CanWel Building Materials Group Ltd.
Suite 1100, 609 Granville Street
Vancouver, BC V7Y 1G6

Press Release

NOT FOR RELEASE OR DISSEMINATION INTO THE UNITED STATES

CANWEL BUILDING MATERIALS ANNOUNCES FIRST QUARTER 2011 FINANCIAL RESULTS

VANCOUVER, **CANADA** – May 12, 2011 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX) announced today its first quarter financial results for the three-month period ended March 31, 2011. Due to the sale of the Company's hardware division on November 15, 2010, the current and prior period results of this division have been reclassified in these results per GAAP(2), and will be in the Company's subsequent public filings (as may be applicable), as discontinued operations.

The Company notes that its financial results are reported under International Financial Reporting Standards ("IFRS") for the first time this quarter. While the conversion did not have a significant impact on the Company's results, certain components, as well as first quarter 2010 comparatives, have been reclassified and adjusted within the financial statements to reflect the conversion. These reclassifications and adjustments are presented in the Company's interim financial statements for the first quarter of 2011.

For the three-month period ended March 31, 2011, revenues amounted to $153 million compared to $222 million in the same period in 2010. The 31 percent decrease in revenue was related to a number of factors, including a significant reduction in the volume of construction materials sold due to unusually high precipitation and cold temperatures experienced across Canada during this winter, lower housing starts and a temporary closing of one of CanWel's wood treatment facilities for repairs. Further, sales in the first quarter of 2010 were particularly strong as the economy rebounded from a protracted downturn in 2009. Gross margin amounted to $16.8 million or 11.0 percent, versus $22.9 million or 10.3 percent, when compared to the corresponding period in 2010. The increase in gross margin percentage is mainly due to the decrease in construction materials in the Company's sales mix from that in the first quarter of 2010. During the first quarter, CanWel's sales were made up of 52 percent of construction materials compared to 56 percent in the same period in 2010.

EBITDA(3) and net loss from continuing operations for the three-month period ended March 31, 2011 were a negative $2.8 million and $3.8 million, respectively, compared to $6.9 million and net income of $4.5 million in 2010, respectively. During the quarter, the Company incurred one-time reorganization costs amounting to $2.0 million. Excluding the impact these costs, Adjusted EBITDA(4) during the first quarter of 2011, amounted to a negative $0.8 million. This compares to Adjusted EBITDA of $6.9 million during the first quarter of 2010.

"The first quarter proved to be a challenging period for our industry with the significant slowdown in construction materials sales volumes driven by challenging building conditions that were mainly weather related, across the country. We have seen our customer's businesses, the retailers and building material dealers across the country, slow as compared to the first quarter in 2010. Weather and higher oil prices are just some of the factors that have adversely impacted consumer confidence. As a distributor we provide the link between the manufacturer and the customer and as inventories remained lean, we experienced a slower start to the year as well," noted Amar S. Doman, Chairman and CEO of the Company. "As conditions improve, we expect to begin to see sales adjust according to our historical seasonality pattern, although pricing for construction materials has weakened. We continue to diligently work on our integration efforts and synergies which we anticipate will demonstrate themselves in our results in due course."

Reconciliation of Net Income to EBITDA:

	Three months ended March 31	
(in thousands of dollars)	**2011**	**2010**
Net Earnings	$(3,802)	$4,550
Income tax provision (recovery)	(1,326)	1,353
Cash interest expense	969	820
Depreciation of property plant and equipment	481	521
Amortization of intangible and other assets	250	-
Amortization of financing costs	313	175
Amortization of promissory notes	-	11
Stock-based compensation	314	47
EBITDA	$(2,801)	$7,477
Acquisition and Conversion costs	-	504
Reorganization costs	2,015	-
Realized foreign exchange gain	-	(1,102)
Adjusted EBITDA	(786)	$6,879

About CanWel Building Materials

CanWel Building Materials trades on the Toronto Stock Exchange under the symbol CWX and is one of Canada's largest national distributors in the building materials and related products sector, operating distribution centres coast to coast in all major cities and strategic locations across Canada. CanWel distributes a wide range of hardware, building materials, lumber, and renovation products. Further information can be found in the disclosure documents filed by CanWel (and its predecessor, CanWel Building Materials Income Fund) with the securities regulatory authorities, available at www.sedar.com.

