their Shares to the Company pursuant to the Offer.**

If the Purchase Price payable for a Share held by a Resident Holder pursuant to the Offer were to exceed the PUC of such share immediately before the time of purchase, the Company would be deemed to have paid a dividend on the Share equal to the amount of such excess and the Resident Holder would be deemed to have received such dividend. See "Holders Resident in Canada – *Taxation of Dividends*" for a general description of the treatment of such deemed dividends under the Tax Act.

A Resident Holder who sells Shares to the Company pursuant to the Offer will also be considered to have disposed of such Shares and will be deemed to have received proceeds of disposition for such Shares equal to the Purchase Price payable for such Shares pursuant to the Offer less the amount of any deemed dividend referred to

above (if any). Consequently, the Resident Holder will realize an aggregate capital gain (or capital loss) on their disposition of such Shares equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base ("**ACB**") to the Resident Holder of such Shares. See "Holders Resident in Canada – *Taxation of Capital Gains and Capital Losses*" for a general description of the treatment of capital gains and losses under the Tax Act.

Taxation of Dividends

Any dividend deemed to be received by a Resident Holder who is an individual (including certain trusts) will be included in such Resident Holder's income for purposes of the Tax Act and will be subject to the dividend gross-up and tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced dividend gross-up and tax credit that may be applicable if and to the extent that the Company designates such dividend to be an "eligible dividend" in accordance with the Tax Act. There can be no assurance that any dividend deemed to be paid by the Company would be designated as an "eligible dividend" and the Company has not made any commitments in that regard.

Any dividend deemed to be received by a Resident Holder that is a corporation will be included in such corporation's income for its taxation year in which such dividend is deemed to be received and will generally be deductible in computing such corporation's income, subject to certain limitations set forth in the Tax Act and Proposed Amendments. A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may also be liable under Part IV of the Tax Act to pay a special tax (refundable in certain circumstances) on any dividend deemed to be received on the Shares to the extent such dividend is deductible in computing the corporation's income for such taxation year.

A Resident Holder that is, throughout the year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to an additional tax (refundable in certain circumstances) on its "aggregate investment income", which includes dividends that are not deductible in computing taxable income for such taxation year. Subsection 55(2) of the Tax Act provides that, where certain corporate shareholders receive or are deemed to receive a dividend in specified circumstances, all or part of such dividend may be recharacterized as a capital gain from the disposition of capital property. For a description of the tax treatment of capital gains and capital losses, see "Holders Resident in Canada – *Taxation of Capital Gains and Capital Losses*". Resident Holders that are corporations should consult their own tax advisors in respect of any dividend deemed to be received on the Shares having regard to their own circumstances.

Taxation of Capital Gains and Losses

Generally, one-half of any capital gain realized by a Resident Holder in a taxation year will be included in computing the Resident Holder's income for that taxation year as a "**taxable capital gain**" and, generally, one-half of any capital loss sustained by a Resident Holder in a taxation year (an "**allowable capital loss**") must be deducted from the taxable capital gains, if any, realized by such Resident Holder in the same taxation year, in accordance with the rules contained in the Tax Act. Allowable capital losses in excess of taxable capital gains realized by a Resident Holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Resident Holder in such taxation year, subject to and in accordance with the rules contained in the Tax Act.

The amount of any capital loss sustained by a Resident Holder that is a corporation on the disposition of a Share may be reduced by the amount of any dividends received or deemed to have been received by such Resident Holder on such Share (or on a share for which such Share was substituted) to the extent and in the circumstances described in the Tax Act. Similar rules may apply where the corporation is a member or beneficiary of a partnership or trust that held the share, or where a partnership or trust of which the corporation is a member or beneficiary is itself a member of a partnership or a beneficiary of a trust that held the share. Resident Holders to whom these rules may apply should consult their own tax advisors in this regard.

