General Announcement::Announcements by subsidiary, Taiga Building Products Ltd. ("Taiga")

Issuer & Securities

Issuer/ Manager	UPP HOLDINGS LIMITED
Securities	UPP HOLDINGS LIMITED - SG1K55001665 - U09
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Announcement Details

Announcement Title	General Announcement
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Status	New
Announcement Sub Title	Announcements by subsidiary, Taiga Building Products Ltd. ("Taiga")
Announcement Reference	SG180224OTHRR0UV
Submitted By (Co./ Ind. Name)	Koh Wan Kai
Designation	Executive Director
Description (Please provide a detailed description of the event in the box below)	Please refer to the following announcements released by Taiga on 23 February 2018: (1) News Release (2) Audited Annual Financial Statements (3) Management's Discussion and Analysis (4) Annual Information Form Please see attached files.

Attachments	News Release.pdf Audited Annual Financial Statements.pdf Management Discussion and Analysis.pdf Annual Information Form.pdf Total size =679K

Taiga's Q3 sales increased 18.9% to $329.8 million

BURNABY, BC, Feb. 23, 2018 /CNW/ - Taiga Building Products Ltd. ("Taiga" or the "Company") today reported its financial results for the period ended December 31, 2017.

Third Quarter Ended December 31, 2017 Earnings Results

The Company's consolidated net sales for the quarter ended December 31, 2017 were $329.8 million compared to $277.4 million over the same quarter last year. The increase in sales by $52.4 million or 18.9% was largely due to increased demand for the Company's products in all segments and higher commodity prices.

Gross margin for the quarter ended December 31, 2017 increased to $27.4 million from $22.2 million over the same quarter last year. Gross margin percentage increased to 8.3% in the current quarter compared to 8.0% in the same quarter last year. The increase in gross margin percentage was primarily due to commodity prices appreciating in the current quarter.

Net earnings for the quarter ended December 31, 2017 were a net loss of $15.2 million compared to a loss of $0.2 million over the same period last year. During the quarter, there was an $18.6 million non-cash loss on the settlement of debt as a result of the Exchange Offer.

EBITDA for the quarter ended December 31, 2017 was ($9.1) million compared to an EBITDA of $7.4 million for the same quarter last year. EBITDA would be $9.4 million if the $18.6 million loss on the debt settlement were excluded.

Taiga's board rescinds dividend policy

Taiga's board has rescinded Taiga's dividend policy set on October 15, 2008. Taiga's board has adopted a new corporate strategy to focus on reinvesting capital into innovation and other growth opportunities as they arise.

Condensed Consolidated Statement of Earnings

For the Three Months Ended

	December 31,	
(in thousands of Canadian dollars, except for per share amounts)	2017	2016
Sales	329,821	277,408
Gross margin	27,358	22,202
Distribution expense	5,753	5,560
Selling and administration expense	13,451	10,436
Loss on debt settlement	18,570	-
Finance expense	1,140	1,150
Subordinated debt interest expense	2,534	4,087
Other income	(132)	(145)
Earnings before income taxes	(13,958)	1,114
Income tax expense	1,237	1,274
Net loss	(15,195)	(160)
Net loss per share(1)	(0.20)	0.00
EBITDA(2)	(9,142)	7,425

The following is the reconciliation of net earnings to EBITDA:

	December 31,	
(in thousands of Canadian dollars)	2017	2016
Net loss	(15,195)	(160)
Income tax expense	1,237	1,274
Finance and subordinated debt interest expense	3,674	5,237
Amortization	1,142	1,074
EBITDA	(9,142)	7,425

There was an $18.6 million non-cash loss on the settlement of debt due to the Exchange Offer. If this unusual item were excluded for the quarter ending December 31, 2017 than the EBITDA results would be:

	December 31,
(in thousands of Canadian dollars)	2017
Net loss	(15,195)
Loss on debt settlement	18,570
Income tax expense	1,237
Finance and subordinated debt interest expense	3,674
Amortization	1,142
Adjusted EBITDA	9,428

Notes:

(1) Earnings per share is calculated using the weighted average number of shares.

(2) Reference is made above 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 n et income or cash flows as determined in accordance with IFRS.

The foregoing selected financial information is qualified in its entirety by and should be read in conjunction with, our audited consolidated financial statements for the nine month period ended December 31, 2017 and accompanying notes and management's discussion and analysis which will be available shortly on SEDAR at www.sedar.com.

SOURCE Taiga Building Products Ltd.

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CO: Taiga Building Products Ltd.

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Taiga Building Products Ltd.

Consolidated Financial Statements

For the nine months ended December 31, 2017 and the year ended March 31, 2017
(in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Taiga Building Products Ltd.

We have audited the accompanying consolidated financial statements of Taiga Building Products Ltd., which comprise the consolidated balance sheets as at December 31, 2017 and March 31, 2017, and the consolidated statements of earnings and comprehensive income, changes in shareholders' deficiency and cash flows for the nine month period ended December 31, 2017 and the year ended March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Taiga Building Products Ltd. as at December 31, 2017 and March 31, 2017, and its financial performance and its cash flows for the nine month period ended December 31, 2017 and the year ended March 31, 2017 in accordance with International Financial Reporting Standards.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
February 22, 2018

TAIGA BUILDING PRODUCTS LTD.
Consolidated Balance Sheets

(in thousands of Canadian dollars)		**December 31, 2017**		**March 31, 2017**
Assets				
Current:				
Accounts receivable (Note 5)	$	106,839	$	139,250
Inventories (Note 6)		123,288		140,798
Prepaid expenses		2,204		1,816
		232,331		281,864
Property, plant and equipment (Note 7)		38,324		39,799
Long-term receivable (Note 5)		-		629
Deferred tax assets (Note 10)		174		1,766
	$	270,829	$	324,058
Liabilities and Shareholders' Deficiency				
Current:				
Revolving credit facility (Note 8)	$	54,723	$	101,366
Accounts payable and accrued liabilities (Note 9)		73,578		74,765
Income taxes payable		4,365		5,527
Current portion of long-term debt (Note 11)		1,019		259
Current portion of finance lease obligation (Note 12)		2,338		2,113
		136,023		184,030
Long-term debt (Note 11)		-		1,016
Finance lease obligation (Note 12)		22,380		23,403
Deferred gain		3,102		3,389
Deferred tax liabilities (Note 10)		199		-
Provisions (Note 13)		787		1,257
Subordinated notes (Note 14)		12,500		128,834
		174,991		341,929
Shareholders' Equity:				
Share capital (Note 15)		133,090		13,229
Accumulated other comprehensive income (Note 15)		4,744		6,710
		137,834		19,939
Deficit		(41,996)		(37,810)
		95,838		(17,871)
	$	270,829	$	324,058

Commitments and contingencies (Note 12 and 18)

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

Approved by the Directors

/s/ Kooi Ong Tong	/s/ Peter Buecking
Chairman	Director

TAIGA BUILDING PRODUCTS LTD.
Consolidated Statements of Earnings and Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)		**For the nine months ended December 31, 2017**		**For the year ended March 31, 2017**
Sales	$	1,106,211	$	1,223,978
Cost of sales (Note 16)		1,007,355		1,116,711
Gross margin		98,856		107,267
Expenses:				
Distribution (Note 16)		17,014		22,344
Selling and administration (Note 16)		45,574		49,767
Loss on settlement of debt (Note 16)		18,570		-
Finance (Note 17)		4,093		5,204
Subordinated debt interest (Note 14)		11,552		16,772
Other income		(362)		(619)
		96,441		93,468
Earnings before income tax		2,415		13,799
Income tax expense (Note 10)		6,601		5,809
Net earnings (loss) for the period	$	(4,186)	$	7,990
Other comprehensive loss for the period				
(Item that may be reclassified to net earnings)				
Exchange differences on translating foreign controlled entities	$	(1,966)	$	682
Total comprehensive income (loss) for the period	$	(6,152)	$	8,672
Basic and diluted net earnings (loss) per common share	$	(0.09)	$	0.25
Weighted average number of common shares outstanding		46,227		32,414

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

TAIGA BUILDING PRODUCTS LTD.

Consolidated Statements of Changes in Shareholders' Equity

For the year ended March 31, 2017

(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	-	7,990	-	7,990
Other comprehensive income	-	-	682	682
Balance at March 31, 2017	$ 13,229	$ (37,810)	$ 6,710	$ (17,871)

For the nine months ended December 31, 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)
Issuance of new shares to settle debt (Note 15)	119,861			119,861
Net loss	-	(4,186)	-	(4,186)
Other comprehensive loss	-	-	(1,966)	(1,966)
Balance at December 31, 2017	$ 133,090	$ (41,996)	$ 4,744	$ 95,838

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

TAIGA BUILDING PRODUCTS LTD.
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	For the nine months ended December 31, 2017	For the year ended March 31, 2017
Cash provided by (used in):		
Operating:		
Net (loss) earnings	$ (4,186)	$ 7,990
Adjustments for non-cash items		
Amortization	3,320	4,254
Income tax expense	6,601	5,809
Loss on settlement of debt	18,570	-
Mark-to-market adjustment on financial instruments	(35)	(309)
Change in provisions	(470)	(372)
Gain on asset disposal	(55)	(237)
Amortization of deferred gain	(287)	(383)
Finance and subordinated debt interest expense	15,645	21,976
Interest paid	(4,131)	(4,882)
Income tax paid	(5,521)	(10,476)
Changes in non-cash working capital (Note 21)	46,305	(21,848)
Cash flows from operating activities	75,756	1,522
Investing:		
Purchase of property, plant and equipment	(1,458)	(2,341)
Proceeds from disposition of property, plant and equipment	671	457
Cash flows used in investing activities	(787)	(1,884)
Financing:		
Repayment of long-term debt	(15,232)	(256)
Repayment of obligations under finance leases	(1,674)	(2,509)
Subordinated notes interest paid	(11,552)	(16,772)
Cash flows used in financing activities	(28,458)	(19,537)
Effect of changes in foreign currency on Revolving Credit Facility	132	(121)
Net (increase) decrease in Revolving Credit Facility	46,643	(20,020)
Revolving Credit Facility, beginning	(101,366)	(81,346)
Revolving Credit Facility, ending	$ (54,723)	$ (101,366)

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 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 consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue on February 22, 2018 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.

(e) Change in Fiscal Year End Date

The fiscal year end of the Company was changed from March 31 to December 31 so as to align its financial disclosure with its largest shareholder for operational and administrative efficiency. Accordingly, the current financial statements are prepared for the 9 month transition year ended December 31, 2017 and the comparative figures stated in the balance sheets, statements of earnings and comprehensive income, statement of changes in shareholders' deficiency, statements of cash flows and related notes are not comparable.

3. Significant Accounting Policies

(a) Inventories

Inventories consist of allied building products, lumber products, panel products and production consumables. Inventories include other costs, such as transportation and processing that are directly incurred to bring the inventories to their present location and condition. The cost of treated wood includes the cost of lumber, direct labour and an allocation of fixed and variable overhead expenses. Inventories are stated at the lower of average cost and net realizable value, except for production consumables which are recorded at the lower of cost and replacement cost which approximates net realizable value.

(b) Property, Plant and Equipment

The following assets are recorded at cost and amortization is provided using the following methods and annual rates:

Declining Balance Method	
Buildings	4% - 10%
Furniture and office equipment	8% - 30%
Warehouse equipment	10% - 30%
Straight-line Method	
Leasehold improvements	Over term of lease
Treating equipment	20 - 25 Years
Computer system and license	3 - 10 Years

The carrying values of the buildings and equipment are reviewed for indications of impairment on a regular basis by reference to their estimated recoverable amount. Assets that are not yet available for use are not being amortized.

(c) Deferred Gain

Deferred gains on sale and leaseback transactions are amortized over the terms of the lease contracts.

(d) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the Company are classified as finance leases. Finance leases are capitalized by recording an asset and a liability at the lower of the fair value of the leased property, plant and equipment or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

(e) Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the relevant taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the jurisdictions where the Company operates and generates taxable income. Current income taxes relating to items recognized directly in other comprehensive income or equity are recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(f) Foreign Currency Translation

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional currency. The functional currency of controlled entities that have operations in the United States is the United States dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of earnings and comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of earnings and comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

The financial position and results of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at the reporting date; and
- income and expenses are translated at monthly average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in accumulated other comprehensive income in the statement of earnings and comprehensive income. These differences are recognized in profit or loss in the period in which the operation is disposed.

(g) Revenue Recognition

Revenue is recognized, net of discounts and customer rebates, upon the transfer of significant risks and rewards of ownership, provided collectability is reasonably assured.

(h) Earnings Per Share

Earnings per share is calculated using the weighted-average number of shares outstanding for the period. The weighted-average number of common shares is determined by relating the portion of time during the reporting period that the shares have been outstanding to the total time in the period.

Diluted earnings per share is calculated based on the weighted-average number of common shares outstanding during the period including, if applicable, the effects of potentially dilutive common share equivalents. Taiga's basic and diluted earnings per share are equal as Taiga has no potentially dilutive instruments.

(i) Accounting by a Customer for Certain Consideration Received from a Vendor

Consideration received from a vendor, that represents a reduction in the purchase price, is recorded as a reduction in cost of sales.

(j) Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for where these are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to be an indication of impairment.

(k) Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset, or its cash generating unit, is estimated in order to determine the extent of impairment. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of earnings and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Reversal cannot increase the carrying value of an asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

(l) Provisions

Provisions are recognized when a present legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

(m) 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. Critical Accounting Estimates, Assumptions and Judgements

(a) Significant Estimates and Assumptions

In preparing these consolidated financial statements, the Company makes estimates and assumptions concerning the future that affect the amounts recorded. Actual results could differ from these estimates. Estimates and assumptions are based on historical experience, expectations of future events and other factors considered by management to be reasonable. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below.

Allowance for doubtful accounts

While significant bad debts have not been experienced in prior years the provision is based on the Company’s knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change in one or more of these factors could impact the estimated allowance for bad debts.

Valuation of inventories

Inventories are valued at the lower of average cost and net realizable value. Taiga evaluates inventory balances at each balance sheet date and records an allowance as necessary for slow moving or obsolete inventory. Additionally, Taiga records an allowance if the cost of inventories exceeds net realizable value based on commodity prices.

Valuation and estimated life of long-lived assets

If indicators of an impairment exist, an impairment test is performed by comparing the carrying amount of the asset or its cash generating unit to the recoverable amount, which is calculated as the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use. Value in use is calculated based upon a discounted cash flow analysis, which requires management to make a number of significant assumptions including assumptions relating to future operating plans, discount rates and future growth rates.

The estimated useful lives and recoverable amounts of long-lived assets are based on judgement and the best currently available information. Changes in circumstances can result in the actual useful lives differing from the current estimates.

Customer rebates

Customer rebates are commonly offered as industry practice and are generally based on achievement of specified volume sales levels. Taiga accrues for the payment of customer rebates as a reduction of revenue based on management's estimates.

Valuation of warranty provisions

A provision for future potential warranty costs is calculated using historical trends and future expectations of future claims. Adjustments to the warranty provision are included in cost of sales. Actual future warranty costs may differ from those estimates.

Current and deferred taxes

The Company calculates current and deferred tax provisions for each of the jurisdictions in which it operates. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities and ultimately until they are statute barred from reassessment. This occurs subsequent to the issuance of financial statements. Therefore, results in subsequent periods will be affected by the amount that estimates differ from the final tax filings, resolution of uncertain tax positions, open years or tax disputes that may arise.

