Quarterly Report Ending September 30, 2017

TAIGA BUILDING PRODUCTS LTD

Q2 Financial Highlights

Sales $396.6 million	Net Income $6.0 million
Earnings Per Share $0.18	EBITDA $16.2 million

taiga building products

Management's Discussion and Analysis

For the three and six months ended September 30, 2017 and 2016

This Management's Discussion and Analysis ("MD&A") of Taiga Building Products Ltd. ("Taiga" or the "Company") has been prepared based on information available as at November 3, 2017 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the corresponding notes thereto for the three and six months ended September 30, 2017 and 2016. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the three and six months ended September 30, 2017.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises, and is expressed in Canadian dollars.

Taiga's consolidated financial statements and the accompanying notes included within this report include the accounts of Taiga and its subsidiaries. Unless otherwise noted, all references in this MD&A to "dollars" or "$" are to Canadian dollars.

Unless otherwise noted, there are no material changes to the Company's contractual obligations and risks and uncertainties as described in its management's discussion and analysis for the year ended March 31, 2017.

Additional information relating to the Company including the Company's Annual Information Form dated July 4, 2017 can be found on SEDAR at www.sedar.com.

Forward-Looking Information:

This MD&A contains certain forward-looking information relating, but not limited, to future events or performance and strategies and expectations of Taiga. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "likely", "may", "will", "should", "predict", "potential", "continue" or similar words suggesting future outcomes or statements regarding expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Examples of such forward-looking information within this document include statements relating to: the Company's perception of the building products industry and markets in which it participates and anticipated trends in such markets in any of the countries in which the Company does business; the Company's anticipated business operations, inventory levels and ability to meet order demand; the Company's anticipated ability to procure products and its relationship with suppliers; sufficiency of cash flows; and the anticipated outcome of legal and regulatory proceedings. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Forward-looking information reflects management's current expectations or beliefs and is based on information currently available to Taiga and although Taiga believes it has a reasonable basis for providing the forward-looking information included in this document, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information of Taiga involves numerous assumptions and inherent risks and uncertainties, both general and specific that contribute to the possibility that the predictions, forecasts and other forward-looking information will not occur. These factors include, but are not limited to: changes in business strategies; the effects of legal or regulatory proceedings, competition and pricing pressures; changes in operational costs; changes in laws and regulations, including tax, environmental, employment, competition, anti-terrorism and trade laws and Taiga's anticipation of and success in managing the risks associated with the foregoing; and other risks detailed in this MD&A and Taiga's filings with the Canadian securities regulatory authorities available at www.sedar.com. Forward-looking information speaks only as of the date of this discussion and analysis. Taiga 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.

Non-IFRS Financial Measure:

In this MD&A, reference is made to EBITDA, which represents earnings before interest, taxes, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by Taiga might not be comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements and because management interprets trends in EBITDA as an 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. Reconciliations of EBITDA to net earnings reported in accordance with IFRS are included in this MD&A.

Market and Industry Data:

Unless otherwise indicated, the market and industry data contained in this MD&A is based upon information of independent industry and government publications and management's knowledge of, and experience in, the markets in which the Company operates. While management believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this MD&A and no representation is given as to the accuracy of any of the data referred to in this MD&A obtained from third party sources.

1. Business Overview

Taiga is the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and overseas. As a wholesale distributor, Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and two distribution centres in California. In addition, Taiga regularly distributes through the use of third party reload centres. Taiga also owns and operates three wood preservation plants that produce pressure-treated wood products. Factors that affect Taiga's year-over-year profitability include, among others, sales levels, price fluctuations and product mix.

Taiga's primary market is Canada. Taiga expects the Canadian housing market in calendar year 2017 to improve compared to calendar year 2016.

Taiga's secondary market, the United States, continues to show signs of recovery from the US housing depression. The Company expects the United States housing market to continue to improve in the 2017 calendar year. See Item 10 "Outlook".

2. Results of Operations

Sales

The Company's consolidated net sales for the quarter ended September 30, 2017 were $396.6 million compared to $335.1 million over the same period last year. The increase in sales by $61.6 million or 18% was largely due to higher selling prices for commodity products.

Consolidated net sales for the six months ended September 30, 2017 were $776.4 million compared to $660.5 million over the same period last year. The increase in sales by $115.9 million or 18% was largely due to higher selling prices for commodity products.

