

Q3 2019 Interim Report

Letter to Shareholders

Overview¹

The three-month period ended September 28, 2019 (the “third quarter”) was transformative for Acadian Timber Corp. (“Acadian”). Brookfield Asset Management Inc. (“BAM”) sold all of its interest in Acadian to Macer Forest Holdings Inc. and Acadian entered into an agreement with its external manager, Brookfield Timberlands Management LP (“Brookfield LP”), a subsidiary of BAM, to terminate the management agreement between Acadian and Brookfield LP and internalize Acadian’s asset management and administrative services functions. The aggregate consideration payable to Brookfield LP in connection with the termination of the management agreement was \$18 million (the “Termination Fee”), which was satisfied in cash during the third quarter. The management fee and the annual performance fee have been eliminated, which, going forward, will reduce Acadian’s administration costs and, in turn, increase Free Cash Flow².

These events have not resulted in a change in Acadian’s business strategy. Under the leadership of our senior management team, we will continue to focus on maximizing shareholder value through active management as we have successfully done since formation. We are proud to note that many of our team members have been with Acadian since its inception, and on average have 24 years of experience in the forest products industry.

Results of Operations

We are pleased to report that Acadian’s operations had no recordable safety incidents during the quarter among employees or contractors. We remain fully committed to maintaining a culture across the organization that emphasizes the importance of strong safety performance. We also completed a surveillance audit under the 2015-2019 standard of the Sustainable Forest Initiative[®] at both the New Brunswick and Maine operations, re-affirming our certification.

Acadian generated sales of \$25.4 million during the third quarter, compared to \$26.6 million in the prior year period. Acadian continues to benefit from strong and stable sawlog market dynamics in New Brunswick and markets for pulpwood across Acadian’s operating region continue to improve. While the improved markets for pulpwood drove a 7% increase in the sales volume of logs, excluding biomass, compared to the prior year period, biomass volumes fell and there was less activity in our timber services business. Additionally, the weighted average selling price, excluding biomass, fell 2% from the prior year period with weakness in softwood sawlog pricing in Maine mostly offset by strong hardwood pulpwood prices and improved softwood pulpwood prices.

Acadian generated Adjusted EBITDA² of \$5.1 million during the third quarter, down from \$6.1 million in the prior year period while the Adjusted EBITDA margin² for the quarter, at 20%, was down from 23% in the prior year period. The primary drivers of the change in Adjusted EBITDA² include increased land management activities, higher administrative costs resulting from the early settlement of annual performance fees due to Brookfield LP as a result of the termination of the management agreement, and decreased gains from the sale of timberlands and other assets. During the quarter, Free Cash Flow² was \$4.2 million compared to \$5.1 million in the same period of 2018.

The third quarter net loss of \$10.9 million was \$16.8 million below the prior year period net income of \$5.9 million. The variance from the prior year period is primarily due to the Termination Fee which, after income tax, reduced net income by \$12.8 million, and also reflects an unrealized foreign exchange revaluation loss on U.S. dollar denominated long-term debt during the third quarter, compared to an unrealized gain in the prior year period.

For the nine-month period ended September 28, 2019, the Board of Directors declared dividends of \$0.87 per share or \$14.5 million, compared to \$0.84 per share or \$14.1 million during the same period of 2018, reflecting the dividend increases announced in May 2018 and February 2019 amounting to a combined 5% increase in our quarterly dividend per share. This represents a Payout Ratio² of 108%, which is above our long term annual target, but in line with expectations given the seasonality of our operations and the aforementioned dividend increases. We anticipate that over the long term we will revert to a Payout Ratio² consistent with our target level and in the near term, Acadian’s cash position supports a Payout Ratio² in excess of our target.

Our balance sheet continues to be solid, however net liquidity as at September 28, 2019, which includes funds available under our revolving facility, is now \$14.1 million compared to \$97.4 million in the prior quarter as the US\$50 million stand-by equity commitment previously available from BAM was terminated coincident with the sale of its ownership in Acadian. In addition, Acadian borrowed \$9.9 million under its Revolving Facility to partially fund the Termination Fee.

Outlook¹

Acadian's main products include softwood sawlogs and pulpwood, hardwood sawlogs and pulpwood, and biomass, from which our customers manufacture solid wood, pulp & paper products, engineered wood products and fuels. The outlook for Acadian's end-use markets is expected to remain stable in the near term, suggesting that demand and pricing of our products will generally follow suit.

U.S. housing starts are up 1% to 1.26 million year-over-year, as of September 2019. Consensus estimates are calling for this level to be sustained through 2020 with favourable demand drivers, including lower interest rates, wage growth and strong U.S. household balance sheets, offset by supply-side constraints, including labour shortages, increased construction costs and new regulation.

Benefits from steady expected U.S. demand for North American softwood lumber in 2020 and significant sawmill curtailments in western North America are expected to be offset, in part, by lower offshore exports, available softwood supply in the U.S. south, and increased wood supply from Central Europe as spruce forests impacted by a bark beetle are liquidated. Regionally, Acadian's softwood sawmill customers continue to operate on full shifts, and we expect stable demand for our softwood sawtimber products going into 2020.

Local markets for hardwood sawlogs are expected to remain balanced for the remainder of the year despite the impact the U.S.-China trade dispute and slowing Chinese economy have had on appearance lumber exports as markets for industrial lumber are expected to remain strong for most of our customers.

Hardwood and softwood pulpwood demand is expected to remain steady or gradually improve, supported by the restart of a pulp mill in Maine. Biomass markets in Maine remain weak, without any significant changes in sight. The New Brunswick biomass market continues to be supported by steady demand at attractive prices; however, the export market in New Brunswick has been curtailed for the remainder of 2019. We expect this market to return in 2020.

As a leading producer of primary forest products in eastern Canada and the northeastern U.S., Acadian's sales are most closely tied to the performance of local sawmills, pulp mills, and other wood processing facilities, and our customers generally have a positive outlook for the remainder of 2019 and as we head into 2020, despite the mixed indicators for global supply and demand of wood products.

Acadian benefits from a strong balance sheet, diverse markets and a highly capable team that remains committed to continuously improving our financial and operating performance. On behalf of the board and management of Acadian, I would like to thank all our shareholders for their ongoing support.