The Company must make estimates and assumptions when assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Taiga also evaluates the recoverability of deferred tax assets based on an assessment of the likelihood of using the underlying future tax deductions against future taxable income before they expire. Deferred tax liabilities arising from temporary differences on investments in subsidiaries are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future sales volumes and housing starts, commodity prices, operating costs, capital expenditures, dividends and other capital transactions. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to income.

(b) Significant Judgements in Applying Accounting Policies

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of leases as either operating or finance type leases;
- the determination of the functional currency of the parent company and its controlled entities; and
- the assessment of continually changing tax interpretations, regulations and legislation, to ensure that deferred income tax assets and liabilities are complete and fairly stated.

5. Accounts Receivable

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Current	105,119	138,298
Past due over 60 days	1,760	26
Trade accounts receivable	106,879	138,324
Other receivables	792	1,662
Allowance for doubtful accounts	(832)	(107)
Total	106,839	139,879
Less: Current portion	(106,839)	(139,250)
Non-Current portion	-	629

All of the Company's trade accounts receivables are pledged as security for the revolving credit facility.

6. Inventories

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Allied building products	24,935	33,473
Lumber products	73,694	79,692
Panel products	24,290	27,114
Production consumables	568	665
Inventory provision	(199)	(146)
Total	123,288	140,798

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

7. Property, Plant and Equipment

(in thousands of dollars)	Land	Buildings	Furniture and office equipment	Warehouse and treating equipment	Leasehold improvements	Computer system and license	Total
Cost							
Balance, March 31, 2016	3,712	45,434	3,151	15,350	7,675	6,956	82,278
Additions	-	5	227	1,041	443	1,187	2,903
Disposals	-	-	(413)	(1,470)	(575)	(125)	(2,583)
Exchange effect	90	227	10	8	9	-	344
Balance, March 31, 2017	3,802	45,666	2,975	14,929	7,552	8,018	82,942
Additions	-	-	295	1,002	557	510	2,364
Disposals	-	-	-	(236)	-	-	(236)
Exchange effect	(215)	(554)	(24)	(15)	(26)	4	(830)
Balance, December 31, 2017	3,587	45,112	3,246	15,680	8,083	8,532	84,240
Accumulated amortization							
Balance, March 31, 2016	-	(18,405)	(2,539)	(11,598)	(5,272)	(3,064)	(40,878)
Amortization	-	(2,099)	(173)	(936)	(286)	(760)	(4,254)
Disposals	-	-	365	1,162	476	125	2,128
Exchange effect	-	(118)	(8)	(6)	(7)	-	(139)
Balance, March 31, 2017	-	(20,622)	(2,355)	(11,378)	(5,089)	(3,699)	(43,143)
Amortization	-	(1,558)	(142)	(768)	(247)	(605)	(3,320)
Disposals	-	-	-	230	-	-	230
Exchange effect	-	296	20	12	19	(30)	317
Balance, December 31, 2017	-	(21,884)	(2,477)	(11,904)	(5,317)	(4,334)	(45,916)
Carrying amounts							
Balance, March 31, 2017	3,802	25,044	620	3,551	2,463	4,319	39,799
Balance, December 31, 2017	3,587	23,228	769	3,776	2,766	4,198	38,324

The computer system and license assets include costs associated with upgrade projects that relate to the computer system placed into service in February 2011. As of December 31, 2017, the development costs of the upgrade projects that are not ready for use were $651,043 (March 31, 2017 - $874,238). No amortization has been recognized on the components not ready for use.

The net book value of property, plant and equipment held under finance lease at December 31, 2017 is $20,415,544 (March 31, 2017 - $22,335,698). Title of leased assets remains with the lessor.

8. Revolving Credit Facility

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Revolving credit facility	54,995	101,864
Financing costs, net of amortization	(272)	(498)
Total	54,723	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 December 31, 2017.

9. Accounts Payable and Accrued Liabilities

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Trade payables and accrued liabilities	57,035	71,633
Payroll related liabilities	16,062	2,699
Provisions (Note 13)	446	363
Financial instrument liabilities (Note 20)	35	70
Total	73,578	74,765

10. Income Taxes

Income tax expense is comprised of:

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
Current:		
Current taxes for the year	4,199	5,070
Adjustments to tax provisions recorded in prior periods	95	186
Total current tax expense	4,294	5,256
Deferred:		
Origination and reversal of temporary differences	2,254	654
Adjustments to tax provisions recorded in prior periods	73	(80)
Effect of change in tax rates	(87)	(19)
Change in valuation allowance	67	(2)
Total deferred tax expense	2,307	553
Income tax expense	6,601	5,809

A reconciliation of the income taxes calculated at the statutory rate to the actual income tax expense is as follows:

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
Net earnings before income tax	**2,415**	**13,799**
Statutory income tax rate	26.69%	26.71%
Expected income tax expense based on statutory rate	645	3,712
Tax effect of:		
Non-deductible interest and other permanent differences	5,158	1,375
Difference in foreign tax rates	660	528
Adjustments to tax provisions recorded in prior periods	102	106
Other taxes	56	109
Effect of change in tax rate	(87)	(19)
Change in valuation allowance	67	(2)
Income tax provision	6,601	5,809

For the period ended December 31, 2017, income tax expense credited to other comprehensive income was $413,761 (year ended March 31, 2017 – charged $1,697,753).

Deferred income taxes result principally from temporary differences in the recognition of certain revenue and expense items for financial and income tax reporting purposes. Significant components of the future tax assets and liabilities are as follows:

Deferred tax assets (liabilities):

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Other reserves	793	896
Deferred gain on sale and leaseback	774	774
Property, plant and equipment	100	91
Non-capital losses	2	5
Deferred income from partnership	(1,694)	-
Net deferred tax asset (liability)	(25)	1,766

Deferred income tax assets and liabilities are offset to the extent that they relate to the same taxable entity and the same jurisdiction as follows:

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Deferred tax assets	174	1,766
Deferred tax liabilities	(199)	-
Net deferred tax asset (liability)	(25)	1,766

The movement on the net deferred income tax assets and liabilities is as follows:

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
Beginning	1,766	2,379
Deferred tax expense recorded in profit or loss	(2,307)	(553)
Movement recognized in other comprehensive income	516	(60)
Ending	(25)	1,766

The Company no longer has any accumulated United States non-capital losses while the Company does have other deductible temporary differences of $646,020 available to be carried forward to apply against future years' income for tax purposes of certain United States subsidiaries. The non-capital losses expire on or after December 31, 2034 and the other deductible temporary differences may be carried forward indefinitely.

The Company, in the normal course of business, is subject to ongoing examination by tax authorities in each jurisdiction in which it has operations. The Company regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for current and deferred income taxes, as well as the provision for indirect, withholding and other taxes and related penalties and interest. This assessment relies on estimates and assumptions, which involves judgments about future events. It also relies on interpretations of tax law, including general anti-avoidance provisions (GAAR), and prior experience. New information may become available that causes the Company to change its judgment and estimates regarding the adequacy of provisions related to income and other taxes. Any changes will be recorded prospectively in the period that such determinations are made.

11. Long-term Debt

In February 2012, the Company entered into a mortgage agreement for US$1,950,000 with JPMorgan Chase Bank to refinance the Company's long-term debt. In November 2013, the Company entered into an amendment to extend the maturity date to November 22, 2018, which is consistent with the maturity of the Facility. The long-term debt bears interest at variable base rates plus variable margins tied to the Company's existing Facility (Note 8). The monthly installment is US$16,250 and the remaining balance becomes due on the maturity date. The long-term debt is secured by the real property of one of the Company's US subsidiaries.

12. Finance Lease Obligations

A continuity of the finance lease obligations is as follows:

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Total minimum lease payments payable	35,153	37,166
Portion representing interest to be expensed over the remaining term of the leases	10,435	11,650
Principal Outstanding	24,718	25,516
Less: Current portion	2,338	2,113
Non-Current portion	22,380	23,403

Finance leases include buildings and operating equipment. Lease payments represent blended payments consisting of principal and interest based on interest rates ranging from 2.5% to 8.4%.

The following is a schedule of future minimum lease payments over the lives of the finance leases:

(in thousands of dollars)	
No later than one year	3,957
Later than one year, but not later than five years	14,068
Later than five years	17,128

A summary of changes in the period follows:

	December 31, 2017	**March 31, 2017**
Balance, beginning	25,516	27,463
Additions	875	562
Payments made	(2,969)	(4,332)
Interest expense	1,295	1,823
Balance, ending	24,718	25,516

The deferred gain relates to proceeds in excess of the net book value of certain buildings sold in the sale and leaseback transactions completed during the years ended March 31, 2014 and 2006. The deferred gain is amortized over the lease terms of the buildings, which are being accounted for as finance leases. Amortization is included in other income.

13. Provisions

Continuity of Provisions

The following table summarizes the movement in this provision for the period ended December 31, 2017:

(in thousands of dollars)	**Lease provision**	**Other**	**Total**
Balance, beginning	907	713	1,620
Used during the year	(96)	(326)	(422)
Unwinding of discount	34	-	34
Total	846	387	1,233
Included in accounts payable and accrued liabilities (Note 9)	(87)	(359)	(446)
Non-current provisions	759	28	787

Lease Provision

During September 2009, the Company consolidated its warehouse operations in the Greater Toronto Area by closing a warehouse in Brampton and migrating this operation into its warehouse in Milton. The Brampton warehouse was a leased property, and the land component was accounted for as an operating lease. The Company recorded a provision relating to this property, being the present value of the unavoidable net costs to the Company of exiting the lease. The final transaction to exit the lease was completed on May 31, 2012; however, there is a requirement to make ongoing payments to the lessor relating to this transaction which is reflected in the provision. The present value was determined using a pre-tax discount rate of 5.14%.

14. Subordinated Notes

As part of the Exchange Offer in Note 15(f), $113,791,000 of Taiga's outstanding 14% subordinated unsecured notes (the "Existing Notes") were exchanged for 84,408,831 common shares and $12,500,000 new 7% senior notes of Taiga (the "New Notes").

On December 23, 2017 the Company redeemed all of its remaining 14% Existing Notes in the aggregate principal amount of $15,043,218 for a redemption price of 100% of the principal amount of the Notes, plus accrued and unpaid interest.

A discretionary trust whose beneficiary is a Taiga director indirectly held 17.20% (year ended March 31, 2017 - 17.20%) of the Existing Notes of Taiga throughout the period but exchanged them for shares as part of the Exchange Offer in note 15(f). UPP Holdings Limited held 35.71% of the Existing Notes (year ended March 31, 2017 – 35.71%) which were also exchanged for shares as part of the Exchange Offer in note 15(f).

During the period ended December 31, 2017, the amount of interest incurred for these related parties from the Existing Notes was $1,947,090 (year ended March 31, 2017 - $3,101,568) for the discretionary trust and $4,043,662 (year ended March 31, 2017 - $1,610,312) for UPP Holdings Limited. None of these related parties hold any of the New Notes.

Per the Trust Indenture dated November 17, 2017 (the "Indenture") the Company's New Notes are unsecured, bear interest at 7% per annum and mature on November 17, 2022. The New Notes are not listed on any stock exchange. Interest on the Notes is payable on May 17 and November 17 of each year. The aggregate principal amount of the New Notes that may be issued under the Indenture is unlimited. The terms, conditions, and covenants of the Indenture have been met during the year ended December 31, 2017.

15. Shareholders' Equity

(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, March 31, 2017 and 2016	32,414,278	13,229
Issue of new shares as a result of the Exchange Offer	84,408,831	119,861
Balance, December 31, 2017	116,823,109	133,090

(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

Taiga's board has rescinded Taiga's dividend policy set on October 15, 2008. Taiga's board has adopted a new corporate strategy to focus on reinvesting capital into innovation and other growth opportunities as they arise.

(f) Exchange Offer

On November 17, 2017, the Company completed an exchange offer (the “Exchange Offer”). Pursuant to the terms and conditions set forth in the Company's Exchange Offer and Consent Solicitation Statement dated September 29, 2017 (the “Exchange Offer Circular”), to purchase any and all of its outstanding 14% subordinated unsecured notes (the “Existing Notes”) in exchange for new 7% senior notes of Taiga (the “New Notes”) due five years from the date of issuance, common shares of Taiga (“Common Shares”) at a rate of 833.33 Common Shares for each $1,000 principal amount of Existing Notes, or any combination of the foregoing at the option of the holder. As a result of the Exchange Offer, the Company exchanged an aggregate of $113,791,000 principal amount of Existing Notes, representing approximately 88.4% of the Existing Notes outstanding. Holders of Existing Notes who participated in the Exchange Offer elected to exchange their Existing Notes for an aggregate of $12,500,000 principal amount of New Notes and 84,408,831 Common Shares.

(g) Major Shareholder

On January 31, 2017, Taiga paid the full amount owing to the CRA (The Reassessment) in relation to Note 18(c) 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. As a result of the

Exchange Offer described at Note 15(f), UPP's ownership interest decreased to 49% of the common shares and UPP continues to be Taiga's largest shareholder. 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.

16. Expenses by Nature

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
Product and treating costs	975,970	1,075,635
Freight costs	24,606	31,970
Inventory write down	867	1,229
Warehouse costs	10,534	13,951
Salaries and benefits	44,298	50,710
Employee reimbursements and general office expenses	6,528	8,158
Foreign exchange expense	890	1,373
Loss on settlement of debt	18,570	-
Other miscellaneous costs	2,930	1,542
Amortization	3,320	4,254
Total	1,088,513	1,188,822

As part of the Exchange Offer described in Note 15(f), the Company issued 84,408,831 common shares valued at $119,860,540 through the settlement of $101,291,000 outstanding 14% subordinated notes, resulting in a loss on the settlement of debt of $18,569,540.

17. Finance Expense

The finance expense is comprised of:

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
Interest on revolving credit facility and other short term liabilities	2,528	3,020
Interest on finance leases and long-term debt	1,338	1,888
Amortization of financing costs	227	296
Total	4,093	5,204

18. Commitments and Contingencies

(a) Contractual Commitments

The Company has obligations under various operating leases for occupied premises and equipment. The following table shows the separation of minimum lease payments by period resulting from sale and leaseback transactions completed in 2006 and 2014 and from other operating leases consisting of vehicle, warehouse equipment and the Company's head office.

(in thousands of dollars)	**Sale and Leaseback Operating Leases**	**Other Operating Leases**	**Total Operating Leases**
No later than one year	1,793	1,756	3,549
Later than one year, but not later than five years	7,057	4,464	11,521
Later than five years	5,870	2,284	8,154

The sale and leaseback operating leases completed in February 2014 expire in February 2034. Rental rates are subject to adjustments starting March 2016 and every five years thereafter based on consumer price index. For each property, Taiga has two options to renew for five years each.

The sale and leaseback operating leases completed in the fiscal year ended March 31, 2006 expire in February 2021 or February 2026 depending on the property. Rental rates are subject to adjustments every five years based on consumer price index. For each property, Taiga has three options to renew for five years each.

Total operating lease payments recognized as an expense during the period ended December 31, 2017 were $2,859,997 (year ended March 31, 2017 - $3,377,035).

(b) Other Outstanding Legal Matters

The Company is involved in various non-material legal actions and claims arising in the course of its business. The financial impact individually or in aggregate resulting from these actions and claims is not expected to be significant. The individual and aggregate outcomes cannot be determined at this time.