A Resident Holder who is an individual, including certain trusts, may have all or a portion of any capital loss sustained on the sale of Shares pursuant to the Offer denied if the "superficial loss" rules in the Tax Act apply. This

may occur if the Resident Holder (or a person affiliated with the Resident Holder for purposes of the Tax Act) acquired or acquires one or more Shares in the period commencing 30 days prior to, and ending 30 days after, the disposition of their Shares pursuant to the Offer. Resident Holders are urged to consult their own tax advisors with respect to such "superficial loss" rules.

Similarly, a Resident Holder that is a corporation or trust may have all or a portion of any capital loss sustained on the sale of its Shares pursuant to the Offer suspended if it (or a person affiliated with it for purposes of the Tax Act) acquired or acquires shares in the period commencing 30 days prior, and ending 30 days after, the disposition of its Shares pursuant to the Offer. A Resident Holder that is a corporation or trust is urged to consult its own tax advisors with respect to such "suspended loss" rules.

A Resident Holder that is, through the relevant taxation year, a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which includes taxable capital gains, for the year. Resident Holders to whom these rules may apply should consult their own tax advisors in this regard.

Alternative Minimum Tax

A Resident Holder who is an individual (including certain trusts) and is deemed to receive a taxable dividend, or realizes a capital gain, as a result of the sale of their Shares to the Company pursuant to the Offer may be liable for minimum tax to the extent and in the circumstances described in the Tax Act. Resident Holders should consult their own tax advisors with respect to the minimum tax provisions.

Holders Not Resident in Canada

The following portion of the summary is applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention: (i) is neither resident in Canada nor deemed to be resident in Canada, (ii) does not and will not, and is not and will not be deemed to, use or hold the Shares in connection with carrying on a business in Canada, (iii) does not carry on an insurance business in Canada, (iv) is not an "authorized foreign bank" (as defined in the Tax Act), (v) is not a "foreign affiliate" (as defined in the Tax Act) of a person resident in Canada, and (vi) is not, and does not deal at non-arm's length with, a "specified shareholder" (as defined in the Tax Act) of the Company (each, a "**Non-Resident Holder**"). A "specified shareholder" for these purposes generally includes a person who (either alone or together with persons with whom that person is not dealing at arm's length for the purposes of the Tax Act) owns or has the right to acquire or control 25% or more of the Company's shares determined on a votes or fair market value basis. Such Holders should consult their own tax advisors with regard to their particular circumstances.

Disposition of Shares

Provided the Purchase Price payable for a Share held by a Non-Resident Holder pursuant to the Offer does not exceed the PUC of such Share immediately before the time of purchase, the sale of such Share to the Company should not give rise to the deemed receipt of a dividend by the Non-Resident Holder. Management of Conifex expects that the Purchase Price payable for each Share will be substantially less than the PUC of such Share immediately before the time of purchase. **Accordingly, Management of Conifex believes that no Non-Resident Holder should be deemed by the Tax Act to receive a dividend on the sale of their Shares to the Company pursuant to the Offer.**

If the Purchase Price payable for a Share held by a Non-Resident Holder pursuant to the Offer were to exceed the PUC of such Share immediately before the time of purchase, the Company would be deemed to have paid a dividend on the Share equal to the amount of such excess and the Non-Resident Holder would be deemed to have received such dividend. See "Holders Not Resident in Canada – *Taxation of Dividends*" for a general description of the treatment of such deemed dividends under the Tax Act.

A Non-Resident Holder who sells Shares to the Company pursuant to the Offer will also be considered to have disposed of such Shares and will be deemed to have received proceeds of disposition for such Shares equal to

the Purchase Price payable for such Shares pursuant to the Offer less the amount of any deemed dividend referred to above. Consequently, the Non-Resident Holder will realize a capital gain (or capital loss) on their disposition of such Shares equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the ACB to the Non-Resident Holder of such Shares. See “Holders Not Resident in Canada – *Taxation of Capital Gains and Capital Losses*” for a general description of the treatment of any such capital gains and losses under the Tax Act.

