



**CanWel Building Materials**  
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## Press Release

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**NOT FOR RELEASE OR DISSEMINATION INTO THE UNITED STATES**

### **CANWEL ANNOUNCES SALE OF HARDWARE DIVISION**

VANCOUVER, October 4, 2010 – CanWel Building Materials Group Ltd. (the “**Company**”) (TSX:CWX) announced today that it has entered into a definitive agreement to sell its hardware division to Tim-BR Marts Ltd. (“**Tim-BR Mart**”) for \$50 million in cash. Also included in the transaction is the Company’s Chalifour division which distributes construction materials to its customers from Québec.

CanWel’s decision to sell the hardware division is based in part on a strategic determination to focus exclusively on its core business of distributing building materials products. CanWel believes that the sale of the hardware division to Tim-BR Mart represents an opportunity to exit the hardware business on attractive terms and focus its efforts on the CanWel+Broadleaf division. CanWel will use the net proceeds to continue to reduce its bank indebtedness, thereby improving its balance sheet for future growth activities.

Completion of the transaction is expected to occur in the fourth quarter and is subject to a number of customary conditions including the receipt of regulatory approvals.

Amar Doman, Chairman and CEO of CanWel commented, “I am pleased to announce the sale of our hardware division, which will allow us to focus specifically on our core business of specialty building materials, and the continued integration of the recent acquisition of Broadleaf Logistics Company.”

#### **About CanWel Building Materials**

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

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## Cautionary Statements

Certain statements in this press release, including in particular statements regarding the proposed sale of the Company's hardware division, 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 the Company's management regarding future events but involve known and unknown risks, uncertainties and other factors which may cause the outcome of the transaction or the actual results, performance or achievements of the Company 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 the risk that the implementation of the transaction may not be completed successfully, or at all, or that any disintegration of the division will cause negative financial results for CanWel, the risk that any cost savings or any synergies from the agreement may not be fully realized or may take longer to realize than expected; or any disruptions, including the reaction of industry participants, suppliers, competitors or customers, resulting howsoever from the agreement or entering into of the agreement, making it more difficult to maintain relationships with customers, suppliers industry participants or employees. Additional factors would 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, interest rate risks, regulatory risks and employee retention risks. There can be no assurance that the transaction will be completed on the terms described in this press release or at all. In addition, there are numerous risks associated with an investment in the Debentures, or common shares of the Company, which are also further described in the "Risk Factors" section of the Company's annual information form dated March 30, 2010 and its other public filings on SEDAR. These forward-looking statements speak only as of the date of this press release. Except as required by applicable securities laws, the Company 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.