Erika Reilly
Interim President and Chief Executive Officer

October 30, 2019

1. This Letter to Shareholders 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 "Cautionary Statement Regarding Forward-Looking Information and Statements" in Management's Discussion and Analysis for further details.

2. Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Payout Ratio are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of Acadian's operating performance. Adjusted EBITDA and Adjusted EBITDA margin are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian's ability to generate sustainable cash flows from our operations while Payout Ratio is used to evaluate Acadian's ability to fund its distribution using Free Cash Flow. Acadian's management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of roads and other fixed assets, unrealized exchange gain/loss on debt, depreciation, amortization and the Termination Fee and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). Payout Ratio is defined as dividends declared divided by Free Cash Flow. 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.

Management's Discussion and Analysis

INTRODUCTION

Acadian Timber Corp. ("Acadian", the "Company" or "we") is a leading supplier of primary forest products in Eastern Canada and the Northeastern United States. 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 761,000 acres of freehold timberlands in New Brunswick ("NB Timberlands" or "New Brunswick Timberlands"), approximately 300,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides timber services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products sold to approximately 85 regional customers.

Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our operations-oriented approach to drive improved performance.

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 September 28, 2019 (herein referred to as the "third quarter") and the nine-month period ended September 28, 2019 compared to the three- and nine-month periods ended September 29, 2018, and should be read in conjunction with the interim condensed consolidated financial statements and notes thereto included at page 17 of this interim report.

Our third 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 October 30, 2019. 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, realized gain/loss on sale of roads and other fixed assets, unrealized exchange gain/loss on debt, depreciation, amortization and one-time costs related to the termination of the management agreement with Brookfield Timberlands Management LP and to "Adjusted EBITDA margin", which is Adjusted EBITDA as a percentage of its total revenue. Reference is also made to "Free Cash Flow", which Acadian's management defines as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). Reference made to "Payout Ratio" is defined as dividends declared divided by Free Cash Flow. Management believes that Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, and Payout Ratio are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operating performance. Adjusted EBITDA and Adjusted EBITDA margin are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian's ability to generate sustainable cash flows from our operations while Payout Ratio is used to evaluate Acadian's ability to fund its distribution using Free Cash Flow. As these measures 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, 2018. There have been no changes in our disclosure controls and procedures during the period ended September 28, 2019 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 2013 as at December 31, 2018. There have been no changes in our internal controls over financial reporting during the nine-month period ended September 28, 2019 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of Third Quarter Results

The table below summarizes operating and financial data for Acadian:

	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
(CAD thousands, except where indicated)				
Sales volume (000s m ³)	313.5	332.0	911.7	983.3
Sales	\$ 25,357	\$ 26,634	\$ 74,213	\$ 75,681
Net (loss) / income	(10,869)	5,949	1,097	9,823
Adjusted EBITDA ¹	\$ 5,123	\$ 6,059	\$ 17,018	\$ 17,511
Adjusted EBITDA margin ¹	20%	23%	23%	23%
Free Cash Flow ¹	\$ 4,186	\$ 5,133	\$ 13,426	\$ 14,388
Dividends declared	4,840	4,726	14,519	14,054
Payout Ratio ¹	116%	92%	108%	98%
Per share – basic and diluted				
Net (loss) / income	\$ (0.65)	\$ 0.36	\$ 0.07	\$ 0.59
Free Cash Flow ¹	0.25	0.31	0.80	0.86
Dividends declared	0.29	0.2825	0.87	0.84
Book value	16.33	16.47	16.33	16.47
Common shares outstanding	16,686,916	16,731,216	16,686,916	16,731,216
Weighted average shares outstanding	16,686,916	16,731,216	16,686,927	16,731,216

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

On August 20, 2019, Brookfield Asset Management ("BAM") sold all of its interest in Acadian to Macer Forest Holdings Inc. and on September 9, 2019, Acadian entered into an agreement with its external manager, Brookfield Timberlands Management LP ("Brookfield LP"), a subsidiary of BAM, to terminate the management agreement between Acadian and Brookfield LP and internalize Acadian's asset management and administrative services functions. The aggregate consideration payable to Brookfield LP in connection with the termination of the management agreement was \$18 million (the "Termination Fee"), which was satisfied in cash. The termination of the management agreement resulted in the elimination of the management fee and the annual performance fee which, going forward, will reduce Acadian's administration costs and, in turn, increase Free Cash Flow.

During the third quarter, Acadian generated sales of \$25.4 million, compared to \$26.6 million in the prior year period. While improved markets for pulpwood drove a 7% increase in the sales volume of logs, excluding biomass, compared to the prior year period, biomass volumes fell and there was less activity in our timber services business. Additionally, the weighted average selling price, excluding biomass, fell 2% from the prior year period with weakness in softwood sawlog pricing in Maine mostly offset by improved prices for pulpwood.

Operating costs and expenses were \$20.6 million during the third quarter, compared to \$21.2 million during the prior year period. The effect of 6% lower total log sales volumes was largely offset by a 5% increase in harvesting and delivery costs per m³ that

primarily resulted from a change in product mix. Savings from reduced activity in our timber services business were offset by higher land management and reforestation costs due to the timing of these activities and higher administrative costs reflecting the early settlement of annual performance fees due to Brookfield LP as a result of the termination of the management agreement.

Adjusted EBITDA was \$5.1 million during the third quarter, compared to \$6.1 million in the prior year period, while the Adjusted EBITDA margin for the quarter was 20%, compared to 23% in the prior year period. This year-over-year decrease reflects the factors discussed above as well as decreased gains from the sale of timberlands and other assets. During the quarter, Free Cash Flow was \$4.2 million compared to \$5.1 million in the same period of 2018.

The third quarter net loss of \$10.9 million, or \$0.65 per share, was \$16.8 million below the prior year period income of \$5.9 million, or \$0.36 per share. The variance from the prior year period is primarily due to the Termination Fee which, after income tax, reduced net income by \$12.8 million or \$0.77 per share. Other factors included the decrease in operating earnings, for the reasons discussed in the above paragraphs, and an unrealized foreign exchange revaluation loss on U.S. dollar denominated long-term debt during the third quarter, compared to an unrealized gain in the prior year period.