Taxation of Dividends

A Non-Resident Holder who is deemed to receive a dividend on the Shares will be subject to Canadian withholding tax at the rate of 25% of the gross amount of such dividend, unless that rate is reduced pursuant to the terms of an applicable income tax convention, to which the Non-Resident Holder is entitled to the benefits of, between Canada and another country of which the Non-Resident Holder is resident. By way of example, under the *Convention Between Canada and The United States of America With Respect to Taxes on Income and on Capital*, as amended (the “**Convention**”), where dividends are paid or credited to, or in certain circumstances derived by, a Non-Resident Holder who is a resident of the United States for the purposes of, and who is fully entitled to the benefits of, the Convention, the applicable rate of Canadian withholding tax is generally reduced to 15% (or 5% if the beneficial owner of the dividend is a corporation that owns at least 10% of the issued and outstanding Shares). The Company will be required to withhold and deduct the required amount of withholding tax from any such dividend and remit such amount to the CRA for the account of the Non-Resident Holder. The *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* (“**MLI**”), of which Canada is a signatory, affects many of Canada's bilateral tax treaties (including the Convention) and the ability to claim benefits thereunder. Non-Resident Holders should consult their own tax advisers regarding the potential application of any relevant income tax treaty or convention (including the Convention) and the MLI based on their particular circumstances.

Taxation of Capital Gains and Losses

A Non-Resident Holder will generally not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on the disposition of a Share pursuant to the Offer, nor will capital losses arising therefrom be recognized under the Tax Act, unless such Share constitutes “taxable Canadian property” of the Non-Resident Holder for purposes of the Tax Act and the gain (or loss) is not exempt from Canadian income tax pursuant to the terms of a relevant income tax treaty or convention (including the Convention), as potentially modified by the MLI.

Provided the Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the TSX) at the time of sale, any Shares sold by a Non-Resident Holder to the Company pursuant to the Offer will not constitute “taxable Canadian property” to such Non-Resident Holder unless, at any particular time during the 60-month period immediately preceding the sale, both: (a) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length (within the meaning of the Tax Act), partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder does not deal at arm's length (within the meaning of the Tax Act) holds a membership interest directly or indirectly through one or more partnerships, or any combination thereof owned 25% or more of the issued Shares; and (b) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada, (ii) “Canadian resource properties” (as defined in the Tax Act), (iii) “timber resource properties” (as defined in the Tax Act) or (iv) an option, an interest or right in such property, whether or not such property exists. The Shares may also be deemed to be a taxable Canadian property of a Non-Resident Holder in certain circumstances.

Even if a Share may constitute “taxable Canadian property” for a Non-Resident Holder, such Non-Resident Holder may be exempt from Canadian tax on any capital gain realized on the disposition of such Share by virtue of an applicable income tax treaty or convention to which Canada is a signatory. **Non-Resident Holders for whom Shares may constitute “taxable Canadian property” should consult their own tax advisors in that regard.**

In the event a Share is “taxable Canadian property” to a Non-Resident Holder at the time of sale and any capital gain realized on disposition of such Share is not exempt from tax under the Tax Act pursuant to the provisions of an applicable tax treaty or convention, the disposition of such Non-Resident Holder's Share pursuant to the Offer

will generally be subject to the same Canadian tax consequences applicable to a Resident Holders with respect to the disposition of Shares pursuant to the Offer, as discussed above under "Holders Resident in Canada – *Taxation of Capital Gains and Losses*".

United States Federal Income Tax Considerations

Shareholders should be aware that acceptance of this Offer may have tax consequences in the U.S. The U.S. tax consequences for Shareholders who are resident in, or citizens of, the U.S. (or who are otherwise subject to U.S. taxation) are not described herein and such residents or citizens are urged to consult their tax advisors as to the application of U.S. tax law to them. Cash proceeds received by a Shareholder under the Offer may be subject to certain information reporting and backup withholding taxes. See the Letter of Transmittal for information regarding the procedure for a Shareholder to provide us with the U.S. Shareholder's taxpayer identification number.

