Q1

Q1 FINANCIAL HIGHLIGHTS

SALES
$309.5 million

NET INCOME
$5.9 million

EARNINGS PER SHARE
$0.18

EBITDA
$15.4 million

Management's Discussion and Analysis

For the three months ended June 30, 2012 and 2011

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 August 9, 2012 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and the corresponding notes thereto for the three months ended June 30, 2012, as well as the audited consolidated financial statements and notes thereto for the year ended March 31, 2012, and the related management's discussion and analysis. This MD&A provides an overview of significant developments that have affected Taiga's performance during the quarter ended June 30, 2012.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") and is expressed in Canadian dollars.

Taiga's unaudited condensed interim consolidated financial statements and the accompanying notes included within this report include the accounts of Taiga and its subsidiaries.

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, 2012.

Additional information relating to the Company including the Company's Annual Information Form dated June 22, 2012 and can be found on SEDAR at www.sedar.com.

800 - 4710 Kingsway

Burnaby, BC Canada V5H 4M2

Forward-Looking Statements:

Certain statements contained in this MD&A constitute forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events. All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect, "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "outlook" and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are based on the then-current beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including, without limitation, assumptions relating to: the Canadian and the United States economies; the Canadian and United States housing and building materials markets; competition within the sectors and markets in which the Company competes; and the continuation of the current regulatory and tax regimes in the jurisdictions in which the Company operates.

Examples of forward-looking statements within this MD&A 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 from and its relationship with suppliers; sufficiency of cash flows; and outcome of litigation. Readers should be aware that these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Taiga believes that the expectations reflected in those forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. Forward-looking statements included in this MD&A involve risks and uncertainties, including the following: changes in the rate of housing starts and other general economic conditions, which are beyond Taiga's control; liquidity risks, including Taiga's ability to make scheduled payments of its obligations and its ability to maintain compliance with certain of its debt covenants under its revolving credit facility; material increases in Taiga's operating costs or decreases in the prices at which Taiga is able to sell its products; availability of adequate lumber supply; the performance of the Canadian dollar compared to the US dollar; general credit risk from Taiga's customers; liability for the investigation and remediation of environmental contamination at properties that Taiga owns or operates; product liability claims; 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. A further description of these and other risks can be found in Taiga's Annual Information Form for the year ended March 31, 2012, filed by Taiga with Canadian securities regulators and available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. 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 securities 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 a 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.

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.

1. Business Overview

Taiga is the largest independent wholesale distributors 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, which has experienced slowing demand for new home construction products since 2009. Both builders and consumers continue to be cautious when considering real estate investing. Taiga expects the Canadian housing market in calendar year 2012 to improve slightly, compared to calendar year 2011.

Taiga's secondary market, the United States, continues to suffer from a severely depressed new home construction market, substantial inventories of homes available for sale, and tight credit conditions associated with the sub-prime mortgage crisis. The Company expects the United States housing market to improve in the 2012 calendar year. See Item 11 "Outlook".

2. Results of Operations

Sales

The Company's consolidated net sales for the quarter ended June 30, 2012 were $309.5 million compared to $263.6 million over the same period last year. The increase in sales by $45.9 million or 17.4% was largely due to improved commodity prices and stronger demand fueled by early arrival of spring this year compared to the same period last year.

Sales by segments are as follows:

	Three months ended June 30,			
	2012		2011	
(in thousands of dollars)	$	%	$	%
Canada	290,547	93.9	248,933	94.4
United States	18,961	6.1	14,673	5.6

For the quarter ended June 30, 2012, export sales totalled $31.6 million compared to $32.4 million over the same period last year. These export sales were primarily to the United States and Asia, 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, increased to 54.0% for the quarter ended June 30, 2012 compared to 53.4% for the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, decreased to 46.0% this quarter from 46.6% during the same period last year.

Gross Margin

Gross margin for the quarter ended June 30, 2012 increased to $30.8 million from $26.7 million over the same period last year. Gross margin percentage for the quarter declined slightly to 9.9% compared to 10.1% over the same period last year.

Expenses

Distribution expense for the quarter ended June 30, 2012 increased slightly to $4.5 million from $4.4 million during the same period last year.

Selling and administration expense for the quarter ended June 30, 2012 increased to $12.0 million compared to $11.1 million for the same period last year mainly due to increased compensation costs.

