

Stakeholder Engagement and Partnerships to support Forest Sector Transformation

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Outline of Presentation

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- Vision and Strategy
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- Innovation and Transformation
- Stakeholder Engagement Principles
- Forest Sector BioCleantech Value Proposition
- Role for Government



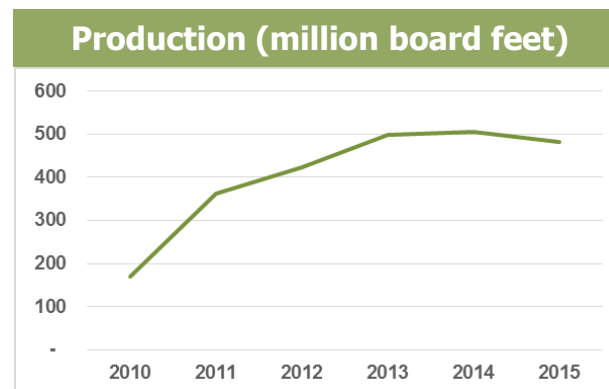
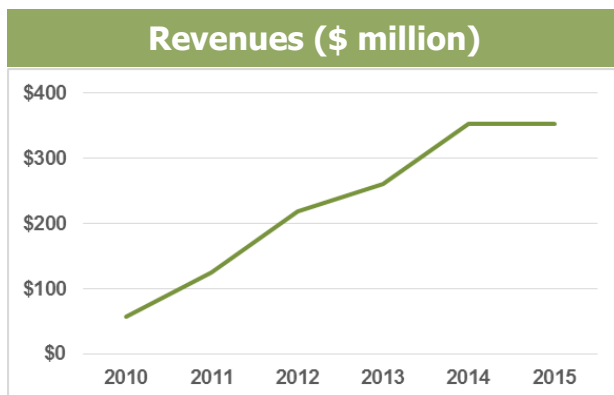
“We plan to continue to invest in our assets to maintain and enhance our competitive position and generate attractive returns.”



Conifex Timber Inc.

Conifex Timber Inc. – Overview

General	<ul style="list-style-type: none">Publicly traded forestry and sawmilling company recently completed a power generation project and positioned to pursue a US expansion
Operations	<ul style="list-style-type: none">Current annualized lumber production of 500 million board feet sold in US, China, Japan and CanadaFibre basket supports capacity operations in BC
Growth Potential	<ul style="list-style-type: none">Power generation facility reporting revenues and cash flow from May 2015Potential for significant increase in lumber production and cash flow from Arkansas
Financial	<ul style="list-style-type: none">21.1 million basic shares outstanding, symbol CFF1H 2016 revenue of \$203 million; net income (normalized) of \$2.3 million; EBITDA of \$15.9 million



Conifex Vision and Strategy

VISION

Build a premier
next-generation forest company



STRATEGY

- Leverage our Canadian assets and strong timber base
- US growth for increased shareholder returns and cash flow sustainability
- Develop new revenue streams around our core lumber business



New Revenue Streams- Bioenergy Segment - Conifex Power

Integrated with Sawmill Operations and existing Assets

- Rankine Cycle, Simple Cycle Steam
- Biomass Fired BFB Boiler (refurbished)
- Steam Turbine Generator (new)
- State of the art fuel handling facility (new)

Size and Performance:

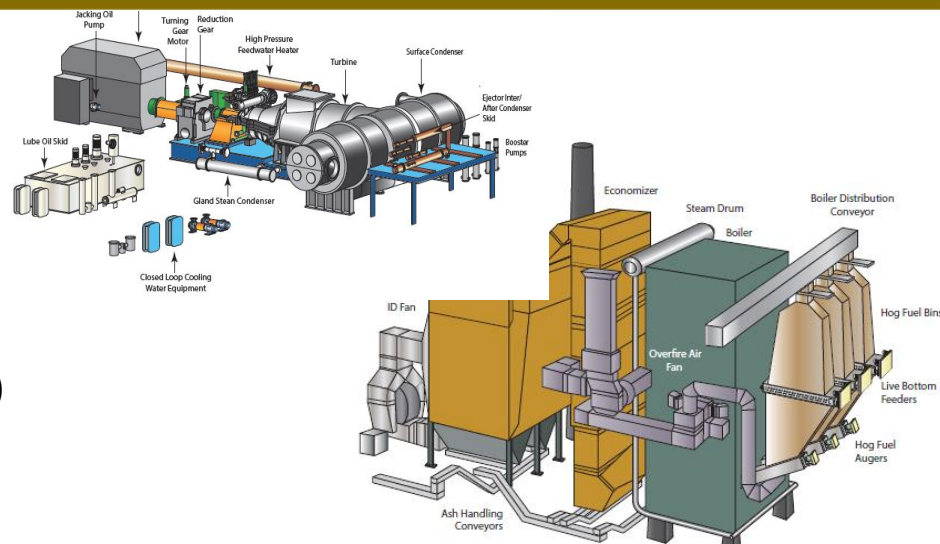
- 280,000 Lbs/hr of Steam
- 36MW/hr generation