SHAREHOLDERS THAT ARE SUBJECT TO U.S. TAX SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES OF THE OFFER TO THEM, INCLUDING TAX RETURN REPORTING REQUIREMENTS, BACKUP WITHHOLDING RULES, THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, AND LOCAL AND NON-U.S. TAX LAWS, AND THE EFFECT OF ANY PROPOSED CHANGES IN APPLICABLE TAX LAWS.

13. Legal Matters and Regulatory Approvals

We are not aware of any license or regulatory permit that is material to our business that might be adversely affected by our acquisition of Shares pursuant to the Offer or, except as noted below, of any approval or other action by any government or governmental, administrative or regulatory authority or agency in any jurisdiction, that would be required for the acquisition of Shares by us pursuant to the Offer and that has not been obtained on or before the date hereof. Should any such approval or other action be required, we currently contemplate that such approval will be sought or other action will be taken. We cannot predict whether we may determine that we must delay the acceptance for payment of Shares deposited pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business.

We are relying on the "liquid market exemption" specified in MI 61-101. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

Our obligations under the Offer to take up and pay for Shares are subject to certain conditions. See Section 5 of the Offer to Purchase, "Certain Conditions of the Offer".

14. Source of Funds

We will fund any purchases of Shares pursuant to the Offering from available cash on hand.

15. Dealer Manager

We may retain a Dealer Manager or Dealer Managers for the Offer. Such Dealer Managers may form a soliciting dealer group. In that event, we will pay customary soliciting dealer fees in connection with the tender of Shares. Shareholders will not be obligated to pay any fee or commission if they accept the Offer by using the services of a Dealer Manager.

If and to the extent we retain any Dealer Managers, the Dealer Managers and their affiliates may be financial institutions that have provided, and may in the future provide, various investment banking, commercial banking and other services to us for which they have received, or we expect they will receive, customary compensation from us.

Further, if and to the extent we retain any Dealer Managers, in the ordinary course of business, including in their trading and brokerage operations and in a fiduciary capacity, the Dealer Managers and their affiliates may hold positions, both long and short, for their own accounts and for those of their customers, in our securities and may from time to time hold shares in their proprietary accounts, and, to the extent they own shares in these accounts at the time of the Offer, the Dealer Managers may tender the shares pursuant to the Offer.

16. Depositary

We have retained Computershare Investor Services Inc. to act as a depositary for, among other things, (a) the receipt of certificates representing Shares and related Letters of Transmittal deposited under the Offer, (b) the receipt of Notices of Guaranteed Delivery delivered pursuant to the procedures for guaranteed delivery set forth in Section 3 of the Offer to Purchase, "Procedure for Depositing Shares", (c) the receipt from the Company of cash to be paid in consideration of the Shares acquired by the Company under the Offer, as agent for the depositing Shareholders, and (d) the transmittal of such cash to the depositing Shareholders, as agent for the depositing Shareholders. The Depositary may contact Shareholders by mail, telephone or facsimile and may request brokers, dealers and other nominee Shareholders to forward materials relating to the Offer to beneficial owners.

17. Fees and Expenses

To the extent we engage any Dealer Managers, we will pay to the Dealer Managers fees for their services that are typical for the provision of such services and may reimburse the Dealer Managers for certain reasonable out-of-pocket expenses incurred in connection with the Offer and may indemnify the Dealer Managers against certain liabilities to which they may become subject as a result of their engagement including liabilities under applicable securities laws

We have retained Computershare Investor Services Inc. to act as the depositary in connection with the Offer. The Depositary will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under Canadian provincial securities laws.

We will not pay any fees or commissions to any stockbroker or dealer or any other person for soliciting deposits of Shares pursuant to the Offer. Stockbrokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by us for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

We expect to incur expenses of approximately \$0.5 million in connection with the Offer, which includes filing fees, advisory fees, legal, translation, accounting, depositary and printing fees.

18. Statutory Rights

Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

19. Valuation

We are relying on the "liquid market exemption" specified in MI 61-101. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

To the knowledge of Conifex or any of its directors or senior officers, after reasonable inquiry, no prior valuation (as such term is defined in MI 61-101) regarding the Company, its securities or its material assets has been made in the 24 months before the date of the Offer.