Finance expense for the quarter ended June 30, 2012 increased to $1.9 million compared to $1.7 million for the same period last year. The increase was primarily due to higher average interest rates and higher average borrowings under our revolving credit facility associated with higher volume of product purchases during the quarter.

Subordinated debt interest expense for the quarter ended June 30, 2012 was $4.1 million compared to $4.0 million during the same period last year.

Other income for the quarter ended June 30, 2012 was $0.3 million compared to $0.1 million over the same period last year.

Net Earnings

Net earnings for the quarter ended June 30, 2012 were $5.9 million compared to $3.6 million over the same period last year. The improvement in gross margin was partially offset by higher administrative costs.

EBITDA

EBITDA for the quarter ended June 30, 2012 was $15.4 million compared to $12.2 million for the same period last year.

Reconciliation of net income to EBITDA:

	Three Months Ended June 30,	
	2012	**2011**
(in thousands of dollars)	**$**	**$**
Net Income	5,917	3,644
Income Tax Expense	2,588	1,821
Finance and Subordinated Debt Interest Expense	5,974	5,745
Amortization	946	1,018
EBITDA	15,425	12,228

3. Cash Flows

Operating Activities

Operating activities provided cash of $2.3 million during the three months ended June 30, 2012, compared to using cash of $14.1 million during the same period last year. Changes between the comparative periods were primarily due to changes in non-cash working capital.

Investing Activities

Investing activities used cash of $0.3 million during the three months ended June 30, 2012 and 2011 as a result of the purchase of property, plant and equipment during each such period.

Financing Activities

Financing activities used cash of $5.9 million during the three months ended June 30, 2012, compared to $4.2 million during the same period last year. Financing activities during each such period related primarily to interest paid on subordinated notes and the repayment of obligations under finance leases.

4. Summary of Quarterly Results

	Fiscal 2013	Fiscal 2012				Fiscal 2011		
(in thousands of dollars, except per share amount in dollars)	**Q1 $**	**Q4 $**	**Q3 $**	**Q2 $**	**Q1 $**	**Q4 $**	**Q3 $**	**Q2 $**
Sales[(1)]	309,508	226,977	203,050	277,992	263,606	205,717[(1)]	204,343[(1)]	268,540[(1)]
Net earnings (loss)	5,917	(1,493)	(1,743)	3,316	3,644	(2,003)	(1,243)	1,910
Earnings (loss) per share[(2)]	0.18	(0.05)	(0.05)	0.10	0.11	(0.06)	(0.04)	0.06
EBITDA	15,425	6,151	4,806	11,370	12,228	4,652	5,502	9,263

Notes:

(1) Sales have been reclassified. See Note 2 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2012.

(2) The amounts are identical on a basic and fully-diluted per share basis. Earnings (loss) 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

In July 2010, the Company entered into a senior credit agreement with a syndicate of lenders led by JPMorgan Chase Bank, establishing a senior secured revolving credit facility (the "Facility") of up to $200 million, with an option to increase the limit by up to $25,000,000. The Facility will mature on July 22, 2014. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. Interest is charged at variable base rates plus variable margins. The Facility is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries. The terms, conditions, and covenants of the Facility have been met as at June 30, 2012. As at June 30, 2012, Taiga had drawn $113.5 million on the Facility.

In February 2012, the Company entered into a new credit agreement with Bank of Montreal, establishing a secured revolving credit facility (the "BMO Facility") of up to $5,000,000. The BMO Facility, which is secured by a first security interest in the Company's Edmonton distribution centre, is a stand-alone facility in addition to the Company's existing Facility; however, the BMO Facility will mature concurrently with the Facility. Interest under the BMO Facility is charged at prime rate adjusted for margin. Availability under the BMO Facility is limited to a defined percentage of the appraised value of Edmonton distribution centre. The terms, conditions, and covenants of the BMO Facility have been met as at June 30, 2012. As at June 30, 2012, Taiga had drawn $nil on the BMO facility.

