



## Press Release

### CanWel Seeking Shareholder Approval in Connection with Acquisition and Private Placement of Subscription Receipts

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**THIS NEWS RELEASE IS INTENDED FOR DISTRIBUTION IN CANADA ONLY AND IS NOT INTENDED FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR DISSEMINATION IN THE UNITED STATES.**

CanWel Building Materials Group Ltd. (“**CanWel**” or the “**Company**”) (TSX:CWX) is pleased to announce that it is seeking the approval from holders of a majority of the outstanding common shares of the Company (“**Common Shares**”) to issue Common Shares in connection with the previously announced (i) acquisition by CanWel of assets from two privately-owned, California-based building products distribution and treating companies for approximately US\$45.0 million plus certain assumed senior debt of approximately US\$9.0 million (the “**Acquisition**”), (ii) “bought deal” private placement of 7,000,000 subscription receipts (the “**Subscription Receipts**”) of the Company at a price of C\$5.00 per Subscription Receipt (the “**Offering Price**”) for gross proceeds of C\$35,000,000 million (the “**Offering**”), together with any additional Common Shares that may be issued upon any exercise of the option (the “**Option**”) previously granted to the underwriters by the Company to arrange for the purchase of an additional 1,050,000 Subscription Receipts at the Offering Price for additional gross proceeds of up to C\$5,250,000, and (iii) concurrent non-brokered private placement with certain insiders of not less than 2,130,000 and not more than 2,449,500 Subscription Receipts for gross proceeds of not less than C\$10,650,000 and no more than C\$12,247,500 under the same terms and conditions as the Offering (the “**Concurrent Private Placement**”). The maximum number of Common Shares issuable to insiders of the Company will be 2,552,000 (which relates to (i) 82,500 Subscription Receipts for proceeds of C\$412,500 to be issued to insiders of the Company pursuant to the Offering, and (ii) up to 2,449,440 Subscription Receipts for proceeds of C\$12,247,500 to be issued to insiders of the Company pursuant to the Concurrent Private Placement) representing approximately 9% of the issued and outstanding Common Shares as at the date hereof

In connection with the Acquisition, the Company will issue, as partial consideration for the purchased assets, Common Shares having a value not more than US\$15,000,000 and not less than US\$11,250,000, with the aggregate number of such Common Shares to be determined according to the volume weighted average closing price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) for the 20-day period immediately preceding the signing of the purchase agreement (the “**Consideration Shares**”). In accordance with the above noted shareholder approval that is being sought, the number of Consideration Shares shall not exceed 5,000,000 Common Shares. The aggregate number of Common Shares that may therefore be issued pursuant to the Acquisition, the Offering (including the Option) and the Concurrent Private Placement shall not exceed 15,499,500 Common Shares, representing approximately 54% of the issued and outstanding Common Shares as at the date hereof.

In connection with the Offering and the Concurrent Private Placement, each Subscription Receipt issued will entitle the holder to receive, without further consideration or action, one Common Share upon satisfaction of certain escrow release conditions, including the satisfaction of all conditions precedent (but

for the payment of the purchase price) of the Acquisition, provided that the conditions have been satisfied by August 31, 2015.

The Offering is expected to close on or about July 2, 2015 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX and the closing of the Concurrent Private Placement. The Acquisition is expected to close in July 2015 and is subject to the execution of a binding definitive agreement and customary conditions including TSX approval.

Pursuant to section 611 of the TSX Company Manual, as more than 25% of the currently outstanding Common Shares are being issued and made issuable, TSX requires that the Company obtain shareholder approval for the transactions. The approval of shareholders for the additional Common Shares underlying the Subscription Receipts to be issued under the Offering and the Concurrent Private Placement and for the additional common shares to be issued pursuant to the Acquisition is being sought by way of a written consent as permitted by the TSX pursuant to subsection 604(d) of the TSX Company Manual which provides for an exemption from having to hold a shareholders meeting to consider the matter in the circumstances. The Common Shares will be issued not less than 5 business days after the date hereof.

The Subscription Receipts will be sold in all of the provinces and territories of Canada on a private placement basis pursuant to "accredited investor" exemptions under National Instrument 45-106 and certain other available and agreed upon exemptions. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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### **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 and renovation products. Further information can be found in the disclosure documents filed by CanWel with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

Certain statements in this press release may constitute "forward-looking" statements including statements regarding the Company's expectation that it will complete the Acquisition, the Offering and the Concurrent Private Placement and the anticipated terms and benefits thereof. When used in this press release, such statements use words, including but not limited to, "may", "will", "would", "should", "expect", "believe", "plan", "intend", "anticipate", "predict", "remain", "anticipate", "estimate", "potential", "continue", "plan", "could", "might", "project", "targeting", "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 earnings cash flow from operations, dividends, leverage or EBITDA 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 and there can be no assurance that the Company will complete the Acquisition, the Offering or the Concurrent Private on the terms described in this press release or at all or that these transactions will result in the anticipated benefits described.

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.