During the first nine months of 2019, Acadian's sales of \$74.2 million were down 2% compared to the prior year period with decreased total log sales volumes and lower activity in our timber services business being mostly offset by improved pricing. Operating costs and expenses of \$58.3 million were \$0.9 million lower than the prior year period primarily reflecting the lower log sales volumes and timber services activity offset by higher land management and reforestation costs due to the timing of these activities. As a result, year-to-date Adjusted EBITDA fell slightly to \$17.0 million from \$17.5 million during the same period of 2018 while the year-to-date Adjusted EBITDA margin was unchanged at 23%. For the nine months ended September 28, 2019, net income was \$1.1 million, or \$0.07 per share, a decrease of \$8.7 million over the same period of 2018 primarily due to the Termination Fee, offset by a year-to-date unrealized foreign exchange revaluation gain on U.S. dollar denominated long-term debt of \$2.9 million, compared to an unrealized loss of \$2.4 million in the prior year period.

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:

(CAD thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net (loss) / income	\$ (10,869)	\$ 5,949	\$ 1,097	\$ 9,823
Add / (deduct):				
Interest expense, net	1,010	936	2,989	2,897
Current income tax (recovery) / expense	(1,667)	575	(335)	1,844
Deferred income tax (recovery) / expense	(2,313)	920	(632)	2,434
Depreciation and amortization	71	69	215	230
Fair value adjustments and other	(139)	(822)	(1,409)	(2,088)
Management agreement termination fee	18,000	—	18,000	—
Unrealized exchange loss / (gain) on long-term debt	1,030	(1,568)	(2,907)	2,371
Adjusted EBITDA ¹	\$ 5,123	\$ 6,059	\$ 17,018	\$ 17,511
Add / (deduct):				
Interest paid on debt, net	(708)	(648)	(2,049)	(2,014)
Additions to timber, land, roads and other fixed assets	(68)	(17)	(86)	(48)
Gain on sale of timberlands	(333)	(387)	(864)	(850)
(Gain) / loss on disposal of other fixed assets	(1)	(155)	(2)	93
Proceeds on sale of timberlands	353	469	920	966
Proceeds on sale of other fixed assets	1	387	2	574
Current tax effect of Termination Fee	(1,848)	—	(1,848)	—
Current income tax recovery / (expense)	1,667	(575)	335	(1,844)
Free Cash Flow ¹	\$ 4,186	\$ 5,133	\$ 13,426	\$ 14,388
Dividends declared	\$ 4,840	\$ 4,726	\$ 14,519	\$ 14,054
Payout Ratio ¹	116%	92%	108%	98%

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

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 Acadian's indirect interest in the Maine Timberlands and the New Brunswick 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.

For the three-month period ended September 28, 2019, the Board of Directors declared dividends of \$4.8 million, or \$0.29 per share, compared to \$4.7 million, or \$0.2825 per share, during the same period of 2018, reflecting the 3% increase in our quarterly dividend per share announced in February 2019.

For the nine-month period ended September 28, 2019, the Board of Directors declared dividends of \$0.87 per share or \$14.5 million, compared to \$0.84 per share or \$14.1 million during the same period of 2018, reflecting the dividend increases announced in May 2018 and February 2019 amounting to a combined 5% increase in our quarterly dividend per share. This represents a Payout Ratio of 108%, which is above our long term annual target, but in line with expectations given the seasonality of our operations and the aforementioned dividend increases. We anticipate that over the long term we will revert to a Payout Ratio consistent with our target level and in the near term, Acadian's cash position supports a Payout Ratio in excess of our target.

Operating and Market Conditions

Acadian continues to benefit from strong and stable market dynamics in New Brunswick. In Maine, softwood sawlog pricing has come under pressure recently reflecting the current weakness in prices for sawn timber products in North America, however markets for hardwood continue to be strong, particularly for hardwood pulpwood, and softwood pulpwood markets continue to improve. The sales volume, excluding biomass, of 288 thousand m³ for the quarter was up 7% year-over-year largely reflecting the improved demand for hardwood pulpwood in New Brunswick and softwood pulpwood in Maine.

Acadian's weighted average selling price, excluding biomass, was down 2% from the prior year period reflecting weakness in softwood sawlog pricing in Maine mostly offset by strong prices for hardwood pulpwood and improved softwood pulpwood prices at both operations. Demand for softwood sawlogs in New Brunswick remained strong with prices increasing 3%, while pricing for pulpwood continued to improve with increases of 6% and 1% for softwood and hardwood, respectively. Pulpwood markets in Maine remained strong, although prices in U.S. dollar terms for softwood pulpwood weakened by 1% due to delivery points, while hardwood pulpwood prices improved 7% on stronger demand, compared to the prior year period. As previously noted, softwood sawlog prices in Maine have weakened recently and are down 10% in U.S. dollar terms year-over-year.

Shipments of biomass destined for export have been curtailed recently which has led to a decrease in volumes sold year-over-year and margins per m³ for this product have fallen by 43% compared to the prior year period. This product does, however, typically only contribute 4-7% of Acadian's total Adjusted EBITDA.

Segmented Results of Operations

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

Three Months Ended September 28, 2019 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	238.7	74.8	—	313.5
Sales	\$ 19,469	\$ 5,888	\$ —	\$ 25,357
Adjusted EBITDA ¹	\$ 4,789	\$ 711	\$ (377)	\$ 5,123
Adjusted EBITDA margin ¹	25%	12%	n/a	20%

Three Months Ended September 29, 2018 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	253.5	78.5	—	332.0
Sales	\$ 20,120	\$ 6,514	\$ —	\$ 26,634
Adjusted EBITDA ¹	\$ 4,495	\$ 1,914	\$ (350)	\$ 6,059
Adjusted EBITDA margin ¹	22%	29%	n/a	23%

Nine Months Ended September 28, 2019 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	676.3	235.4	—	911.7
Sales	\$ 55,367	\$ 18,846	\$ —	\$ 74,213
Adjusted EBITDA ¹	\$ 13,388	\$ 4,594	\$ (964)	\$ 17,018
Adjusted EBITDA margin ¹	24%	24%	n/a	23%

Nine Months Ended September 29, 2018 (CAD thousands)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m ³)	733.1	250.2	—	983.3
Sales	\$ 56,157	\$ 19,524	\$ —	\$ 75,681
Adjusted EBITDA ¹	\$ 12,512	\$ 5,947	\$ (948)	\$ 17,511
Adjusted EBITDA margin ¹	22%	30%	n/a	23%

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

New Brunswick Timberlands

New Brunswick Timberlands owns and manages approximately 761,000 acres of freehold timberlands and provides harvesting and management services to third parties relating to approximately 1.3 million acres of Crown licensed timberlands. Approximately 80% of harvest operations are currently performed by third-party contractors and approximately 20% by New Brunswick Timberlands employees.