Taiga expects to meet its future cash requirements through a combination of cash generated from operations and the Facility. 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 June 30, 2012 was $49.8 million compared to $47.4 million as at March 31, 2012. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(*in thousands of dollars*)	June 30, 2012 $	June 30, 2011 $	March 31, 2012 $
Current Assets	257,572	242,172	252,462
Current Liabilities (excluding Revolving Credit Facility)	94,212	95,164	95,473
Revolving Credit Facility	113,545	108,434	109,564
Working Capital	49,815	38,574	47,425
Long Term Assets	46,262	47,538	46,187
Long Term Liabilities (excluding Subordinated Notes)	31,212	28,056	35,121
Subordinated Notes	128,834	128,834	128,834
Shareholders' Deficiency	(63,969)	(70,778)	(70,343)

Assets

Total assets were $303.8 million as at June 30, 2012 compared to $298.6 million as at March 31, 2012. The increase of $5.2 million was primarily the result of increased accounts receivable which was partially offset by a decrease in inventories.

Accounts receivable increased by $11.2 million to $138.1 million as at June 30, 2012 compared to $126.9 million as at March 31, 2012 primarily due to increased sales.

Inventories decreased to $118.1 million as at June 30, 2012 compared to $124.2 million as at March 31, 2012 due to seasonal drawdown of products.

Liabilities

Total liabilities decreased from $369.0 million as at March 31, 2012 to $367.8 million as at June 30, 2012. The decrease was mainly the result of decreased accounts payable and accrued liabilities, partially offset by increased balance owing on the Facility due to timing of cash receipts as well as increased income taxes payable.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On August 9, 2012, 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 will be in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) and are to be paid 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.

The board of directors has decided not to declare and pay the first instalment dividend in respect of the 2012 fiscal year's net earnings. The decision to pay the second instalment dividend in respect of the 2012 fiscal year's net earnings will be considered prior to the next scheduled dividend payment date on January 15, 2013.

6. Commitments and Contingencies

(a) Law Suit against Former Tax Advisor and Auditor

In connection with the Canada Revenue Agency challenge of the Company's financing structure, on June 21, 2007 the Company filed a claim in the Supreme Court of British Columbia against its former auditor and tax consultant, Deloitte & Touche LLP ("Deloitte"), for damages for breach of contract, professional negligence, and breach of fiduciary duty arising out of the sale and implementation of a financing plan. On August 15, 2008, Deloitte filed a counter claim in the amount of $776,094 for unpaid contingency fees resulting from the sale of the above described financing plan. On May 11, 2011, Taiga filed a second claim against Deloitte for breach of contract by withholding consent for Taiga to use audited financial statements, withholding consent to gain advantage in an unrelated fee dispute, and failing to act within the code of professional conduct. Taiga believes that Deloitte's claim is without merit but the outcome of the case is not determinable at this time.

(b) Executive Transition Agreements

During December 2008, the Company entered into transition agreements with three of its executives. These agreements include consulting contracts with terms of three years each with commencement dates ranging from April 2009 to April 2012. During September 2011, the Company amended one of the transition agreements to defer the commencement date from April 2012 to a date to be determined. The annual compensation for each contract, including both the fixed and variable portions, will range from a minimum of $111,000 to a maximum of $731,000. The Company is recording liabilities associated with the contracts over the service terms. The fair value of the liabilities accrued as at June 30, 2012 were $1,206,428 (March 31, 2012 - $1,233,616). The fair value was determined by discounting the estimated future cash flows.

7. Critical Accounting Policies and Estimates

The significant accounting policies of Taiga are described in Note 3 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2012.

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, 2012 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 the Company's management's discussion and analysis for the year ended March 31, 2012.

9. Financial Instruments and Other Instruments

For a detailed description of financial instruments, their associated risks and the determination of their fair value, see Note 21 to the Company's audited consolidated financial statements for the fiscal year ended March 31, 2012.

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

There were no changes in the Company's internal controls over financial reporting that occurred during the quarter ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

11. 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. The weak economic conditions in the United States and any resulting economic weakening in Canada may continue to have an adverse impact on the Company's performance in the future.

In Canada, according to Canada Mortgage and Housing Corporation ("CMHC")'s Housing Market Outlook, Canadian Edition for the second quarter 2012, housing starts are forecasted to total 202,700 in the 2012 calendar year. CMHC is reporting that housing starts will decrease to 195,700 in the 2013 calendar year.

In the United States, the National Association of Home Builders ("NAHB") reported on August 1, 2012, housing starts are forecasted to total 752,000 units in the 2012 calendar year compared to 612,000 units in calendar 2011. NAHB predicts that housing starts will continue to recover to 905,000 units in calendar 2013.