Fuel Requirement:

- 172,000 ODT's per annum (20-30 ODT's/hr)
- 9000 Truck loads of hog (wet) and shavings (dry)

Output

- 230 GWh/yr clean energy (20,000 BC Homes)



Key Partners on Conifex Power

- EPCM Project Partners
 - Construction management
 - Engineering/Technical
- Construction
- Turbine Supplier
- Boiler Refurbishment
- Financing Syndicate – led by
- EPA/Load Displacement



Project Benefits

Public

- ✓ 230 GWh/yr clean energy (20,000 BC Homes)
- ✓ \$103 M investment
- ✓ 24 new jobs in Mackenzie, BC
- ✓ Stability for the community

Benefits to Conifex

- ✓ a stable and diversified revenue source from C\$ fixed price 20 year contract
- ✓ assured markets for a portion of our sawmill residuals
- ✓ platform for expertise in feedstock handling
 - \$12 M fuel handling facility
 - whole tree trial program
- ✓ enhances long-term competitiveness of our Mackenzie site





CONIFEX

What's Next for the Forest Sector?

Higher Value Add, More Transformation



UPM BioVerno



Licella



LignoForce



ENSYN



conifex.com

Innovation Investment Criteria

Acceptable returns and contributions to EBITDA

Integration with our existing operations

Reduce volatility of lumber business cash flows

Higher prices for residuals

Fit with our feedstock availability

Commercial/near commercial scale and validation

Revenue certainty from defined products/markets

Clear government certainty acceptable to lenders and/or investors



Transformation is Hard

Key Elements

- Alignment of corporate vision
- Decisions on capital allocation
 - competing projects and duty to shareholders
- High functioning deployment team – internal and external
- Multitude of risks to manage
 - Feedstock
 - Technology
 - Financing
 - Market/Offtakes
 - Policy/Regulation



Stakeholder Engagement is part of managing risk

Stakeholder Engagement Principles

Be clear on the goal

Identify all stakeholders

Communicate Effectively

Connect Stakeholder Interests to your own Goals

Don't forget about Influencers

Relationships are key

Identify Stakeholders

More Complex in BioCleanTech

Current Core Forest Sector Stakeholders	Examples for Lumber Sector	New or Increased Attention Related to BioCleanTech
Government: Departments and Political Level – Federal & Provincial	Forestry, Environment, Trade	Climate Action, Innovation, Jobs, Science, Energy, Economic Development, Transportation
Partners: Suppliers & Consultants	Tend to be proven technology, known players	Technology Developers, new group of advisors, regulatory and GHG expertise
Research Organizations	FPI, Universities, Gov't Research - existing products	FPI, universities, Gov't Research - new products
Sources of Financing	Canadian banks for debt Public markets or cash flow for equity	Govt grants, Investment Banks, Bonds, Private equity – different criteria
Customers / Offtakers	Lumber Distributors, Retailers	Utilities, Oil&Gas, Chemical Industry – different interests/approaches
Others: Media, Communities, First Nations, NGOs	Some experience	Unpredictable

Communicate Effectively

Be clear about your goals

Clear Message- Do the Work

Refine for Different Audiences

Connect SH Interests to Your Goals - Listen

Work with Industry Peers

Seek out influencers

Continue educating – timing is everything

Good Messaging from FPAC

Part of Canada's Social Fabric

Global Leader in Sustainable Forest Management

(2015)

231
Dependent Communities

(2011)

Employs **233 k**
across Canada

(2014)

1,400
Aboriginal firms

(2014)

**Scholarship and
Business Awards**

(2015)

Employ **9,000**
Aboriginal people

(2010)

Climate Change Mitigation Partner

**30 by 30 sector challenge:
only sector to commit against Paris national target**

66% GHG reduction
in pulp and paper sector

(1990-2015)

**Largest area of certified
forest in the world**

**Reducing Direct
Emissions**

**Climate Friendly
Products**

**Forest
Sequestration**

Source



Alberta Bioenergy Producers Group

Bioenergy is an Alberta-grown solution: Opinion



LIZ BRENNAN

[More from Liz Brennan](#)



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Forest Products Value Proposition

Forestry is Ideally placed to help meet Canada's Climate change, economic growth, and innovation targets

Cornerstone of Canada's economy

- \$21.4 B GDP; 233,000 jobs
- 231 forest dependent communities
- Already a climate change mitigation partner

Great potential partner for biocleantech development

- Access to sustainable feedstock supply
- Established industrial sites and infrastructure
- Access to capital

Challenges

- Facing significant headwinds—SLA; fibre supply (BC)
- Traditional low margin business - short paybacks
- Progress in sector but commercialization still early; bankability a major issue

Role for Government: A Transformation Partner

Risk mitigation through \$ for innovation/ commercialization –

- first time technologies and early stage commercial (first 5?)