Sales by segments are as follows:

	Revenue by Point of Sale							
	Three months ended September 30,				Six months ended September 30,			
	2017		2016		2017		2016	
	$000's	%	$000's	%	$000's	%	$000's	%
Canada	349,532	88.1	293,762	88.6	683,281	88.0	582,060	88.1
United States	47,097	11.9	41,290	12.3	93,109	12.0	78,458	11.9

For the quarter ended September 30, 2017, export sales totalled $71.2 million compared to $65.9 million over the same period last year. For the six month period ended September 30, 2017, export sales were $153.4 million (2016 - $131.0 million).These export sales were primarily to the United States, Asia and Mexico, and are included as part of the Canadian segment in the table above.

The Company's sales of dimension lumber and panel, as a percentage of total sales, was 68.0% for the quarter ended September 30, 2017, compared to 65.5% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, was 32.0% for the quarter ended September 30, 2017, compared to 34.5% over the same period last year. The Company's sales of dimension lumber and panel, as a percentage of total sales, was 66.7% for the six months ended September 30, 2017, compared to 64.2% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, was 33.3% for the six month period ended September 30, 2017, compared to 35.8% over the same period last year.

Gross Margin

Gross margin for the quarter ended September 30, 2017 increased to $37.8 million from $29.5 million over the same period last year. Gross margin percentage increased to 9.5% in the current quarter compared to 8.8% in the same quarter last year. The increase in gross margin percentage was primarily due to higher commodity prices in the current quarter compared to the same quarter last year.

Gross margin for the six months ended September 30, 2017 increased to $71.5 million from $60.9 million over the same period last year. Gross margin percentage was 9.2% for the six months ended September 30, 2017 and 2016.

Expenses

Distribution expense for the quarter ended September 30, 2017 increased to $5.8 million compared to $5.6 million over the same period last year. For the six month period ended September 30, 2017, distribution expenses increased to $11.3 million compared to $11.1 million over the same period last year. These increases were mainly due to higher delivery and warehouse expenses.

Selling and administration expense for the quarter ended September 30, 2017 increased to $17.0 million compared to $13.7 million over the same period last year. Selling and administration expense for the six months period ended September 30, 2017 increased to $32.1 million compared to $27.3 million over the same period last year. These increases were mainly due to higher compensation costs.

Finance expense for the quarter ended September 30, 2017 increased to $1.6 million compared to $1.2 million over the same period last year. Finance expense for the six months period ended September 30, 2017 increased to $3.0 million compared to $2.5 million for the same period last year. Higher borrowing levels and higher borrowing rates led to increased interest costs.

Subordinated debt interest expense for the quarter ended September 30, 2017 was $4.5 million compared to $4.1 million over the same period last year. Subordinated debt interest expense was $9.0 million for the six months period ended September 30, 2017 compared to $8.2 million over the same period last year.

Other income was $0.1 million for both quarter ended September 30, 2017 and 2016. Other income was $0.2 million for the six month ended September 30, 2017 and 2016.

Net Earnings

Net earnings for the quarter ended September 30, 2017 was $6.0 million compared to $3.1 million over the same period last year. Net earnings for the six month period ended September 30, 2017 was $11.0 million compared to $7.9 million over the same period last year.

EBITDA

EBITDA for the quarter ended September 30, 2017 was $16.2 million compared to $11.3 million over the same period last year. For the six months period ended September 30, 2017, EBITDA was $30.5 million compared to $24.8 million over the same period last year.

Reconciliation of net earnings to EBITDA:

	Three months ended September 30,		**Six months ended September 30,**	
(in thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Net earnings	5,980	3,139	11,009	7,901
Income taxes	3,081	1,855	5,364	4,160
Finance and subordinated debt interest expense	6,083	5,316	11,971	10,722
Amortization	1,098	1,019	2,178	2,037
EBITDA	16,242	11,329	30,522	24,820

3. Cash Flows

Operating Activities

Cash flows from operating activities for the quarter ended September 30, 2017 increased to $55.6 million from $27.5 million for the same period last year primarily due to changes in non-cash working capital and higher earnings. Cash flows from operating activities for the six months ended September 30, 2017 increased to $49.8 million from $32.0 million during the same period last year primarily due to changes in non-cash working capital and higher earnings.

Investing Activities

Investing activities used cash of $1.3 million for the quarter ended September 30, 2017 compared to cash used of $0.5 million over the same period last year. Investing activities used cash of $0.8 million for the six months ended September 30 in both 2017 and 2016.

Financing Activities

Financing activities used cash of $5.1 million for the quarter ended September 30, 2017 compared to $4.9 million for the same period last year. Financing activities used cash of $10.2 million during the six months ended September 30, 2017 compared to $9.7 million during the same period last year.

