



CONIFEX TIMBER INC.

Conifex Completes Acquisition of Sawmills in the U.S. South

July 9, 2018, Vancouver, B.C. - Conifex Timber Inc. ("Conifex", the "Company", "we", "our" or "us") (TSX: CFF) announced today that it has completed the acquisition of the Suwannee sawmill in Cross City, Florida and the Caddo River sawmill in Glenwood Arkansas.

The Company also announced that, in connection with the completion of the transaction, Charles P. Miller and George R. Judd have been appointed to the board of directors of Conifex.

Ken Shields, Conifex's President and CEO, stated: "We are pleased to announce the completion of this transformative transaction, which significantly increases our presence in the U.S. South, a region that is home to some of the fastest growing housing markets in the U.S."

Mr. Shields continued: "As a result of this acquisition, our total annual lumber production capacity has increased by approximately 50% to 1.1 billion board feet and our total annual production capacity in the U.S. South has increased by approximately 200% to 550 million board feet."

Mr. Shields concluded: "On behalf of Conifex, I'd like to welcome Mr. Miller and Mr. Judd to our board of directors and the employees of the Suwannee and Caddo River mills to the Conifex team. We look forward to working with them all as we continue to execute the Company's growth strategy."

The Transaction

The acquisition was completed pursuant to the previously announced securities purchase agreement (the "Agreement") among Conifex, its wholly-owned subsidiary, BW SLC Holdings, LLC ("BW SLC"), an affiliate of Blue Wolf Capital Partners LLC, and the minority shareholders of Caddo River Forest Products, LLC (together with BW SLC, the "Vendors"). Under the transaction, Conifex indirectly acquired all of the outstanding membership interests of Suwannee Lumber Holding Company, LLC, Suwannee Timber Management, LLC and Caddo River Forest Products, LLC (collectively, the "BW Group").

The total purchase price under the transaction was: (i) US\$150.0 million plus US\$19.8 million, representing the estimated net working capital of the BW Group on closing; (ii) up to US\$50.0 million through the issuance of common shares of the Company (the "Shares") at a price of \$6.50 per Share, provided that the Shares issuable to the Vendors would not exceed 19.9% of the Company's outstanding Shares (the "Cap"), with any excess satisfied in cash; and (iii) 3.5 million warrants to purchase Shares for a period of five years at an exercise price of \$8.78 per Share.

As a result of the Cap, the cash consideration paid under the transaction was US\$153.1 million plus estimated working capital of US\$19.8 million for a total of US\$172.9 million. A total of 9,273,291 Shares were issued to the Vendors at closing.

The cash portion of the purchase price was paid by the Company using the net proceeds from its recently completed \$64.8 million offering of subscription receipts (the "Subscription Receipts") and borrowings under the Company's new syndicated US\$225.0 million senior secured credit facility (the "New Credit Facility") led by a leading U.S. commercial bank, along with a syndicate of other lenders.

New Credit Facility

The New Credit Facility consists of a US\$165.0 million term loan facility and a US\$60.0 million revolving credit facility with a term of five years. Availability under the revolving credit facility is determined by a borrowing base tied to eligible accounts receivable and inventory. In addition to financing a part of the purchase price under the transaction, a portion of the New Credit Facility was utilized to pay and retire the Company's existing credit facility.

The New Credit Facility is secured by substantially all of the assets of Conifex and its subsidiaries other than the Mackenzie power plant and Conifex's interest in a joint venture that holds a forest licence in British Columbia.

Subscription Receipts

The Company announces that, as a result of the completion of the acquisition, a total of 10,806,332 Shares have been issued to the holders of the Subscription Receipts.

About Conifex Timber Inc.

Conifex and its subsidiaries' primary business currently includes timber harvesting, reforestation, forest management, sawmilling logs into lumber and wood chips, and value added lumber finishing and distribution. Conifex's lumber products are sold in the United States, Chinese, Canadian and Japanese markets. Conifex's operations also include bioenergy production following the commencement of commercial operations of its power generation facility at Mackenzie, British Columbia.

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Forward-Looking Statements

Certain statements in this news release may constitute "forward-looking statements". Forward-looking statements are statements that address or discuss activities, events or developments that Conifex expects or anticipates may occur in the future and include statements regarding the anticipated benefits of the transaction, the integration of the recently acquired mills and Conifex's business plans. When used in this news release, words such as "estimates", "expects", "plans", "anticipates", "projects", "will", "believes", "intends", "should", "could", "may" and other similar terminology are intended to identify such forward-looking statements. Forward-looking statements reflect the current expectations and beliefs of Conifex's management. Because forward-looking statements involve known and unknown risks, uncertainties and other factors, actual results, performance or achievements of Conifex or industry may be materially different from those implied by such forward-looking statements. Assumptions underlying Conifex's expectations regarding forward-looking information include, among others: that Conifex will be able to successfully integrate and ramp-up the recently acquired mills and realize the anticipated benefits of the transaction; that Conifex will be able to effectively market its products; that the U.S. housing market will continue to improve; that Conifex will be able to achieve timely delivery of power therefrom; that softwood lumber will experience sustained demand in the marketplace; the general stability of the economic, political and regulatory environments within the countries where Conifex conducts operations; that interest and foreign exchange rates will not vary materially from current levels; and that management will effectively execute Conifex's strategy to grow and add value to its business. Forward-looking statements involve significant uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, without limitation: those relating to the acquisition and integration of the newly acquired mills; potential disruptions to production and delivery, including as a result of equipment failures, labour issues, the complex integration of processes and equipment and other factors; labour relations; failure to meet regulatory requirements; changes in the market; potential downturns in economic conditions; fluctuations in the price and supply of required materials, including log costs; fluctuations in the market price for products sold; foreign exchange fluctuations; trade restrictions or import duties imposed by foreign governments; availability of financing (as necessary); shipping or logging disruptions; and other risk factors described in Conifex's 2017 annual information form and other public filings, available on SEDAR at www.sedar.com. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should exercise caution in relying upon forward-looking statements and Conifex undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by law.