There were no recordable safety incidents among employees or contractors during the third quarter of 2019. New Brunswick Timberlands successfully completed a surveillance audit under the 2015-2019 standard of the Sustainable Forest Initiative® during the quarter.

The table below summarizes operating and financial results for New Brunswick Timberlands:

	Three Months Ended September 28, 2019				Three Months Ended September 29, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	103.7	102.7	43%	\$ 5,864	99.5	98.4	39%	\$ 5,417
Hardwood	109.1	111.1	47%	8,188	105.0	96.8	38%	7,063
Biomass	24.9	24.9	10%	818	58.3	58.3	23%	1,848
	237.7	238.7	100%	14,870	262.8	253.5	100%	14,328
Timber services and other sales				4,599				5,792
Sales				\$ 19,469				\$ 20,120
Adjusted EBITDA ¹				\$ 4,789				\$ 4,495
Adjusted EBITDA margin ¹				25%				22%

	Nine Months Ended September 28, 2019				Nine Months Ended September 29, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	291.4	303.3	45%	\$ 17,817	305.3	309.1	42%	\$ 17,232
Hardwood	264.3	274.0	41%	20,849	266.2	261.7	36%	20,096
Biomass	99.0	99.0	14%	3,554	162.3	162.3	22%	4,802
	654.7	676.3	100%	42,220	733.8	733.1	100%	42,130
Timber services and other sales				13,147				14,027
Sales				\$ 55,367				\$ 56,157
Adjusted EBITDA ¹				\$ 13,388				\$ 12,512
Adjusted EBITDA margin ¹				24%				22%

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

Sales for New Brunswick Timberlands during the third quarter were \$19.5 million compared to \$20.1 million during the prior year period. The sales volume, excluding biomass, increased 10% over the prior year, however the biomass sales volume fell 57% due to the recent operating curtailment of the customer who ships the product to export markets. Revenues from timber services declined 24% as a result of decreased operating activity during the quarter.

The weighted average selling price, excluding biomass, during the quarter was \$65.71 per m³, an increase of 3% over the prior year period. Prices for all products improved year-over-year with the biggest gains being for softwood sawlogs, where prices were up 3% due to customer mix, and for softwood pulplogs which saw a price increase of 6% due to improved demand.

Operating costs were \$14.9 million during the third quarter, compared to \$15.8 million in the prior year period with the effect of lower biomass sales volumes and decreased timber services activity partially offset by higher reforestation costs due to the timing of these activities and higher administrative costs resulting from the early settlement of performance fees paid to the manager due to the termination of the management agreement. Variable harvest costs per m³, excluding biomass, were almost unchanged year-over-year.

Adjusted EBITDA, at \$4.8 million during the third quarter of 2019, was almost unchanged from \$4.5 million in the prior year period as decreased sales revenues were mostly offset by decreased operating costs. Adjusted EBITDA margin for the quarter increased to 25% from 22% in the prior year period reflecting the increase in the weighted average selling price, excluding biomass.

During the first nine months of 2019, New Brunswick's sales totaled \$55.4 million, down slightly from \$56.2 million in the prior year period. The total volume sold, excluding biomass, was almost unchanged year-over-year and the weighted average selling price, excluding biomass, climbed 2% reflecting strength in softwood sawlog and pulpwood markets. Biomass sales volumes fell 39% year-over-year due to the current export market curtailments and revenues from timber services dropped 7% due to decreased activity. Operating costs of \$42.6 million during the first nine months of 2019 were \$1.4 million lower than the prior year period largely due to lower total sales volumes and decreased timber services activity. As a result, year-to-date Adjusted EBITDA improved to \$13.4 million from \$12.5 million during the same period of 2018 while the Adjusted EBITDA margin improved to 24% from 22%.

Maine Timberlands

Maine Timberlands owns and manages approximately 300,000 acres of freehold timberlands. All harvesting operations are performed by third-party contractors.

There were no recordable safety incidents among employees or contractors during the third quarter of 2019. Maine Timberlands successfully completed a surveillance audit under the 2015-2019 standard of the Sustainable Forest Initiative® during the quarter.

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

	Three Months Ended September 28, 2019				Three Months Ended September 29, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	49.0	49.0	66%	\$ 3,551	50.0	50.6	64%	\$ 4,468
Hardwood	26.1	25.5	34%	2,164	24.7	23.2	30%	1,859
Biomass	0.3	0.3	0%	4	4.7	4.7	6%	7
	75.4	74.8	100%	5,719	79.4	78.5	100%	6,334
Other sales				169				180
Sales				\$ 5,888				\$ 6,514
Adjusted EBITDA ¹				\$ 711				\$ 1,914
Adjusted EBITDA margin ¹				12%				29%

	Nine Months Ended September 28, 2019				Nine Months Ended September 29, 2018			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	163.1	163.3	69%	\$ 12,471	167.0	167.1	67%	\$13,703
Hardwood	68.7	68.3	29%	5,894	68.1	67.1	27%	5,269
Biomass	3.8	3.8	2%	12	16.0	16.0	6%	25
	235.6	235.4	100%	18,377	251.1	250.2	100%	18,997
Other sales				469				527
Net sales				\$ 18,846				\$ 19,524
Adjusted EBITDA ¹				\$ 4,594				\$ 5,947
Adjusted EBITDA margin ¹				24%				30%

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

Sales totaled \$5.9 million for Maine Timberlands during the third quarter compared to \$6.5 million for the same period last year. The sales volume, excluding biomass, was in line with the prior year period, however the weighted average selling price, excluding biomass, fell by 11% due to a combination of weaker pricing for softwood sawlogs and a product mix more heavily weighted to softwood pulpwood. Demand for softwood pulpwood improved providing the opportunity to focus harvesting activities on retrieving pulpwood that wasn't harvested in prior years when markets were very weak.