4. Summary of Quarterly Results

	Fiscal 2017 ending December 31, 2017		Fiscal 2017				Fiscal 2016	
(in thousands of dollars, except per share amount in dollars)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	396,629	379,761	286,052	277,408	335,052	325,466	279,882	292,476
Net earnings (loss)	5,980	5,029	249	(160)	3,139	4,762	715	(53)
Earnings (loss) per share[1]	0.18	0.16	0.01	0.00	0.10	0.15	0.02	0.00
EBITDA	16,242	14,280	7,784	7,425	11,329	13,491	8,566	7,656

Notes:

(1) The amounts are identical on a basic and fully-diluted per share basis. Earnings per share is calculated using the weighted-average number of shares.

Seasonality

Taiga's sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the first and second quarters and reduced sales in the late fall and winter during its third and fourth quarters of each fiscal year.

5. Liquidity and Capital Resources

Revolving Credit Facility

On November 25, 2013, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from $200 million to $225 million, with an option to increase the limit by up to $50 million. The Facility continues to charge interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries, and will mature on November 25, 2018. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at September 30, 2017.

Taiga expects to meet its future cash requirements through a combination of cash generated from operations and its credit facilities. However, any severe weakening of the Canadian housing market driving reduced product demand or a significant increase in bad debts in accounts receivable could adversely impact the Company's liquidity in the short term.

Working Capital

Working capital as at September 30, 2017 increased to $106.8 million from $97.8 million as at March 31, 2017 primarily due to decrease in the revolving credit facility. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**September 30, 2017**	**September 30, 2016**	**March 31, 2017**
Current Assets	267,125	280,891	281,864
Current Liabilities (excluding Revolving Credit Facility)	(97,854)	(123,936)	(82,664)
Revolving Credit Facility	(62,514)	(59,788)	(101,366)
Working Capital	**106,757**	**97,167**	**97,834**
Long Term Assets	41,096	43,450	42,194
Long Term Liabilities (excluding Subordinated Notes)	(28,026)	(30,150)	(29,065)
Subordinated Notes	(128,834)	(128,834)	(128,834)
Shareholders' Deficiency	**(9,007)**	**(18,367)**	**(17,871)**

Assets

Total assets were $308.2 million as at September 30, 2017 compared to $324.1 million as at March 31, 2017. The decrease was primarily the result of decreased inventories partially offset by increased accounts receivable.

Inventories decreased to $118.0 million as at September 30, 2017 compared to $140.8 million as at March 31, 2017 due to the seasonal drawdown of products.

Property, plant and equipment decreased to $39.3 million as at September 30, 2017 compared to $39.8 million as at March 31, 2017 mainly due to amortization.

Liabilities

Total liabilities decreased to $317.2 million as at September 30, 2017 from $341.9 million as at March 31, 2017. The decrease was primarily the result of decreased revolving credit facility balance offset by increased accounts payable and accrued liabilities.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On November 3, 2017, there were 32,414,278 common shares outstanding.

Dividend Policy

In accordance with Taiga's dividend policy set on October 15, 2008, the Company generally intends to pay dividends each year on its common shares equal to 25% of the prior fiscal year's net earnings. These dividends would be payable in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) to the shareholders of record on June 30 and December 31 (or first business day thereafter). The payment of any dividends by the Company is subject to the discretion of its board of directors and subject to its determination of the Company's capital and operational requirements, adequacy of reserves and compliance with contractual and legal requirements.

History of Retained Earnings (Deficit)

The following table shows Taiga's history of net earnings and dividends payouts:

(in thousands of dollars)	**September 30, 2017 IFRS**	**FY2017 IFRS**	**FY2016 IFRS**	**FY2015 IFRS**	**FY2014 IFRS**	**FY2013 IFRS**	**FY2012 IFRS**
Retained earnings (deficit), beginning	(37,810)	(45,800)	(57,520)	(68,600)	(73,676)	(83,180)	(86,904)
Net earnings	11,009	7,990	11,720	11,080	5,076	10,434	3,724
Common share dividends	-	-	-	-	-	(930)	-
Deficit, ending	(26,801)	(37,810)	(45,800)	(57,520)	(68,600)	(73,676)	(83,180)

6. Commitments and Contingencies

Canada Revenue Agency Reassessment

During the year ended March 31, 2017, Taiga received a notice of reassessment from the Canada Revenue Agency in the amount of approximately $42,000,000 (which includes interest) relating to the years from 2005 to 2013. The reassessment related to the amount of taxes withheld, by Taiga, on dividends paid or deemed to have been paid to what were then the Company's two largest shareholders in connection with and subsequent to Taiga's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. Taiga paid the full amount of the reassessment on January 31, 2017 using proceeds provided by its two former major shareholders. The Company, and the two former major shareholders, had previously entered into agreements whereby the shareholders agreed to fully indemnify the Company from this potential liability, including related liabilities. The indemnity agreements remain in effect and would apply in the event that CRA issues further reassessments relating to the amount of taxes withheld. The Company intends to challenge the reassessment and vigorously defend its tax filings and to seek a resolution as soon as practically possible. Taiga's two former major shareholders may elect to assume any action or defense of Taiga in connection with the foregoing pursuant to the terms of the indemnity agreements with Taiga.