(c) 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.

19. Capital Disclosures

The Company's objectives for managing capital are to safeguard Taiga's ability to operate and grow its business, to provide a sufficient return to its shareholders, and to meet internal capital expenditure requirements and credit facility covenants. The revolving credit facilities and share capital are considered as the Company's capital.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets or consider other strategies to reduce debt. During the period ended December 31, 2017, Taiga's board rescinded Taig's existing dividend policy (Note 15(e)).

The Company manages its capital by monitoring the balance between working capital and the revolving credit facility's borrowing base, which is a combination of accounts receivable and inventories less certain provisions. If the company's borrowing availability falls below a certain percentage of the borrowing base, the company is then required to maintain a certain interest coverage ratio. At December 31, 2017, the company was in compliance with this requirement.

20. Financial Instruments

(a) Accounting for financial instruments

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

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Held for trading	(35)	(70)
Loans and receivables	106,839	139,879
Other financial liabilities	(166,503)	(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)	**December 31, 2017**	**March 31, 2017**
Carrying amount	24,718	25,516
Fair value	24,647	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 7% subordinated notes are as follows:

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Carrying amount	12,500	-
Fair value	12,500	-

The fair value of the 7% subordinated notes is the same as their carrying value as the interest rate was determined by management to approximate the market rate.

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)	**December 31, 2017**	**March 31, 2017**
Lumber futures	35	(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.

(b) Nature and extent of risks arising from financial instruments

The Company's activities result in exposure to a variety of financial risks, including risks related to credit, market, interest, currency, liquidity, and commodity prices.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Taiga is exposed to credit risk on accounts receivable from customers. Taiga extends to its customers credit, which is generally unsecured. Taiga has credit management procedures in place to mitigate the risk of losses due to the insolvency or bankruptcy of customers. Taiga regularly reviews customer credit limits, monitors the financial status of customers and assesses the collectability of accounts receivable. However, risk exists that some customers may not be able to meet their obligations and the loss of a large receivable could have a significant negative impact on Taiga's profitability.

The Company is also exposed to credit risk from the potential default by any of its counterparties on the interest swap ((ii) below) and lumber futures contracts ((iv) below). The Company mitigates this credit risk by dealing with counterparties that are established major financial institutions. Taiga evaluates potential counterparties in advance of entering into such agreements and deals only with parties it anticipates will satisfy their obligations under the contracts.

(ii) Market risk

Market risk refers to the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Taiga utilizes significant leverage to finance day-to-day operations. The interest cost of Taiga's revolving credit facility is predominately based on the prime rate. For the period ended December 31, 2017, if interest rates had been 100 basis points higher, based on the Company's average borrowing level related to its Facility, interest expense would have increased by approximately $609,000.

Foreign exchange risk refers to the risk that the fair value or future cash flow of a financial instrument denominated in a currency other than the functional currency in which they are measured will fluctuate because of changes in foreign exchange rates. Taiga does not hedge its foreign exchange risk. Financial instruments denominated in US dollars subject to foreign exchange risk are as follows:

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Accounts Receivable	4,287	7,399
Accounts Payable	(2,742)	(11,727)
Revolving Credit Facility	(708)	(859)
Total	837	(5,187)

As at December 31, 2017, with other variables unchanged, a one percentage point decline in the year end value of the Canadian dollar would have decreased the foreign exchange loss by $8,000 (year ended March 31, 2017 – increased loss by $52,000).

(iii) Liquidity risk

Liquidity risk arises through the excess of financial obligations over financial assets due at any point in time. Taiga's ability to make scheduled payments or refinance its obligations depends on Taiga's successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors.

Taiga's ability to maintain compliance with certain of its debt covenants under the Facility depends on meeting the required interest coverage ratio, which is subject to the Company's future financial and operating performance. The Company's ability to repay or refinance its indebtedness will also depend on its future financial and operating performance. The Company's performance, in turn, will be subject to prevailing economic and competitive conditions, as well as financial, business, legislative, regulatory, industry and other factors, many of which are beyond Taiga's control. The Company's ability to meet its future debt service and other obligations may depend in significant part on the extent to which the Company can implement successfully its business growth and cost reduction strategies. The Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realized.

(iv) Commodity Price risk

Taiga does not generally hedge its commodity price risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and anticipated customer demand. Although Taiga strives to reduce the risk associated with price changes by maximizing inventory turnover, Taiga maintains significant quantities of inventory, which is affected by fluctuating prices.

Taiga selectively utilizes Chicago Mercantile Exchange Random Length lumber futures contracts. Each contract calls for mill delivery of 110,000 board feet (plus or minus 5000 board feet) of random length 8-foot to 20-foot nominal 2-inch x 4-inch pieces. The contracts can be settled in cash or by delivery of a commodity. These positions are immaterial relative to the Company's consolidated inventories.

21. Changes in Non-Cash Working Capital

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
(Increase) Decrease in Accounts receivable	32,446	(3,195)
(Increase) Decrease in Inventories	17,510	(16,708)
(Increase) Decrease in Prepaid expenses and other	627	(623)
Effect of foreign exchange on working capital	(2,678)	1,041
(Decrease) Increase in Accounts payable and accrued liabilities	(1,600)	(2,363)
Total	46,305	(21,848)

22. 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.

23. Segmented Information

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

Period ended December 31, 2017 *(in thousands of dollars)*	**Canada**	**United States**	**Total**
Revenue	969,353	136,858	1,106,211
Property, plant and equipment	30,426	7,898	38,324

Year ended March 31, 2017 *(in thousands of dollars)*	**Canada**	**United States**	**Total**
Revenue	1,076,734	147,244	1,223,978
Property, plant and equipment	31,259	8,540	39,799

During the period ended December 31, 2017, Taiga's Canadian operations had export sales of $219.2 million (year ended March 31, 2017 - $258.1 million). These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

24. Management Compensation

Compensation of key management is recorded on the accrual basis of accounting consistent with the amounts recognized in the consolidated statements of earnings and comprehensive income. Compensation expenses for key management, which includes the Company's Board of Directors and Officers, were as follows:

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
Salaries and other benefits	4,341	3,015

An amount of $3,158,310 is included in accounts payable and accrued liabilities relating to bonuses to key management.

Management's Discussion and Analysis

For the period ended December 31, 2017 and the year ended March 31, 2017

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 February 23, 2018 and should be read in conjunction with the audited consolidated financial statements and the corresponding notes thereto for the period ended December 31, 2017 and the year ended March 31, 2017. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the nine month fiscal period ended December 31, 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.

Additional information relating to the Company including the Company's Annual Information Form dated February 23, 2018 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 2018 to decline compared to calendar year 2017. 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 2018 calendar year. See Item 13 "Outlook".

Selected Financial Information

(in millions of dollars, except for share amounts and per share amounts in dollars)	**Fiscal Period Ended[1]**	**Fiscal Year Ended**	
	December 31, 2017	**March 31, 2017**	**March 31, 2016**
Income Statement Data:			
Sales	1,106	1,224	1,364
Gross Margin	98.9	107.3	117.0
Net Earnings (loss)	(4.2)	8.0	11.7
Net Earnings (loss) per Share (Basic and Fully Diluted)[2]	(0.09)	0.25	0.36
Weighted Average Number of Shares Outstanding	46,226,632	32,414,278	32,414,278
EBITDA[3][4]	21.3	40.0	45.0
Balance Sheet Data:			
Working Capital[5]	96.3	97.8	89.5
Total Assets	270.8	324.1	305.6
Total Long-Term Financial Liabilities[6]	35.9	154.5	156.7

Notes:

(1) The fiscal year end of the Company was changed from March 31 to December 31. Accordingly, the current financial information was prepared for the 9 month transition year ended December 31, 2017.

(2) Net earnings per share is calculated using the weighted-average number of shares.

(3) Reconciliation of net earnings to EBITDA:

(in millions of dollars)	**Fiscal Period Ended**	**Fiscal Year Ended March 31,**		
	December 31, 2017	**2017**	**2016**	**2015**
Net earnings	(4.2)	8.0	11.7	11.1
Income tax expense	6.6	5.8	7.3	6.2
Finance and subordinated debt interest expense	15.6	21.9	21.8	22.6
Amortization	3.3	4.3	4.2	4.2
EBITDA	21.3	40.0	45.0	44.1

(4) There was an $18.6 million non-cash loss on the settlement of debt due to the Exchange Offer. If this unusual item is excluded for the period ended December 31, 2017 than the EBITDA results would be:

(in millions of dollars)	**Fiscal Period Ended December 31, 2017**
Net earnings (adjusted for loss on the settlement of debt)	14.4
Income tax expense	6.6
Finance and subordinated debt interest expense	15.6
Amortization	3.3
Adjusted EBITDA	39.9

(5) Working capital is the excess of current assets over current liabilities.

(6) Total long-term financial liabilities are the total liabilities less current liabilities and deferred gain.

2. Results of Operations

Sales

The Company's consolidated net sales for the nine month period ended December 31, 2017 were $1,106.2 million compared to $1,224.0 million for the last fiscal year. The decrease in sales by $117.8 million or 9.6% was largely due to the three month shorter reporting period for the current period.

Sales by segments are as follows:

	Revenue by Point of Sale			
	Period ended December 31, 2017		Year ended March 31, 2017	
	$000's	%	$000's	%
Canada	969,353	87.6	1,076,734	88.0
United States	136,858	12.4	147,244	12.0

For the nine month period ended December 31, 2017, export sales totalled $219.2 million compared to $258.1 million in the previous fiscal 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, was 67.6% for the nine month period ended December 31, 2017 and 65.4% for the previous fiscal year. Allied, engineered and treated wood product sales, as a percentage of total sales, was 32.4% for the nine month period ended December 31, 2017 and 34.6% for the previous fiscal year.

Gross Margin

Gross margin for the nine month period ended December 31, 2017 decreased to $98.9 million from $107.3 million in the previous fiscal year. Gross margin percentage increased to 8.9% in the current period compared to 8.8% in the previous fiscal year. The gross margin percentage improved slightly due to an increase in commodity prices during the period.

Expenses

Distribution expense for the nine month period ended December 31, 2017 decreased to $17.0 million from $22.3 million in the prior fiscal year mainly due to the shortened reporting period by three months for the current period.

Selling and administration expense for the nine month period ended December 31, 2017 decreased to $45.6 million compared to $49.8 million in the previous year. Decreased compensation expense due to the shortened reporting period was the main cause for the difference.

Loss on the settlement of debt was $18.6 million in the nine month period ended December 31, 2017. This is a non-cash loss that is a one-time charge as a result of the Exchange Offer discussed in Notes 14 and 15 to the Company's audited financial statements for the period ended December 31, 2017.

Finance expense for the nine month period ended December 31, 2017 decreased to $4.1 million compared to $5.2 million last year. The shortened reporting period by three months for the current period was the main cause for the difference.

Subordinated debt interest expense for the nine month period ended December 31, 2017 was $11.6 million compared to $16.8 million in the previous year. During the period ended December 31, 2017, the Company exchanged or redeemed $128,834,218 of its outstanding 14% subordinated notes which significantly reduced its subordinated debt interest expense for the period. The transaction is discussed in further detail in Note 15(f) to the Company's audited consolidated financial statements for the period ended December 31, 2017.

Other income for the nine month period ended December 31, 2017 was $0.4 million compared to $0.6 million in the prior fiscal year.

Net Earnings

Net earnings for the nine month period ended December 31, 2017 decreased to a loss of 4.2 million compared to net earnings of $8.0 million in the prior fiscal year. This was primarily due to the loss on the settlement of debt discussed in Note 16 to the Company's audited consolidated financial statements for the period ended December 31, 2017.

EBITDA

EBITDA for the period ended December 31, 2017 was $21.3 million compared to $40.0 million for the prior fiscal year. EBITDA would be $39.9 million if the $18.6 million loss on the settlement of debt were excluded.

3. Third Quarter Results

A summary of the results for the three months ended December 31, 2017 and 2016 is as follows:

	Three months ended December 31,	
(in thousands of dollars except per share amount in dollars)	**2017**	**2016**
Sales	329,821	277,408
Gross margin	27,358	22,202
Distribution expense	5,753	5,560
Selling and administration expense	13,451	10,436
Loss on debt settlement	18,570	-
Finance expense	1,140	1,150
Subordinated debt interest expense	2,534	4,087
Other income	(132)	(145)
Earnings (loss) before income tax	(13,958)	1,114
Income tax expense	1,237	1,274
Net loss	(15,195)	(160)
Net loss per share	(0.20)	0.00
EBITDA[1]	(9,142)	7,425

Note:
(1) See "Third Quarter Results – EBITDA" for a reconciliation of net earnings to EBITDA.

Sales

The Company's consolidated net sales for the quarter ended December 31, 2017 were $329.8 million compared to $277.4 million over the same quarter last year. The increase in sales by $52.4 million or 18.9% was largely due to increased demand for the Company's products in all segments and higher commodity prices.

The Company's sales of dimension lumber and panel, as a percentage of total sales, increased to 69.7% for the quarter ended December 31, 2017 compared to 67.5% for the same quarter last year. Allied, engineered and treated wood product sales, as a percentage of total sales, decreased to 30.3% this quarter from 32.5% during the same quarter last year.

Sales by segments are as follows:

	Revenue by Point of Sale			
	Three months ended December 31, 2017		Three months ended December 31, 2016	
	$000's	%	$000's	%
Canada	286,072	86.7	241,836	87.2
United States	43,749	13.3	35,572	12.8

During the quarter ended December 31, 2017, Taiga's Canadian operations had export sales of $65.8 million compared to $59.7 million in the same quarter 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.

Gross Margin

Gross margin for the quarter ended December 31, 2017 increased to $27.4 million from $22.2 million over the same quarter last year. Gross margin percentage increased to 8.3% in the current quarter compared to 8.0% in the same quarter last year. The increase in gross margin percentage was primarily due to commodity prices appreciating in the current quarter.

Expenses

Distribution expense for the quarter ended December 31, 2017 increased to $5.8 million compared to $5.6 million over the same quarter last year. The increase was due to increased expenses to service higher sales levels.

Selling and administration expense for the quarter ended December 31, 2017 increased to $13.5 million compared to $10.4 million over the same quarter last year. The increase was primarily due to increased compensation costs for the current quarter.

Loss on the settlement of debt was $18.6 million for the quarter ended December 31, 2017. This is a non-cash loss that is a one-time charge as a result of the Exchange Offer discussed in Notes 14 and 15 to the Company's audited financial statements for the period ended December 31, 2017.

Finance expense for the quarter ended December 31, 2017 decreased to $1.1 million compared to $1.2 million for the same quarter last year.

Subordinated debt interest expense was $2.5 million for the quarter ended December 31, 2017 compared to $4.1 million for the same quarter last year. During the quarter ended December 31, 2017, the Company exchanged or redeemed $128,834,218 of its outstanding 14% subordinated notes which significantly reduced its subordinated debt interest expense for the quarter. The transaction is discussed in further detail in Note 15(f) to the Company's audited consolidated financial statements for the period ended December 31, 2017.

Other income was $0.1 million for both the quarter ended December 31, 2017 and the same quarter last year.

Net Earnings

Net earnings for the quarter ended December 31, 2017 decreased to a loss of $15.2 million compared to a loss of $0.2 million over the same period last year. This was primarily due to the loss on the settlement of debt discussed in Note 16 to the Company's audited consolidated financial statements for the period ended December 31, 2017.