Taiga Building Products Ltd.

Consolidated Financial Statements
(Unaudited)

For the three months ended June 30, 2012 and 2011
(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 Canadian Institute of Chartered Accountants 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)	June 30, 2012	June 30, 2011	March 31, 2012
Assets			
Current:			
Accounts receivable	$ 138,099	$ 123,416	$ 126,878
Inventories (Note 3)	118,136	117,328	124,233
Prepaid expenses	1,337	1,428	1,351
	257,572	242,172	252,462
Property, plant and equipment	42,793	45,145	44,239
Deferred tax assets	3,469	2,393	1,948
	$ 303,834	$ 289,710	$ 298,649
Liabilities and Shareholders' Deficiency			
Current:			
Revolving credit facility (Note 4)	$ 113,545	$ 108,434	$ 109,564
Accounts payable and accrued liabilities	80,809	81,394	88,241
Income taxes payable	11,252	10,260	4,947
Financial instrument liabilities	42	158	101
Current portion of long-term debt	149	2,137	195
Current portion of finance lease obligation	1,960	1,215	1,989
	207,757	203,598	205,037
Long-term debt	1,718	-	1,678
Finance lease obligation	22,774	22,284	24,364
Deferred gain	4,553	5,095	4,812
Deferred tax liabilities	-	-	2,226
Provisions	2,167	677	2,041
Subordinated notes (Note 6)	128,834	128,834	128,834
	367,803	360,488	368,992
Shareholders' Deficiency:			
Share capital (Note 7)	13,229	13,229	13,229
Accumulated other comprehensive income (loss) (Note 7)	65	(747)	(392)
	13,294	12,482	12,837
Deficit	(77,263)	(83,260)	(83,180)
	(63,969)	(70,778)	(70,343)
	$ 303,834	$ 289,710	$ 298,649

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)	For the three months ended June 30, 2012	2011
Sales	$ 309,508	$ 263,606
Cost of sales	278,752	236,901
Gross margin	30,756	26,705
Expenses:		
Distribution	4,524	4,430
Selling and administration	12,013	11,100
Finance (Note 8)	1,903	1,729
Subordinated debt interest (Note 6)	4,071	4,016
Other income	(260)	(35)
	22,251	21,240
Earnings before income tax	8,505	5,465
Income tax expense (Note 5)	2,588	1,821
Net earnings for the period	$ 5,917	$ 3,644
Other comprehensive income		
Exchange differences on translating foreign controlled entities	$ 457	$ (107)
Total comprehensive income	$ 6,374	$ 3,537
Basic and diluted net earnings per common share	$ 0.18	$ 0.11
Weighted average number of common shares outstanding	32,414	32,414

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

TAIGA BUILDING PRODUCTS LTD.

Condensed Consolidated Statement of Changes in Shareholders' Deficiency (Unaudited)

For the three months ended June 30, 2011

(in thousands of Canadian dollars)	Share Capital	Deficit	Accumulated Other Comprehensive Loss	Total
Balance at March 31, 2011	$ 13,229	$ (86,904)	$ (640)	$ (74,315)
Net earnings	-	3,644	-	3,644
Other comprehensive loss	-	-	(107)	(107)
Balance at June 30, 2011	$ 13,229	$ (83,260)	$ (747)	$ (70,778)

For the three months ended June 30, 2012

(in thousands of Canadian dollars)	Share Capital	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at March 31, 2012	$ 13,229	$ (83,180)	$ (392)	$ (70,343)
Net earnings	-	5,917	-	5,917
Other comprehensive income	-	-	457	457
Balance at June 30, 2012	$ 13,229	$ (77,263)	$ 65	$ (63,969)