7. Critical Accounting Policies and Estimates

The significant accounting policies of Taiga are described in Note 3 to the Consolidated Financial Statements for the year ended March 31, 2017.

The preparation of financial statements in conformity with IFRS requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes thereto. Financial results as determined by actual events could be different from those estimates. These estimates are described in the management's discussion and analysis for the year ended March 31, 2017 and there have been no material changes to such policies and estimates since that time.

8. Off-Balance Sheet Arrangements

Taiga does not have off-balance sheet arrangements except for commitments under operating leases as discussed under “Commitments and Contingencies” in this Management’s Discussion and Analysis for the fiscal year ended March 31, 2017.

For a detailed description of financial instruments and their associated risks, see Note 20 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2017.

9. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Taiga’s management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting (“ICFR”) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

The CEO and CFO of Taiga acknowledge responsibility for the design of ICFR and confirm that there were no changes in these controls that occurred during the quarter ended September 30, 2017 which materially affected, or are reasonably likely to materially affect the Company’s ICFR.

10. Outlook

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators.

In Canada, according to the Canada Mortgage and Housing Corporation (“CMHC”) Housing Market Outlook, Canadian Edition for the fourth quarter 2017, housing starts are forecasted to range from 206,300 to 214,900 units in the 2017 calendar year. CMHC is reporting that housing starts will range from 192,200 to 203,000 units in the 2018 calendar year.

In the United States, the National Association of Home Builders reported in September 2017 that housing starts are forecasted to total 1,199,000 units in the 2017 calendar year and 1,246,000 units in the 2018 calendar year.

11. Subsequent Event

Taiga Building Products Ltd. (“Taiga” or the “Company”) (TSX: TBL & TBL.NT) held a special meeting of shareholders of the Company on October 26, 2017 (the “Meeting”), in which disinterested shareholders approved the issuance (the “Share Issuance”) of up to 107,361,848 common shares of the Company in respect of the share option component of the previously announced exchange offer that commenced on October 2, 2017. The resolution approving the Share Issuance received the approval of a majority of shareholders at the Meeting after excluding the votes of certain “interested parties” as more particularly described in the Company’s news release dated October 2, 2017.

The exchange offer is subject to the terms and conditions set forth in the Exchange Offer and Consent Solicitation Statement dated September 29, 2017 (the “Exchange Offer Circular”), which was mailed to holders (the “Noteholders”) of the Company’s outstanding 14% subordinated unsecured notes (the “Existing Notes”). The Company has offered to purchase any and all of its outstanding Existing Notes in exchange for:

- an equivalent principal amount of new 7% senior notes of Taiga (the “New Notes”) due five years from the date of issuance (the “Note Option”);

- common shares of Taiga at a rate of 833.33 Common Shares (the "Share Exchange Price") for each $1,000 principal amount of Existing Notes (the "Share Option"), representing an issue price of $1.20 per common share; or

- any combination of the Note Option and the Share Option as determined by the Noteholders.

Conditions to completing the exchange offer are more particularly described in the Exchange Offer Circular. The exchange offer is scheduled to expire at 5:00 p.m. (Vancouver time) on November 8, 2017 unless extended or earlier terminated by the Company (the "Expiration Time"). Tendered Existing Notes may be withdrawn at any time on or prior to the Expiration Time, unless extended by the Company. These documents can be found on the Company's website and on www.sedar.com.

Taiga Building Products Ltd.

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the three and six months ended September 30, 2017 and 2016
(in Canadian dollars)