For further information regarding CanWel please contact:

Ali Mahdavi
Investor Relations
416-962-3300 or +1(866) 430-6247
am@spinnakercmi.com

Certain statements in this press release may constitute "forward-looking" statements. When used in this press release, such statements use words, including but not limited to, "may", "will", "expect", "believe", "plan", "intend", "anticipate", "future" and other similar terminology. These forward-looking statements reflect the current expectations of CanWel's management regarding future events and operating performance, but involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CanWel, including the cash flow from operations[)], dividends or EBITDA[(3)] generated or paid by CanWel, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual events could differ materially from those projected herein and depend on a number of factors. These factors include (i) the risk that the integration of the acquisition of Broadleaf Logistics Company completed on February 1, 2010 (the "Acquisition") may result in significant challenges, and management of CanWel may be unable to accomplish the integration of the Acquisition smoothly or successfully or without spending significant amounts of time, money or other resources thereon; any inability of management to successfully integrate the operations of the combined business, including, but not limited to, information technology and financial reporting systems, any of which could have a material adverse effect on the business, financial condition and results of operations of CanWel; (ii) the risk that revenues, profits and margins of Broadleaf Logistics Company may not remain consistent with historical levels, (iii) the risk that competing firms which manufacture or distribute competitive product lines will aggressively defend or seek market share, or that existing customers or suppliers of Broadleaf Logistics Company (some of whom are competitors of CanWel) will cease doing business with the Broadleaf Logistics Company or CanWel, in each case reducing, eliminating or reversing any potential positive economic impact on CanWel of the Acquisition; (iv) the risk that any increased sales, margin, profit, synergies or distributable cash resulting from the Acquisition may not be fully realized, realized at all or may take longer to realize than expected; (v) the risk of disruption from the integration of the Acquisition making it more difficult to maintain relationships with customers, employees or suppliers. Factors also include, but are not limited to, dependence on market and economic conditions, sales and margin risk, competition, information system risks, availability of supply of products, risks associated with the introduction of new product lines, product design risk, environmental risks, volatility of commodity prices, inventory risks, customer and vendor risks, acquisition and integration risks, availability of credit, credit risks, litigation risks, key executive risk and interest rate risks. A further description of these and other risks which could cause results to differ materially from those described in these forward-looking statements can be found in the periodic and other reports filed by CanWel with Canadian securities commissions and available on SEDAR (http://www.sedar.com). In addition, a number of material factors or assumptions were utilized or applied in making the forward-looking statements, and may include, but are not limited to, assumptions regarding the performance of the Canadian economy, relatively stable interest rates, volatility of commodity prices, more limited availability of access to equity and debt capital markets to fund, at acceptable costs, the Corporation's future growth plans, the implementation and success of the integration of the Acquisition, and to enable the Corporation to refinance its debts as they mature, the Canadian housing and building materials market; the amount of the Company's cash flow from operations; tax laws; and the extent of the Company's future acquisitions and capital spending requirements or planning as well as the general level of economic activity, in Canada, and abroad, discretionary spending and unemployment levels.

These forward-looking statements speak only as of the date of this press release. CanWel does not undertake, and specifically disclaims, any obligation to update or revise any forward looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law.

(1) Please refer to our Q1 2011 MD&A for further information. Our 2011 filings are reported under IFRS.

(2) GAAP is defined as Generally Accepted Accounting Principles in Canada.

(3) In the discussion, reference is made to EBITDA, which represents earnings from continuing operations before interest, provision for income taxes, gain or loss on sale of fixed assets, depreciation and amortization, goodwill impairment loss and stock-based compensation. This is not generally accepted earnings measure under IFRS and does not have a standardized meaning under IFRS, the measure as calculated by the Company may not be comparable to similarly-titled measures reported by other companies. EBITDA is presented as we believe it is a useful indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS.

(4) In the discussion, reference is made to Adjusted EBITDA, which is EBITDA as defined in (3) above, before certain one time or unusual items. This is a non-GAAP measure under IFRS and does not have a standardized meaning under IFRS, the measure as calculated by the Company may not comparable to similarly-titled measures reported by other companies. Adjusted EBITDA is presented as we believe it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements from its regular business, before non-recurring items. Adjusted EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS.