CanWel®

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Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES THIRD QUARTER 2011 FINANCIAL RESULTS

- **Gross Margin continues to strengthen at 11.3%(1)**
- **$0.07 quarterly dividend effective Fiscal Year 2012(6)**

VANCOUVER, **CANADA** – November 3, 2011 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX) announced today its third quarter financial results for the three-month period ended September 30, 2011(1). 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 as discontinued operations(2).

For the three-month period ended September 30, 2011, revenues amounted to $196 million compared to $293 million in the same period in 2010, a decrease of 33%. The decrease in revenue relates to a significant reduction in volume of construction materials sold compared to that in the same quarter of 2010, and our wood treatment facility in Alberta being temporarily closed due to weather related damage, reducing related product sales. Other contributing factors to the reduction in volumes in the quarter were a prolonged wet spring, which caused delays or cancellations of renovation projects that would have normally been initiated in the spring and completed during the summer, as well as CanWel's ongoing focus on higher gross margin business which led to a decline in certain high volume business would not have met the Company's gross margin target levels. Gross profit amounted to $22.2 million or 11.3% of revenues during the third quarter versus $28.4 million or 9.7% during 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 third quarter of 2010. The Company's sales in the quarter were made up of 49% of construction materials compared to 52% in the same quarter last year.

EBITDA(3) and net earnings from continuing operations for the three-month period ended September 30, 2011 were $5.4 million and $2.2 million, respectively, compared to $9.0 million and $4.9 million in 2010, respectively. The EBITDA for the quarter was impacted by the one-time costs of $1.2 million related to the re-organization of BLC. This compares to one-time items in last year's quarter of $398,000. Adjusted EBITDA excluding the impact of these one-time items amounted to $6.7 million for the third quarter of 2011, which compares to Adjusted EBITDA of $9.4 million during the third quarter of 2010.

"Despite a continued period of challenging macroeconomic environment, whereby our volumes have been negatively impacted, I am pleased with our ability to focus on profitability and strengthening our gross margin," noted Amar S. Doman, Chairman and CEO of the Company. "As a result of the integration efforts, focus on cost management and profitable growth, CanWel believes it is well positioned to benefit from a strengthening and improvement in the overall market conditions."

Further, the Board of Directors has determined to adjust the Company's quarterly common share dividend from $0.10 to $0.07 per share, effective for the dividend declared in the first quarter of 2012[(6)]. There is no expected change to the fourth quarter 2011 dividend rate.

"We believe the dividend actions are a prudent measure to enhance our capital and financial flexibility given the continued weakness in the markets," added Mr. Doman.

Reconciliation of Net Income to EBITDA:

	Three months ended September 30	
(in thousands of dollars)	**2011**	**2010**
Net Earnings from continuing operations	$2,199	$4,863
Income tax provision	990	2,267
Cash interest expense	1,157	926
Depreciation of property plant and equipment	480	502
Amortization of intangible and other assets	250	61
Amortization of financing costs	332	315
Share-based compensation	34	23
EBITDA	$5,442	$8,957
Acquisition and Conversion costs	-	398
Integration costs	1,228	-
Realized foreign exchange gain	-	-
Adjusted EBITDA	$6,670	$9,355

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 building materials, lumber, hardware 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.

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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", "should", "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[(5)], EBITDA[(3)] generated, dividends paid, anticipated to be 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, EBITDA, profits and margins of Broadleaf Logistics Company or CanWel 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 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 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 direct and indirect effect of the U.S. housing market and economy, 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 Q3 2011 MD&A for further information.

(2) Please refer to our Q3 2011Financial Statements for further information.

(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 International Financial Reporting Standards ("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-IFRS measure, 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.

(5) Reference is also made to free cash flow of the Company. This is a non-IFRS measure generally used by Canadian companies as an indicator of financial performance. The measure as calculated by the Company might not be comparable to similarly-titled measures reported by other companies. Management believes that this measure provides investors with an indication of the cash available for distribution to shareholders of the Company. We define free cash flow as cash flow from continuing operating activities before interest expense, changes in non-cash working capital and after maintenance of business capital expenditure.

(6) Policy effective for 2012 fiscal year commencing with the dividend for the first quarter, 2012. There is no expected change to the fourth quarter 2011 dividend rate.