The weighted average selling price, excluding biomass, in Canadian dollar terms was \$76.61 per m³, down from \$85.78 per m³ in the same period of 2018. In U.S. dollar terms, the weighted average selling price, excluding biomass, of \$58.04 per m³ was 12% lower than the prior year period. Maine Timberlands benefited from improved demand for hardwood and softwood pulpwood with U.S. dollar hardwood pulpwood prices climbing 7% year-over-year, however a change in the mix of delivery points for softwood pulpwood resulted in a 1% decrease in U.S. dollar pricing for that product. The benefit from improved hardwood pulpwood prices was more than offset by a 10% decrease in U.S. dollar softwood sawlog prices, due to pricing pressure resulting from the current weakness in prices for sawn timber products in North America, and changes in the sales mix due to increased harvest in lower quality softwood stands as the operations focused more on softwood pulpwood harvest.

Operating costs during the third quarter were \$5.3 million, compared to \$5.0 million during the same period of 2018 primarily due to operating conditions that created the opportunity to complete the majority of road maintenance and construction activity earlier than in the prior year. Variable harvest costs per m³, excluding biomass, decreased 1% compared with the prior year period as changes in hauling distances to customers resulted in higher costs for softwood sawlogs, but lower costs for softwood pulpwood and a greater volume of softwood pulpwood sales resulted in a lower cost product mix.

Adjusted EBITDA for the quarter was \$0.7 million compared to \$1.9 million during the prior year period due to a lower value product mix along with increased road maintenance and construction costs and lower revenue from land sales. The Adjusted EBITDA margin was 12% during the quarter compared to 29% in the prior year period.

During the first nine months of 2019, Maine Timberland's sales of \$18.8 million were down from \$19.5 million in the prior year period. The weighted average selling price, excluding biomass, fell 2% primarily due to a lower value product mix as the proportion of volume of softwood pulpwood increased. Operating costs of \$14.7 million during the first nine months of 2019 were 3% above the prior year period due to a 3% increase in variable harvest costs per m³, excluding biomass, and increased road maintenance and construction costs. As a result of the above factors, year-to-date Adjusted EBITDA fell to \$4.6 million from \$5.9 million during the same period of 2018 while the Adjusted EBITDA margin declined to 24% from 30% in the prior year.

Financial Position

Our financial position continues to be solid, however net liquidity as at September 28, 2019, which includes funds available under our revolving facility, is now \$14.1 million compared to \$97.4 million in the prior quarter as the US\$50 million stand-by equity commitment previously available from Brookfield was terminated coincident with the sale of its ownership in Acadian and Acadian borrowed \$9.9 million under its Revolving Facility to partially fund the Termination Fee.

As at September 28, 2019, Acadian's balance sheet consisted of total assets of \$484.0 million (December 31, 2018 – \$492.5 million), consisting primarily of timber, land, roads and other fixed assets of \$451.0 million (December 31, 2018 – \$454.0 million), cash and current assets of \$26.9 million (December 31, 2018 – \$32.3 million), and intangible assets of \$6.1 million (December 31, 2018 – \$6.1 million). Timber has been recorded at fair value as determined through an independent third-party appraisal at December 31, 2018 and adjusted for growth estimates and harvest during the first nine months of the year. Reforestation costs have been expensed as incurred.

MARKET OUTLOOK

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2019 and into 2020. Reference should be made to the section entitled "Cautionary Statement Regarding Forward-Looking Information and Statements" on page 16. 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 filed with SEDAR at www.sedar.com.

Acadian's main products include softwood sawlogs and pulpwood, hardwood sawlogs and pulpwood, and biomass, from which our customers manufacture solid wood, pulp & paper products, engineered wood products and fuels. The outlook for Acadian's end-use markets is expected to remain stable in the near term, suggesting that demand and pricing of our products will generally follow suit.

U.S. housing starts are up 1% to 1.26 million year-over-year, as of September 2019. Consensus estimates are calling for this level to be sustained through 2020 with favourable demand drivers, including lower interest rates, wage growth and strong U.S. household balance sheets, offset by supply-side constraints, including labour shortages, increased construction costs and new regulation.

Benefits from steady expected U.S. demand for North American softwood lumber in 2020 and significant sawmill curtailments in western North America are expected to be offset, in part, by lower offshore exports, available softwood supply in the U.S. south, and increased wood supply from Central Europe as spruce forests impacted by a bark beetle are liquidated. Regionally, Acadian's softwood sawmill customers continue to operate on full shifts, and we expect stable demand for our softwood sawtimber products going into 2020.

Local markets for hardwood sawlogs are expected to remain balanced for the remainder of the year despite the impact the U.S.-China trade dispute and slowing Chinese economy have had on appearance lumber exports as markets for industrial lumber are expected to remain strong for most of our customers .

Hardwood and softwood pulpwood demand is expected to remain steady or gradually improve, supported by the restart of a pulp mill in Maine. Biomass markets in Maine remain weak, without any significant changes in sight. The New Brunswick biomass market continues to be supported by steady demand at attractive prices; however, the export market in New Brunswick has been curtailed for the remainder of 2019. We expect this market to return in 2020.

As a leading producer of primary forest products in eastern Canada and the northeastern U.S., Acadian's sales are most closely tied to the performance of local sawmills, pulp mills, and other wood processing facilities, and our customers generally have a positive outlook for the remainder of 2019 and as we head into 2020, despite the mixed indicators for global supply and demand of wood products.

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 seven quarters. See “Additional Quarterly Information” section for the segmented quarterly results.

(CAD thousands, except per share data and where indicated)	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales volume (000s m ³)	313.5	214.0	384.2	323.7	332.0	231.6	419.7	297.6
Sales	\$ 25,357	\$ 17,918	\$ 30,938	\$ 24,167	\$ 26,634	\$ 16,099	\$ 32,948	\$ 25,805
Adjusted EBITDA ¹	5,123	3,038	8,857	4,631	6,059	2,582	8,870	6,005
Free Cash Flow ¹	4,186	2,750	6,490	3,525	5,133	1,997	7,258	4,756
Net (loss) / income	(10,869)	5,784	6,182	16,441	5,946	1,888	1,986	12,348
Per share – basic and diluted	\$ (0.65)	\$ 0.35	\$ 0.37	\$ 0.98	\$ 0.36	\$ 0.11	\$ 0.12	\$ 0.74

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 consolidated 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 consolidated 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 2018 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.

