



Press Release

CANWEL ANNOUNCES ACQUISITION OF JEMI FIBRE AND CONCURRENT BOUGHT DEAL EQUITY FINANCING

- Acquiring approximately 136,000 acres of private timberlands, harvesting operations, several post peeling facilities, two specialty wood treatment plants and one specialty saw mill
- Creates Canada's only vertically-integrated building materials distribution company
- Expected to be immediately accretive to CanWel's earnings and cash flow per share
- Unanimously approved by both Boards of Directors, with irrevocable support agreements signed by the holders of approximately 52% of Jemi Fibre's outstanding shares
- Partially funded via \$20 million bought deal private placement of subscription receipts

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CanWel Building Materials Group Ltd. ("CanWel") (TSX:CWX) and Jemi Fibre Corp. ("Jemi") (TSX-V:JFI) are pleased to announce that they have entered into a definitive agreement (the "Arrangement Agreement") whereby CanWel will acquire all of the issued and outstanding common shares of Jemi Fibre (the "Transaction"). Pursuant to the Transaction, all of Jemi Fibre's issued and outstanding common shares will be exchanged for CanWel shares on the basis of 31.13 Jemi Fibre shares for one CanWel share (the "Exchange Ratio") and approximately 2.53 million common shares of CanWel will be issued to shareholders of Jemi Fibre.

The Exchange Ratio implies consideration of \$0.136 per Jemi Fibre common share, based on the closing price of CanWel's common shares on the Toronto Stock Exchange (TSX) on March 8, 2016, representing a 29% premium to the closing price of Jemi Fibre on March 8, 2016. The implied equity value of Jemi Fibre is approximately \$11 million. CanWel also expects to assume total indebtedness of approximately \$25 million and refinance approximately \$50 million of Jemi Fibre's senior loans through the Offering (as described below) and new senior term loans committed by CanWel's existing lenders.

Jemi Fibre is a vertically-integrated forest products company that operates primarily in British Columbia and Saskatchewan. Jemi Fibre owns approximately 136,000 acres of private timberlands, strategic crown licenses and tenures, log harvesting and trucking operations, several post and pole peeling facilities, two pressure-treated specialty wood production plants, and one specialty saw mill. The Transaction will result in Jemi Fibre becoming a wholly-owned subsidiary of CanWel and will combine Jemi Fibre's operations with CanWel's well-established Canadian platform.

Highlights of the Transaction

Key investment highlights of the Transaction include:

- **Diversified and Complementary Operations.** The Transaction diversifies CanWel's operating and production capacity, providing a stable long-term revenue base and vertical integration via a sustained source of fibre supply.
- **Continued Wood Treatment Expansion.** Adds two specialty treating plants with very limited product overlap, continuing CanWel's high-margin, value-add expansion strategy.
- **Skilled Operational Leadership Team.** The existing management team will remain in place, with Mike Jenks, current Chairman and CEO of Jemi Fibre, entering into a long-term agreement with CanWel and leading the division going forward.
- **Immediate Financial Benefits.** The refinancing of Jemi Fibre's senior loans is expected to reduce its interest costs by approximately \$7 million per annum. Jemi Fibre also has substantial tax losses that could be available to reduce taxable income in future periods.
- **Financially Accretive.** The Transaction is expected to be immediately accretive to CanWel's earnings and free cash flow per share by over 15% on an annual basis, with a commensurate reduction in CanWel's pro forma dividend payout ratio to approximately 75%.
- **Meaningful Operational Synergy Potential.** Potential for operational synergies to be realized over time, including increased scale and purchasing benefits on pressure treatment inputs, and utilization of CanWel's established sales and distribution channels.
- **Enhanced Leadership Position.** Strengthens CanWel's position as a preeminent operator in the building products distribution and pressure treatment sectors by adding high-value and strategic assets to a stable foundation with strong free cash flow conversion, an attractive dividend policy, experienced management and solid balance sheet.