20. Financial Statements

The audited annual consolidated financial statements of Conifex for the year ended December 31, 2020 and 2019 and the unaudited interim consolidated financial statements of Conifex for the three and nine months ended September 30, 2021 and 2020 are available on SEDAR at www.sedar.com.

Shareholders may obtain copies of these financial statements, without charge, upon request to Conifex at 980 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B6, Attention: Corporate Secretary, or by calling 1-604-216-2949.

APPROVAL AND CERTIFICATE

November 12, 2021

The Board of Directors of Conifex Timber Inc. has approved the contents of the Offer to Purchase and the accompanying Circular dated November 12, 2021 and the delivery thereof to Shareholders. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(signed) "Kenneth A. Shields"

Kenneth A. Shields

Chairman, Chief Executive
Officer, President and Director

(signed) "David Roberts"

David Roberts

Director

(signed) "Winny Tang"

Winny Tang

Chief Financial Officer and
Corporate Secretary

(signed) "Michael Costello"

Michael Costello

Director

CONSENT OF RAYMOND JAMES LTD.

TO: The Board of Directors of Conifex Timber Inc.

We hereby consent to the references to our firm name and to the reference to our liquidity opinion dated November 8, 2021 contained under the headings "Purpose and Effect of the Offer" and "Fees and Expenses" and the inclusion of the text of our opinion dated November 8, 2021 as Schedule A to the Circular dated November 12, 2021. Our liquidity opinion was given as at November 8, 2021 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, no person other than the Directors of Conifex Timber Inc. will be entitled to rely upon our liquidity opinion.

November 12, 2021

(Signed) *Raymond James Ltd.*

CONSENT OF THORSTEINSSONS LLP

TO: The Board of Directors of Conifex Timber Inc.

We consent to the inclusion of our name in the section titled "Income Tax Considerations – Certain Canadian Federal Income Tax Considerations" in the Circular dated November 12, 2021 of Conifex Timber Inc. in connection with its offer to the holders of its Shares.

November 12, 2021

(Signed) *Thorsteinssons LLP*

Schedule "A" – Liquidity Opinion of Raymond James Ltd.

RAYMOND JAMES

November 8th, 2021

Conifex Timber Inc.
700 West Georgia Street, Suite 980
Vancouver, British Columbia
V7Y 1B6

To the Board of Directors:

Raymond James Ltd. (“**Raymond James**”, “**we**”, “**our**”, or “**us**”) understands that Conifex Timber Inc. (“**Conifex**” or the “**Company**”) is considering a transaction whereby the Company would make an offer by way of a substantial issuer bid to purchase for cancellation (the “**SIB**”) up to 4,000,000 common shares of the Company (the “**Shares**”) for a price per share in cash of C\$2.25 (the “**Purchase Price**”).

We also understand that terms and conditions of the SIB, including instructions for tendering shares, are included in the offer to purchase and issuer bid circular, letter of transmittal, notice of guaranteed delivery and other related documents (all such documents collectively constitute the “**Offer**”).

Engagement of Raymond James

By a letter agreement dated November 1st, 2021 (the “**Engagement Agreement**”), the Company engaged Raymond James to act as exclusive financial advisor in connection with the Offer and prepare and deliver a written opinion (the “**Opinion**”) to the Board of Directors of the Company (the “**Board**”) as to whether (i) a liquid market exists for the Shares at the time of the making of the Offer, and (ii) whether it is reasonable for the Board to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Shares that is not materially less liquid than the market that existed as at the time of making the Offer. This Opinion is being delivered to assist the Board in making its determination that the Offer qualifies for the “liquid market” exemption from the valuation requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

Raymond James will receive a fee from the Company for its services that include providing the Opinion. Such fee is payable whether or not the Offer is successful. The Company has also agreed to reimburse Raymond James for its reasonable out-of-pocket expenses and to indemnify Raymond James for certain liabilities arising out of our engagement in connection with the Offer.

