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**Hardwoods Announces Closing of C\$50 Million
Bought Deal Subscription Receipt Offering and Provides an Update on the Acquisition of Rugby
Architectural Building Products**

Langley, B.C., June 30, 2016 - Hardwoods Distribution Inc. ("Hardwoods" or the "Company") (TSX: HWD) has closed its previously announced bought deal public offering of subscription receipts (the "Subscription Receipts") through a syndicate of underwriters led by Cormark Securities Inc. (the "Lead Underwriter") and including Canaccord Genuity Corp., CIBC World Markets Inc., Mackie Research Capital Corp. and Acumen Capital Finance Partners Limited (collectively, the "Underwriters"). The Company issued an aggregate of 3,449,000 Subscription Receipts at a price of \$14.50 per Subscription Receipt, for aggregate gross proceeds to Hardwoods of \$50,010,500 (the "Offering").

The Company has granted the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional 517,350 Subscription Receipts (or, in certain circumstances, Common Shares (as defined below)) at a price of \$14.50 per Subscription Receipt (or, in certain circumstances, Common Shares) exercisable in whole or in part at any time until the earlier of: (i) 30 days following the date hereof; and (ii) the occurrence of a Termination Event (as defined below), for market stabilization purposes and to cover over-allotments, if any.

The gross proceeds from the sale of the Subscription Receipts less 50% of the Underwriters' commission (the "Escrowed Proceeds") will be held by the escrow agent pending, among other things, the satisfaction or waiver of all conditions precedent to completing the Company's previously announced acquisition (the "Acquisition") of substantially all of the assets used in the business of Rugby Acquisition, LLC and its subsidiaries, collectively doing business as "Rugby Architectural Building Products" (collectively, "Rugby"), other than the payment of the purchase price and such other conditions that by their nature may only be satisfied at the closing time for the Acquisition (the "Release Condition"), and the delivery of a joint written notice from the Company and the Lead Underwriter to the subscription receipt agent confirming that the Release Condition has been satisfied or waived (collectively, the "Release Event").

Each Subscription Receipt entitles the holder thereof to receive, for no additional consideration and without further action, one common share of the Company (a "Common Share") upon the occurrence of the Release Event. If (i) the Release Event does not occur on or prior to 5:00 p.m. (Vancouver time) on September 28, 2016 (the "Release Deadline"), or (ii) the Company advises the Underwriters and the subscription receipt agent, or announces to the public by way of a news release, that it does not intend to proceed with the Acquisition (each such event being a "Termination Event"), holders of the Subscription Receipts will be entitled to receive the full purchase price of their Subscription Receipts, together with their pro rata share of interest earned thereon (including interest on the initial portion of the underwriting commission), less applicable withholding taxes. In addition, if the closing of the Acquisition occurs prior to the Release Deadline and the record date for one or more cash dividends on the Common Shares occurs during the period from the closing date of the Offering to and including the closing date of the Acquisition, each holder of a Subscription Receipt will be entitled to receive an amount per Subscription Receipt equal to the amount of such per Common Share dividend(s), less applicable withholding taxes. This amount will be payable on the later of three business days following the date of the Release Event or the date such dividend(s) is paid to shareholders.

The Subscription Receipts will be listed for trading on the Toronto Stock Exchange under the symbol "HWD.R".

Acquisition Update

On June 28, 2016, the US Federal Trade Commission informed Hardwoods that it has granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act ("HSR Act"). Accordingly, the condition to the Acquisition relating to the expiration or termination of the HSR Act waiting period has been satisfied. On June 24, 2016, the Toronto Stock Exchange informed Hardwoods that it has accepted notice of the Acquisition and conditionally approved the listing of the 563,542 Common Shares issuable in connection with the closing of the Acquisition. The Acquisition is expected to close in July 2016. The Company will use the net proceeds from the Offering to partially fund the Acquisition.

About Hardwoods Distribution Inc.

Hardwoods is one of North America's largest distributors of high-grade hardwood lumber, sheet goods and architectural millwork to the cabinet, moulding, millwork, furniture and specialty wood products industries. The Company currently operates a network in North America of 32 distribution centres, as well as 1 sawmill and kiln drying operation.

Forward-Looking Statements

Certain statements in this news release may constitute "forward-looking information" within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions. Forward-looking information in this news release includes, without limitation, statements with respect to: the expected closing of the Acquisition and the timing therefor and the anticipated use of net proceeds of the Offering. Actual events or results may differ materially.

The forward-looking information in this news release is based on assumptions which include, but are not limited to: the ability of the Company and Rugby to satisfy the closing conditions of the Acquisition; there are no material exchange rate fluctuations between the Canadian and US dollar that affect the Company's performance; the general state of the economy does not worsen; the Company and Rugby do not lose any key personnel; there are no decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods that harm the Company's business; the Company does not incur material losses related to credit provided to its customers; the Company's products are not subjected to negative trade outcomes; the Company is able to sustain its level of sales and earnings margins; the Company is able to grow its business long term and to manage its growth; the Company is able to integrate acquired businesses; there is no new competition in the markets in which the Company operates that leads to reduced sales and profitability; the Company can comply with existing regulations and will not become subject to more stringent regulations; no material product liability claims; importation of products manufactured with hardwood lumber or sheet goods does not increase and replace products manufactured in North America; the Company's management information systems upon which it is dependent are not impaired; and, the Company's insurance is sufficient to cover losses that may occur as a result of its operations.

The forward-looking information in this news release is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: failure of the Company and Rugby to satisfy the closing conditions of the Acquisition; exchange rate fluctuations between the Canadian and US dollar could affect the Company's performance; the Company's results are dependent upon the general state of the economy; the Company depends on key personnel, the loss of which could harm its business; decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods could harm the Company's business; the Company may incur losses related to credit provided to the Company's customers; the Company's products may be subject to negative trade outcomes; the Company may not be able to sustain its current level of sales or earnings margins; the Company may be unable to grow its business long term or to manage any growth; the Company may be unable to integrate acquired businesses; competition in the Company's markets may lead to reduced sales and profitability; the Company may fail to comply with existing regulations or become subject to more stringent regulations; product liability claims could affect the Company's sales, profitability and reputation; importation of products manufactured with hardwood lumber or sheet goods may increase, and replace products manufactured in North America; the Company is dependent upon its management information systems; the Company's insurance may be insufficient to cover losses that may occur as a result of the Company's operations; the Company's credit facilities affect its liquidity, contain restrictions on the Company's ability to borrow funds, and impose restrictions on distributions that can be made by certain subsidiaries of the Company; the market price of the Common Shares will fluctuate; and there is a possibility of dilution of existing shareholders. More information about the risks and uncertainties affecting Hardwoods' business can be found in the "Risk Factors" section of its Annual Information Form dated March 11, 2016, which is available under the Hardwoods' profile on SEDAR at www.sedar.com.

Although Hardwoods has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information in this news release, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the control of Hardwoods. Accordingly, readers should not place undue reliance on forward-looking information in this news release. The forward-looking information is made as of the date of this news release, and Hardwoods assumes no obligation to publicly update or revise such forward-looking information to reflect new information, subsequent or otherwise, except as may be required by applicable securities law. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

Additional information relating to the Company and other public filings are available under Hardwoods' profile on SEDAR at www.sedar.com.

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