Q2 2013 Interim Report

Letter to Shareholders

Overview

While the second quarter is traditionally Acadian Timber Corp.'s ("Acadian") weakest due to seasonal operating conditions, results for the three month period ended June 29,2013 (herein referred to as the "second quarter") benefitted from 54,000 m^3 of harvest volume carried over from the first quarter of the year under the short-term vender managed inventory ("VMI") program discussed in Acadian's First Quarter 2013 Interim Report. As per the terms of this agreement, all purchase commitments were met during the second quarter with the volume carried over from the first quarter contributing net sales of $2.9 million and Adjusted EBITDA[1] of approximately $1.6 million, in line with the guidance provided in the First Quarter 2013 Interim Report.

Results of Operations

Acadian generated Adjusted EBITDA of $2.9 million on net sales of $15.6 million, $0.7 million and $1.3 million higher, respectively, than the same period of the prior year. Adjusted EBITDA margin in the second quarter was 19% up from 15% in the second quarter of 2012. Free Cash Flow[1] of $1.8 million (2012 – $2.1 million) generated during the quarter was less than the dividend payment resulting in $1.7 million (2012 – $1.4 million) of cash being consumed which is typical for the second quarter.

Harvest volume, excluding biomass, was 175 thousand m^3 for the second quarter, unchanged from the second quarter of 2012. Consolidated sales volume of 331 thousand m^3 was up 8% from the second quarter of 2012.

Acadian's weighted average log price during the second quarter increased 6% year-over-year primarily due to higher prices for, and a greater volume of, softwood sawlogs. The continued strengthening of softwood sawlog markets and the implementation of the new pricing mechanism in Acadian's fibre supply agreement in New Brunswick resulted in a 6% increase in softwood sawlog prices relative to the second quarter of 2012. Prices for hardwood sawlogs, which represented 10% of net sales, decreased by 3% as a result of product mix. Selling prices for hardwood and softwood pulpwood were effectively unchanged year-over-year. While hardwood pulpwood markets continue to be positive, softwood pulpwood markets began to slow as supply has outstripped demand and inventory levels have increased at regional pulp mills. Biomass markets remained stable with realized gross margin on this product effectively unchanged year-over-year.

Acadian's operations experienced two minor recordable safety incidents among contractors and no recordable incidents involving employees during the second quarter of 2013. In mid-July, the New Brunswick operations successfully completed a surveillance audit under the Sustainable Forestry Initiative ("SFI").

Management Team Changes

I am pleased to announce that Ms. Erika Reilly has, effective today, taken over the position of Chief Financial Officer of Acadian from Mr. Brian Banfill. Ms. Reilly has been intimately involved with Acadian since its inception and has 10 years of financial experience. Mr. Banfill, who has over 30 years of operational and financial experience in the industry, including three years as Chief Financial Officer of Acadian, will take on the newly formed position of Chief Operating Officer.

Growth Strategy

Acadian is broadening its acquisition strategy to include interests in timberlands outside of Eastern Canada and the Northeastern U.S. markets. An integral part of this global strategy will be Acadian's participation, along with institutional investors, in partnerships, consortia and other investment opportunities sponsored by Brookfield Asset Management Inc. ("Brookfield") targeting acquisitions that suit Acadian's profile. Acadian's focus will be on investments in which Brookfield can achieve sufficient influence or control to deploy an operations-oriented approach to create value. Acadian will have an opportunity to participate in such investments, which it will evaluate on a case by case basis. Any such investment will be subject to review and approval by Acadian's independent directors.

To provide Acadian with additional funding flexibility to implement this strategy, Acadian has been able to arrange a stand-by equity commitment with Brookfield in an aggregate amount of US$50 million for a 2-year duration subject to regulatory approval. The equity commitment is structured so that Acadian may call on the equity commitment in exchange for the issuance of a number of common shares that corresponds to the amount of the equity commitment called divided by the volume-weighted average of the trading price for Acadian's common shares on the Toronto Stock Exchange for a period of up to twenty trading days immediately preceding the date of the call as approved by the Toronto Stock Exchange. All issuances of shares pursuant to the equity commitment will be subject to meeting Toronto Stock Exchange and other applicable regulatory requirements (if any). Acadian and Brookfield have also agreed to certain amendments to Acadian's existing management services agreement to reflect this new strategy.

Outlook[2]

The U.S. housing market continues to improve, albeit at a slower pace than experienced in early 2013. As of June 2013, U.S housing starts, as reported by the U.S. Census Bureau, are 10% above year-ago levels at 836 thousand while permits are up 16% year-over-year to 911 thousand. The outlook for U.S. housing continues to be positive with low inventories of new homes available for sale, improving rates of household formation, near record low mortgage rates and home prices up approximately 12% year-over-year. The first half of 2013 has offered a very positive indication of how we might expect markets to respond to the continued recovery of the U.S. housing market with Acadian's softwood sawlog customers seeking additional deliveries and supporting improved prices.

Our outlook for the remainder of 2013 and into 2014 remains positive as demand for spruce-fir sawlogs continues to be strong, despite the recent decline in softwood lumber pricing. Acadian's softwood sawmilling customers continue to maintain very active operations and appear to share our positive outlook for U.S. housing. Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

After a recovery of regional softwood pulpwood markets in the second half of 2012 and early 2013, markets have softened as there has been an ample supply of sawmill residuals and raw material supplies at regional pulp mills have increased. This is particularly true in our New Brunswick operations where we expect markets for softwood pulpwood to be challenging through the remainder of 2013.

Markets for hardwood pulpwood have continued to be reasonably strong with Acadian's major hardwood pulp customers all operating, suggesting that prices should remain stable through the remainder of 2013.

Biomass markets continue to have little momentum although Acadian continues to be able to sell all of its biomass with a stable outlook for gross margins.

Acadian continues to have a solid balance sheet, healthy and diverse markets and a strong operating team that remains committed to continuously improving our financial performance. We thank you for your continued support of Acadian Timber Corp.

Reid Carter
President and Chief Executive Officer
July 31, 2013

1. Adjusted EBITDA and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of Acadian's operating performance. Acadian's management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on debt, depreciation and amortization and Free Cash Flow as Adjusted EBITDA less interest paid, current income tax expense, additions to, and gains from the sale of, fixed assets plus losses on, and proceeds from, the sale of fixed assets. As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"), they may not be comparable to similar measures presented by other companies. Please refer to Management's Discussion and Analysis for further details.
2. This section contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "Forward-Looking Statements" in Management's Discussion and Analysis for further details.

Management's Discussion and Analysis

INTRODUCTION

Acadian Timber Corp. ("Acadian" or the "Company") is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

Acadian owns and manages approximately 764,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 310,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass byproducts, sold to approximately 90 regional customers. Acadian's business strategy is to maximize cash flows from its timberland assets, while enhancing the value of these assets over time.

Basis of Presentation

This management's discussion and analysis ("MD&A") discusses the financial condition and results of operations of the Company for the three months ended June 29, 2013, (herein referred to as the "second quarter") and the six-month period ended June 29, 2013 compared to the three- and six-month periods ended June 30, 2012, and should be read in conjunction with the interim consolidated financial statements and notes thereto included at page 16 of this interim report.

Our second quarter financial results are determined in accordance with IAS 34 "*Interim Financial Reporting*" using accounting policies consistent with International Financial Reporting Standards ("IFRS") and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged since the previous annual report, unless otherwise noted. This MD&A has been prepared based on information available as at July 31, 2013. Additional information is available on Acadian's website at *www.acadiantimber.com* and on SEDAR's website at *www.sedar.com*.