Credentials of Raymond James

Raymond James is a North American full-service investment dealer with operations located across Canada, Europe, and the United States. Raymond James is a member of the Toronto Stock Exchange (“**TSX**”), the TSX Venture Exchange, the Montreal Exchange, the Investment Industry Regulatory Organization of Canada (“**IIROC**”), the Investment Funds Institute of Canada, and the Canadian Investor Protection Fund. Raymond James and its officers have prepared numerous valuations, fairness and liquidity opinions and have participated in a significant number of transactions involving private and publicly-traded companies. Raymond James is indirectly wholly-owned by Raymond James Financial, Inc. (“**Raymond James Financial**”). Raymond James Financial is a diversified financial services holding company listed on the New York Stock Exchange (NYSE: RJF) whose subsidiaries engage primarily in investment and financial planning, including securities and insurance, brokerage, investment banking, asset management, banking and cash management, and trust services.

Raymond James Ltd.

Suite 5400 – 40 King Street West, Toronto, ON, M5H 3Y2 • 416 777 7000 • 416 777 7020 Fax

Member of Canadian Investor Protection Fund

The Opinion expressed herein represents the opinion of Raymond James and the form and content of this Opinion have been reviewed and approved for release by a committee of managing directors of Raymond James. The committee members are professionals experienced in valuation, merger, acquisition, divestiture, fairness opinion, liquidity opinion and capital markets matters.

Independence of Raymond James

Raymond James has been advised by the Board that the Board has reviewed the requirements of MI 61-101 with counsel and that the Board has determined that Raymond James is independent for the purposes of MI 61-101 with respect to the Offer. Raymond James has also been advised by the Board that it has reached this factual determination with the following in mind:

- i. Neither Raymond James nor any of its affiliated entities is an issuer insider, associated entity or affiliated entity (as those terms are defined for the purposes of MI 61-101) of the Company or any of its associates or affiliates;
- ii. Raymond James is a financial advisor to the Company in connection with the Offer and has previously provided financial advisory services to the Company, most recently related to a divestiture of certain assets of the Company which was completed in February 2020;
- iii. Raymond James is not a manager or co-manager of a soliciting dealer group formed in respect of the Offer (or a member of such a group performing services beyond the customary soliciting dealer's functions or receiving more than the per security or per security holder fees payable to other members of the group);
- iv. Except as referred to above in paragraph (ii), and with respect to the Opinion, in the past two years, Raymond James has not been engaged to provide financial advisory services to the Company or any associates or affiliates of the Company;
- v. For the financial advisory services provided to the Company noted in paragraph (ii) above, and with respect to the Opinion, the fees payable by the Company to Raymond James are not financially material to Raymond James;
- vi. The amount payable to Raymond James pursuant to its engagement in connection with the Opinion does not depend in whole or in part on an agreement, arrangement or understanding that gives Raymond James a financial incentive in respect of the conclusions reached in the Opinion or the outcome of the Offer;
- vii. Raymond James does not have a material financial interest in the completion of the Offer;
- viii. No understandings or agreements exist between Raymond James and the Company or any of its associates or affiliates with respect to future business; and
- ix. Raymond James may, in the future, in the ordinary course of its business, perform financial advisory services for the Company or any of its associates or affiliates. Raymond James acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had, and may in the future have, positions in securities of the Company or its associates or affiliates and, from time to time, may have executed, or may execute, transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, Raymond James conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company or its associates or affiliates or the Offer.

Scope of Review

In preparing our Opinion, we have reviewed, considered and relied upon (without attempting to verify independently the completeness or accuracy thereof), among other things, the following:

- i. a copy of the draft offer to purchase and issuer bid circular;

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- ii. the daily trading activity, volumes, and price history of the Shares on the TSX, as publicly reported by the TSX, as we determined necessary in order to provide the Opinion;
- iii. the trading activity and volumes of shares of other companies listed and traded on the TSX as we determined necessary in order to provide the Opinion;
- iv. the distribution of ownership of the Shares to the extent publicly disclosed;
- v. the number of Shares proposed to be purchased under the Offer relative to i) the number of outstanding Shares on the date hereof less ii) the number of Shares beneficially owned, or over which control or direction was exercised, by related parties of the Company and Shares that were not freely tradable (colloquially, the “float”);
- vi. the customary difference (colloquially, the “spread”) between bid and ask prices in trading activity of the Shares;
- vii. certain public information with respect to the Company;
- viii. discussions with senior management of the Company;
- ix. the definition of “liquid market” as outlined in MI 61-101 as well as the other parameters set forth in MI 61-101; and
- x. such other information as we considered necessary or appropriate in the circumstances.