EBITDA

EBITDA for the quarter ended December 31, 2017 was ($9.1) million compared to $7.4 million for the same quarter last year. EBITDA would be $9.4 million if the $18.6 million loss on the debt settlement were excluded.

Reconciliation of net earnings to EBITDA:

	Three months ended December 31,	
(in thousands of dollars)	**2017**	**2016**
Net earnings	(15,195)	(160)
Income tax expense	1,237	1,274
Finance and subordinated debt interest expense	3,674	5,237
Amortization	1,142	1,074
EBITDA	(9,142)	7,425

There was an $18.6 million non-cash loss on the settlement of debt due to the Exchange Offer. If this unusual item is excluded for the quarter ended December 31, 2017 than the EBITDA results would be:

	Three months ended December 31,
(in thousands of dollars)	**2017**
Net earnings	(15,195)
Loss on debt settlement	18,570
Income tax expense	1,237
Finance and subordinated debt interest expense	3,674
Amortization	1,142
Adjusted EBITDA	9,428

4. Summary of Quarterly Results

	Period ended December 31, 2017			Year ended March 31, 2017			
(in thousands of dollars, except per share amount in dollars)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Sales	329,821	396,629	379,761	286,052	277,408	335,052	325,466
Net earnings (loss)	(15,195)	5,980	5,029	249	(160)	3,139	4,762
Net earnings (loss) per share[(1)]	(0.20)	0.18	0.16	0.01	0.00	0.10	0.15
EBITDA	(9,142)	16,242	14,280	7,784	7,425	11,329	13,491

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 quarters ended June 30 and September 30 and reduced sales in the late fall and winter during its quarters ended December 31 and March 31 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 December 31, 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 December 31, 2017 decreased to $96.3 million from $97.8 million as at March 31, 2017 due to decreased current liabilities offset by decreased current assets. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	**December 31, 2017**	**March 31, 2017**
Current Assets	232,331	281,864
Current Liabilities (excluding Revolving Credit Facility)	(81,300)	(82,664)
Revolving Credit Facility	(54,723)	(101,366)
Working Capital	**96,308**	**97,834**
Long Term Assets	38,498	42,194
Long Term Liabilities (excluding Subordinated Notes)	(26,468)	(29,065)
Subordinated Notes	(12,500)	(128,834)
Shareholders' Equity (Deficiency)	**95,838**	**(17,871)**

Assets

Total assets were $270.8 million as at December 31, 2017 compared to $324.1 million as at March 31, 2017. The decrease was primarily the result of decreased inventories and decreased accounts receivable.

Inventories decreased to $123.3 million as at December 31, 2017 compared to $140.8 million as at March 31, 2017 due to the seasonal drawdown of inventories.

Property, plant and equipment decreased to $38.3 million as at December 31, 2017 compared to $39.8 million as at March 31, 2017 mainly due to amortization.

Liabilities

Total liabilities decreased to $175.0 million as at December 31, 2017 from $341.9 million as at March 31, 2017. The decrease was primarily the result of decreased revolving credit facility balance and the exchange and redemption of

$128,834,218 of the Company's 14% subordinated notes. The transaction is discussed in further detail in Notes 14 and 15 to the Company's audited consolidated financial statements for the period ended December 31, 2017

Contractual Obligations

(in thousands of dollars)	**Debt**	**Operating lease**	**Finance lease obligation**
No later than one year	1,019	3,594	3,957
Later than one year, but not later than five years	-	11,521	14,068
Later than five years	-	8,154	17,128

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On February 22, 2018, there were 116,823,109 common shares outstanding.

Dividend Policy

Taiga's board has rescinded Taiga's dividend policy set on October 15, 2008. Taiga's board has adopted a new corporate strategy to focus on reinvesting capital into innovation and other growth opportunities as they arise.

6. Commitments and Contingencies

(a) Contractual Commitments

The Company has obligations under various operating leases for occupied premises and equipment. For further discussion, refer to Note 18 to the Audited Consolidated Financial Statements for the period ended December 31, 2017.

(b) 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. Risks and Uncertainties

The results of operations, business prospects and financial conditions of Taiga are subject to a number of risks and uncertainties, and are affected by a number of factors outside Taiga's control. Any of these risks and uncertainties could have a material adverse effect on the Company's operations, financial conditions and cash flow and, accordingly, should be carefully considered in evaluating Taiga's business. A comprehensive discussion of risk factors is included in Taiga's Annual Information Form dated February 22, 2018, available on SEDAR at www.sedar.com.

8. Critical Accounting Policies and Estimates

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

In preparing these consolidated financial statements, Taiga's management was required to make estimates and assumptions that affect the amounts recorded. Financial results as determined by actual events could differ from such estimates. The estimates and assumptions of the Company's management are based on historical experience and other factors management considers to be reasonable, including expectations of future events. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below.

Allowance for Doubtful Accounts

While significant bad debts have not been experienced in prior years the provision is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change in one or more of these factors could impact the estimated allowance and provision for bad debts. Taiga's allowance for doubtful accounts as at December 31, 2017 was $0.8 million (year ended March 31, 2017 – $0.1 million).

Valuation of Inventories

Inventories are valued at the lower of average cost and net realizable value. Taiga evaluates inventory balances at each balance sheet date and records a provision as necessary for slow moving or obsolete inventory. Additionally, Taiga records a provision if the cost of inventories exceeds net realizable value based on commodity prices. Inventory provision as at December 31, 2017 was $0.2 million (year ended March 31, 2017 – $0.1 million).

Valuation and Estimated Life of Long-Lived Assets

An impairment test is performed by comparing the carrying amount of the asset or its cash generating unit to the recoverable amount, which is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is calculated based upon a discounted cash flow analysis, which requires management to make a number of significant assumptions including assumptions relating to future operating plans, discount rates and future growth rates.

The estimated useful lives and recoverable amounts of long-lived assets are based on the judgment of management and the best currently available information. Changes in circumstances can result in the actual useful lives differing from management's estimates.

Customer Rebates

Customer rebates are commonly offered as industry practice and are generally based on achievement of specified volume sales levels. Taiga accrues for the payment of customer rebates as a reduction of revenue based on management's estimates.

Valuation of Warranty Provisions

A provision for future potential warranty costs is calculated using historical trends and future expectations of future claims. Adjustments to the warranty provision are included in cost of sales. Actual future warranty costs may differ from those estimates.

Current and Deferred Taxes

The Company calculates current and deferred tax provisions for each of the jurisdictions in which it operates. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of financial statements. Therefore, results in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Taiga also evaluates the recoverability of deferred tax assets based on an assessment of the likelihood of using the underlying future tax deductions against future taxable income before they expire. Deferred tax liabilities arising from temporary differences on investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future sales volumes and housing starts, commodity prices, operating costs, capital expenditures, dividends and other capital transactions. Judgment is also required about the application of income tax legislation. These estimates and judgments are subject to risk and uncertainty and could result in an adjustment to the deferred tax provision and a corresponding credit or charge to income.

9. Changes in Accounting Standards

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.

10. Related Party Transactions

In accordance with IFRS requirements, related party transactions consist of remuneration of directors and other key management personnel with whom Taiga has entered into employment agreements. Further information is contained in our most recent Management Information Circular available on SEDAR at www.sedar.com and Note 24 to the Company's audited consolidated financial statements for the period ended December 31, 2017. The remuneration for key management, which includes the Company's directors and officers, were as follows:

(in thousands of dollars)	**Period ended December 31, 2017**	**Year ended March 31, 2017**
Salaries and other benefits	4,341	3,015

An amount of $3,158,310 is included in accounts payable and accrued liabilities relating to bonuses to key management.

11. 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 a detailed description of financial instruments and their associated risks, see Note 20 to the Company's audited consolidated financial statements for the period ended December 31, 2017.

12. 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 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

In accordance with the requirements of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, Taiga's management, including the Chief Executive Officer and Chief Financial Officer, evaluated the Company's disclosure controls and procedures and internal controls over financial reporting. Based on the evaluation, Taiga's CEO and CFO concluded that these controls were effective for the period ended December 31, 2017.

The CEO and CFO of Taiga acknowledge responsibility for the design of internal controls over financial reporting and confirm that there were no changes in these controls that occurred during the period ended December 31, 2017 which materially affected, or are reasonably likely to materially affect , the Company's ICFR.

13. 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 192,200 to 203,000 units in the 2018 calendar year. CMHC is reporting that housing starts will decline by the end of 2019 compared to 2018.

In the United States, the National Association of Home Builders reported in December 2017 that housing starts are forecasted to total 1,248,000 units in the 2018 calendar year compared to 1,284,000 units in calendar year 2019.

TAIGA BUILDING PRODUCTS LTD.

Annual Information Form
for the fiscal period ended December 31, 2017

Dated February 23, 2018

TABLE OF CONTENTS

INTRODUCTION

In this annual information form (the "AIF"):

- all dollar amounts are in Canadian dollars, except where otherwise indicated;
- references to "Taiga" mean Taiga Building Products Ltd. and its consolidated subsidiaries;
- references to the "Company" mean Taiga Building Products Ltd.; and
- unless otherwise stated, information is given as of February 23, 2018.

The functional currency of the Company is the Canadian dollar. Some figures and percentages may not total exactly due to rounding. The accounts of the self-sustaining foreign operation are accounted for by the current rate method under which assets and liabilities are translated at prevailing rates of exchange at each balance sheet date.

Certain general information contained in this AIF concerning the industry in which Taiga operates has been obtained from publicly available information from third party sources. While Taiga believes such sources are reliable, Taiga has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, Taiga has not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information became publicly available or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

Forward-Looking Information

Certain statements contained in this AIF constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to Taiga or its management, are intended to identify forward-looking information, but not all forward-looking information contains such words. By their nature, statements constituting forward-looking information involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, and projections contemplated by the forward-looking information will not occur.

Although our management believes that the expectations represented by forward-looking information are reasonable, there is significant risk that they may not be achieved, and the underlying assumptions will not prove to be accurate. Forward-looking information in this AIF includes, but is not limited to, statements concerning Taiga's expectations about:

- the competitiveness of Taiga's products and results of operations;
- its business strategy, including expanding operations in other jurisdictions;
- its environmental compliance;
- its liquidity risks;
- the continued supply of important components of its product mix;
- the ability of its customers to meet their credit obligations;

- laws and regulations governing its business operations or changes thereto;
- its employees and specifically its key personnel, including its senior management team; and
- legal or regulatory proceedings commenced against Taiga.

With respect to the forward-looking information contained in this AIF, numerous assumptions have been made regarding, among other things:

- Taiga’s ability to maintain the competitiveness of its products and operations within the industry and retain its current customer base;
- Taiga’s ability to implement its business strategy to, among other things, successfully expand operations into new markets;
- the nature and extent of Taiga’s environmental requirements and liabilities, including levels of contamination at various facilities;
- Taiga’s ability to make scheduled payments or refinance debt obligations, including raising additional capital, if necessary;
- Taiga’s ability to successfully grow its business and implement cost reduction strategies;
- Taiga’s ability to continue to acquire important components of and expand its product mix, including during the winter season;
- Taiga's ability to maintain its relationships with its customers;
- the ability of Taiga’s customers to meet their credit obligations and for Taiga to collect amounts owing to it;
- Taiga’s ability to maintain adequate insurance coverage for product liability;
- Taiga’s ability to comply with all applicable laws and regulations;
- Taiga’s ability to retain key personnel or find suitable replacements thereof;
- Taiga’s ability to maintain its relationship with its employees and avoid major labour disruptions and higher labour costs;
- Taiga’s ability to operate its Enterprise Resource Planning (“ERP”) information management system and its other information systems, as well as its effectiveness in improving financial controls and developing sales and marketing strategies; and
- Taiga’s assessment of third parties’ legal proceedings commenced against it.

The foregoing list of assumptions is not exhaustive.

Actual results, performance or achievements could differ materially from those expressed or implied in any forward-looking information, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including, but not limited to:

- dependence on market and economic conditions;
- liquidity risks;

- tax risks;
- sales and margin risk and fluctuations in commodity prices;
- supply of commodities;
- supply-side risks;
- commodity price risk;
- currency risk;
- credit risk;
- environmental risk;
- interest risk;
- competition;
- seasonal and cyclical nature of Taiga's business;
- debt service obligations;
- product liability claims;
- new regulations;
- dependence on key personnel;
- information systems risk;
- availability of future financing;
- level of dividends; and
- creditworthiness.

The section entitled "Risk Factors" herein discusses these and other risks and uncertainties. These risks and uncertainties could cause Taiga's actual results, performance or achievements to vary materially and adversely from those described herein as intended, planned, anticipated, believed, estimated or expected. Statements constituting forward-looking information speak only as of the date of this AIF and Taiga does not intend, and does not assume any obligation, to update such statements, except as required by applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

Taiga Forest Products Ltd. ("Old Taiga") in its English form (Produits Forestiers Taiga Ltee in its French form) was formed on October 1, 1984 through the amalgamation of Taiga Wood Products Ltd. (Produits de Bois Taiga Ltee) and Caneda Forest Products Ltd. pursuant to the *Company Act* (British Columbia). On May 26, 2005, Old Taiga entered into an arrangement agreement with a newly incorporated subsidiary of Old Taiga, Taiga Building Products Ltd. (Produits de Batiment Taiga Ltee in its French form), a company formed under the *Business Corporations Act* (British Columbia) (the “BCBCA”), which resulted in the Company acquiring all of the issued and outstanding common shares of Old Taiga ("Taiga Shares") in exchange for stapled units of the Company ("Stapled Units"), each comprised of one common share of the Company (a "Common Share") and one 14% subordinated note (a "Note"), issued under an indenture dated as of September 1, 2005 (the "Indenture"), all pursuant to an arrangement under the BCBCA (the "Arrangement") which became effective on September 1, 2005. The purpose of the Arrangement was to establish the Company as a publicly traded company carrying on, directly or indirectly, the business and operations of Old Taiga. After giving effect to the Arrangement, shareholders of Old Taiga, together with purchasers of the Stapled Units, owned all of the issued and outstanding Stapled Units of the Company, the Company owned all of the issued and outstanding Taiga Shares and Old Taiga became a wholly-owned subsidiary of the Company. The details of the Arrangement are described in the Company's management information circular dated May 27, 2005 (the "2005 Information Circular"), a copy of which is filed under the Company's SEDAR profile at www.sedar.com. References to the "Company" or "Taiga" in this AIF may refer to Old Taiga, where applicable.

The principal and head office of the Company is located at 800 - 4710 Kingsway, Burnaby, British Columbia, V5H 4M2. The registered and records office is located at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

On May 17, 2006, the Company purchased and cancelled $42,500,000 aggregate principal amount of its outstanding Notes for a purchase price of 105% of the principal amount outstanding per Note plus accrued and unpaid interest to the date of acceptance, leaving a principal value of approximately $128,834,217 of Notes outstanding.