Consistent, predictable, and long term government regulation

- acceptable to lenders and/or investors

Tax measures that put us on a level playing field with fossil energy

- expanded eligibility for Canadian Renewable and Conservation Expenses

Support for technology replication / optimization

Green government procurement

Standards development and harmonization (with other jurisdictions)

Supporting innovative partnerships across sectors

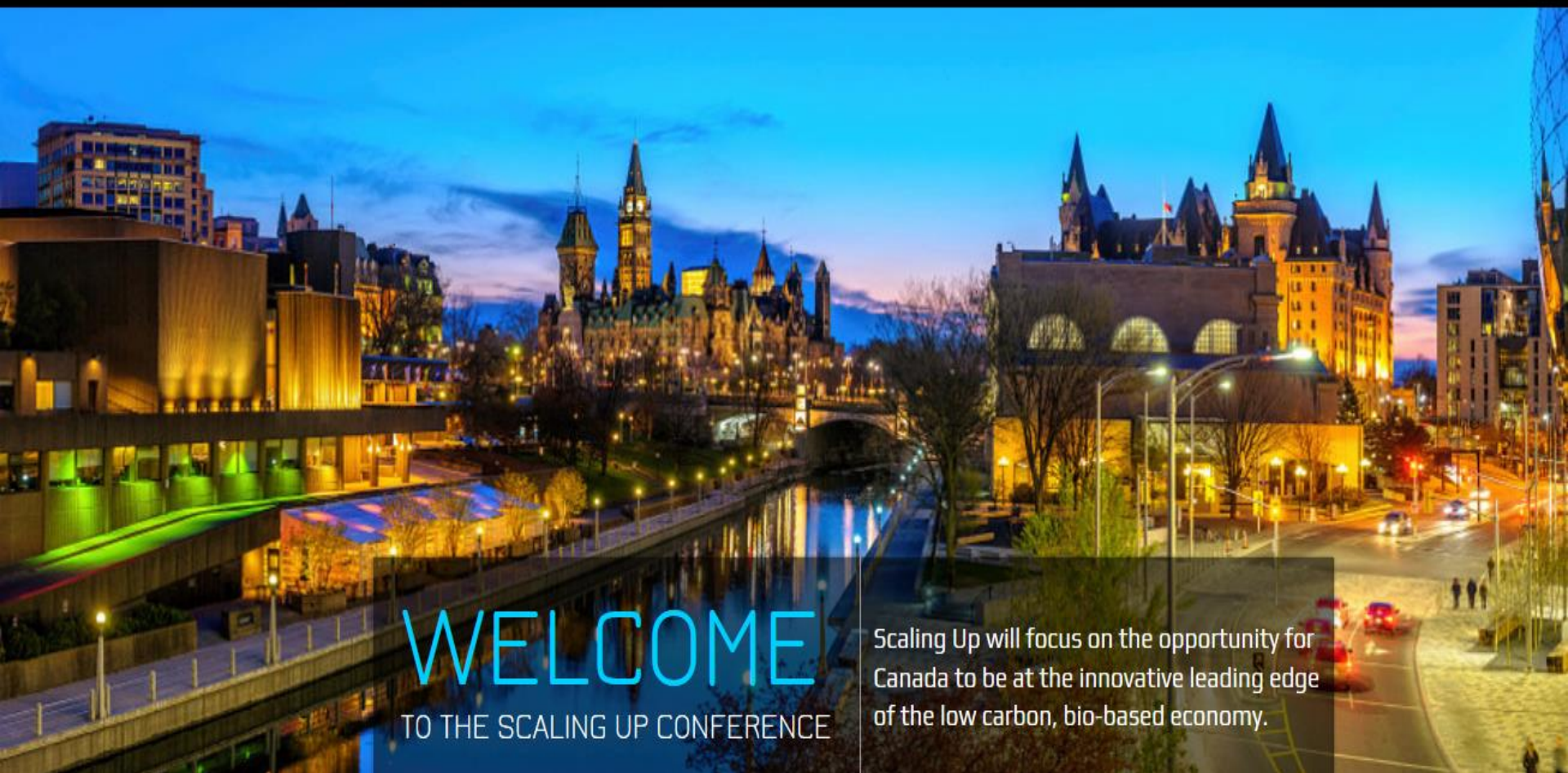




Scaling Up Bio

Delivering Canada's low carbon, bio-based economy through sustainable innovation

November 14 – 16, 2016, Fairmont Château Laurier, Ottawa, Canada





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Thank you

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