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 the exchange value and recognized in the interim condensed consolidated financial statements. The Company’s one significant related party prior to August 20, 2019 was Brookfield Asset Management Inc., and its affiliates (collectively “Brookfield”). Prior to August 20, 2019, Brookfield owned 7,513,262 common shares of the Company representing 45% of the Company’s outstanding shares. The common shares previously owned by Brookfield were sold to Macer Forest Holdings Inc. (“Macer”) on August 20, 2019, resulting in Macer becoming a related party.

As at September 28, 2019, Macer owned 7,513,262 common shares, representing approximately 45% of the Company’s outstanding shares.

Upon inception, Acadian entered into a management agreement with Brookfield whereby Brookfield provided a number of administrative and advisory services to Acadian. The agreement with Brookfield was terminated by Acadian on September 9, 2019.

Total fees for services provided up to and including September 9, 2019, and in the three and nine months ended September 28, 2019 totaled \$1.0 million (2018 – \$0.6 million) and \$2.2 million (2018 - \$1.8 million), respectively. In addition, Acadian paid fees of \$18.0 million to Brookfield in connection with the termination of the management agreement during the three months ended September 28, 2019 (2018 - \$Nil). As at September 28, 2019, no fees (December 31, 2018 – \$0.5 million) remain outstanding.

Further to the related party transactions noted above, the total net receivables due from related parties as at September 28, 2019 is \$Nil (December 31, 2018 – \$42 thousand) and net payables due to related parties is \$Nil (December 31, 2018 – \$446 thousand).

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 Paper Company (“Twin Rivers”) for periods up to 20 years and the provision of timber services under a Crown License Agreement at the direction of Twin Rivers.

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

(CAD thousands)	Total	Less Than One Year (2019- 2020)	1 to 3 Years (2020-2022)	3 to 5 Years (2023-2025)	After 5 Years (>2025)
Debt					
Term facility ¹	\$ 95,990	\$ —	\$ 95,990	\$ —	\$ —
Revolving facility ²	9,930	9,930	—	—	—
	\$ 105,920	\$ 9,930	\$ 95,990	\$ —	\$ —
Interest payments ³	\$ 3,983	\$ 3,170	\$ 813	\$ —	\$ —

1. Represents principal of a U.S. dollar denominated term loan with a U.S. to Canadian dollar conversion rate of 1.3240, excluding the unamortized deferred financing costs

2. Represents amounts borrowed from the U.S. dollar denominated revolving credit facility with a U.S. to Canadian conversion rate of 1.3240

3. Interest payments are determined assuming a fixed interest rate at 3.01% with a U.S. to Canadian dollar conversion rate of 1.3240

Additional Quarterly Information

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

NB Timberlands

	2019 Q3			2019 Q2			2019 Q1			2018 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)
Softwood	103.7	102.7	\$ 5,864	47.0	61.7	\$ 3,621	140.7	138.9	\$ 8,332	110.7	94.2	\$ 5,242
Hardwood	109.1	111.1	8,188	51.5	77.6	6,071	103.7	85.3	6,590	103.1	102.4	7,881
Biomass	24.9	24.9	818	30.7	30.7	1,237	43.4	43.4	1,499	56.4	56.4	1,743
	237.7	238.7	14,870	129.2	170.0	10,929	287.8	267.6	16,421	270.2	253.0	14,866
Timber services and other sales			4,599			3,520			5,028			3,741
Sales			\$ 19,469			\$ 14,449			\$ 21,449			\$ 18,607
Adjusted EBITDA ¹			\$ 4,789			\$ 2,837			\$ 5,762			\$ 4,057
Adjusted EBITDA margin ¹			25%			20%			27%			22%

	2018 Q3			2018 Q2			2018 Q1			2017 Q4		
	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)
Softwood	99.5	98.4	\$ 5,417	47.2	53.3	\$ 2,930	158.6	157.4	\$ 8,885	103.2	97.1	\$ 5,371
Hardwood	105.0	96.8	7,063	68.2	81.9	6,467	93.0	83.0	6,566	68.8	66.9	5,111
Biomass	58.3	58.3	1,848	51.1	51.1	1,503	52.9	52.9	1,451	31.6	31.6	549
	262.8	253.5	14,328	166.5	186.3	10,900	304.5	293.3	16,902	203.6	195.6	11,031
Timber services and other sales			5,792			2,017			6,218			7,272
Sales			\$ 20,120			\$ 12,917			\$ 23,120			\$ 18,303
Adjusted EBITDA ¹			\$ 4,495			\$ 2,160			\$ 5,857			\$ 4,463
Adjusted EBITDA margin ¹			22%			17%			25%			24%

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

Maine Timberlands

	2019 Q3			2019 Q2			2019 Q1			2018 Q4		
	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	49.0	49.0	\$ 3,551	26.9	28.0	\$ 1,884	87.2	86.3	\$ 7,036	46.4	46.0	\$ 3,571
Hardwood	26.1	25.5	2,164	12.6	15.9	1,449	30.0	26.9	2,281	19.9	22.3	1,831
Biomass	0.3	0.3	4	0.1	0.1	3	3.4	3.4	5	2.4	2.4	4
	75.4	74.8	5,719	39.6	44.0	3,336	120.6	116.6	9,322	68.7	70.7	5,406
Other sales			169			133			167			154
Sales			\$ 5,888			\$ 3,469			\$ 9,489			\$ 5,560
Adjusted EBITDA ¹			\$ 711			\$ 540			\$ 3,343			\$ 892
Adjusted EBITDA margin ¹			12%			16%			35%			16%