Amar Doman, Chairman and CEO of CanWel, commented "The Transaction further solidifies our position in Canada as a leading manufacturer and distributor of building material and related products. The acquisition of vast timberland holdings and experienced operators strengthens our supply chain, guaranteeing access to raw material supply for our company. We also forge stronger relationships with our existing suppliers, who are customers of Jemi Fibre. We are very pleased to deepen our presence in Western Canada, and look forward to welcoming our new colleagues to the CanWel family and accelerating our offerings, presence and overall growth together". Mr. Doman added "We are also very pleased to announce that The Futura Corporation will be participating on the Offering in the amount of \$6 million, alongside other insiders."

Mike Jenks added "We are extremely pleased to be joining the CanWel organization to establish a more stable operating platform. Joining CanWel allows us to be part of a larger entity with deep and effective sales and distribution channels, operating expertise and a strong balance sheet. We have worked hard building a highly strategic, valuable and integrated collection of assets, and look forward to continuing our company's vision as part of CanWel."

Benefits to Jemi Fibre Shareholders

- Continued participation in Jemi Fibre's value proposition and growth prospects, as part of a larger and stronger North American platform.
- Utilization of CanWel's balance sheet to refinance high-cost debt and reduce leverage.
- Access to growth capital for further investment and value creation.
- Operational optimization through CanWel's fiscal management, operational capabilities, customer relationships and supplier purchasing relationships.
- Participation in CanWel's dividend policy.

Transaction Details

The proposed Transaction will be effected by way of a court-approved plan of arrangement completed under the *Business Corporations Act (British Columbia)*. The Transaction will require approval by 66 2/3 percent of the votes cast by the shareholders of Jemi Fibre present in person or represented by proxy at a special meeting of shareholders expected to take place in May of 2016. The Transaction does not require the approval of CanWel's shareholders.

Officers and directors of Jemi Fibre have entered into voting support agreements in favour of the Transaction, representing approximately 52% of the outstanding common shares, pursuant to which they will vote their common shares held in favor of the Transaction. The voting support agreements may not be terminated by the officers and directors, except in very limited circumstances, even if Jemi Fibre validly exercises its right to terminate the Arrangement Agreement to pursue a superior proposal. The voting support agreements also provide that the officers and directors of Jemi Fibre will not sell or dispose of any CanWel shares they receive pursuant to the proposed Transaction for at least 12 months from the completion of the proposed Transaction.

In addition to shareholder and court approvals, the Transaction is subject to completion of the Offering and repayment of Jemi Fibre's senior loans, and the satisfaction of certain other closing conditions.

The Arrangement Agreement includes customary provisions including non-solicitation provisions, a right to match any superior proposal and a \$2.5 million termination fee payable to CanWel under certain circumstances. Further information regarding the Transaction and the Arrangement Agreement will be included in an information circular that is expected to be filed and mailed to Jemi Fibre shareholders in April 2016. Copies of the Arrangement Agreement and the information circular will be available online under CanWel's and/or Jemi Fibre's SEDAR profile at www.sedar.com

Board of Directors Recommendations

The Arrangement Agreement has been unanimously approved by the boards of directors of CanWel and Jemi Fibre. Jemi Fibre's board recommends that its shareholders vote in favor of the Transaction. Mackie Research Capital Corporation has provided an opinion to the board of directors of Jemi Fibre stating that, and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration offered pursuant to the Transaction is fair, from a financial point of view, to Jemi Fibre's shareholders.

Bought Deal Private Placement

In conjunction with the Transaction, CanWel has entered into an agreement with a syndicate of underwriters led by GMP Securities L.P. (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a "bought deal" private placement basis, 4,878,100 subscription receipts (the "Subscription Receipts") of CanWel at a price of \$4.10 per Subscription Receipt (the "Offering Price") for gross proceeds of approximately \$20 million (the "Offering"). Certain insiders of CanWel have agreed to subscribe for not less than \$14 million of the Offering.

CanWel has also granted the Underwriters an option, exercisable up to two business days prior to the Offering closing date, to arrange for the purchase of up to an additional 731,715 Subscription Receipts at the Offering Price for additional gross proceeds of up to \$3 million.

The net proceeds from the Offering will be used to reduce Jemi Fibre's senior loans, provide for transaction costs and working capital.