Non-IFRS Measures

Throughout the MD&A, reference is made to "Adjusted EBITDA," which Acadian's management defines as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on debt, depreciation and amortization and to "Free Cash Flow" which Acadian's management defines as Adjusted EBITDA less interest paid, current income tax expense, additions to, and gains from the sale of, fixed assets plus losses on, and proceeds from, the sale of fixed assets. Management believes that Adjusted EBITDA and Free Cash Flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operating performance. As Adjusted EBITDA and Free Cash Flow do not have a standardized meaning prescribed by IFRS, they may not be comparable to similar measures presented by other companies. As a result, we have provided reconciliations of net income as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow in the "Adjusted EBITDA and Free Cash Flow" section of this MD&A.

Assessment and Changes in Disclosure Controls and Internal Controls

Management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at December 31, 2012. There have been no changes in our disclosure controls and procedures during the period ended June 29, 2013 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management has also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO framework as at December 31, 2012. There have been no changes in our internal controls over financial reporting during the period ended June 29, 2013 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of Second Quarter Results

The table below summarizes operating and financial data for Acadian:

	Three Months Ended		Six Months Ended	
(CAD thousands, except where indicated)	**June 29, 2013**	June 30, 2012	June 29, 2013	June 30, 2012
Sales volume (000s m³)	**330.5**	306.0	669.7	657.5
Net sales	**$ 15,608**	$ 14,257	$ 33,860	$ 32,905
Operating earnings	**2,667**	2,045	7,181	6,674
Net (loss) / income	**(857)**	575	434	4,943
Total assets	**292,860**	287,479	292,860	287,479
Total debt financing	**76,248**	72,311	76,248	72,311
Adjusted EBITDA[1]	**$ 2,897**	$ 2,196	$ 7,552	$ 6,966
Adjusted EBITDA margin[1]	**19%**	15%	22%	21%
Free Cash Flow[1]	**$ 1,774**	$ 2,087	$ 5,685	$ 6,122
Dividends declared	**3,451**	3,451	6,902	6,902
Payout ratio	**195%**	165%	121%	113%
Per share - basic and diluted				
Net (loss) / income	**$ (0.05)**	$ 0.03	$ 0.03	$ 0.30
Free Cash Flow[1]	**0.11**	0.12	0.34	0.37
Dividends declared	**0.21**	0.21	0.41	0.41
Book value	**10.90**	10.99	10.90	10.99
Common shares outstanding	**16,731,216**	16,731,216	16,731,216	16,731,216

1. Non-IFRS Measure. See "Reconciliation of net income, in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow".

Acadian generated net sales of $15.6 million on consolidated sales volume of 331 thousand m³ in the second quarter of 2013. This compares to net sales of $14.3 million on consolidated sales volume of 306 thousand m³ in the second quarter of 2012. The increase in net sales reflects a 6% increase in the average selling price of all log products and a 52% increase in the volume of biomass sold. For the six months ended June 29, 2013, Acadian generated net sales of $33.9 million on sales volume of 670 thousand m³ as compared to net sales of $32.9 million on sales volume of 658 thousand m³ in the comparable period of 2012.

Net loss totaled $0.9 million, or $0.05 per share, for the second quarter, a decrease of $1.4 million, or $0.09 per share, compared to the same period of the prior year with the change attributable to improved sales volume and operating margin offset by a $1.1 million increase in the unrealized exchange loss on long-term debt and a $1.4 million increase in deferred tax expense due to a change in provincial tax rates in New Brunswick. Operating earnings for the period at $2.7 million were up $0.6 million reflecting the aforementioned higher sales volumes and margins.

Adjusted EBITDA and Free Cash Flow

Adjusted EBITDA and Free Cash Flow are generated primarily from the sale of our timber, but also from management services and the sale of non-timber products. Adjusted EBITDA for the second quarter of 2013 was $2.9 million as compared to $2.2 million in the same period of 2012. For the six months ended June 29, 2013, adjusted EBITDA was $7.6 million, $0.6 million higher than during the first half of 2012. Acadian's Adjusted EBITDA margin in the second quarter was 19%, up from 15% in the second quarter of 2012 with the increase attributable to improved log prices and a greater volume of softwood sawlogs in the sales mix. Free cash flow for the three and six months ended June 29, 2013 was $1.8 million and $5.7 million, respectively, as compared to $2.1 million and $6.1 million during the second quarter and first six months of 2012.

The following table provides a reconciliation of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow during each respective period:

	Three Months Ended		Six Months Ended	
(CAD thousands)	**June 29, 2013**	June 30, 2012	June 29, 2013	June 30, 2012
Net (loss) / income	**$ (857)**	$ 575	$ 434	$ 4,943
Add (deduct):				
Interest expense, net	**773**	743	1,512	1,458
Deferred tax expense	**1,589**	151	2,250	1,069
Depreciation and amortization	**143**	136	284	273
Fair value adjustments	**(1,224)**	(808)	(1,243)	(407)
Unrealized exchange (gain) loss on long-term debt	**2,473**	1,399	4,315	(370)
Adjusted EBITDA[1]	**2,897**	2,196	7,552	6,966
Add (deduct):				
Interest paid on debt, net	**(778)**	(16)	(1,522)	(736)
Additions to timber, land, roads and other fixed assets	**(345)**	(95)	(345)	(110)
Gain on sale of timberlands	**(87)**	(15)	(87)	(19)
Proceeds on sale of timberlands	**87**	17	87	21
Free Cash Flow[1]	**$ 1,774**	$ 2,087	$ 5,685	$ 6,122
Dividends declared	**$ 3,451**	$ 3,451	$ 6,902	$ 6,902
Payout ratio	**195%**	165%	121%	113%

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

In determining the appropriate level of dividends, our Board of Directors considers the historic and forecast quarterly free cash flow of Acadian. Given the seasonality of Acadian's operations, the Company's performance may vary significantly on a quarter by quarter basis. The payout ratio of the Company, which represents the amount of dividends declared as a percentage of the Free Cash Flow generated, for the second quarter was 195%, as compared to 165% for the same period of the prior year. Based on Free Cash Flow generated to date, Acadian's undrawn revolving credit facility and existing cash reserves, Acadian is well positioned to meet dividend targets throughout 2013.

Operating and Market Conditions

Acadian experienced typical seasonal operating conditions in the second quarter. Harvest volume, excluding biomass, for the period was 175 thousand m^3, unchanged form the second quarter of 2012. The second quarter of 2013 benefitted from 54,000 m^3 of harvest volume carried over from the first quarter of the year under the short-term vender managed inventory ("VMI") program discussed in Acadian's First Quarter 2013 Interim Report. As per the terms of this agreement, all purchase commitments were met during the second quarter with the volume carried over from the first quarter contributing net sales of $2.9 million and Adjusted EBITDA of approximately $1.6 million, in line with the guidance provided in the First Quarter 2013 Interim Report.

Acadian's weighted average log price during the second quarter increased 6% year-over-year primarily due to higher prices for, and a greater volume of, softwood sawlogs. The continued strengthening of softwood sawlog markets and the implementation of the new pricing mechanism in Acadian's fibre supply agreement in New Brunswick resulted in a 7% increase in softwood sawlog prices relative to the second quarter of 2012. Prices for hardwood sawlogs, which represented 10% of net sales, decreased by 3% as a result of product mix. Selling prices for hardwood and softwood pulpwood were effectively unchanged year-over-year. While hardwood pulpwood markets continue to be positive, softwood pulpwood markets began to slow as supply has outstripped demand and inventory levels have increased at regional pulp mills. Biomass markets remained stable with realized gross margin on this product unchanged year-over-year.