	2018 Q3			2018 Q2			2018 Q1			2017 Q4		
	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	50.0	50.6	\$ 4,468	25.4	25.3	\$ 1,914	91.6	91.2	\$ 7,321	47.0	46.8	\$ 3,752
Hardwood	24.7	23.2	1,859	9.5	13.2	1,156	33.9	30.7	2,254	44.5	49.7	3,620
Biomass	4.7	4.7	7	6.8	6.8	11	4.5	4.5	7	5.5	5.5	9
	79.4	78.5	6,334	41.7	45.3	3,081	130.0	126.4	9,582	97.0	102.0	7,381
Other sales			180			101			246			121
Sales			\$ 6,514			\$ 3,182			\$ 9,828			\$ 7,502
Adjusted EBITDA ¹			\$ 1,914			\$ 569			\$ 3,464			\$ 2,135
Adjusted EBITDA margin ¹			29%			18%			35%			28%

Corporate

	2019 Q3	2019 Q2	2019 Q1	2018 Q4
	Results	Results	Results	Results
	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Sales	\$ —	\$ —	\$ —	\$ —
Adjusted EBITDA ¹	\$ (377)	\$ (339)	\$ (248)	\$ (318)

	2018 Q3	2018 Q2	2018 Q1	2017 Q4
	Results	Results	Results	Results
	(\$000s)	(\$000s)	(\$000s)	(\$000s)
Sales	\$ —	\$ —	\$ —	\$ —
Adjusted EBITDA ¹	\$ (350)	\$ (147)	\$ (451)	\$ (593)

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

Cautionary Statement Regarding Forward-Looking Information and Statements

This management discussion and analysis (“MD&A”) contains forward-looking information and statements 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 forward-looking statements may contain such words as “may,” “will,” “intend,” “should,” “suggest,” “expect,” “believe,” “outlook,” “forecast,” “predict,” “remain,” “anticipate,” “estimate,” “potential,” “continue,” “plan,” “could,” “might,” “project,” “targeting” or the negative of these terms or other similar terminology. Forward-looking information is included in the Letter to Shareholders which precedes this MD&A and includes statements made in this MD&A in sections entitled “Dividend Policy of the Company,” and “Market Outlook” and without limitation other 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; changes in US housing starts; 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; Acadian’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 the Annual Report dated February 13, 2019 and in each of the Annual Information Form dated March 28, 2019 and the Management Information Circular dated March 28, 2019, 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: forecasts in the housing market; 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 Condensed Consolidated Statements of Net Income / (Loss)

(unaudited)

(CAD thousands, except per share data)	Note	Three Months Ended		Nine Months Ended	
		September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Sales		\$ 25,357	\$ 26,634	\$ 74,213	\$ 75,681
Operating costs and expenses					
Cost of sales		17,404	18,694	49,900	51,362
Selling, administration and other		2,789	2,392	7,412	7,112
Reforestation		375	31	749	453
Depreciation and amortization		71	69	215	230
		20,639	21,186	58,276	59,157
Operating earnings		4,718	5,448	15,937	16,524
Interest expense, net		(1,010)	(936)	(2,989)	(2,897)
Other items					
Fair value adjustments and other		139	822	1,409	2,088
Unrealized exchange (loss) / gain on long-term debt		(1,030)	1,568	2,907	(2,371)
Management agreement termination fee		(18,000)	—	(18,000)	—
Gain on sale of timberlands		333	387	864	850
Gain / (loss) on disposal of other fixed assets		1	155	2	(93)
(Loss) / earnings before income taxes		(14,849)	7,444	130	14,101
Current income tax recovery / (expense)	7	1,667	(575)	335	(1,844)
Deferred income tax recovery / (expense)	7	2,313	(920)	632	(2,434)
Net (loss) / income		\$ (10,869)	\$ 5,949	\$ 1,097	\$ 9,823
Net (loss) / income per share - basic and diluted		\$ (0.65)	\$ 0.36	\$ 0.07	\$ 0.59

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Comprehensive Income / (Loss)

(unaudited)

(CAD thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net (loss) / income	\$ (10,869)	\$ 5,949	\$ 1,097	\$ 9,823
Other comprehensive (loss) / income				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation (loss) / gain	1,500	(2,228)	(4,447)	3,226
Gain on revaluation of land	(9)	—	(23)	—
Deferred income tax recovery	3	—	7	—
Comprehensive (loss) / income	\$ (9,375)	\$ 3,721	\$ (3,366)	\$ 13,049

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheets

(unaudited)

As at (CAD thousands)	Note	September 28, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		\$ 12,900	\$ 22,320
Accounts receivable and other assets	5	10,191	7,230
Current taxes receivable		2,695	—
Inventory		1,098	2,756
		26,884	32,306
Timber	9	366,169	367,901
Land, roads and other fixed assets		84,769	86,103
Intangible assets		6,140	6,140
Total assets		\$ 483,962	\$ 492,450
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt		\$ 9,930	\$ —
Accounts payable and accrued liabilities	5	11,462	7,963
Current tax liabilities		—	647
Dividends payable to shareholders	8	4,839	4,714
		26,231	13,324
Long-term debt	3	94,722	96,595
Deferred income tax liability		90,519	92,119
Shareholders' equity		272,490	290,412
Total liabilities and shareholders' equity		\$ 483,962	\$ 492,450

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity

(unaudited)

Nine Months Ended September 28, 2019 (CAD thousands)	Note	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Shareholders' Equity
Balance as at December 31, 2018		\$ 139,431	\$ 85,936	\$ 30,272	\$ 34,773	\$ 290,412
Changes in period						
Net income		—	1,097	—	—	1,097
Common shares repurchased under NCIB	4	(37)	—	—	—	(37)
Other comprehensive loss		—	—	(16)	(4,447)	(4,463)
Shareholders' dividends declared	8	—	(14,519)	—	—	(14,519)
Balance as at September 28, 2019		\$ 139,394	\$ 72,514	\$ 30,256	\$ 30,326	\$ 272,490

See accompanying notes to interim condensed consolidated financial statements.