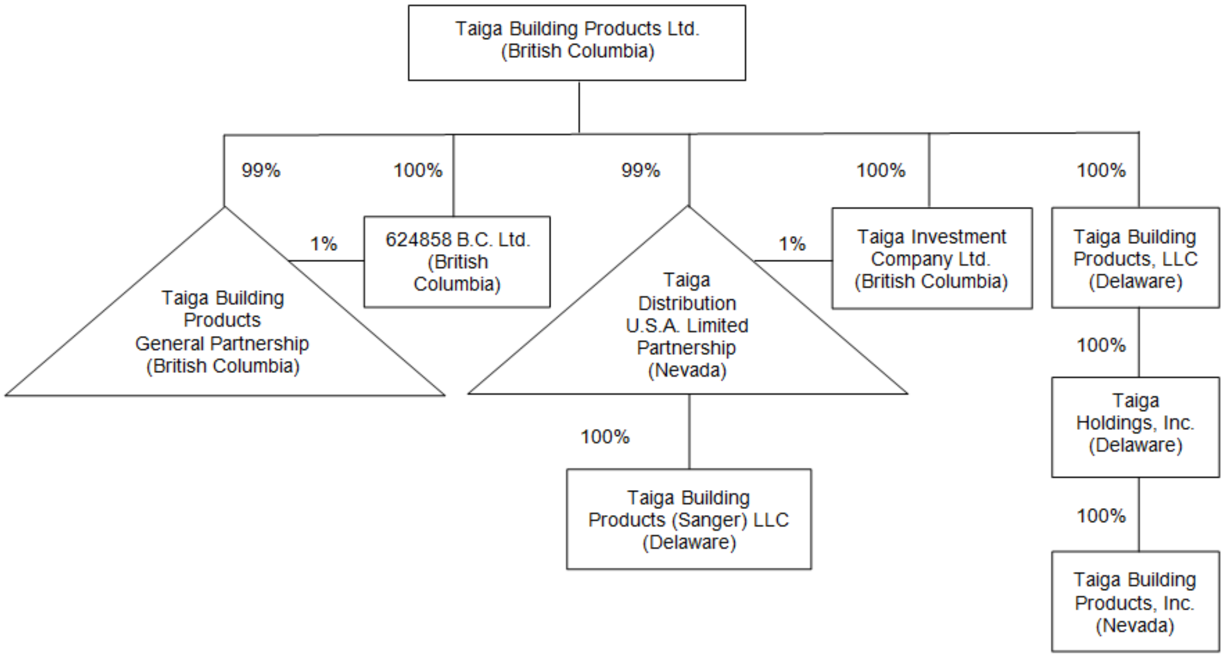
In connection with the repurchase of outstanding Notes, the Company also solicited consents to amend certain provisions of the Indenture. The Company received the requisite consents and paid to each holder of Notes who so validly consented a fee of $3.00 per $1,000 principal amount of outstanding Notes. As a result, the Stapled Units were separated into Notes and Common Shares, and the Notes and the Common Shares began trading separately on the Toronto Stock Exchange (the "TSX") on May 4, 2006, under the symbols "TBL.NT" and "TBL", respectively.

On November 17, 2017, the Company completed an exchange offer (the “Exchange Offer”), pursuant to the terms and conditions set forth in the Company’s Exchange Offer and Consent Solicitation Statement dated September 29, 2017 (the “Exchange Offer Circular”), to purchase any and all of its outstanding Notes in exchange for new 7% senior notes of Taiga (the “New Notes”) due five years from the date of issuance, Common Shares at a rate of 833.33 Common Shares for each $1,000 principal amount of Notes, or any combination of the foregoing at the option of the holder. As a result of the Exchange Offer, the Company exchanged an aggregate of $113,791,000 principal amount of Existing Notes, representing approximately 88.4% of the Existing Notes outstanding. Holders of Existing Notes who participated in the Exchange Offer elected to exchange their Existing Notes for an aggregate of $12,500,000 principal amount of New Notes and 84,408,831 Common Shares.

On December 23, 2017 the Company redeemed all of its remaining Notes in the aggregate principal amount of $15,043,218 for a redemption price of 100% of the principal amount of the Notes, plus accrued and unpaid interest.

Intercorporate Relationships

The following diagram illustrates the current organizational structure of the Company and its respective principal operating subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

History of Taiga

Taiga was created in 1973 as a British Columbia based building products distributor. For over 40 years, Taiga has established and expanded its business and network centres in Canada. Certain significant steps in the growth of Taiga's business include:

- In 1987, Taiga established a wood preservation plant at its distribution centre then located in New Westminster, British Columbia to take advantage of increasing demand for treated wood. In 1997, this plant was replaced with a more modern facility based in Langley, British Columbia. In May 1999, Taiga completed the construction of a wood preservation plant in Edmonton, Alberta. In 2005, Taiga purchased a wood preservation plant in Monetville, Ontario. Taiga's treated wood products are sold through its distribution network under the brand name "Taiga Select".

- In 1993, Taiga became a public company. In 1994, Berjaya Group Berhad of Malaysia ("Berjaya") acquired approximately 60% of Taiga's outstanding shares by a takeover bid made to existing shareholders.

- In 1999, Taiga established a lumber trading division in Eastern Canada with administration and sales offices in Concord, Ontario and Laval, Quebec that distributes lumber and related building products within Canada and the United States from reload centres owned by third parties that are located principally in Windsor and Fort Erie, Ontario.

- In 2002, Taiga purchased a distribution centre in Rocklin, California thereby increasing its sales in the United States. This distribution centre services Northern California and Western Nevada.

- In late 2003, an approximate 19.6% interest in Taiga was acquired by Genghis S.á.r.l. ("Genghis") (formerly 3Cs Investments Limited), primarily through the purchase of approximately one third of the interest of Berjaya, and Dr. Kooi Ong Tong, a representative of Genghis, was appointed as a director and chairman of the Company.

- In early 2017, Genghis and Berjaya sold their Common Shares to a subsidiary of UPP Holdings Limited ("UPP"), a public company listed on the Singapore exchange. Dr. Tong is the executive chairman, chief executive officer and a major shareholder of UPP, and continues to hold the position of chairman and a director of the Company. Ian Tong is an executive director and vice president, investments, of UPP. As a result of the sale, UPP acquired 18,908,208 Common Shares, representing approximately 58.34% of the outstanding Common Shares. See "Significant Developments over the Last Three Fiscal Years – Canada Revenue Agency Reassessment".

- In late 2017, as a result of the Exchange Offer, UPP acquired an additional 38,339,847 Common Shares which combined with the other new Common Shares issued as part of the Exchange Offer and the Common Shares already held by UPP, resulted in UPP holding approximately 49% of the outstanding Common Shares.

- In late 2017, as a result of the Exchange Offer, Genghis acquired 18,460,760 Common Shares, or approximately 15.8% of the outstanding Common Shares.

Significant Developments over the Last Three Fiscal Years

Canada Revenue Agency Reassessment

On January 31, 2017, the Company announced that it had paid the full amount owing to Canada Revenue Agency pursuant to the previously announced notice of assessment in respect of its 2005 to 2013 taxation years. The amount was fully funded by subsidiaries of Berjaya and Genghis in accordance with their obligations under their indemnity agreements with the Company. The payment was made in connection with two transactions involving subsidiaries of Berjaya and Genghis, respectively, and UPP which consisted of a sale by Berjaya to a subsidiary of UPP of all of its Common Shares and subordinated notes of Taiga and a sale by Genghis to a subsidiary of UPP of all of its Common Shares. As a result of the transactions, UPP indirectly acquired approximately 58.34% of the issued and outstanding Common Shares. Mr. Tan Thiam Chai, a representative of Berjaya and former director of Taiga, resigned following completion of the transactions.

The completion of such transactions would have constituted a "change of control" under the Indenture and the amended and restated credit agreement among Taiga, certain other affiliated borrowers and guarantors, JPMorgan Chase Bank, as senior lender, and certain other lenders dated November 25, 2013 (the "Credit Agreement"), providing for Taiga's senior revolving credit facility (the "Facility"). Taiga entered into amendments to both the Credit Agreement and the Indenture in accordance with the terms thereof in order to permit the transactions to complete without triggering the change of control requirements under such agreements.

BUSINESS OF TAIGA

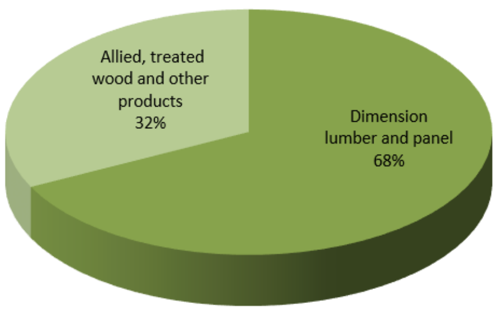
Business Overview

Taiga is the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and elsewhere. As a wholesale distributor, Taiga maintains substantial inventories of building products at 15 distribution centres strategically located throughout Canada, and 2 distribution centres located in California. In addition, Taiga regularly distributes products 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 sales levels, price fluctuations and product mix.

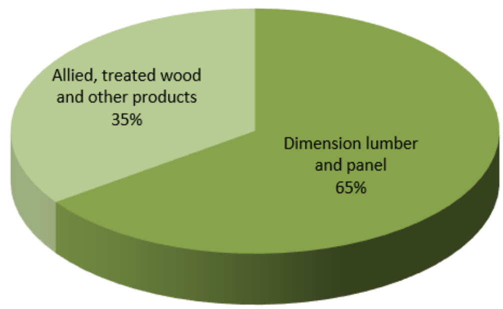
Taiga distributes the following products: (i) dimension lumber; (ii) panel products, including plywood, particle board and oriented strand board; and (iii) allied and treated products such as roofing materials, mouldings, composite decking, polyethylene sheeting, batt and foam insulation, flooring, engineered wood and treated wood.

The following is a breakdown of the percentage of revenue generated by each product that accounted for 15 percent or more of Taiga's total consolidated revenue in the last two fiscal periods:

Nine months ending December 31, 2017



Year ending March 31, 2017



Products

Dimension Lumber and Panel Products

Dimension Lumber

Dimension lumber is lumber cut to standard sizes and used as building material. Dimension lumber is a commodity product because it exhibits standardization across suppliers, as opposed to the quality and design differences associated with branded products such as insulation and roofing. Taiga's gross margins on dimension lumber are achieved by offering value-added services to its customers, such as just-in-time delivery, extended payment terms, and consistent supply.

Taiga has over 40 years of experience in the dimension lumber commodity market. This experience, coupled with daily participation in the lumber market, provides Taiga with extensive knowledge of the lumber market and facilitates trading activities. Dealing in commodities allows Taiga to build substantial volume into its distribution network and promotes higher capacity usage of in-bound and out-bound transportation which reduces cost. Taiga's expertise and scale enable Taiga to be price competitive in both supply and sales.

Panel Products

Panel products are standard size wooden building panels such as plywood, particle board, medium density fibre board and oriented strand board. Like dimension lumber, panel products are also commodity products that are marketed and sold in a manner similar to sales of dimension lumber. However, certain panel products are subject to greater price volatility than dimension lumber.

Allied, Treated Wood and Other Products

Allied Products

Allied products are building products that have a natural connection to Taiga's principal products and that generally have a brand presence "Johns Manville" residential insulation, "LP SmartSide" siding, "DOW" rigid insulation, "Trex" composite decking and “Iko” roofing products are all examples of allied products which Taiga distributes to its customers on behalf of their producers. Taiga also sells allied products under its Taiga Select brand name including flooring and mouldings. Allied products complement Taiga's other product lines. Management believes that producers distribute their product through Taiga because of the scale of Taiga's operations and its national market penetration. Taiga has targeted the allied products segment for growth and believes that the higher margins generally attributable to branded products can enhance profitability. Expanding sales of these building products can also smooth the volatility that characterizes commodity markets.

Treated Wood

Treated wood is lumber that has been chemically treated to increase its ability to withstand variable weather conditions. It is used for fencing, decking, foundations, landscaping and for other external applications. Taiga produces treated wood at its three wood preservation plants located in British Columbia, Alberta and Ontario. This product is marketed under the brand name "Taiga Select". Taiga intends to continue to support the growth of its treated wood brand. In addition to distributing its own treated wood, Taiga also distributes treated wood produced by other manufacturers. Taiga also provides wood treatment services to other lumber producers on a contract basis. Sales of treated wood generally have higher gross margins than sales of untreated dimension lumber and other panel products.

Distribution

Facilities and Operations

Taiga's head office is located in Burnaby, British Columbia. Taiga has 15 distribution centres across Canada and 2 in the United States all strategically located to access key markets. Taiga also utilizes facilities owned by third parties as reload centres in the United States and Canada. The table below shows all of Taiga's distribution centres, each of which generally consists of a large yard, ancillary office space, open and covered racking and open and enclosed warehousing. Many of these distribution centres are serviced by rail spur lines and all are in close proximity to major highways.

Location	Size	Nature of Interest	Year Opened
Kelowna, British Columbia	14,500 sq. ft. building on 2.5 acres	leased	1990
Nanaimo, British Columbia	10,500 sq. ft. building on 2.0 acres	leased	1992
Langley, British Columbia	105,000 sq. ft. building on 10.0 acres	leased	1999
Calgary, Alberta	50,000 sq. ft. building on 15.0 acres	leased	1974
Edmonton, Alberta	85,000 sq. ft. building on 14.0 acres	leased	1988
Regina, Saskatchewan	21,000 sq. ft. building on 4.2 acres	leased	1984
Saskatoon, Saskatchewan	14,400 sq. ft. building on 4.0 acres	leased	2000
Winnipeg, Manitoba	14,000 sq. ft. building on 4.0 acres	leased	1994
Milton, Ontario	68,000 sq. ft. building on 11.5 acres	leased	1979
Sudbury, Ontario	14,000 sq. ft. building on 5.0 acres	leased	1995
Boucherville, Quebec	52,923 sq. ft. building on 12.0 acres	leased	1996
St. Augustin, Quebec	36,000 sq. ft. building on 7.0 acres	leased	1996
Moncton, New Brunswick	20,000 sq. ft. building on 2.0 acres	leased	2011
Paradise, Newfoundland	11,000 sq. ft. building on 1.5 acres	leased	2006
Dartmouth, Nova Scotia	58,000 sq. ft. building on 6.5 acres	leased	2013
Rocklin, California	100,000 sq. ft. building on 15.0 acres	owned	2002
Sanger, California	109,250 sq. ft. building on 12.6 acres	owned	2006

Methods of Distribution

Distribution of lumber and building materials is performed by wholesale distributors and office wholesalers (sometimes referred to as lumber brokers). Taiga acts as both. As a wholesale distributor, Taiga maintains substantial inventories of lumber, panels and other building products owned by it at its strategically located distribution centres. As an office wholesaler, Taiga buys and sells products using third party reload facilities located in Canada and the United States.

- *Distribution Centres*

  Taiga's main method of distribution is the delivery of its own inventory to its customers from its distribution centres. Inventory is purchased from suppliers and warehoused at Taiga's distribution centres for re-sale to Taiga's customers. Inventory is generally delivered to a customer's location by a third-party carrier on a contract basis. In addition, Taiga maintains its own small fleet of trucks to facilitate the delivery of its products.

- *Reload Facilities*

  Taiga also sells building materials in Canada and the United States through the use of reload facilities. Reload facilities are commercial storage yards owned and operated by third parties which receive rail car or truck shipments principally of dimension lumber and panel products. These shipments are then broken down into smaller quantities, often combined with other items, for delivery by truck to customers. Taiga pays service charges for the use of the reload facilities. These reload facilities are strategically located either in close proximity to certain United States markets or in areas that provide economical transportation links to them. The principal reload facilities used by Taiga during the most recently completed fiscal year were located in British Columbia, Alberta, Ontario, Quebec and Nova Scotia, Canada and New York, Texas, Pennsylvania, Michigan and Vermont, U.S.A.