Income Tax Expense

Included in net income for the three and six months ended June 29, 2013 is deferred tax expense of $1.6 million and $2.3 million, respectively (2012 – $0.2 million and $1.1 million, respectively).

Segmented Results of Operations

The table below summarizes operating and financial results for the New Brunswick and Maine timberlands:

Three Months Ended June 29, 2013 (CAD thousands)	**NB Timberlands**	**Maine Timberlands**	**Corporate**	**Consolidated**
Sales volumes (000s m³)	**288.2**	**42.3**	**—**	**330.5**
Net sales	**$ 13,508**	**$ 2,100**	**$ —**	**$ 15,608**
Adjusted EBITDA[1]	**$ 2,943**	**$ 215**	**$ (261)**	**$ 2,897**
Adjusted EBITDA margin[1]	**22%**	**10%**	**n/a**	**19%**

Three Months Ended June 30, 2012 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m³)	270.7	35.3	—	306.0
Net sales	$ 12,392	$ 1,865	$ —	$ 14,257
Adjusted EBITDA[1]	$ 2,485	$ (7)	$ (282)	$ 2,196
Adjusted EBITDA margin[1]	20%	—%	n/a	15%

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

Six Months Ended June 29, 2013 (CAD thousands)	**NB Timberlands**	**Maine Timberlands**	**Corporate**	**Consolidated**
Sales volumes (000s m³)	**517.1**	**152.6**	**—**	**669.7**
Net sales	**$ 25,661**	**$ 8,199**	**$ —**	**$ 33,860**
Adjusted EBITDA[1]	**$ 5,935**	**$ 2,243**	**$ (626)**	**$ 7,552**
Adjusted EBITDA margin[1]	**23%**	**27%**	**n/a**	**22%**

Six Months Ended June 30, 2012 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m³)	527.4	130.1	—	657.5
Net sales	$ 25,547	$ 7,358	$ —	$ 32,905
Adjusted EBITDA[1]	$ 5,601	$ 1,801	$ (436)	$ 6,966
Adjusted EBITDA margin[1]	22%	24%	n/a	21%

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

NB Timberlands

NB Timberlands owns and manages approximately 764,000 acres of freehold timberlands, provides management services relating to approximately 1.3 million acres of Crown licensed timberlands, and owns a forest nursery. Approximately 80% of harvesting operations are performed by third-party contractors and approximately 20% by NB Timberlands employees.

The table below summarizes operating and financial results for NB Timberlands:

	Three Months Ended June 29, 2013			Three Months Ended June 30, 2012		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**57.4**	**124.4**	**$ 6,538**	54.2	130.4	$ 6,161
Hardwood	**89.8**	**95.6**	**5,807**	91.9	94.0	5,667
Biomass	**68.2**	**68.2**	**1,199**	46.3	46.3	748
	215.4	**288.2**	**13,544**	192.4	270.7	12,576
Other sales			**(36)**			(184)
Net sales			**$ 13,508**			$ 12,392
Adjusted EBITDA[1]			**$ 2,943**			$ 2,485
Adjusted EBITDA margin[1]			**22%**			20%

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

	Six Months Ended June 29, 2013			Six Months Ended June 30, 2012		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**213.4**	**211.4**	**$ 11,111**	209.7	212.6	$ 10,322
Hardwood	**184.4**	**192.6**	**11,862**	185.1	208.7	12,652
Biomass	**113.1**	**113.1**	**2,018**	106.1	106.1	1,868
	510.9	**517.1**	**24,991**	500.9	527.4	24,842
Other sales			**670**			705
Net sales			**$ 25,661**			$ 25,547
Adjusted EBITDA[1]			**$ 5,935**			$ 5,601
Adjusted EBITDA margin[1]			**23%**			22%

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

Softwood, hardwood and biomass shipments were 124 thousand m³, 96 thousand m³ and 68 thousand m³, respectively, for the second quarter of 2013. Approximately 42% was sold as sawlogs, 34% as pulpwood and 24% as biomass. This compares to 39% sold as sawlogs, 44% as pulpwood and 17% as biomass in the second quarter of 2012.

Net sales for the second quarter of 2013 were $13.5 million (2012 – $12.4 million) with an average selling price across all log products of $56.12 per m³, which compares to an average log selling price of $52.68 per m³ during the second quarter of 2012. This year-over-year increase in the average selling price reflects general strengthening of markets and implementation of the new pricing mechanism in Acadian’s fibre supply agreement in New Brunswick. Approximately $2.9 million of the sales during the second quarter were the result of volume carried over from the first quarter under the VMI. Net sales for the first six months ended June 29, 2013 were $25.7 million, an increase of $0.1 million over the first half of 2012.

Cash costs for the second quarter were $10.6 million (2012 – $9.9 million). Variable costs per m³ of logs harvested were 6% higher than the second quarter of 2012 due to higher hauling costs owing to the harvest of more distant stands.

Adjusted EBITDA for the second quarter was $2.9 million, compared to $2.5 million in the comparable period of 2012 reflecting higher sales volume and log prices, particularly for softwood sawlogs. Adjusted EBITDA margin increased to 22%, as compared to 20% for the second quarter of 2012.

NB Timberlands experienced two minor recordable safety incidents among contractors and no recordable incidents involving employees during the second quarter of 2013. In mid-July, NB Timberlands successfully completed a surveillance audit under the Sustainable Forestry Initiative (“SFI”).

Maine Timberlands

Maine Timberlands owns and operates approximately 310,000 acres of freehold timberlands and is operated exclusively by third-party contractors.

The table below summarizes operating and financial results for Maine Timberlands:

	Three Months Ended June 29, 2013			Three Months Ended June 30, 2012		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**18.1**	**18.1**	**$ 875**	20.4	21.6	$ 1,176
Hardwood	**9.9**	**15.6**	**1,051**	8.4	9.3	550
Biomass	**8.6**	**8.6**	**44**	4.4	4.4	34
	36.6	**42.3**	**1,970**	33.2	35.3	1,760
Other sales			**130**			105
Net sales			**$ 2,100**			$ 1,865
Adjusted EBITDA[1]			**$ 215**			$ (7)
Adjusted EBITDA margin[1]			**10%**			—%

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

	Six Months Ended June 29, 2013			Six Months Ended June 30, 2012		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**94.6**	**94.3**	**$ 5,217**	96.4	96.2	$ 5,384
Hardwood	**35.6**	**42.0**	**2,658**	28.2	28.9	1,773
Biomass	**16.3**	**16.3**	**125**	5.0	5.0	53
	146.5	**152.6**	**8,000**	129.6	130.1	7,210
Other sales			**199**			148
Net sales			**$ 8,199**			$ 7,358
Adjusted EBITDA[1]			**$ 2,243**			$ 1,801
Adjusted EBITDA margin[1]			**27%**			24%

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

Softwood, hardwood and biomass shipments were 18 thousand m³, 16 thousand m³ and 9 thousand m³, respectively, for the second quarter of 2013. Approximately 37% was sold as sawlogs, 43% as pulpwood and 20% as biomass. This compares to 52% sold as sawlogs, 35% as pulpwood and 13% as biomass in the second quarter of 2012.

Net sales for the second quarter of 2013 were $2.1 million (2012 – $1.9 million) with an average selling price across all log products of $57.30 per m³, comparable to the average log selling price of $55.99 per m³ during the second quarter of 2012. Results in the current quarter benefited from the sale of volumes harvested in the prior two quarters that were held in inventory. Net sales for the first six months ended June 29, 2013 were $8.2 million, an increase of $0.8 million over the first half of 2012.

