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Press Release

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CANWEL BUILDING MATERIALS ANNOUNCES SECOND QUARTER 2011 FINANCIAL RESULTS

VANCOUVER, **CANADA** – July 28, 2011 – CanWel Building Materials Group Ltd. ("CanWel" or "the Company") (TSX:CWX) announced today its second quarter financial results for the three-month period ended June 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.

For the three-month period ended June 30, 2011, revenues amounted to $205 million compared to $340 million in the same period in 2010. The decrease in revenue was related to a number of factors, including a significant reduction in the volume of construction materials sold earlier in the quarter, lower overall industry volume sales and key construction material prices when compared to second quarter of 2010, and a temporary closure of the Company's wood treatment facility in Alberta due to weather related damage. Gross margin amounted to $23.8 million or 11.7 percent, versus $36.0 million or 10.1 percent, when compared to the corresponding period in 2010. The increase in the gross margin percentage is mainly due to the decrease in construction materials and higher specialty and allied material sales in the Company's sales mix from that in the second quarter of 2010, and ongoing focus on price discipline. During the second quarter, CanWel's sales were made up of 50 percent of construction materials compared to 55 percent in the same period in 2010.

EBITDA[(3)] and net earnings from continuing operations for the three-month period ended June 30, 2011 were $6.3 million and $2.6 million, respectively, compared to $15.3 million and $9.4 million in 2010, respectively. During the quarter, the Company incurred integration costs of $0.8 million related to the Broadleaf Logistics Company acquisition. Excluding the impact of these costs, Adjusted EBITDA[(4)] during the second quarter of 2011, amounted to a $7.1 million. This compares to Adjusted EBITDA of $15.4 million during the second quarter of 2010.

"The overall weakness in our end markets carried itself into the beginning of the second quarter, however we are pleased that as the quarter progressed, we saw prices and demand starting to recover to healthier levels," noted Amar S. Doman, Chairman and CEO of the Company. "During the second quarter, we remained steadfast with our strategy of profitable growth. As a result, we declined to accept certain high volume business, which would not have met our gross margin requirements. Our focus on price discipline and cost control to increase profitability has resulted in improved gross margin percentages and lower overhead costs, and therefore once macro trends become healthier, CanWel's results should also reasonably reflect these trends."

Reconciliation of Net Income to EBITDA:

	Three months ended June 30	
(in thousands of dollars)	**2011**	**2010**
Net (Loss) Earnings from continuing operations	$2,628	$9,423
Income tax provision (recovery)	1,346	3,855
Cash interest expense	1,248	978
Depreciation of property plant and equipment	479	449
Amortization of intangible and other assets	250	116
Amortization of financing costs	332	292
Stock-based compensation	57	152
EBITDA	$6,340	$15,265
Acquisition and Conversion costs	-	91
Integration costs	776	-
Adjusted EBITDA	$7,116	$15,356

At the request of securities regulators, CanWel has also today re-filed its first quarter 2011 financial statements on SEDAR to reflect a revision to note 22.5.

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[)], 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 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 Q2 2011 MD&A for further information.

(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 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.