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)	For the three months ended June 30, 2012	2011
Cash provided by (used in):		
Operating:		
Net earnings	$ 5,917	$ 3,644
Adjustments for non-cash items		
Amortization	946	1,018
Income tax expense	2,588	1,821
Mark-to-market adjustment on financial instruments	(59)	189
Change in provisions	126	(14)
Loss on asset disposal	-	42
Amortization of deferred gain	(259)	(94)
Finance and subordinated debt interest expense	5,974	5,745
Interest paid	(1,290)	(1,068)
Income tax paid	-	(17)
Changes in non-cash working capital (Note 10)	(11,623)	(25,390)
Cash flows (used in) from operating activities	2,320	(14,124)
Investing:		
Purchase of property, plant and equipment	(257)	(277)
Cash flows used in investing activities	(257)	(277)
Financing:		
Repayment of long-term debt	(49)	(19)
Repayment of obligations under finance leases	(1,807)	(167)
Subordinated notes interest paid	(4,071)	(4,016)
Cash flows used in financing activities	(5,927)	(4,202)
Effect of changes in foreign currency on Revolving Credit Facility	(117)	(14)
Net increase in Revolving Credit Facility	(3,981)	(18,617)
Revolving Credit Facility, beginning	(109,564)	(89,817)
Revolving Credit Facility, ending	$ (113,545)	$ (108,434)

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 are listed for trading on the Toronto Stock Exchange.

Taiga is a Canadian corporation and its registered and records office is located at #800 – 4710 Kingsway, Burnaby, British Columbia, V5H 4M2.

2. Basis of Preparation

(a) Statement of compliance

These condensed interim consolidated financial statements were authorized for issue on August 9, 2012 by the board of directors of the Company.

These 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, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

(b) Basis of Consolidation

These condensed interim 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) 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. The consolidated financial statements include presentation of balance sheet as at June 30, 2011 for comparative purposes.

(d) Comparative Figures

Certain comparative figures have been restated to reflect significant differences between IFRS and Canadian GAAP finalized in annual financial statements for the year ended March, 31, 2012:

(in thousands of dollars)	**June 30, 2011 Previously reported $**	**Increase (Decrease) $**	**June 30, 2011 Revised amounts $**
Balance Sheet change			
Property, Plant and Equipment	34,228	10,917	45,145
Deferred tax assets	1,871	522	2,393
Current portion of finance lease obligation	645	570	1,215
Finance lease obligation	10,236	12,048	22,284
Deferred gain	2,426	2,669	5,095
Deferred tax liabilities	113	(113)	-

Provision	1,340	(663)	677
Deficit	(80,188)	(3,072)	(83,260)
Income Statement change			
Distribution expense	4,588	(158)	4,430
Finance expense	1,514	215	1,729
Other expense (income)	22	(57)	(35)
Net earnings	3,644	-	3,644

The Company has determined that these changes are not material to the previously published interim financial statements. For a detailed description concerning the transition from Canadian GAAP to IFRS, see Note 5 of the annual financial statements for the year ended March, 31, 2012.

3. Inventories

(in thousands of dollars)	**June 30, 2012** **$**	**June 30,2011** **$**	**March 31,2012** **$**
Allied building products	36,136	31,703	32,347
Lumber products	60,659	62,378	69,452
Panel products	21,781	23,500	22,538
Production consumables	590	643	564
Inventory provision	(1,030)	(896)	(668)
Total	118,136	117,328	124,233

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

4. Revolving Credit Facility

(in thousands of dollars)	**June 30, 2012** **$**	**June 30, 2011** **$**	**March 31,2012** **$**
Revolving credit facility	114,652	110,063	110,801
Financing costs, net of amortization	(1,107)	(1,629)	(1,237)
Total	113,545	108,434	109,564

In July 2010, the Company entered into a senior credit agreement with a syndicate of lenders led by JPMorgan Chase Bank, establishing a senior secured revolving credit facility (the "Facility") of up to $200 million, with an option to increase the limit by up to $25,000,000. The Facility will mature on July 22, 2014. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. Interest is charged at variable base rates plus variable margins. The Facility is secured by a first perfected security interest in all personal property of the Company and certain of its subsidiaries. The terms, conditions, and covenants of the Facility have been met as at June 30, 2012.

In February 2012, the Company entered into a credit agreement with Bank of Montreal, establishing a secured revolving credit facility (the "BMO Facility") of up to $5,000,000. The BMO Facility, which is secured by a first security interest in the Company's Edmonton distribution centre, is a stand-alone facility in addition to the Company's existing Facility; however, the BMO Facility will mature concurrently with the Facility. Interest under the BMO Facility is charged at prime rate adjusted for margin. Availability under the BMO Facility is limited to a defined percentage of the appraised value of Edmonton distribution centre. The terms, conditions, and covenants of the BMO Facility have been met as at June 30, 2012.