- *Direct Shipments*

  Taiga also arranges for delivery of products directly from its suppliers' facilities to its customers' yards. This allows Taiga to avoid the expense of holding inventory and benefits customers by facilitating quicker delivery of the products.

- *Inventory Management*

  In addition to the purchase of building products from suppliers as inventory for resale, Taiga has Vendor Managed Inventory ("VMI") programs with a number of key suppliers. Under the VMI program, Taiga holds and sells product on a consignment basis. Taiga's VMI program benefits suppliers by allowing them to get their products to national markets directly and can also increase a supplier's market share. Utilizing VMI, products can be sold to customers before they have been purchased by Taiga. Benefits to Taiga from employing a VMI program include the ability to access certain building products without having to commit working capital for the purchase of inventory as well as the ability to carry a wider product range from an individual supplier. Using the VMI program reduces Taiga's risk from commodity price fluctuations.

Value-Added Manufacturing

Taiga operates three wood preservation plants that produce treated wood products.

Facilities and Operations

Location	Nature of Operations	Size	Estimated Annual Capacity (per board foot)	Nature of Interest	Year Facility Opened
Langley, British Columbia	Wood preservation plant	42,000 sq. ft. building on 12.4 acres	60 million	leased	1998
Edmonton, Alberta	Wood preservation plant	54,000 sq. ft. building on 8.5 acres	60 million	leased	1999
Monetville, Ontario	Wood preservation plant	20,924 sq. ft. building on 10.8 acres	40 million	leased	1990(1)

Notes:

(1) The Monetville facility has been in operation since 1990. Taiga acquired this facility in 2005.

❖ *Wood Preservation Plants*

Taiga's wood preservation plant in British Columbia uses three different chemicals: chromated copper arsenate ("CCA"), alkaline copper quaternary ("ACQ") and copper azole (CA). In late 2003, in response to environmental concerns, the wood preservation industry voluntarily began using ACQ for treating wood used in residential applications. Taiga's British Columbia plant uses ACQ in 85% of its production and its Alberta plant uses Copper Azol, which is similar to ACQ. These two Western Canadian plants also use CCA for treating wood used in non-residential applications. Both plants utilize a state-of-the-art CCA accelerated "fixation" process to "lock" the preservative within the wood. In 2005, a third pressure-treating plant was purchased in northern Ontario and converted to run with the ACQ preservative. All three plants have met the stringent design and operation standards stipulated by Environment Canada and Wood Preservation Canada. “Taiga Select” preserved wood products are now covered by the Canadian Wood Preservation Certification Authority (“CWPCA”).

Suppliers

Taiga has established strong, stable relationships with its suppliers. Taiga's scale offers efficiencies that management believes are superior to suppliers whose core competency is manufacturing. As a buyer for the producer's bulk product shipments, Taiga offers the producer reduced distribution costs. Compared to directly selling to small and medium sized accounts, Taiga’s distribution network is intended to offer its suppliers access to a large and diverse market at less risk. Taiga also provides a high level of marketing and product support to its suppliers.

Although Taiga believes it has strong relationships with its current suppliers and that it has access to alternate suppliers if needed, any disruption in Taiga’s sources of supply is subject to certain risks. See “Risk Factors – Supply-side Risks”.

Customers

Taiga's primary customers are "big-box" and other building products retailers, building supply yards and industrial manufacturers. Building products retailers and building supply yards sell building products to either "do-it-yourself" consumers or contractors. Taiga's customers include national retail chains such as Lowe’s Companies Inc. and Home Hardware Stores Limited, regional retail chains and members of buying groups such as Sexton, Tim-BR Mart, Castle Building Centres and Independent Lumber Dealers of Canada. Buying groups provide advertising and promotional programs on behalf of their members. Buying groups facilitate access to geographically dispersed dealers. Products sold by Taiga's Rocklin and Sanger, California distribution centres are sold primarily to building supply yards. The scale of Taiga's operations enables it to satisfy its customers' needs by providing large uniform volumes of its focused range of products.

By keeping product inventories close to customers at its distribution centres, Taiga enables these customers to achieve just-in-time inventory management practices. Taiga caters to small, mixed-load needs and can typically deliver products within 48 hours of receiving an order. Taiga offers its customers product availability, reduced inventory requirements, storage and handling costs, and favourable credit and financing options. Taiga's strength is also in its individual relationships with its customers. Some relationships between Taiga employees and customers extend back over 20 years.

Employees

As of December 31, 2017, Taiga had 459 employees. Taiga's employees are not unionized. Management believes that Taiga has a good relationship with its employees.

Competition

The distribution of building products is highly competitive. In Canada, Taiga's principal competitors fall into two categories. The first category of competitor is comprised of regional or national distributors. Taiga's competitive position is influenced by its size, geographic diversification and financial strength. Since much of the value in distribution is derived from volume discounts on large purchases, Taiga's size is an important advantage with respect to this category of competitors. The second category of competitor is comprised of producers that sell directly to retailers. Taiga believes it has an advantage over such producers in terms of distribution because Taiga is able to acquire products from a diverse range of suppliers. This generally lowers Taiga's inventory costs. Industry consolidation has made the lumber and building materials industry more competitive. Both suppliers and retailers have grown in size in order to take advantage of economies of scale. Management believes that Taiga is well positioned in Canada to service these growing companies because of its national presence and the strength of its logistics network. In the United States, while Taiga faces the same types of competitors as in Canada, those competitors are greater in number and size. See "Risk Factors – Competition".

Cyclicality and Seasonality

The building products industry is cyclical. This industry tends to be highly profitable during periods of economic expansion and faces challenges during economic recessions. Profits are also tied to the prices of the commodities that Taiga sells. Profits in the industry are closely tied to housing starts, which are cyclical and do not necessarily mirror the economic cycle. In order to mitigate the effects of the business cycle and reductions in housing starts, Taiga is developing a counter-cyclical business strategy. By tying employee bonuses to profits, Taiga has increased the variable portion of total employee compensation, thus reducing compensation expenses during downturns in the business cycle. An increased emphasis on Taiga's VMI program is expected to reduce the effect of cyclicality because products are sold on a consignment basis and, accordingly, commodity price fluctuations have less of an effect on Taiga's inventory costs. Taiga's gross margins are increasingly driven by engineered wood, treated wood and allied products, which do not generally trade as commodities. By expanding its focus on the sale of products that are common in the home renovations market, Taiga believes it will reduce the impact of housing starts on its business.

The building products industry is also seasonal in nature. The new home construction season in Canada typically extends from early March through to late October, and is dependent on the weather in each local market. Retailers typically build up inventories shortly before the start of the building season in anticipation of sales. Taiga's sales mirror the building season. However, Taiga has developed a significant mix of products that are sold during the winter season such as mouldings, insulation and finished panel products. Taiga's goal is to further increase sales in these and other winter season products in order to smooth fluctuations in quarterly earnings attributable to the building season. Taiga's business strategy of expanding its operations in the United States and Asia is also expected to reduce seasonality because of their different building seasons. See "Risk Factors – Seasonal and Cyclical Nature of Taiga's Business".

Environmental Compliance

Taiga is committed to operating its facilities in an environmentally responsible manner. Taiga's business activities are subject to federal, state, provincial and local environmental and occupational health and safety laws and regulations, including requirements relating to air emissions, storage and handling of chemicals and hazardous substances, wastewater and storm water discharge, ownership and operation of underground storage tanks and cleanup of contaminated soil and groundwater. Management believes that Taiga is in material compliance with such applicable laws and regulations. Under applicable environmental laws, Taiga could be potentially responsible for cleanup of contamination at owned or leased facilities caused by its operations or, potentially, by the past operations of others.

In February 2005, environmental studies were performed on Taiga's distribution centres in Langley, Kelowna, Calgary, Edmonton, Sudbury, Milton, Brampton, Boucherville and St. Augustin, along with the wood preservation plants in Langley and Edmonton. In August 2006 environmental studies were performed on Taiga's distribution centre in Sanger, California. In August 2013, environmental studies were performed on Taiga's distribution centres in Edmonton, Winnipeg, Saskatoon, Regina, and Dartmouth. These studies have shown that there is likely some contamination associated with on-site activities. There may also be some contamination associated with third party off-site industrial activities on adjacent sites. The presence or absence of such contamination has not been confirmed at this time, but is not expected by management to be material. Also, prior to acquiring the wood preservation plant in Monetville, Ontario, Taiga obtained a Phase II environmental study, the results of which show that there was likely some contamination associated with on-site activities.

Environmental protection and compliance requirements, including as a result of the contamination identified above, do not and are not expected to have any material financial or operational effects on Taiga's capital expenditures, earnings or competitive position. However, such requirements and anticipated liabilities are subject to substantial uncertainty and there can be no assurance that environmental liabilities or compliance or cleanup requirements will not increase or develop in the future beyond management's current expectations, which may result in a material adverse effect on Taiga's financial condition and results of operations. See "Risk Factors – Environmental Risk".

All three of Taiga's "Envirofor Preservers" treating plants have achieved the highest standard in Canada by being certified by Environment Canada and Wood Preservations Canada. "Taiga Select" preserved wood products are now covered by the CWPCA.

All laminate flooring products sold by Taiga are produced, tested and compliant according to both the European E1 and California Air Resource Board (CARB) standards for formaldehyde emissions. Taiga vinyl flooring products are Phthalate Free, and are tested before, during and after manufacturing to ensure a safe and consistent final product.

Softwood Lumber Anti-dumping and Countervailing Duties

On April 24, 2017 the U.S. Commerce Department imposed new anti-subsidy tariffs averaging 20 percent on Canadian softwood lumber imports, a move that escalates a long-running trade dispute between the two countries.

On November 2, 2017 the U.S. Commerce Department announced its final determinations in its countervailing duty and anti-dumping investigations on Canadian softwood lumber imports, resulting in final combined duties of 20.83% for most importers.

There can be no assurance that the United States Government will not conduct further investigations, impose further duties in the future, or enact other legislation affecting trade. See "Risk Factors – New Regulations".

RISK FACTORS

The following are risk factors relating to Taiga that current or prospective investors should carefully consider before making an investment decision relating to the Common Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF or incorporated by reference. These risks and uncertainties may not be exhaustive. Additional risks and uncertainties not currently known to Taiga, or that Taiga currently considers immaterial, may also impair the operations of Taiga or relate to the holding of Common Shares. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of Taiga, and the ability of Taiga to make distributions on the Common Shares, or the value of the Common Shares, could be materially adversely affected.

Dependence on Market and Economic Conditions

Demand for Taiga's products depends significantly upon the residential construction market and home improvement market. The level of activity in these markets depends on many factors, including the general demand for housing, interest rates, availability of financing, housing affordability, levels of unemployment, shifting demographic trends, gross domestic product growth, consumer confidence, changes in the rate of housing starts, and other general economic conditions, which are beyond Taiga's control. Also, since such markets are sensitive to cyclical changes in the economy, future downturns in the economy or lack of further improvement in the economy could have a material adverse effect on Taiga's financial condition and results of operations.

Liquidity Risks

Taiga's ability to make scheduled payments of its obligations depends on its successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond Taiga's control.

The Company's ability to maintain compliance with certain of its debt covenants under the Facility depends on the borrowing base connected to a defined percentage of accounts receivable and inventories, which is subject to the Company's future financial and operating performance.

The Company's ability to meet its future debt service and other obligations may depend in significant part on the extent to which the Company can successfully implement its business growth and cost management strategies. The Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realized. The Company expects to meet future cash requirements in part through the Facility.

In 2009, disruptions in the United States, Canada and other credit markets adversely affected the availability of credit and the financial markets in general. Although improving, housing starts and the residential housing markets in the United States have not yet returned to the pre-crisis level. Future financial disruptions affecting the United States and Canadian markets, both generally and the housing markets specifically, could have a material adverse effect on Taiga's operations, liquidity and financial results.

Tax Risk

Taiga believes that it is in material compliance with all applicable federal, provincial, and state income tax legislation in Canada and the United States. However, income tax returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Taiga, such reassessment may have an impact on current and future taxes payable. See “Legal Proceedings and Regulatory Actions”.

Taiga is subject to ongoing examination by tax authorities in each jurisdiction in which it has operations. Taiga regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for current and deferred income taxes, as well as the provision for indirect, withholding and other taxes as well as related penalties and interest. This assessment relies on estimates and assumptions, which involves judgments about future events. It also relies on interpretations of tax law, including general anti-avoidance provisions (GAAR), and prior experience. New information may become available that causes Taiga to change its judgment regarding the adequacy of its provisions related to income and other taxes and any changes will be recorded prospectively in the period that such determinations are made. There is no assurance that adequate provisions have been or will be made by Taiga to fully cover its possible exposure to tax related liabilities, and any material tax reassessment may have a material adverse impact on Taiga’s liquidity, financial condition and results of operation. Taiga has entered into indemnity agreements with its former major shareholders in order to mitigate the risk of reassessments against Taiga in respect of certain withholding tax determinations. Although Taiga has repaid a recent Canada Revenue Agency reassessment in respect of withholding taxes (see “Significant Developments over the Last Three Fiscal Years – Canada Revenue Agency Reassessment”), the indemnity agreements continue to be in effect in the event additional reassessments are issued or the repaid reassessment is appealed. Taiga has no reason to believe that the terms of such agreements shall not be adhered to, however any default or material delay in performance by the major shareholders could result in a material adverse effect on Taiga’s cash flows, results of operations and financial condition in the event of a material tax reassessment.

Sales and Margin Risk and Fluctuations in Commodity Prices

Taiga's profitability depends on its ability to maintain and grow sales to its customers and to sustain its profit margins. If Taiga's operating costs increase or if the prices for which Taiga is able to sell its products fall, its sales or margins, or both, will be adversely affected.

Taiga's sales volumes are affected by general economic conditions impacting the housing industry, competition as well as its relationships with customers and suppliers. Adverse changes in any one of these factors can significantly reduce Taiga's sales volumes.

Commodity prices fluctuate with market supply and demand and other factors, and these fluctuations can be volatile. Taiga's profitability is directly influenced by the cost of certain commodity products, such as plywood, oriented strand board, panel boards and dimension lumber. The prices of such commodity products are beyond the control of Taiga. Sudden changes in commodity prices may adversely impact Taiga's operating results. There can be no assurance that Taiga's producers or manufacturers will continue to have these commodity products available to them at reasonable prices or that significant increases in the costs of such commodities will not materially adversely affect Taiga’s operations.

Supply of Commodities

Dimension lumber and panel products are important components of Taiga's product mix. Due to political and environmental restrictions on logging in North America, the availability of adequate lumber supply in the future could adversely affect Taiga's growth. Taiga's policy of buying from as many established producers as possible, and its practice of establishing a number of supply arrangements are both designed to ensure continued supply, but there can be no assurance that such measures will reduce the risk of limited supply in the future.

Supply-Side Risks

Taiga distributes building products produced or supplied by a number of major suppliers. Taiga currently does not have long term contracts with any of its major suppliers and many of its arrangements with its suppliers are not contained in written agreements. Although Taiga believes that it has access to similar products from competing suppliers, any disruption in Taiga's sources of supply, or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect upon Taiga's results of operations and financial condition.