Variable costs per m³ of logs harvested for the second quarter increased 3% compared to the prior year in U.S. dollar terms, and 6% in Canadian dollar terms, due to longer haul distances for hardwood pulpwood. However, total cash costs of $2.0 million were $0.1 million higher than the prior year as delayed road construction activity due to wet weather conditions during the quarter partially offset the harvest cost increases.

Adjusted EBITDA for the second quarter was $0.2 million, compared to nil in the comparable period of 2012. Adjusted EBITDA margin was 10% in the second quarter of 2013 as compared to nil during the second quarter of 2012.

We are pleased to report that during the second quarter of 2013, Maine Timberlands experienced no recordable safety incidents among employees or contractors.

Financial Position

As at June 29, 2013, Acadian's balance sheet consisted of total assets of $292.9 million (December 31, 2012 – $285.2 million), represented primarily by timber, land, roads and other fixed assets of $271.9 million (December 31, 2012 – $264.0 million) with the balance in cash and current assets of $14.7 million (December 31, 2012 – $14.4 million), deferred income tax assets of $nil (December 31, 2012 – $0.7 million), and intangible assets of $6.1 million (December 31, 2012 – $6.1 million). Timber has been recorded at fair value as determined through independent third party appraisal at December 31, 2012 and adjusted for growth estimates and harvest during the first half of 2013. Reforestation costs have been expensed as incurred.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Acadian's principal sources of liquidity include cash earned from operations and a US$10.0 million revolving credit facility of which US$2.2 million is reserved to support the minimum cash balance requirement of Acadian's term credit facility. These sources, combined with existing cash and cash equivalents, are expected to allow the Company to meet its operating, debt service, capital expenditure and dividend requirements. As indicated previously, due to the seasonal nature of our business, it is typical that cash reserves are generated in the first quarter of the year and are then drawn down during periods such as the second quarter when harvesting conditions are not ideal. This remains unchanged from the prior year.

The Company expects to pay quarterly dividends to the extent determined prudent by the Company's Board of Directors.

Management will assess financing alternatives, which may include the issuance of additional shares and debt, when funding requirements such as potential acquisitions and debt maturities present themselves.

Capital Resources

Borrowings

In February 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with Metropolitan Life Insurance Company which will mature on March 1, 2016. This agreement established a revolving credit facility of up to US$10.0 million (the "Revolving Facility") for general corporate purposes and a term credit facility in an amount up to US$72.5 million (the "Term Facility"). The Term Facility bears interest at a fixed rate of 3.97%. The Revolving Facility bears interest at floating rates based on 30 or 90 day LIBOR plus applicable margin.

As at June 29, 2013, Acadian has borrowings of US$72.5 million under the Term Facility and $nil under the Revolving Facility, however, US$2.2 million of the revolving facility is reserved to support the minimum cash balance requirement of the Term Facility.

As collateral for these facilities, Acadian has granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum ratio of loan-to-appraised value and Acadian is in compliance as of June 29, 2013.

Outstanding Shares

As at June 29, 2013, 16,731,216 common shares were issued and outstanding. The Company is authorized to issue an unlimited number of shares of the same class with equal rights and privileges. Shareholders are entitled to receive dividends as and when declared by the Directors of the Company and are entitled to one vote per share on all matters to be voted on by shareholders at each meeting of shareholders.

As at June 29, 2013, affiliates of Brookfield Asset Management Inc. (collectively "Brookfield") owned 7,513,262 common shares. Brookfield's ownership interest is 45% of the outstanding common shares of Acadian.

MARKET OUTLOOK

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2013 and into 2014. Reference should be made to "Forward-looking Statements" on page 15. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

The U.S. housing market continues to improve, albeit at a slower pace than experienced in early 2013. As of June 2013, U.S housing starts, as reported by the U.S. Census Bureau, are 10% above year-ago levels at 836 thousand while permits are up 16% year-over-year to 911 thousand. The outlook for U.S. housing continues to be positive with low inventories of new homes available for sale, improving rates of household formation, near record low mortgage rates and home prices up approximately 12% year-over-year. The first half of 2013 has offered a very positive indication of how we might expect markets to respond to the continued recovery of the U.S. housing market with Acadian's softwood sawlog customers seeking additional deliveries and supporting improved prices.

Our outlook for the remainder of 2013 and into 2014 remains positive as demand for spruce-fir sawlogs continues to be strong, despite the recent decline in softwood lumber pricing. Acadian's softwood sawmilling customers continue to maintain very active operations and appear to share our positive outlook for U.S. housing. Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

After a recovery of regional softwood pulpwood markets in the second half of 2012 and early 2013, markets have softened as there has been an ample supply of sawmill residuals and raw material supplies at regional pulp mills have increased. This is particularly true in our New Brunswick operations where we expect markets for softwood pulpwood to be challenging through the remainder of 2013.

Markets for hardwood pulpwood have continued to be reasonably strong with Acadian's major hardwood pulp customers all operating suggesting that prices should remain stable through the remainder of 2013.

Biomass markets continue to have little momentum although Acadian continues to be able to sell all of its biomass with a stable outlook for gross margins.

SUPPLEMENTAL INFORMATION

This supplemental information contains information required by applicable continuous disclosure guidelines and is provided to facilitate additional analysis.

Selected Consolidated Quarterly Information

The table below sets forth selected consolidated quarterly information for the current and last eight quarters. See "Additional Quarterly Information" section for the segmented quarterly results.

	2013		2012				2011	
(CAD thousands, except per share data and where indicated)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales volume (000s m^3)	**330.5**	339.2	327	319	306	352	284	341
Net sales	**$ 15,608**	$ 18,252	$ 18,410	$ 17,523	$ 14,257	$ 18,648	$ 15,139	$ 17,535
Adjusted EBITDA[1]	**2,897**	4,655	5,145	4,377	2,196	4,770	3,843	3,811
Free Cash Flow[1]	**1,774**	3,911	4,368	3,532	2,087	4,035	2,239	3,183
Net income (loss)	**(857)**	1,291	3,791	4,995	575	4,368	11,427	(341)
Per share - basic and diluted	**$ (0.05)**	$ 0.08	$ 0.23	$ 0.30	$ 0.03	$ 0.26	$ 0.68	$ (0.02)

1. Non-IFRS Measure. See "Non-IFRS Measures" on page 3 of this interim report.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. The critical estimates and judgements applied in preparing Acadian's financial statements affect the assessment of net recoverable amounts, net realizable values and fair values, depreciation rates and useful lives, determination of functional currency and the selection of accounting policies.

The critical estimates and judgements made in the preparation of Acadian's financial statements include, among other things, future prices and margins, future sales volumes, future harvest rates and sustainable yields, and discount rates utilized in the valuation of Acadian's timber, roads and land. In making estimates and judgements, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgements have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgements in these consolidated financial statements. Actual results could differ from those estimates. For further reference on critical accounting policies, see our significant accounting policies contained in Note 2 of Acadian's 2012 annual report.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Dividend Policy of the Company

Acadian declares dividends from its available cash to the extent determined prudent by the Board of Directors. These dividends represent cash received from the Company's indirect interest in the Maine and NB Timberlands, less estimated cash amounts required for expenses and other obligations of Acadian, cash redemptions of shares and any tax liability. Dividends are paid on or about the 15th day following each dividend declaration date. Total dividends declared to shareholders during the three months ended June 29, 2013 were $3.5 million, or $0.21 per share, unchanged from the prior year.