NOTICE TO SHAREHOLDERS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Taiga Building Products Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands of Canadian dollars)		September 30, 2017		September 30, 2016		March 31, 2017
Assets						
Current:						
Accounts receivable	$	147,616		170,567	$	139,250
Inventories (Note 3)		117,967		109,282		140,798
Prepaid expenses		1,542		1,042		1,816
		267,125		280,891		281,864
Property, plant and equipment		39,287		40,600		39,799
Long-term receivable		-		658		629
Deferred tax assets		1,809		2,192		1,766
	$	308,221	$	324,341	$	324,058
Liabilities and Shareholders' Deficiency						
Current:						
Revolving credit facility (Note 4)	$	62,514	$	59,788	$	101,366
Accounts payable and accrued liabilities		90,461		117,340		74,765
Income taxes payable		4,893		3,839		5,527
Current portion of long-term debt		243		256		259
Current portion of finance lease obligation		2,257		2,501		2,113
		160,368		183,724		184,030
Long-term debt		831		1,130		1,016
Finance lease obligation (Note 10)		22,838		23,906		23,403
Deferred gain		3,197		3,580		3,389
Provisions		1,160		1,534		1,257
Subordinated notes (Note 6)		128,834		128,834		128,834
		317,228		342,708		341,929
Shareholders' Deficiency:						
Share capital (Note 7)		13,229		13,229		13,229
Accumulated other comprehensive income (Note 7)		4,565		6,303		6,710
		17,794		19,532		19,939
Deficit		(26,801)		(37,899)		(37,810)
		(9,007)		(18,367)		(17,871)
	$	308,221	$	324,341	$	324,058

The accompanying notes are an integral part of these consolidated financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Statements of Earnings and Comprehensive Income (Unaudited)

(in thousands of Canadian dollars, except per share amounts)	Three months ended September 30, 2017	2016	Six months ended September 30, 2017	2016
Sales	$ 396,629	$ 335,052	$ 776,390	$ 660,518
Cost of sales	358,808	305,559	704,892	599,617
Gross margin	37,821	29,493	71,498	60,901
Expenses:				
Distribution	5,781	5,633	11,261	11,064
Selling and administration	17,042	13,668	32,123	27,287
Finance (Note 8)	1,574	1,228	2,953	2,547
Subordinated debt interest (Note 6)	4,509	4,088	9,018	8,175
Other income	(146)	(118)	(230)	(233)
	28,760	24,499	55,125	48,840
Earnings before income tax	9,061	4,994	16,373	12,061
Income tax expense (Note 5)	3,081	1,855	5,364	4,160
Net earnings for the period	$ 5,980	$ 3,139	$ 11,009	$ 7,901
Other comprehensive loss for the period				
(Item that may be reclassified to net earnings)				
Exchange differences on translating foreign controlled entities	$ (1,316)	$ 468	$ (2,145)	$ 275
Total comprehensive income for the period	$ 4,664	$ 3,607	$ 8,864	$ 8,176
Basic and diluted net earnings per common share	$ 0.18	$ 0.10	$ 0.34	$ 0.24
Weighted average number of common shares outstanding	32,414	32,414	32,414	32,414

The accompanying notes are an integral part of these consolidated financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condended Consolidated Statements of Changes in Shareholders' Deficiency (Unaudited)

For the six months ended September 30, 2016

(in thousands of Canadian dollars)	Share Capital	Deficit	Accumulated Other Comprehensive Income	Total
Balance at March 31, 2016	$ 13,229	$ (45,800)	$ 6,028	$ (26,543)
Net earnings	-	7,901	-	7,901
Other comprehensive income	-	-	275	275
Balance at September 30, 2016	$ 13,229	$ (37,899)	$ 6,303	$ (18,367)

For the six months ended September 30, 2017

(in thousands of Canadian dollars)	Share Capital	Deficit	Accumulated Other Comprehensive Income	Total
Balance at March 31, 2017	$ 13,229	$ (37,810)	$ 6,710	$ (17,871)
Net earnings	-	11,009	-	11,009
Other comprehensive loss	-	-	(2,145)	(2,145)
Balance at September 30, 2017	$ 13,229	$ (26,801)	$ 4,565	$ (9,007)

The accompanying notes are an integral part of these consolidated financial statements.

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands of Canadian dollars)	Three months ended September 30, 2017	Three months ended September 30, 2016	Six months ended September 30, 2017	Six months ended September 30, 2016
Cash provided by (used in):				
Operating:				
Net earnings	$ 5,980	3,139	$ 11,009	$ 7,901
Adjustments for non-cash items				
Amortization	1,098	1,019	2,178	2,037
Income tax expense	3,081	1,855	5,364	4,160
Mark-to-market adjustment on financial instruments	307	(19)	155	(296)
Change in provisions	(49)	(48)	(97)	(95)
Gain on asset disposal	(39)	(21)	(39)	(41)
Amortization of deferred gain	(107)	(96)	(192)	(192)
Finance and subordinated debt interest expense	6,083	5,316	11,971	10,722
Interest paid	(1,702)	(1,201)	(3,006)	(2,446)
Income tax paid	(3,988)	(9,752)	(5,455)	(10,237)
Changes in non-cash working capital (Note 11)	44,447	27,268	27,882	20,525
Cash flows from operating activities	55,111	27,460	49,770	32,038
Investing:				
Purchase of property, plant and equipment	(1,326)	(547)	(1,511)	(829)
Proceeds from disposition of property, plant and equipment	42	50	671	69
Cash flows used in investing activities	(1,284)	(497)	(840)	(760)
Financing:				
Repayment of long-term debt	(61)	(64)	(127)	(126)
Repayment of obligations under finance leases	(555)	(698)	(1,103)	(1,383)
Subordinated notes interest paid	(4,509)	(4,088)	(9,018)	(8,175)
Cash flows used in financing activities	(5,125)	(4,850)	(10,248)	(9,684)
Effect of changes in foreign currency on Revolving Credit Facility	227	(131)	170	(36)
Net decrease in Revolving Credit Facility	48,929	21,983	38,852	21,558
Revolving Credit Facility, beginning	(111,443)	(81,771)	(101,366)	(81,346)
Revolving Credit Facility, ending	$ (62,514)	$ (59,788)	$ (62,514)	$ (59,788)