In addition, many of Taiga's suppliers and other service providers have unionized work forces. If one or more of Taiga's suppliers or service providers experience a material work stoppage or slow down, it could materially adversely affect Taiga's ability to secure sufficient inventory and therefore could materially adversely affect its business, financial condition, results of operations and cash flows. Also, supply shortages occur at times as a result of unanticipated demand, production difficulties or delivery delays. In such cases, building material and commodity suppliers often allocate products among distributors. Therefore, future supply shortages may occur from time to time and may have a short term material adverse effect on Taiga's results of operations and financial conditions.

Commodity Price Risk

The wholesale building products distribution industry is characterized by large sales volumes and low gross margins. It is highly sensitive to price, quality, timeliness of delivery and continuity of supply. In addition, the demand for some of Taiga's products is cyclical and prices can change rapidly.

Taiga's buying practices are designed to minimize the risk of rapidly changing prices, although there can be no assurance that such practices will actually reduce risk. Generally, Taiga does not hedge its inventory risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and anticipated customer demand. Although Taiga strives to reduce the risk associated with price changes by maximizing inventory turnover, Taiga maintains significant quantities of inventory, which is affected by fluctuating prices.

Currency Risk

The performance of the Canadian dollar compared to the US dollar presents a certain valuation risk for inventories purchased specifically for United States markets. Taiga does not generally hedge these inventories with United States exchange forwards, relying instead on rapid inventory turnover. Taiga continually monitors exchange trends and currently does not have a material economic foreign currency exposure, however, there can be no assurance that exchange rate fluctuations will not adversely affect Taiga's financial position and profitability going forward.

Credit Risk

Taiga extends to its customers credit, which is generally unsecured. Taiga has credit management procedures in place to mitigate the risk of losses due to the insolvency or bankruptcy of customers. The Company regularly reviews customer credit limits, monitors the financial status of customers, and assesses the collectibility of accounts receivable. However, risk exists that some customers may not be able to meet their obligations and the loss of a large receivable would have a significant negative impact on Taiga's profitability.

The Company is also exposed to credit risk from the potential default by any of its counterparties on the interest swap and lumber futures contracts. The Company mitigates this credit risk by dealing with counterparties who are established major financial institutions. Taiga evaluates potential counterparties in advance of entering into such agreements and deals only with parties it anticipates will satisfy their obligations under the contracts.

Environmental Risk

Taiga's operations are subject to a wide range of general and industry-specific environmental laws and regulations imposed by federal, provincial and local authorities in Canada and the United States, including those governing the use, storage, handling, generation, treatment, emission, release, discharge and disposal of certain hazardous materials and wastes, and the remediation of contaminated soil and groundwater. Taiga may be subject to liability for the investigation and remediation of environmental contamination (including contamination caused by other parties) at properties that it owns or operates and at other properties where it or its predecessors have operated or arranged for the disposal of hazardous substances. Failure to comply with applicable environmental requirements, including permits related thereto, could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of equipment or remedial actions, any of which could result in significant expenditures or reduced results of operations. Management believes that Taiga is in material compliance with all applicable environmental laws and regulations and Taiga incurs capital and operating expenditures in the ordinary course to maintain such compliance. However, future events such as any changes in these laws and regulations, or any change in their interpretation or enforcement, the discovery of currently unknown conditions, or future claims or remediation activities, may give rise to additional expenditures, liabilities or cleanup requirements beyond management's current expectations. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Taiga has made provisions for known claims and expected remediation, but such costs are uncertain and there is a risk that Taiga's provisions will not be sufficient. These future events could have a material adverse effect on Taiga's business, financial condition, results of operations and cash flows.

Interest Risk

Taiga utilizes significant leverage to finance day-to-day operations. The interest cost of the Facility is predominately prime-based. Increased interest rates will increase Taiga's operating costs and may reduce net profit after income tax. Taiga monitors current interest rates and selectively utilizes interest rate swap agreements.

Competition

Taiga faces competition from one or more competitors in all geographic areas where it sells products. Taiga competes with many local, regional and national distributors as well as producers that engage in direct sales. Taiga's competition varies by product line, customer classification and geographic market.

The highly competitive market in which Taiga conducts its business may require it to reduce its prices from time to time. If competitors offer discounts on certain products or services in an effort to capture or gain market share or to sell other products, Taiga may lower prices or offer other favourable terms in order to compete successfully. Any such changes could reduce Taiga's margins and adversely affect operating results.

Competitors may provide price guarantees. This practice could, over time, limit the prices that Taiga charges for its products. If Taiga cannot offset price reductions with a corresponding increase in sales or with reduced expenses, then Taiga's margins and operating results would be adversely affected.

Some of the companies that compete with Taiga have greater financial and other resources than those of Taiga or may have access to government incentives, labour or products that are not available to Taiga. There can be no assurance that Taiga's principal competitors will not be successful in capturing, or that new competitors will not emerge and capture, a share of Taiga's present or potential customer base. See "Business of Taiga – Competition".

In addition, it is possible that some of Taiga's suppliers or customers could become competitors of Taiga if they decide to distribute their own building products and bypass distributors like Taiga. This risk could be increased as a result of the recent consolidation by both producers and retailers of building products, who may be encouraged to deal directly rather than through distributors. Furthermore, if one or more of Taiga's competitors were to merge or partner with another of its competitors, the change in the competitive landscape could adversely affect Taiga's ability to compete effectively. Competitors may also establish or strengthen relationships with parties with whom Taiga has relationships, thereby limiting Taiga's ability to distribute certain products. Disruptions in Taiga's business caused by these events could reduce its revenues.

Seasonal and Cyclical Nature of Taiga's Business

The business of Taiga is, to a significant degree, seasonal and cyclical, and fluctuates in advance of the normal building season. Inventory is built up during the first and fourth quarters of the calendar year in anticipation of the building seasons, and the busy selling season begins in the last half of the first quarter and extends to the end of the third quarter of the calendar year. Additionally, Taiga is subject to the normal economic cycle, the housing cycle and to macroeconomic factors, such as interest rates. Although Taiga anticipates that these seasonal and cyclical fluctuations will continue in the foreseeable future, it is seeking to reduce their impact on its operations and sales. See "Business of Taiga – Cyclicality and Seasonality".

Debt Service Obligations

Taiga has debt service obligations under the Facility. The degree to which Taiga is leveraged could have important consequences to shareholders, including its ability to obtain additional financing for working capital, capital expenditures or acquisitions on acceptable terms. Taiga’s ability to make payments on its indebtedness will depend on future cash flow, prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond its control.

The Facility contains restrictive covenants and maintenance and reporting requirements which place restrictions on certain aspects of its business or ability to enter into additional material transactions. A failure to comply with the obligations of the Facility could result in an event of default which, if not cured or waived, could permit acceleration of the Facility, and in such event there can be no assurance that Taiga's assets would be sufficient to repay the amounts owing in full, which could have a material adverse effect on the business.

Taiga may need to refinance its indebtedness and there can be no assurance that it will be able to do so on terms acceptable to Taiga or at all. If Taiga is unable to refinance its debt, or is only able to refinance its debt on less favourable and/or more restrictive terms, there may be a material adverse effect on Taiga's financial position, results of operations and its ability to pay dividends in the future.

Product Liability Claims

Taiga may from time to time be subject to claims for damages resulting from defects in products that it distributes. Product liability claims, even if unsuccessful, may result in significant litigation costs to defend such claims as well as other costs incurred to remedy the problem, which could substantially increase Taiga's expenses. Taiga believes that it maintains adequate insurance coverage for risks of product liability claims.

New Regulations

With the exception of the application of environmental regulations, in particular those affecting the treatment of Taiga's treated wood products, Taiga's business is currently subject to few laws and regulations. Generally, there are laws that regulate credit practices, transporting products, importing and exporting products and employment. Such laws, regulations and related rules and policies are administered by various federal, state, provincial, municipal, regional and local agencies and other governmental authorities. New laws affecting Taiga's business could be enacted or changes to existing laws could be implemented, each of which might have a significant impact on Taiga's business. Failure of Taiga to comply with applicable laws and regulations may subject Taiga to civil or regulatory proceedings which may have a material adverse effect on its financial condition and results of operations. As Taiga may expand its United States operations in the future, the potential for greater risk due to greater exposure of Taiga to United States regulations would also increase accordingly.

Dependence on Key Personnel

Taiga is dependent on the continued services of its senior management team, and its ability to retain other key personnel. Although Taiga believes that it could replace such key employees in a timely fashion should the need arise, the loss of such key personnel could have a material adverse effect on Taiga. Although Taiga does not have a unionized workforce, there can be no assurance that there will not be any labour disruptions, or that Taiga will not incur higher labour costs in the future, either of which could materially adversely affect Taiga's business, financial condition, results of operations and cash flows. Furthermore, as part of Taiga's growth strategy, Taiga may need to hire additional highly qualified individuals, including finance, sales and marketing personnel. There can be no assurance that Taiga will be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect its ability to distribute new product lines and increase revenues.

Information Systems Risk

Taiga's operations depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as expenses for the purpose of mitigating the risk of potential failures. Taiga operates an enterprise wide information system and accounting system that are designed to provide information to Taiga's management which is expected to be used to enhance financial controls and to develop sales and marketing strategies. The failure of such systems could adversely impact Taiga's results of operations. Taiga also relies on third party vendors to support, maintain and upgrade its ERP and other systems. Failure by such vendors to provide the necessary support could disrupt Taiga's operations. Any delay in converting to an alternative system, could have a material adverse impact on Taiga's results of operations. There can therefore be no assurance that the new systems will provide the information and benefits expected by management.

Availability of Future Financing

Taiga expects that going forward its principal sources of funds will be cash generated from its operating activities and borrowing capacity remaining under the Facility or future credit facilities. Taiga believes that these funds will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations, as well as to provide funds for its financing requirements, capital expenditures and other needs for the foreseeable future. Despite its expectations, however, Taiga may require additional equity or, beyond the Facility, debt financing to meet its cash requirements and financial obligations. Such financing may not be available when required or may not be available on commercially favourable terms or on terms that are otherwise satisfactory to Taiga.

Level of Dividends

The board of directors of the Company may, in its discretion, amend or repeal the Company's dividend policy. The Company's board of directors may decrease the level of dividends provided for in the Company's dividend policy or entirely discontinue the payment of dividends.

While the Company is contractually obligated to make interest payments on its outstanding indebtedness, subject to certain deferral provisions, cash distributions by the Company on the Common Shares are not guaranteed and will fluctuate with the performance of the business of Taiga at the discretion of the board of directors.

Creditworthiness

The perceived creditworthiness of the Company and its respective subsidiaries that have guaranteed the Notes may affect the market price or value and the liquidity of the Common Shares and Notes.

DIVIDENDS

Dividend Policy

Taiga's board has rescinded Taiga's dividend policy set on October 15, 2008. Taiga's board has adopted a new corporate strategy to focus on reinvesting capital into innovation and other growth opportunities as they arise.

Interest Payments on Notes

The Company is obligated to make interest payments in connection with its New Notes, as set out in the indenture governing the New Notes entered into by the Company and Computershare Trust Company of Canada as trustee, dated November 17, 2017 (the "Indenture"). A copy of the Indenture is available under the Company's SEDAR profile at www.sedar.com.

Between November 17 and December 31, 2017, interest payable on each $1,000 of the New Notes was 7% with the first payment due May 17th. Interest on the New Notes is payable on May 17 and November 17 of each year. For the total net interest expense on the New Notes and the Notes, please see the audited consolidated financial statements for the period ended December 31, 2017, which are available on SEDAR.

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares, unlimited number of class A common shares, unlimited number of class A preferred shares and unlimited number of class B preferred shares. As at the date hereof, 116,823,109 Common Shares, no class A common shares and no class A or class B preferred shares were issued and outstanding.

The holders of Common Shares are entitled to one vote per Common Share and to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of Common Shares are entitled to receive dividends if, as and when declared by the board of directors of the Company on Common Shares as a class. The holders of Common Shares will be entitled to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

The holders of class A common shares are entitled to one vote per every two class A common shares held and to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of class A common shares are entitled to receive dividends if, as and when declared by the board of directors of the Company on class A common shares as a class. The holders of class A common shares will be entitled to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

The holders of class A preferred shares are not entitled to vote for the election of directors or for any other purpose, nor are they entitled to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of class A preferred shares are entitled to receive dividends if, as and when declared by the board of directors of the Company at a rate to be determined by the directors at the time of issue of such shares. The holders of class A preferred shares will be entitled, before any distribution of any part of the assets of the Company among holders of any other class, to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs. The Company may, by resolution of the board of directors, redeem at any time the whole or from time to time any part of the then outstanding class A preferred shares on payment for each share of the amount of $1,000, together with any dividends declared thereon and unpaid. Any holder of class A preferred shares may, at any time upon giving notice to the Company, require the Company to redeem the whole or from time to time any part of the class A preferred shares.

The holders of class B preferred shares are not entitled to vote for the election of directors or for any other purpose, nor are they entitled to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of class B preferred shares are entitled to receive dividends if, as and when declared by the board of directors of the Company at a rate to be determined by the board of directors at the time of issue of such shares. The holders of class B preferred shares will be entitled, after distribution to the holders of the class A preferred shares, but before any distribution of any part of the assets of the Company among holders of the Common Shares, to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs. The Company may, by resolution of the board of directors, redeem at any time the whole or from time to time any part of the then outstanding class B preferred shares on payment for each share of the amount set by the directors at the time of issuance of such class B preferred shares together with any dividends declared thereon and unpaid. Any holder of class B preferred shares may, at any time upon giving notice to the Company, require the Company to redeem the whole or from time to time any part of the class B preferred shares.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the trading symbol "TBL". The monthly price ranges and volumes of the Common Shares traded on the TSX for the most recently completed financial year are as follows:

Month	Price Range	Total Volume
December 2017	$1.37 - $1.41	2,938,413
November 2017	$1.26 - $1.50	1,861,504
October 2017	$1.26 - $1.65	902,030
September 2017	$1.50 - $1.63	210,960
August 2017	$1.01 - $1.38	259,190
July 2017	$1.00 - $1.01	66,680
June 2017	$0.98 - $1.03	77,370
May 2017	$1.03 - $1.07	30,900
April 2017	$1.01 - $1.05	103,425

Note: Taiga changed its fiscal year end in 2017 from March 31 to December 31. The table above represents a fiscal year period of nine months.

DIRECTORS AND OFFICERS

The following table sets out, as at the date hereof, for each of the directors and senior officers of the Company, the person's name, province or state and country of residence, position(s) with the Company and principal occupation within the five previous years, and includes the period during which each director has served as a director of the Company. The term of office for each of the directors will expire at the next annual meeting of shareholders of the Company or until the earlier of the director's death, resignation or removal. Each senior officer serves at the discretion of the board of directors of the Company and holds office until his or her successor is appointed or until the earlier of such officer's death, resignation or removal.