Related Party Transactions

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The Company has one significant related party, Brookfield Asset Management Inc., and its affiliates (collectively "Brookfield"). As at June 29, 2013, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Company. Acadian is also a related party of Katahdin Timberlands LLC as a result of their common significant shareholder. Effective June 10, 2013, Brookfield completed the sale of its interest in Twin Rivers Paper Company ("Twin Rivers"). References to this report to Twin Rivers include reference to transactions and relationships with Brookfield prior to the sale of this interest.

A summary of the significant related party transactions is provided below.

a) Upon inception Acadian became party to fibre supply agreements whereby Acadian agreed to provide fibre to Twin Rivers for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Twin Rivers. On January 9, 2012, Acadian entered into the Fibre Supply Agreement Modification Term Sheet ("Term Sheet") with Twin Rivers which became effective January 1, 2013. The amendment to the pricing mechanism for the fibre supply agreement is subject to minimum volumes of outside purchases for both tree length and sawlogs. Total sales to Twin Rivers during the three months ended June 29, 2013 totaled $6.1 million, which represented 33% of Acadian's consolidated total sales (2012 – $7.2 million or 41% of total sales).

   On February 10, 2012, Acadian entered into the Vendor Inventory Management Agreement ("VMI") with Twin Rivers that was effective for the period from the date of the agreement to May 31, 2012 and from January 1, 2013 to May 31, 2013. This agreement provided that Acadian would deliver logs to agreed upon locations and Twin Rivers would purchase those logs before the end of each effective period at prices as set out in the fibre supply agreement and Term Sheet and that Twin Rivers would be responsible for all of Acadian's costs related to carrying the inventory. On March 6, 2012, Acadian entered into a lease agreement with Twin Rivers to store logs delivered under the VMI on their property.

b) Upon inception, Acadian entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three and six months ended June 29, 2013 totaled $0.5 million (2012 – $0.6 million) and $1.1 million (2012 – $1.2 million), respectively. All fees have been fully paid in accordance with the services agreement.

c) On June 7, 2013 and September 28, 2012, Maine Timberlands sold 1.67 acres for net proceeds of $87 thousand and 1.62 acres for net proceeds of $44 thousand, respectively, to Katahdin Timberlands LLC.

Contractual Obligations

The Company has no material capital or operating lease obligations, however, it has two significant contractual obligations related to the supply of fibre to Twin Rivers for periods up to 20 years and the provision of management services under a Crown License Agreement at the direction of Twin Rivers.

A summary of the Company's debt obligations is as follows:

		Payments Due by Period				
(CAD thousands)	Total Available	Total	Less Than One Year	1 to 3 Years	3 to 5 Years	After 5 Years
Debt						
Term facility[1]	$ 76,248	$ 76,248	$ —	$ 76,248	$ —	$ —
Revolving facility	10,517	—	—	—	—	—
	$ 86,765	$ 76,248	$ —	$ 76,248	$ —	$ —
Interest payments[2]		$ 9,562	$ 3,027	$ 5,022	$ —	$ —

1. Represents principal of a U.S. dollar denominated term loan with a Canadian to U.S. dollar conversion of 1.0517, excluding the unamortized deferred financing costs.

2. Interest payment was determined assuming a fixed interest rate at 3.97% with a Canadian to U.S. dollar conversion of 1.0517.

Additional Quarterly Information

The tables below set forth additional quarterly information for the last current eight quarters by reportable segment:

NB Timberlands

	2013 Q2			2013 Q1			2012 Q4			2012 Q3		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)
Softwood	57.4	124.4	$ 6,538	**156.0**	**87.0**	**$ 4,573**	96.9	96.5	$ 4,855	92.3	94.7	$ 5,091
Hardwood	89.8	95.6	5,807	**94.6**	**97.0**	**6,055**	104.8	102.2	6,276	113.9	106.0	6,222
Biomass	68.2	68.2	1,199	**44.9**	**44.9**	**819**	39.0	39.0	932	53.6	53.6	877
	215.4	288.2	13,544	**295.5**	**228.9**	**11,447**	240.7	237.7	12,063	259.8	254.3	12,190
Other sales			(36)			**706**			1,680			1,545
Net sales			$ 13,508			**$ 12,153**			$ 13,743			$ 13,735
Adjusted EBITDA[1]			$ 2,943			**$ 2,992**			$ 4,012			$ 3,626
Adjusted EBITDA margin[1]			22%			**25%**			29%			26%

Maine Timberlands

	2013 Q2			2013 Q1			2012 Q4			2012 Q3		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)
Softwood	18.1	18.1	$ 875	**76.5**	**76.2**	**$ 4,342**	57.9	57.7	$ 3,164	45.3	45.3	$ 2,563
Hardwood	9.9	15.6	1,051	**25.7**	**26.4**	**1,607**	28.5	24.1	1,382	18.1	15.8	989
Biomass	8.6	8.6	44	**7.7**	**7.7**	**81**	7.6	7.6	58	3.5	3.5	22
	36.6	42.3	1,970	**109.9**	**110.3**	**6,030**	94.0	89.4	4,604	66.9	64.6	3,574
Other sales			130			**69**			63			214
Net sales			$ 2,100			**$ 6,099**			$ 4,667			$ 3,788
Adjusted EBITDA[1]			$ 215			**$ 2,028**			$ 1,376			$ 849
Adjusted EBITDA margin[1]			10%			**33%**			29%			22%

Corporate

	2013 Q2			2013 Q1			2012 Q4			2012 Q3		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)	(000s m^3)	(000s m^3)	($000s)
Softwood	—	—	$ —	—	—	**$ —**	—	—	$ —	—	—	$ —
Hardwood	—	—	—	—	—	**—**	—	—	—	—	—	—
Biomass	—	—	—	—	—	**—**	—	—	—	—	—	—
	—	—	—	—	—	**—**	—	—	—	—	—	—
Other sales			—			**—**			—			—
Net sales			$ —			**$ —**			$ —			$ —
Adjusted EBITDA[1]			$ (261)			**$ (365)**			$ (243)			$ (98)
Adjusted EBITDA margin[1]			n/a			**n/a**			n/a			n/a

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

NB Timberlands

	2012 Q2			2012 Q1			2011 Q4			2011 Q3		
	Harvest	**Sales**	**Results**	**Harvest**	**Sales**	**Results**	**Harvest**	**Sales**	**Results**	**Harvest**	**Sales**	**Results**
	(000s m^3)	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*
Softwood	54.2	130.4	$ 6,161	155.5	82.2	$ 4,161	80.3	78.2	$ 4,195	98.0	99.0	$ 5,174
Hardwood	91.9	94.0	5,667	93.2	114.7	6,985	93.9	80.6	4,952	121.1	119.5	6,886
Biomass	46.3	46.3	748	59.8	59.8	1,120	55.3	55.3	1,145	60.3	60.3	795
	192.4	270.7	12,576	308.5	256.7	12,266	229.5	214.1	10,292	279.4	278.8	12,855
Other sales			(184)			889			986			1,418
Net sales			$ 12,392			$ 13,155			$ 11,278			$ 14,273
Adjusted EBITDA[1]			$ 2,485			$ 3,116			$ 3,301			$ 3,410
Adjusted EBITDA margin[1]			20%			24%			29%			24%