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations

Taiga Building Products Ltd. ("Taiga" or the "Company") is an independent wholesale distributor of building products in Canada and the United States. Taiga operates within two reportable geographic areas, Canada and the United States. The Company's shares and subordinated notes (the "Notes") are listed for trading on the Toronto Stock Exchange.

Taiga is a Canadian corporation and its registered and records office is located at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2.

2. Basis of Preparation

(a) Statement of compliance

These condensed interim consolidated financial statements (the "Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Therefore, these financial statements comply with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

These Financial Statements follow the same accounting policies and methods of application as our most recent annual financial statements. Accordingly, they should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB. These Financial Statements were authorized for issue on November 3, 2017 by the board of directors of the Company.

(b) Basis of Consolidation

These consolidated financial statements include the accounts of Taiga Building Products Ltd. and its subsidiaries. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. Inter-company transactions and balances have been eliminated.

(c) Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

(d) Revolving Credit Facility

Revolving credit facility consists of cash on hand less cheques issued and the Company's outstanding revolving credit facility balance. Taiga's cash flow statement reflects the net change in its revolving credit facility. The revolving credit facility forms an integral part of Taiga's cash management and fluctuates directly as a result of cash flows from operating, investing and financing activities.

3. Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual audited consolidated financial statements for the year ended March 31, 2017.

(a) Accounting Standards issued not yet applied

Financial instruments

IFRS 9, *Financial Instruments* (“IFRS 9”) was issued by the International Accounting Standards Board (“IASB”) on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements. The Company does not expect the adoption of this standard will have a material impact on its consolidated financial statements

Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) was issued by the IASB on May 28, 2014. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect the adoption of this standard will have a material impact on the measurement of revenue generated from the sale of its products to customers, however, the Company will continue to assess the extent of the impact as the mandatory adoption date approaches.

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. Upon adoption of IFRS 16, the Company's operating leases, which are principally comprised of its warehouse facilities and select equipment, will be recorded in the statement of financial position with a corresponding lease obligation. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s consolidated financial statements.

4. Inventories

(in thousands of dollars)	**September 30, 2017**	**September 30, 2016**	**March 31, 2017**
Allied building products	25,560	25,047	33,473
Lumber products	67,379	64,601	79,692
Panel products	24,350	18,997	27,114
Production consumables	718	776	665
Inventory provision	(40)	(139)	(146)
Total	117,967	109,282	140,798

All of the Company's inventories are pledged as security for the revolving credit facility.

5. Revolving Credit Facility

(in thousands of dollars)	**September 30, 2017**	**September 30, 2016**	**March 31, 2017**
Revolving credit facility	62,859	60,434	101,864
Financing costs, net of amortization	(345)	(646)	(498)
Total	62,514	59,788	101,366

On November 25, 2013, the Company renewed its senior credit facility with a syndicate of lenders led by JPMorgan Chase Bank (the "Facility"). The Facility was increased from $200 million to $225 million, with an option to increase the limit by up to $50 million. The Facility continues to bear interest at variable rates plus variable margins, is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries, and will mature on November 25, 2018. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at September 30, 2017.

6. Income Taxes

Income tax expense is comprised of:

	Three months ended September 30,		**Six months ended September 30,**	
(in thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Current	2,581	2,015	4,507	3,928
Future	500	(160)	857	232
Total	3,081	1,855	5,364	4,160

7. Subordinated Notes

Under the terms of a notes indenture dated September 1, 2005 (the "Indenture") the Company's Notes are unsecured, bear interest at 14% per annum and mature on September 1, 2020. Interest on the Notes is payable on the 15th day following the end of each month as an annual interest sum divided by twelve. The aggregate principal amount of the Notes that may be issued under the Indenture is unlimited. The terms, conditions, and covenants of the Indenture have been met during the period ended September 30, 2017.