5. Income Taxes

Income tax expense is comprised of:

	3 months ended June 30,	
	2012	2011
(in thousands of dollars)	$	$
Current	6,296	5,391
Deferred	(3,708)	(3,570)
Total	2,588	1,821

6. Subordinated Notes

Under the terms of a notes indenture dated September 1, 2005 (the “Indenture”) the Company’s subordinated notes (the “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 quarter ended June 30, 2012.

A company that is a significant shareholder holds 35.71% (2011 – 35.71%) of the outstanding Notes at June 30, 2012. An executive of this company is also a member of Taiga’s Board of Directors. A Trust whose beneficiaries include members of the family of a Taiga director holds 17.20% (2011 - 17.20%) of the outstanding Notes of Taiga at June 30, 2012.

During the three months ended June 30, 2012, the amount of interest incurred for these related parties was $1,171,985 (2011 - $1,117,074) and $775,392 (2011 - $775,392), respectively.

7. 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, June 30, 2012, June 30, 2011 and March 31, 2012	32,414,278	13,229

(c) Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) consists of exchange differences arising on translation of subsidiaries 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 will be in two instalments of 12.5% on each July 15 (or first business day thereafter) and each January 15 (or first business day thereafter) and are to be paid 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.

The Board of Directors have decided not to declare and pay the first instalment of dividend in respect of the 2012 fiscal year's net earnings. The decision to pay the second instalment dividend in respect of the 2012 fiscal year's net earnings will be addressed prior to the next scheduled dividend date on January 15, 2013.

8. Finance Expense

The finance expense is comprised of:

	3 months ended June 30,	
	2012	**2011**
(in thousands of dollars)	**$**	**$**
Interest on revolving credit facility and other short term liabilities	1,312	1,137
Interest on finance leases and long-term debt	461	459
Amortization of financing costs	130	133
Total	1,903	1,729

9. Commitments and Contingencies

(a) Law Suit against Former Tax Advisor and Auditor

In connection with a Canada Revenue Agency challenge of the Company's financing structure, on June 21, 2007 the Company filed a claim in the Supreme Court of British Columbia against its former auditor and tax consultant, Deloitte & Touche LLP ("Deloitte"), for damages for breach of contract, professional negligence, and breach of fiduciary duty arising out of the sale and implementation of a financing plan. On August 15, 2008, Deloitte filed a counter claim in the amount of $776,094 for unpaid contingency fees resulting from the sale of the above described financing plan. On May 11, 2011, Taiga filed a second claim against Deloitte for breach of contract by withholding consent for Taiga to use audited financial statements, withholding consent to gain advantage in an unrelated fee dispute, and failing to act within the code of professional conduct. Taiga believes that Deloitte's claim is without merit but the outcome of the case is not determinable at this time.

(b) Executive Transition Agreements

During December 2008, the Company entered into transition agreements with three of its executives. These agreements include consulting contracts with terms of three years each with commencement dates ranging from April 2009 to April 2012. During September 2011, the Company revised the commencement date for one of the consulting contracts from April 2012 to an unspecified date. The annual compensation for each contract, including both the fixed and variable portions, will range from a minimum of $111,000 to a maximum of $731,000. The Company is recording provisions associated with the contracts over the service terms. The accrued provision recorded as at June 30, 2012 was $1,206,428 (March 31, 2012 - $1,233,616). The fair value was determined by discounting the estimated future cash out flows arising after transition using a pre-tax discount rate of 4%.

10. Changes in Non-Cash Working Capital

	3 months ended June 30,	
	2012	**2011**
(in thousands of dollars)	**$**	**$**
Increase in Accounts receivable	(11,221)	(18,442)
Decrease in Inventories	6,097	8,027
Decrease (Increase) in Prepaid expenses	14	(216)
Effect of foreign exchange on working capital	160	22
Decrease in Accounts payable and accrued liabilities	(6,673)	(14,781)
Total	(11,623)	(25,390)

11. Segmented Information

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

	Three months ended June 30,			
	2012		**2011**	
(in thousands of dollars except %)	**Sales $**	**%**	**Sales $**	**%**
Canada	290,547	93.9	248,933	94.4
United States	18,961	6.1	14,673	5.6

During the quarter ending June 30, 2012, Taiga's Canadian operations had export sales of $31.6 million (2011 - $32.4 million). These export sales were primarily to the United States and are included as part of the Canadian segment in the table above.