Maine Timberlands

	2012 Q2			2012 Q1			2011 Q4			2011 Q3		
	Harvest	**Sales**	**Results**	**Harvest**	**Sales**	**Results**	**Harvest**	**Sales**	**Results**	**Harvest**	**Sales**	**Results**
	(000s m^3)	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*
Softwood	20.4	21.6	$ 1,176	76.0	74.6	$ 4,208	47.4	47.3	$ 2,527	43.8	44.1	$ 2,283
Hardwood	8.4	9.3	550	19.8	19.6	1,223	21.4	20.3	1,266	14.0	13.8	781
Biomass	4.4	4.4	34	0.6	0.6	19	1.9	1.9	18	4.0	4.0	41
	33.2	35.3	1,760	96.4	94.8	5,450	70.7	69.5	3,811	61.8	61.9	3,105
Other sales			105			43			50			157
Net sales			$ 1,865			$ 5,493			$ 3,861			$ 3,262
Adjusted EBITDA[1]			$ (7)			$ 1,808			$ 878			$ 549
Adjusted EBITDA margin[1]			—%			33%			23%			17%

Corporate

	2012 Q2			2012 Q1			2011 Q4			2011 Q3		
	Harvest	**Sales**	**Results**	**Harvest**	**Sales**	**Results**	**Harvest**	**Sales**	**Results**	**Harvest**	**Sales**	**Results**
	(000s m^3)	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*	*(000s m^3)*	*(000s m^3)*	*($000s)*
Softwood	—	—	$ —	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	—	—	—	—	—	—	—	—	—	—	—	—
Biomass	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Other sales			—			—			—			—
Net sales			$ —			$ —			$ —			$ —
Adjusted EBITDA[1]			$ (281)			$ (154)			$ (336)			$ (148)
Adjusted EBITDA margin[1]			n/a			n/a			n/a			n/a

1. Non-IFRS Measure. See “Non-IFRS Measures” on page 3 of this interim report.

Forward-Looking Statements

This management discussion and analysis ("MD&A") contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes, without limitation, statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 28, 2013 and the Management Information Circular dated May 16, 2013, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Interim Consolidated Statements of Net Income

(unaudited)

		Three Months Ended		Six Months Ended	
(CAD thousands)	Note	**June 29, 2013**	June 30, 2012	**June 29, 2013**	June 30, 2012
Net sales		**$15,608**	$14,257	**$33,860**	$32,905
Operating costs and expenses					
Cost of sales		**11,122**	10,378	**23,110**	22,825
Selling, administration and other		**1,542**	1,536	**3,146**	2,971
Reforestation		**134**	162	**139**	162
Depreciation and amortization		**143**	136	**284**	273
		12,941	12,212	**26,679**	26,231
Operating earnings		**2,667**	2,045	**7,181**	6,674
Interest expense, net		**(773)**	(743)	**(1,512)**	(1,458)
Other items					
Fair value adjustments		**1,224**	808	**1,243**	407
Unrealized exchange gain (loss) on long-term debt		**(2,473)**	(1,399)	**(4,315)**	370
Gain on sale of timberlands		**87**	15	**87**	19
Earnings before income taxes		**732**	726	**2,684**	6,012
Deferred tax expense	7	**(1,589)**	(151)	**(2,250)**	(1,069)
Net (loss) / income for the period		**$ (857)**	$ 575	**$ 434**	$ 4,943
Net (loss) / income per share - basic and diluted		**$ (0.05)**	$ 0.03	**$ 0.03**	$ 0.30

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended		Six Months Ended	
(CAD thousands)	**June 29, 2013**	June 30, 2012	**June 29, 2013**	June 30, 2012
Net (loss) / income	**$ (857)**	$ 575	**$ 434**	$ 4,943
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation income (loss)	**2,670**	1,655	**4,880**	(417)
Amortization of derivatives designated as cash flow hedges	**(45)**	(49)	**(95)**	(98)
Comprehensive income	**$ 1,768**	$ 2,181	**$ 5,219**	$ 4,428

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Balance Sheets

(unaudited)

As at *(CAD thousands)*	Note	**June 29, 2013**	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents		**$ 5,449**	$ 6,136
Accounts receivable and other assets	5	**8,292**	6,619
Inventory		**999**	1,651
		14,740	14,406
Timber	10	**237,664**	230,686
Land, roads and other fixed assets		**34,316**	33,307
Intangible assets		**6,140**	6,140
Deferred income tax asset	7	**—**	696
		$ 292,860	$ 285,235
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 6,280**	$ 4,685
Dividends payable to shareholders		**3,451**	3,451
		9,731	8,136
Long-term debt	3	**75,618**	71,173
Deferred income tax liability	7	**25,192**	21,924
Shareholders' equity	4	**182,319**	184,002
		$ 292,860	$ 285,235

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in Equity

(unaudited)

Six Months Ended June 29, 2013 *(CAD thousands)*	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at December 31, 2012	$ 140,067	$ 43,576	$ 2,598	$ (2,857)	$ 618	$ 184,002
Changes in period						
Net income	—	434	—	—	—	434
Other comprehensive income	—	—	—	4,880	(95)	4,785
Shareholders' dividends declared	—	(6,902)	—	—	—	(6,902)
Balance as at June 29, 2013	$ 140,067	$ 37,108	$ 2,598	$ 2,023	$ 523	$ 182,319

See accompanying notes to interim consolidated financial statements.

Six Months Ended June 30, 2012 *(CAD thousands)*	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at December 31, 2011	$ 140,067	$ 43,651	$ 2,185	$ (358)	$ 813	$ 186,358
Changes in period						
Net income	—	4,943	—	—	—	4,943
Other comprehensive loss	—	—	—	(417)	(98)	(515)
Shareholders' dividends declared	—	(6,902)	—	—	—	(6,902)
Balance as at June 30, 2012	$ 140,067	$ 41,692	$ 2,185	$ (775)	$ 715	$ 183,884

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(unaudited)

		Three Months Ended		Six Months Ended	
(CAD thousands)	Note	**June 29, 2013**	June 30, 2012	**June 29, 2013**	June 30, 2012
Cash provided by (used for):					
Operating activities					
Net (loss) / income		**$ (857)**	$ 575	**$ 434**	$ 4,943
Adjustments to net (loss) / income:					
Deferred tax expense	7	**1,589**	151	**2,250**	1,069
Depreciation and amortization		**143**	136	**284**	273
Fair value adjustments		**(1,224)**	(808)	**(1,243)**	(407)
Unrealized exchange (gain) loss on long-term debt		**2,473**	1,399	**4,315**	(370)
Interest expense, net		**773**	743	**1,512**	1,458
Interest paid, net		**(778)**	(16)	**(1,522)**	(736)
Gain on sale of timberlands		**(87)**	(15)	**(87)**	(19)
Net change in non-cash working capital balances and other		**684**	1,008	**530**	2,889
		2,716	3,173	**6,473**	9,100
Financing activities					
Dividends paid to shareholders		**(3,451)**	(3,451)	**(6,902)**	(6,902)
		(3,451)	(3,451)	**(6,902)**	(6,902)
Investing activities					
Additions to timber, land, roads, and other fixed assets		**(345)**	(95)	**(345)**	(110)
Proceeds from sale of timberlands		**87**	17	**87**	21
		(258)	(78)	**(258)**	(89)
Increase / (decrease) in cash and cash equivalents during the period		**(993)**	(356)	**(687)**	2,109
Cash and cash equivalents, beginning of period		**6,442**	6,484	**6,136**	4,019
Cash and cash equivalents, end of period		**$ 5,449**	$ 6,128	**$ 5,449**	$ 6,128

See accompanying notes to interim consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 1. GENERAL

Acadian Timber Corp. (the "Corporation") is governed by the Canada Business Corporation Act pursuant to articles of arrangement dated January 1, 2010. The Corporation is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange under the stock symbol "ADN". The principal and head office of the Corporation is located at Suite 1800-1055 West Georgia Street P.O. Box 11179, Royal Centre, Vancouver, British Columbia, V6E 3R5.