The Company's major shareholder, UPP Holdings Limited, holds 35.71% (2016 – nil) of the outstanding Notes at September 30, 2017. Two executives of this company are also members of Taiga's Board of Directors. A discretionary trust whose beneficiary is a Taiga director indirectly holds 17.20% (2016 - 17.20%) of the outstanding Notes of Taiga at September 30, 2017.

During the three months ended September 30, 2017, the amount of interest incurred for these related parties was $1,073,542 (2016 - nil) and $775,392 (2016 - $775,392), respectively. For the six months ended September 30, 2017, interest incurred for these related parties were $3,220,625 (2016 - Nil) and $1,550,784 (2016 - $1,550,784), respectively.

8. Shareholders' Deficiency

(a) Authorized Share Capital

Unlimited common shares without par value, unlimited class A common shares without par value, and unlimited class A and class B preferred shares without par value.

(b) Common Shares Issued

(in thousands of dollars, except number of shares)	**Number of Shares**	**Amount**
Balance, September 30, 2017, September 30, 2016 and March 31, 2017	32,414,278	13,229

(c) Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of exchange differences arising on translation of entities that have a functional currency other than the Canadian dollar.

(d) Stock Options and Warrants

Taiga does not have stock options or warrants outstanding and has not granted or cancelled options or warrants during the current or prior period.

(e) Dividends

In accordance with Taiga's dividend policy set on October 15, 2008, the Company generally intends to pay dividends each year on its common shares equal to 25% of the prior fiscal year's net earnings. These dividends would be payable in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) to the shareholders of record on June 30 and December 31 (or first business day thereafter). The payment of any dividends by the Company is subject to the discretion of its board of directors and subject to its determination of the Company's capital and operational requirements, adequacy of reserves and compliance with contractual and legal requirements.

(f) Major Shareholder

On January 31, 2017, Taiga paid the full amount owing to the CRA (The Reassessment) in relation to Note 9 through the use of proceeds provided by its two former major shareholders. The Reassessment Amount was fully funded by the two former major shareholders in accordance with their obligations under their indemnity agreements with Taiga. The payment of the Reassessment Amount was made in connection with two transactions (the "Transactions") involving Taiga's two former major shareholders, and UPP Holdings Limited, and certain of its affiliates and subsidiaries (collectively, "UPP"), which resulted in UPP holding approximately 58% of the issued and outstanding common shares of the Company. Taiga's current chairman, Dr. Kooi Ong Tong, is UPP's executive chairman, chief executive officer and a significant shareholder. Another of Taiga's directors, Ian Tong, is also a director of UPP. UPP is an investment holding company listed on the Singapore Exchange.

9. Finance Expense

The finance expense is comprised of:

	Three months ended September 30,		Six months ended September 30,	
(in thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Interest on revolving credit facility and other short term liabilities	1,052	679	1,902	1,439
Interest on finance leases and long-term debt	445	476	898	960
Amortization of financing costs	77	73	153	148
Total	1,574	1,228	2,953	2,547

10. Commitments and Contingencies

Canada Revenue Agency Reassessment

During the year ended March 31, 2017, Taiga received a notice of reassessment from the Canada Revenue Agency in the amount of approximately $42,000,000 (which includes interest) relating to the years from 2005 to 2013. The reassessment related to the amount of taxes withheld, by Taiga, on dividends paid or deemed to have been paid to what were then the Company's two largest shareholders in connection with and subsequent to Taiga's corporate reorganization in 2005 involving a swap of then outstanding common shares for stapled units. Taiga paid the full amount of the reassessment on January 31, 2017 using proceeds provided by its two former major shareholders. The Company, and the two former major shareholders, had previously entered into agreements whereby the shareholders agreed to fully indemnify the Company from this potential liability, including related liabilities. The indemnity agreements remain in effect and would apply in the event that CRA issues further reassessments relating to the amount of taxes withheld. The Company intends to challenge the reassessment and vigorously defend its tax filings and to seek a resolution as soon as practically possible. Taiga's two former major shareholders may elect to assume any action or defense of Taiga in connection with the foregoing pursuant to the terms of the indemnity agreements with Taiga.

11. Financial Instruments

(a) Accounting for financial instruments

The following table summarizes the carrying values of the Company's financial instruments:

(in thousands of dollars)	**September 30, 2017**	**March 31, 2017**
Held for trading	225	(70)
Loans and receivables	147,616	139,879
Other financial liabilities	(307,978)	(331,686)

The carrying amounts of accounts receivable and accounts payable approximate their fair values due to the short term to maturity of these instruments. The carrying amounts of the revolving credit facility and long-term debt approximate their fair values as these liabilities bear interest at variable market rates.