Name, Position with Taiga and Province or State and Country of Residence	Principal Occupation	Director Since
KOOI ONG TONG(1) Chairman and Director Kuala Lumpur, Malaysia	Chairman of Taiga	May 20, 2005(2)
PETER BUECKING(1)(3) Director British Columbia, Canada	Corporate Director	November 7, 2006
DOUGLAS J. MORRIS Director Ontario, Canada	Business Consultant	July 16, 2009
BRIAN FLAGEL(3) Director British Columbia, Canada	President of Custom Consulting	November 17, 2010
IAN TONG Director Soleil, Singapore	Vice President of Investments at UPP Holdings Limited	July 20, 2012
OTTO-HANS NOWAK(3) Director Hong Kong	Business Consultant	August 8, 2013
CAM WHITE Director Alberta, Canada	Business Consultant	July 20, 2012

Name, Position with Taiga and Province or State and Country of Residence	Principal Occupation	Director Since
TRENT BALOG(4) Chief Executive Officer and President Alberta, Canada	Chief Executive Officer and President of Taiga	N/A
GRANT SALI(5) Executive Vice President, Supply Management and Chief Procurement Officer British Columbia, Canada	Executive Vice President, Supply Management and Chief Procurement Officer of Taiga	N/A
RUSS PERMANN(6) Executive Vice President, Operations and Chief Operating Officer Alberta, Canada	Executive Vice President, Operations and Chief Operating Officer of Taiga	N/A
MARK SCHNEIDEREIT-HSU Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary British Columbia, Canada	Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary of Taiga	N/A

Notes:

(1) Member of the Company's compensation committee.
(2) Dr. Tong has been a director of Old Taiga since September 29, 2003.
(3) Member of the Company's audit committee.
(4) Prior to his appointment as Chief Executive Officer and President in March 2015, Mr. Balog was Executive Vice President, Operations and Chief Operating Officer of Taiga.
(5) In March 2015, Grant Sali was appointed as Chief Procurement Officer, in addition to his existing role as Executive Vice President, Supply Management.
(6) Mr. Permann held the position of Vice President – Prairie Operations, Envirofor Preservers and US Operations, prior to his appointment as Executive Vice President, Operations and Chief Operating Officer in March 2015.

As of the date hereof, the directors and executive officers of the Company collectively held, directly or indirectly, or exercised control or direction over approximately 17% of the outstanding Common Shares (excluding the Common Shares controlled by UPP and Genghis). Genghis is a private Luxembourg company represented by Dr. Tong that owns 15.8% of the outstanding Common Shares. Dr. Tong is the Executive Chairman, Chief Executive Officer and a significant shareholder of UPP, which indirectly owns approximately 49% of the outstanding Common Shares. Ian Tong is also an Executive Director and Vice President, Investments of UPP.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of Taiga is, or has been, within the past ten years, a director, chief executive officer or chief financial officer of any company, that while that person was acting in that capacity (i) was subject to a cease trade order or similar order or an order that denied that other company access to any exemptions under securities legislation for a period of more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days. No director, executive officer or, to the best of Taiga's knowledge, shareholder holding a sufficient number of securities of Taiga to affect materially the control of Taiga (i) is, at the date of this AIF, or has been within the past ten years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest

To the knowledge of Taiga, there are no existing or potential material conflicts of interest between the Company or its subsidiaries, and any director or officer of the Company or its subsidiaries. In accordance with the BCBCA, any director who has a material interest or any person who is a party to a material contract or a proposed material contract with the Company is required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the Company's directors are required to act honestly and in good faith with a view to the best interests of the Company. Certain of the Company's directors have either other employment or other business or time restrictions placed on them and accordingly these directors will only be able to devote part of their time to the Company's affairs.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as described herein, the Company and its subsidiaries are not involved nor have they been involved in any material legal proceedings (including any such proceedings which are pending or threatened of which the Company or its subsidiaries are aware) within the preceding financial year.

Third parties have threatened or may commence legal proceedings against Taiga in its ordinary course of business. An adverse determination in litigation proceedings could subject Taiga to significant liabilities to third parties. Although such disputes are often settled before trial, the costs associated with such arrangements may be substantial. Taiga closely monitors the progress of all threatened litigation and, where the directors consider it appropriate, makes the appropriate provisions and reserves in its financial statements.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than transactions carried out in the normal course of Taiga's business and other than as previously disclosed herein, none of the directors, executive officers or securityholders of greater than 10% of the outstanding Common Shares of Taiga, nor any associate or affiliate of any of the foregoing persons has, within the three most recently completed financial years or since commencement of the current financial year, had any material interest, direct or indirect, in any transactions which materially affected Taiga or in any proposed transaction which has or would materially affect Taiga.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent of the Common Shares is Computershare Investor Services Inc. and the trustee for the Notes is Computershare Trust Company of Canada at their principal offices in Vancouver, British Columbia and Toronto, Ontario, respectively.

MATERIAL CONTRACTS

Other than in the ordinary course of business, no material contracts were entered into by Taiga within the most recently completed financial period ended December 31, 2017, or before the most recently completed financial year that remain in effect, other than the following:

- the Indenture, including all supplements thereto; and
- the Credit Agreement, establishing the Facility, including all amendments thereto.

AUDIT COMMITTEE

The audit committee consists of three directors (Peter Buecking, Brian Flagel and Otto-Hans Nowak) each of whom is financially literate and independent as defined under National Instrument 52-110 - *Audit Committees*. The audit committee has a written charter setting out its mandate and responsibilities, which is set out in its entirety at Schedule "A" hereto. The audit committee assists the board of directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters and supervises the adequacy of Taiga's internal accounting controls and financial reporting practices and procedures and the quality and integrity of Taiga's audited and unaudited financial statements, including directly overseeing the external auditors and pre-approving all non-audit services to be provided by the external auditors. The committee reviews the business plan and operating and capital budgets. The audit committee also reviews Taiga's financial statements, management's discussion and analysis and the annual and interim earnings press releases prior to public disclosure. The committee is responsible for ensuring efficient and effective assessment of management of risk throughout Taiga.

The audit committee is responsible for recommending to the board of directors the external auditors to be nominated and the compensation of the external auditors, and reviewing the independence of the external auditors. The audit committee has the authority to engage independent advisors, to approve the compensation of the independent advisors, and to communicate directly with the external auditors. The committee is responsible for overseeing the resolution of disagreements in connection with financial reporting between management and the external auditors. The audit committee has established procedures to respond to complaints received regarding accounting, internal accounting control and auditing matters. Also, the audit committee has established a confidential, anonymous process for the submission of employee concerns regarding questionable accounting or auditing matters.

Relevant Educational and Professional Experience

Set out below is a description of the education and experience of each audit committee member relevant to the performance of his responsibilities as an audit committee member:

Peter Buecking – Mr. Buecking was appointed as a Director of Taiga in November 2006 and has since become a member of the audit and compensation committees. Mr. Buecking acquired financial experience and exposure to accounting and financial issues in his capacity as President of Provident Consulting Ltd., and a director of Champ Cargosystems S.A., a Luxembourg based joint venture of Cargolux Airlines International S.A. and Societe Internationale de Telecommunications Aeronautiques ("SITA"). From 2003 until 2006, Mr. Buecking was Group President of SITA headquartered in Geneva, Switzerland. At SITA, Mr. Buecking was responsible for overall group results and strategy. He was also the chair of the Executive Committee. Prior to joining SITA, he was Managing Partner of Oneworld Management Company. Oneworld is a global alliance of leading airline brands. During an 18 year career with Cathay Pacific Airways from 1982 to 2000 Mr. Buecking held several senior management positions including Vice President Canada, Vice President USA and Latin America, General Manager and Director, Asian Frequent Flyer (Singapore) Pty, General Manager In-flight Services and Director, Marketing and Sales. Mr. Buecking received a diploma in Business Administration from Vancouver College and is also a graduate of the Swire Management Trainee Program from INSEAD.

Brian Flagel – Mr. Flagel is President of Custom Consulting. Mr. Flagel retired from public service in Canada as Executive Director, Canada Border Services Agency ("CBSA"). He held several executive positions in CBSA where he was responsible for operational service delivery, international trade movements, strategic planning, professional standards and facility planning. He was Director, Canada Border Services, Vancouver International Airport for several years and was Director, Global Trade Services, FedEx, Europe, Middle East and Africa Division from 1995-1998. Mr. Flagel received a Bachelor of Arts from the University of Manitoba.

Otto-Hans Nowak – Mr. Nowak is the President and the sole director of Peak (88) Consulting Limited and is a business consultant. Mr. Nowak was previously a tax partner at Borden Ladner Gervais LLP (“BLG”) one of Canada’s largest national law firms, until his retirement. Subsequently, he has continued to provide consulting services to BLG . Mr. Nowak was a captain and F-104 Starfighter Pilot in the West German Air Force before migrating to Canada in 1971. He attended the University of British Columbia and received the degrees of Bachelor of Commerce and Bachelor of Laws. After his articles with Ladner Downs, a predecessor law firm to BLG, he initially worked as an associate with Ladner Downs and became a partner in 1983. In 1989, he was asked to open and manage a law office in Hong Kong. He returned to Ladner Downs as partner in 1993. Mr. Nowak has a wealth management and wealth transfer planning practice with special emphasis on holistic global estate planning, but he also practices in the areas of domestic tax planning, international tax planning and international wealth transfer, estate and asset preservation planning. Mr. Nowak has now relocated to Hong Kong and continues to advise high net worth clients.

Pre-Approval Policies and Procedures

The audit committee charter includes responsibilities regarding the provision of non-audit services by Taiga's external auditors. The audit committee charter states that the audit committee shall: (i) pre-approve all non-audit services to be provided by the external auditors; and (ii) on an annual basis, review and discuss with the external auditors all significant relationships they have with Taiga that could impair the auditors' independence. The audit committee charter is attached as Schedule "A" to this AIF.

Audit Fees

The aggregate fees billed by Taiga's external auditor for audit services and for services normally provided by the external auditor, such as services in connection with statutory and regulatory filings, were $195,000 for the nine month fiscal period ended December 31, 2017, and $205,000 for the fiscal year ended March 31, 2017.

Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by Taiga's external auditor that are reasonably related to the performance of the audit or review of Taiga's financial statements and not reported above under "Audit Fees" were $nil for the nine month fiscal period ended December 31, 2017 and $nil for the fiscal year ended March 31, 2017.

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by Taiga's external auditor for tax compliance, tax advice and tax planning were $45,000 for the nine month fiscal period ended December 31, 2017 and $45,000 for the fiscal year ended March 31, 2017.

All Other Fees

There were no other fees billed in the fiscal period ended December 31, 2017 and the fiscal year ended March 31, 2017.

INTERESTS OF EXPERTS

The auditors of the Company are Dale Matheson Carr-Hilton Labonte LLP at their offices in Vancouver, British Columbia. Dale Matheson Carr-Hilton Labonte LLP has advised the Company that they are independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company's information circular dated June 22, 2017 relating to the Company's annual general meeting held on May 3, 2018, a copy of which can be found on SEDAR at www.sedar.com.

Additional financial information is provided in the Company's Consolidated Financial Statements and related Management's Discussion and Analysis for the fiscal period ended December 31, 2017, copies of which may be obtained upon request from the Company at Suite 800, 4710 Kingsway, Burnaby, British Columbia, V5H 4M2. These and other regulatory filings and information may also be found on SEDAR at www.sedar.com. Information relating to Taiga can also be found at Taiga's website address at www.taigabuilding.com.

SCHEDULE "A"
CHARTER FOR THE MANDATE AND RESPONSIBILITIES
OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
OF TAIGA BUILDING PRODUCTS LTD. (the "Company")

1. Audit Committee Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities.

The Audit Committee's primary duties and responsibilities are to:

a) Identify and monitor the management of the principal risks that could impact the financial reporting of the Company.

b) Monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.

c) Monitor the independence and performance of the Company's external auditors.

d) Provide an avenue of communication among the external auditors, management, and the Board of Directors.

e) Report to the Board of Directors on its ability to fulfill its mandate and bring to the Board's attention all matters it considers significant.

f) Monitor compliance with legal and regulatory requirements, applicable to the Company.

g) Encourage adherence to, and continuous improvements of, the Company's policies, procedures and practices at all levels.

h) Establish procedures with complaints regarding accounting, internal accounting controls, or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding such matters (whistle-blowing).

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine if the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements on an annual basis. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to external auditors, company legal counsel as well as anyone in the organization.

The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

The Audit Committee is entitled to rely in good faith on the financial statements and other representations made to it by management, the external and internal auditors, and other consultants or experts.

2. The Audit Committee Composition and Meetings

a) The Audit Committee members shall meet the requirements of the Business Corporations Act (British Columbia) and those of the Stock Exchange upon which the Company's shares are listed and traded. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be outside directors who are unrelated, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Audit Committee shall be financially literate, being defined as being able to read and understand basic financial statements, and at least one member of the Audit Committee shall have accounting or related financial management expertise.

b) Audit Committee members shall be appointed by the Board on recommendation from the nomination process. If an Audit Committee Chair is not designated or present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee membership.

c) The Audit Committee shall meet at least four times annually or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve the agenda in advance of the meeting. The Audit Committee should meet privately in executive session at least annually with management and the external auditors and as a committee to discuss any matters the Audit Committee or each of these groups believe should be discussed. In addition, the Audit Committee should meet with management and the external auditors, if it is part of their engagement, quarterly to review the Company's interim financial statements and any significant events or findings that took place or came to the attention of management or the auditors.

3. Audit Committee Responsibilities and Duties

Review Procedures

a) Periodically review and reassess the adequacy of this Mandate, make amendments as necessary, and submit the Mandate to the Board for approval.

b) Review the Company's annual audited financial statements and related documents prior to filing or distribution. The review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates or judgments.

c) Annually, in consultation with management and external auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposure and the steps management has taken to monitor, control and report such exposure. Review significant findings prepared by the external auditors together with management's responses.

d) Review the effectiveness of the overall process for identifying principal risks affecting financial reporting and provide the Committee view to the Board of Directors.

e) Review with financial management the Company's quarterly financial results and related documents prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles.

f) Be aware of any ongoing or significant business relationship among the external auditors and Board of Directors and senior management. Ensure that these relationships will not impair the external auditor's independence.

g) Exercise oversight over the internal auditor by reviewing the annual work plan, reviewing summary reports on all whistle blower incidents, reviewing the summary reports of work completed, and discussing the major reports with both the internal and external auditor as well as with the CFO.

4. External Auditors

a) The external auditors are primarily accountable to the shareholders and to the Audit Committee and the Board of Directors as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the nomination of the external auditors or approve of any discharge of auditors when circumstances warrant.

b) Approve the fees and other significant compensation to be paid to the external auditors. Pre-approve all non-audit services to be provided by the external auditors.

c) On an annual basis, the Audit Committee should receive a report from and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence. The report should explicitly acknowledge that the auditors' primary client is the shareholders.

d) Review the external auditors' audit plan - discuss and approve audit scope, staffing, reliance upon management, locations, and general audit approach.

e) Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.

f) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied to the Company's financial reporting.

5. Legal Compliance

On at least an annual basis, or otherwise as required, the Audit Committee should review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or government agencies.

6. Other Audit Committee Responsibilities

The Audit Committee shall:

a) Periodically and at least annually, report to the Board any aspect of the Mandate which they (individually or collectively) feel they have been unable to perform effectively and, in writing, request that the external auditor, the internal auditor, the Secretary, the CFO, the CEO, and the Chairman of the Board report directly to the Board any failures they have noted in the performance of the Audit Committee.

b) Prepare and disclose the Mandate to shareholders.

c) Perform any other activities consistent with this Mandate, the Company's articles, and governing laws, as the Audit Committee or the Board deems necessary.

d) Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the Audit Committee's activities.

e) Review financial and accounting personnel succession planning within the Company.