The Corporation and all of its consolidated operations, collectively "Acadian", owns and manages approximately 764,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 310,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 90 regional customers.

Acadian's operations are subject to seasonal variations, and as a result Acadian's operating results vary from quarter to quarter. Harvesting activity can be compromised by inaccessibility to some sites during wet seasons resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year.

The ultimate parent of the Corporation is Brookfield Asset Management Inc. As at June 29, 2013, affiliates of Brookfield Asset Management Inc. (collectively "Brookfield") own 7,513,262 common shares representing approximately 45% of the outstanding common shares of the Company. Effective June 10, 2013, Brookfield completed the sale of its interest in Twin Rivers Paper Company ("Twin Rivers"). References to this report to Twin Rivers include reference to transactions and relationships with Brookfield prior to the sale of this interest.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies adopted and disclosed in Note 2 of Acadian's 2012 annual report. These interim condensed consolidated financial statements should be read in conjunction with the Acadian's 2012 annual report.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of Acadian on July 31, 2013.

Future Accounting Policies

IFRS 9 Financial Instruments: Classification and Measurement
In November 2009, the IASB issued IFRS 9 as the first part of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 currently prescribes that financial assets are measured at amortized cost or fair value on the basis 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 classification and measurement for financial liabilities remains generally unchanged, however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. The other phases of this project which are currently under development include impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Acadian is in the process of assessing the impact of the new standard on its consolidated financial statements in conjunction with the completion of the other phase of this project.

NOTE 3. DEBT

Debt consisted of the following:

As at *(CAD thousands)*	**June 29, 2013**	December 31, 2012
Term facility, due March 2016	**$ 76,256**	$ 71,935
Less: Deferred debt issuance costs	**(637)**	(762)
Total	**$ 75,618**	$ 71,173

In February 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with Metropolitan Life Insurance Company which will mature on March 1, 2016. This agreement established a revolving credit facility of up to US$10.0 million (the "Revolving Facility") for general corporate purposes and a term credit facility of US$72.5 million (the "Term Facility"). The Term Facility bears interest at a fixed rate of 3.97%. The Revolving Facility bears interest at floating rates based on 30 or 90 day LIBOR plus applicable margin. Floating interest rates give rise to interest rate risk as earnings and cash flows may be negatively impacted by fluctuations in interest rates.

As at June 29, 2013, Acadian has borrowings of US$72.5 million under the Term Facility and $nil under the Revolving Facility (December 31, 2012 – US$72.5 million and $nil, respectively) of which US$2.2 million is reserved to support the minimum cash balance requirement of the Term Facility. As collateral for these facilities, Acadian has granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum ratio of loan-to-appraised value. Acadian was in compliance as of June 29, 2013 and December 31, 2012.

NOTE 4. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value. Common shares outstanding as at June 29, 2013 and December 31, 2012 were 16,731,216.

NOTE 5. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The Company has one significant related party, Brookfield Asset Management Inc., and its affiliates (collectively "Brookfield"). As at June 29, 2013, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Company. Acadian is also a related party of Katahdin Timberlands LLC as a result of their common significant shareholder. Effective June 10, 2013, Brookfield completed the sale of its interest in Twin Rivers Paper Company ("Twin Rivers"). References to this report to Twin Rivers include reference to transactions and relationships with Brookfield prior to the sale of this interest.

A summary of the significant related party transactions is provided below.

a) Upon inception Acadian became party to fibre supply agreements whereby Acadian agreed to provide fibre to Twin Rivers for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Twin Rivers. On January 9, 2012, Acadian entered into the Fibre Supply Agreement Modification Term Sheet ("Term Sheet") with Twin Rivers which became effective January 1, 2013. The amendment to the pricing mechanism for the fibre supply agreement is subject to minimum volumes of outside purchases for both tree length and sawlogs. Total sales to Twin Rivers during the three months ended June 29, 2013 totaled $6.1 million, which represented 33% of Acadian's consolidated total sales (2012 – $7.2 million or 41% of total sales).

   On February 10, 2012, Acadian entered into the Vendor Inventory Management Agreement ("VMI") with Twin Rivers that was effective for the period from the date of the agreement to May 31, 2012 and from January 1, 2013 to May 31, 2013. This agreement provided that Acadian would deliver logs to agreed upon locations and Twin Rivers would purchase those logs before the end of each effective period at prices as set out in the fibre supply agreement and Term Sheet and that Twin Rivers would be responsible for all of Acadian's costs related to carrying the inventory. On March 6, 2012, Acadian entered into a lease agreement with Twin Rivers to store logs delivered under the VMI on their property.

b) Upon inception, Acadian entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three and six months ended June 29, 2013 totaled $0.5 million (2012 – $0.6 million) and $1.1 million (2012 – $1.2 million), respectively. All fees have been fully paid in accordance with the services agreement.

c) On June 7, 2013 and September 28, 2012, Maine Timberlands sold 1.67 acres for net proceeds of $87 thousand and 1.62 acres for net proceeds of $44 thousand, respectively, to Katahdin Timberlands LLC.

NOTE 6. SEGMENTED INFORMATION

Acadian's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. Acadian has two reporting segments, the NB Timberlands and Maine Timberlands. Net sales, net income, assets and liabilities by reportable segments are as follows:

Three Months Ended June 29, 2013 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 7,413	$ 6,538	$ 875	$ —
Hardwood	6,858	5,807	1,051	—
Biomass	1,243	1,199	44	—
Other	94	(36)	130	—
Total net sales	15,608	13,508	2,100	—
Operating costs	(12,664)	(10,450)	(1,953)	(261)
Reforestation	(134)	(115)	(19)	—
Depreciation and amortization	(143)	(65)	(78)	—
Operating earnings (loss)	2,667	2,878	50	(261)
Gain on sale of timberlands	87	—	87	—
Fair value adjustments	1,224	(116)	1,340	—
Earnings (loss) before the under noted	3,978	2,762	1,477	(261)
Unrealized exchange gain on long-term debt	(2,473)			
Interest expense, net	(773)			
Deferred income tax expense	(1,589)			
Net income	$ (857)			

As at June 29, 2013 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timber, land, roads and other fixed assets and intangible assets	$278,120	$158,627	$119,492	$ 1
Total assets	292,860	170,061	122,505	294
Total liabilities	$110,540	$ 5,769	$ 24,149	$ 80,622

Three Months Ended June 30, 2012 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 7,337	$ 6,161	$ 1,176	$ —
Hardwood	6,217	5,667	550	—
Biomass	782	748	34	—
Other	(79)	(184)	105	—
Total net sales	14,257	12,392	1,865	—
Operating costs	(11,914)	(9,751)	(1,882)	(281)
Reforestation	(162)	(162)	—	—
Depreciation and amortization	(136)	(60)	(76)	—
Operating earnings (loss)	2,045	2,419	(93)	(281)
Gain on sale of timberlands	15	5	10	—
Fair value adjustments	808	(5)	813	—
Earnings (loss) before the under noted	2,868	2,419	730	(281)
Unrealized exchange gain on long-term debt	(1,399)			
Interest expense, net	(743)			
Deferred income tax expense	(151)			
Net income	$ 575			