Each Subscription Receipt will entitle the holder to receive, without further consideration or action, one common share of CanWel (a "Common Share") upon satisfaction of certain escrow release conditions to be included in a subscription receipt agreement, including the satisfaction of all conditions precedent (but for the payment of the purchase price) of the Transaction, provided that the conditions have been satisfied by June 30, 2016. The Offering is expected to close on or about March 30, 2016 and is subject to the completion of formal documentation and certain other conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX. If the proposed Transaction is not completed on or before June 30, 2016 or the proposed Transaction is terminated at an earlier time, holders of Subscription Receipts will receive a cash payment equal to the offering price of the Subscription Receipts and any interest that was earned thereon during the term of the escrow.

CanWel currently pays a quarterly dividend of \$0.14 per share and CanWel currently intends to maintain its current dividend policy. The first dividend that holders of the Common Shares will be entitled to receive, should they continue to hold the Common Shares, is the dividend expected to be paid on or about July 15, 2016 to holders of record on June 30, 2016. For greater certainty, holders of Subscription Receipts will not be entitled to receive any dividends paid on the Common Shares prior to the exercise of the Subscription Receipts or closing of the Transaction.

The Subscription Receipts will be sold in Canada on a private placement basis pursuant to "accredited investor" exemptions under National Instrument 45-106. 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 jurisdiction in which such offer, solicitation or sale would be unlawful.

Advisors and Counsel

GMP Securities L.P. acted as financial advisor to CanWel and Goodmans LLP and DLA Piper (Canada) LLP acted as its legal advisors.

Mackie Research Capital Corp. acted as financial advisor to Jemi Fibre and Dentons Canada LLP acted as its legal advisor.

About CanWel Building Materials

Founded in 1989, CanWel is headquartered in Vancouver, British Columbia and 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. CanWel operates multiple treating plant and planing facilities in Canada and the United States, and operates distribution centres coast to coast in all major cities and strategic locations across Canada and near San Francisco and Los Angeles, California. CanWel distributes a wide range of building materials, lumber and renovation products. For more information, visit www.canwel.com. Further information can be found in the disclosure documents filed by CanWel with the securities regulatory authorities, available at www.sedar.com

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About Jemi Fibre

Jemi Fibre is a Western Canadian based forest products company which trades on the TSX Venture Exchange under the symbol JFI. Jemi Fibre's operations consist of timber ownership and management of private timberlands and Crown forest licenses, full service logging and trucking operations, post-peeling and wood treatment operations for the agricultural market and specialty lumber manufacturing. The Company's head office and principal place of business is located at 1110-1111 West Georgia Street, Vancouver, British Columbia, Canada.

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Cautionary Statements Regarding Forward Looking Statements

Certain statements in this press release may constitute "forward-looking" statements including statements regarding the Transaction and the Offering (and the anticipated terms and benefits of each), CanWel's senior loan financing arrangements and CanWel's dividend. The following statements are or may constitute forward-looking statements (1) statements preceded by, followed by, or that included words like "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, and (2) other statements regarding matters that are not historical facts. The matters addressed in these statements are subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the potential inability to obtain court, shareholder or governmental approvals required in connection with the Transaction, or to satisfy other conditions to the Transaction on the expected terms

and schedule; the risk that CanWel cannot obtain new senior loans on terms conditions acceptable to CanWel or in a timely manner; the potential inability of CanWel to complete the formal documentation and satisfy the other conditions required to complete the Offering on the expected terms and schedule; the risk that the existing and acquired businesses will not be integrated successfully; the risk that cost savings and synergies expected to result from the Transaction may not be fully realized or may take longer to realize than expected; disruption from the Transaction making it more difficult to maintain relationships with customers, employees or suppliers; the effect of general economic conditions, including market demand for CanWel's or Jemi Fibre's products, and prices for such products; the availability, cost and other terms of capital; the efficiency and consequences of operations improvement initiatives; the effect of forestry, land use, environmental and other governmental regulations; and the risk of losses from fires, floods and other natural disasters. These and other factors could cause or contribute to actual results differing materially from those contemplated by forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Forward-looking statements contained in this press release speak only as of the date of this press release. Neither CanWel nor Jemi Fibre undertake, and each of them specifically disclaim, any obligation to update or revise any forward looking statements or information, whether as a result of new information, future developments or otherwise, except as required by applicable law.