The carrying amount and fair values of finance lease obligations are as follows:

(in thousands of dollars)	**September 30, 2017**	**March 31, 2017**
Carrying amount	25,095	25,516
Fair value	25,013	25,413

The fair value of the finance lease obligations was determined using current borrowing rates for similar debt instruments.

The carrying amount and fair values of the subordinated notes are as follows:

(in thousands of dollars)	**September 30, 2017**	**March 31, 2017**
Carrying amount	128,834	128,834
Fair value	130,767	148,159

The fair value of the subordinated notes was determined based on closing price of the notes which are traded on the Toronto Stock Exchange.

The carrying amount of derivative financial instrument assets and liabilities are equal to their fair values as these instruments are re-measured to their fair values at each reporting date as follows:

(in thousands of dollars)	**September 30, 2017**	**March 31, 2017**
Lumber futures	225	(38)
Interest swap	-	(32)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – based on quoted prices in active markets for identical assets or liabilities;

Level 2 – based on inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – applies to assets and liabilities for inputs that are not based on observable market data, which are unobservable inputs.

Derivative financial instrument assets and liabilities are classified as level 2.

12. Changes in Non-Cash Working Capital

	Three months ended September 30,		**Six months ended September 30,**	
(in thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Decrease (Increase) in accounts receivable	19,224	(26,501)	(8,521)	(34,525)
Decrease in inventories	18,381	6,146	22,831	14,808
Decrease in prepaid expenses and other	1,139	120	1,322	91
Effect of foreign exchange on working capital	(1,907)	754	(2,913)	422
Increase in AP & accrued liabilities	7,610	46,749	15,163	39,729
Total	44,447	27,268	27,882	20,525

13. Seasonality

The Company operates in a seasonal industry that generally experiences higher sales in the first and second quarters and reduced sales in the late fall and winter during its third and fourth quarters of each fiscal year

14. Segmented Information

Taiga operates within one business segment and has two reportable geographic areas as follows:

	Revenue by Point of Sale							
	Three months ended September 30,				Six months ended September 30,			
	2017		2016		2017		2016	
	$000's	%	$000's	%	$000's	%	$000's	%
Canada	349,532	88.1	293,762	88.6	683,281	88.0	582,060	88.1
United States	47,097	11.9	41,290	12.3	93,109	12.0	78,458	11.9

During the three months ended September 30, 2017, Taiga's Canadian operations had export sales of $71.2 million (2016 - $65.9 million). For the six month period ended September 30, 2017, Canadian operations had export sales of $153.4 million (2016 - $131.0 million).These export sales were primarily to the United States, Asia and Mexico, and are included as part of the Canadian segment in the table above.

15. Subsequent Event

Taiga Building Products Ltd. ("Taiga" or the "Company") (TSX: TBL & TBL.NT) held a special meeting of shareholders of the Company on October 26, 2017 (the "Meeting"), in which disinterested shareholders approved the issuance (the "Share Issuance") of up to 107,361,848 common shares of the Company in respect of the share option component of the previously announced exchange offer that commenced on October 2, 2017. The resolution approving the Share Issuance received the approval of a majority of shareholders at the Meeting after excluding the votes of certain "interested parties" as more particularly described in the Company's news release dated October 2, 2017.

The exchange offer is subject to the terms and conditions set forth in the Exchange Offer and Consent Solicitation Statement dated September 29, 2017 (the "Exchange Offer Circular"), which was mailed to holders (the "Noteholders") of the Company's outstanding 14% subordinated unsecured notes (the "Existing Notes"). The Company has offered to purchase any and all of its outstanding Existing Notes in exchange for:

- an equivalent principal amount of new 7% senior notes of Taiga (the "New Notes") due five years from the date of issuance (the "Note Option");

- common shares of Taiga at a rate of 833.33 Common Shares (the "Share Exchange Price") for each $1,000 principal amount of Existing Notes (the "Share Option"), representing an issue price of $1.20 per common share; or

- any combination of the Note Option and the Share Option as determined by the Noteholders.

Conditions to completing the exchange offer are more particularly described in the Exchange Offer Circular. The exchange offer is scheduled to expire at 5:00 p.m. (Vancouver time) on November 8, 2017 unless extended or earlier terminated by the Company (the "Expiration Time"). Tendered Existing Notes may be withdrawn at any time on or prior to the Expiration Time, unless extended by the Company. These documents can be found on the Company's website and on www.sedar.com.