As at June 30, 2012 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timber, land, roads and other fixed assets and intangible assets	$ 271,163	$ 158,191	$ 112,972	$ —
Total assets	287,479	167,213	114,910	5,356
Total liabilities	$ 103,595	$ 4,622	$ 21,868	$ 77,105

Six Months Ended June 29, 2013 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 16,328	$ 11,111	$ 5,217	$ —
Hardwood	14,520	11,862	2,658	—
Biomass	2,143	2,018	125	—
Other	869	670	199	—
Total net sales	33,860	25,661	8,199	—
Operating costs	(26,256)	(19,611)	(6,018)	(627)
Reforestation	(139)	(115)	(24)	—
Depreciation and amortization	(284)	(129)	(155)	—
Operating earnings (loss)	7,181	5,806	2,002	(627)
Gain on sale of timberlands	87	—	87	—
Fair value adjustments	1,243	432	811	—
Earnings (loss) before the under noted	8,511	6,238	2,900	(627)
Unrealized exchange gain on long-term debt	(4,315)			
Interest expense, net	(1,512)			
Deferred income tax expense	(2,250)			
Net income	$ 434			

Six Months Ended June 30, 2012 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 15,706	$ 10,322	$ 5,384	$ —
Hardwood	14,425	12,652	1,773	—
Biomass	1,921	1,868	53	—
Other	853	705	148	—
Total net sales	32,905	25,547	7,358	—
Operating costs	(25,796)	(19,794)	(5,567)	(435)
Reforestation	(162)	(162)	—	—
Depreciation and amortization	(273)	(120)	(153)	—
Operating earnings (loss)	6,674	5,471	1,638	
Gain on sale of timberlands	19	9	10	—
Fair value adjustments	407	104	303	—
Earnings (loss) before the under noted	7,100	5,584	1,951	(435)
Unrealized exchange gain on long-term debt	370			
Interest expense, net	(1,458)			
Deferred income tax expense	(1,069)			
Net income	$ 4,943			

During the three months ended June 29, 2013 approximately 32% of total sales were originated with customers domiciled in the U.S. and the balance in Canada (2012 – 25%). During the same period, approximately 22% of total sales were denominated in U.S. dollars (2012 – 15%).

Acadian outsources much of its harvesting, transportation and other services which comprise the majority of Acadian's cost of sales. For the three months ended June 29, 2013, Acadian's top three suppliers accounted for approximately 17%, 12% and 6%, respectively, of Acadian's total harvesting and delivery costs (2012 – 24%, 10% and 7%, respectively).

Acadian sells its products to many forest product companies in North America. For the three-month period ended June 29, 2013, sales to related parties (see Note 5) from NB Timberlands and Maine Timberlands accounted for 33% of total sales (2012 – 41%) and sales to the next largest customer accounted for 8% of total sales (2012 – 10%).

NOTE 7. INCOME TAXES

Acadian's effective tax rate is different from Acadian's domestic statutory income tax rate due to the differences set out below:

Six Months Ended *(CAD thousands)*	**June 29, 2013**	June 30, 2012
Deferred income tax expense		
Income tax at statutory rate	**$ 698**	$ 1,503
Foreign tax rate differential	**406**	293
Permanent differences	**(133)**	(716)
Rate adjustment	**1,115**	—
Benefit of previously unrecognized tax attributes	**159**	(5)
Other	**5**	(6)
Total deferred tax expense	**$ 2,250**	$ 1,069

As at *(CAD thousands)*	**June 29, 2013**	December 31, 2012
Deferred income tax asset	**$ —**	$ 696
Deferred income tax liability	**(25,192)**	(21,924)
Total net deferred income tax liability	**$ (25,192)**	$ (21,228)

The tax rate change of $1.1 million for the period is as a result of New Brunswick provincial tax rate changes that became substantively enacted in June 2013. The new effective rate for 2013 and 2014 is 26% and 27%, respectively, representing an increase from the previously enacted rate of 25%.

NOTE 8. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution pension plans covering substantially all employees. During the three and six months ended June 29, 2013, contributions recorded as expenses amounted to $69 thousand (2012 – $67 thousand) and $137 thousand (2012 – $191 thousand), respectively.

NOTE 9. DIVIDENDS TO SHAREHOLDERS

Acadian pays quarterly dividends to the extent determined prudent by the Board of Directors.

Total dividends declared for the three months ended June 29, 2013 were $3.5 million (2012 – $3.5 million), or $0.21 per share (2012 – $0.21 per share).

NOTE 10. TIMBER

(CAD thousands)	
Fair Value at December 31, 2011	**$ 231,370**
Gains arising from growth	**19,701**
Decrease arising from harvest	**(19,254)**
Gain from fair value price changes	**1,705**
Foreign exchange	**(2,836)**
Balance at December 31, 2012	**$ 230,686**
Gains arising from growth	**10,340**
Decrease arising from harvest	**(9,146)**
Foreign Exchange	**5,784**
Balance at June 29, 2013	**$ 237,664**

NOTE 11. SUBSEQUENT EVENTS

On July 31, 2013, Acadian arranged a stand-by equity commitment with Brookfield in an aggregate amount of US$50 million for a 2-year duration. This commitment is subject to regulatory approval.

Board and Management

BOARD OF DIRECTORS

J. W. Bud Bird, O.C.
Chairman and
Chief Executive Officer,
Bird Holdings Ltd. and
Bird Lands Limited

Reid Carter
President and
Chief Executive Officer
of Acadian and Managing
Partner of the Manager

David Mann
Legal Counsel
Cox & Palmer

Samuel J.B. Pollock
Senior Managing Partner
Brookfield Asset
Management Inc.

Saul Shulman
Chief Executive Officer
MLG Management Inc.

MANAGEMENT

Acadian Timber Corp.'s
Manager:
Brookfield Timberlands
Management LP

Reid Carter
President and
Chief Executive Officer
of Acadian and Managing
Partner of the Manager

Brian Banfill
Chief Operating Officer
of Acadian and Senior Vice
President, Finance of the
Manager

Erika Reilly
Chief Financial Officer
of Acadian and Senior Vice
President of the Manager

Marcia McKeague
Vice President,
Maine Woodland
Operations

Luc Ouellet
Vice President,
NB Woodland Operations

Corporate and Shareholder Information

HEAD OFFICE OF THE MANAGER

Brookfield Timberlands Management LP
(wholly-owned subsidiary of Brookfield Asset Management Inc.)
Suite 1800 – 1055 West Georgia Street, PO Box 11179, Royal Centre
Vancouver, B.C. V6E 3R5
Please direct your inquiries to:
Robert Lee
Investor Relations and Communications
t. 604.661.9607 f. 604.687.3419
e. rlee@acadiantimber.com

TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Corporation's transfer agent:
CIBC Mellon Trust Company,
c/o: Canadian Stock Transfer Company Inc.
P.O. Box 700 Postal Station B
Montreal, QC H3B 3K3
t. 1-800-387-0825 (toll free in North America)
f. 1-888-249-6189
e. inquiries@canstockta.com
www.canstockta.com

SHARE INFORMATION

Toronto Stock Exchange: ADN
Fully Diluted Shares Outstanding (June 29, 2013): 16,731,216
Targeted 2013 Quarterly Dividend: $0.20625 per share
Record Date: Last business day of each quarter
Payment Date: On or about the 15th day of each subsequent month

www.acadiantimber.com

This management discussion and analysis ("MD&A") contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes, without limitation, statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 28, 2013 and the Management Information Circular dated May 16, 2013, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

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