We have conducted such additional analyses and investigations as we considered to be appropriate in the circumstances for the purpose of arriving at the Opinion contained herein as at the date hereof.

Assumptions and Limitations

The Opinion is subject to the assumptions, qualifications and limitations set forth below.

This Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof, and conditions affecting the Company and the Shares as at the date hereof. In formulating our Opinion, we have made several other assumptions, the material assumption being that there shall be no significant change in the holdings of Shares, other than as a result of the Offer, on the TSX. In connection therewith, we have also assumed that the Company has no “control person” (as defined under Canadian securities laws) as of the date hereof or any person is reasonably expected to be a control person of the Company upon completion of the Offer.

We have relied upon, and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, agreements, opinions and representations obtained by us from public sources, or provided to us by the Company or its affiliates or advisors pursuant to our engagement, and our Opinion is conditional upon such completeness, accuracy and fair presentation. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the information.

We have been informed by the Board that, to its knowledge, after reasonable inquiry, Polar Asset Management Partners, Inc. and Blue Wolf Capital Partners LLC, both current holders of Shares of the Company, intend to tender Shares to the Offer. We have also been informed by the Board that, to its knowledge and to the knowledge of the Company’s directors and officers, after reasonable inquiry, holders of Shares who are Company directors and officers will not deposit Shares pursuant to the Offer.

We have not been asked to prepare and have not prepared a formal valuation (as defined in MI 61-101 or otherwise) or appraisal of any of the assets or securities of the Company or any of its affiliates, and the Opinion should not be construed as such.

The Opinion has been provided to the Board for its use only in determining the availability of an exemption from the formal valuation requirements of MI 61-101 and may not be relied upon for any other purpose or by any other person without the prior written consent of Raymond James. The Opinion is given as of the date

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hereof and Raymond James disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Raymond James after the date hereof. Without limiting the foregoing, if, after the date hereof, we learn of any material change in any fact or matter affecting the Opinion, Raymond James reserves the right to change, modify or withdraw the Opinion.

We have assumed that the offer to purchase and issuer bid circular that we reviewed are true, complete and correct in all material respects, and do not contain a misrepresentation (as that term is used in the Securities Act (Ontario)). We have also assumed that the final version of the offer to purchase and issuer bid circular will not differ in any material respect from the most recent draft thereof reviewed by us.

We are not legal, regulatory, accounting or tax experts and have relied on the assessments made by the Company and its other professional advisors with respect to such matters. We have assumed the completeness, accuracy and fair presentation of, and relied upon the Company's audited financial statements and the reports of the auditors thereon and the Company's interim unaudited financial statements.

For the purpose of this Opinion we are not expressing any opinion as to the value of the Shares, or the prices at which such Shares will trade after the completion of the Offer. Our Opinion was not intended to be, and does not constitute, a recommendation, as to whether any shareholder should tender their Shares to the Offer or act on any matter relating to the Offer.

For purposes of this Opinion, the phrase "liquid market" has the meaning ascribed to such term in MI 61-101.

Opinion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is our opinion as at the date hereof that: (i) a liquid market exists for the Shares and (ii) it is reasonable to conclude that, upon completion of the Offer in accordance with its terms, there will be a market for the holders of Shares who do not tender their Shares to the Offer that is not materially less liquid than at the time of making the Offer.

Yours very truly,

A handwritten signature in dark ink that reads "Raymond James Ltd". The script is cursive and fluid.

Raymond James Ltd.