Nine Months Ended September 29, 2018 (CAD thousands)	Note	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Shareholders' Equity
Balance as at December 31, 2017		\$ 140,067	\$ 76,375	\$ 33,877	\$ 23,766	\$ 274,085
Impact of adopting IFRS 9, net of income taxes			2,066			2,066
Adjusted opening balance under IFRS 9		140,067	78,441	33,877	23,766	276,151
Changes in period						
Net income		—	9,823	—	—	9,823
Other comprehensive income		—	—	—	3,226	3,226
Shareholders' dividends declared	8	—	(14,054)	—	—	(14,054)
Balance as at September 29, 2018		\$ 140,067	\$ 74,210	\$ 33,877	\$ 26,992	\$ 275,146

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

(CAD thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Cash and cash equivalents provided by (used for):				
Operating activities				
Net (loss) / income	\$ (10,869)	\$ 5,949	\$ 1,097	\$ 9,823
Adjustments to net (loss) / income:				
Deferred income tax (recovery) / expense	(2,313)	920	(632)	2,434
Depreciation and amortization	71	69	215	230
Fair value adjustments and other	(139)	(822)	(1,409)	(2,088)
Unrealized exchange loss / (gain) on long-term debt	1,030	(1,568)	(2,907)	2,371
Gain on sale of timberlands	(333)	(387)	(864)	(850)
(Gain) / loss on disposal of other fixed assets	(1)	(155)	(2)	93
Accretion of gain resulting from refinancing of long-term debt	276	267	861	774
Net change in non-cash working capital balances and other	(1,079)	(1,511)	(2,114)	(2,561)
	(13,357)	2,762	(5,755)	10,226
Financing activities				
Borrowings	9,930	—	9,930	—
Dividends paid to shareholders	(4,840)	(4,726)	(14,394)	(13,928)
Common shares repurchased under NCIB	—	—	(37)	—
	5,090	(4,726)	(4,501)	(13,928)
Investing activities				
Additions to timber, land, roads and other fixed assets	(68)	(159)	(86)	(190)
Proceeds from sale of timberlands	353	469	920	966
Proceeds from sale of roads and other fixed assets	1	387	2	574
	286	697	836	1,350
Decrease in cash and cash equivalents during the period	(7,981)	(1,267)	(9,420)	(2,352)
Cash and cash equivalents, beginning of period	20,881	22,866	22,320	23,951
Cash and cash equivalents, end of period	\$ 12,900	\$ 21,599	\$ 12,900	\$ 21,599

See accompanying notes to interim condensed consolidated financial statements.

Details of the net change in non-cash working capital balances and other:

(CAD thousands)	Three Months Ended		Nine Months Ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Accounts receivable and other assets	\$ (3,166)	\$ (5,630)	\$ (2,961)	\$ (738)
Inventory	21	(673)	1,658	(248)
Accounts payable and accrued liabilities	6,374	4,690	3,499	(2,103)
Current tax assets / liabilities	(4,332)	470	(3,342)	1,739
Other	24	(368)	(968)	(1,211)
	\$ (1,079)	\$ (1,511)	\$ (2,114)	\$ (2,561)

Notes to the Interim Condensed Consolidated Financial Statements

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

NOTE 1. GENERAL

Acadian Timber Corp. (the “Company”) is governed by the Canada Business Corporations Act pursuant to articles of arrangement dated January 1, 2010. The Company 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 Company is located at Suite 1800, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5.

The Company and all of its consolidated operations (collectively, “Acadian”), own and manage approximately 761,000 acres of freehold timberlands in New Brunswick (“NB Timberlands”) and approximately 300,000 acres of freehold timberlands in Maine (“Maine Timberlands”) and provide timber services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. Acadian’s products include softwood and hardwood sawlogs, pulpwood and biomass by-products sold to approximately 85 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.

On August 20, 2019, Brookfield Asset Management Inc. (“Brookfield”) sold its 45% interest in the Company comprising 7,513,262 common shares to Macer Forest Holdings Inc (“Macer”).

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 and using the accounting policies adopted and disclosed in Note 2 of Acadian’s 2018 annual report. These interim condensed consolidated financial statements should be read in conjunction with Acadian’s 2018 annual report.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of Acadian on October 30, 2019.

Recently Adopted Accounting Policies

International Financial Reporting Standards 16, *Leases* (“IFRS 16”)

IFRS 16, which was issued in January 2016, was adopted by the Company on January 1, 2019 using the full retrospective approach. The Company performed an assessment of its current leases and identified no material capital or operating lease obligations. As a result, adopting this standard did not have a material impact on the interim condensed consolidated financial statements.

NOTE 3. LONG-TERM DEBT

Long-term debt consists of the following:

As at (CAD thousands)	September 28, 2019	December 31, 2018
Term facility, due October 2020	\$ 95,990	\$ 98,897
Less:		
Gain resulting from refinancing, net of accretion	(1,162)	(2,118)
Deferred debt issuance costs	(106)	(184)
Total	\$ 94,722	\$ 96,595

Acadian has U.S. dollar-denominated credit facilities with Metropolitan Life Insurance Company, which will mature on October 1, 2020. These credit facilities include a revolving credit facility of 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 3.01%. The Revolving Facility bears interest at floating rates based on the 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 September 28, 2019, Acadian had borrowed US\$72.5 million (December 31, 2018 - US\$72.5 million) under the Term Facility and US\$7.5 million (December 31, 2018 - US\$Nil) under the Revolving Facility. In addition, US\$1.6 million of the Revolving Facility is reserved to support the minimum cash balance requirement of the Term Facility. As security for these facilities, Acadian 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 and granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum loan-to-value ratio. Acadian is in compliance with all covenants as at September 28, 2019 and December 31, 2018.

The fair value of the Term Facility as at September 28, 2019 is \$96.1 million (December 31, 2018 – \$98.2 million). The fair value of debt is determined using the discounted cash flow approach and is measured under Level 2 of the fair value hierarchy. Future cash flows are estimated based on the terms under the Term Facility and discounted at a rate reflecting appropriate market fundamentals relating to the debt.

NOTE 4. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value. As of March 2, 2017, Acadian implemented a normal course issuer bid ("NCIB") that permits the Company to acquire shares under certain circumstances if they become available. During the nine months ended September 28, 2019, the Company repurchased and cancelled 1,500 common shares under the NCIB at an average price of \$15.16 per share for total consideration of \$23 thousand and made a payment of \$14 thousand related to the finalization of 2018 purchases. Common shares issued and outstanding are as follows:

	September 28, 2019	December 31, 2018
Outstanding, beginning of year	16,688,416	16,731,216
Purchased under NCIB	(1,500)	(42,800)
Outstanding, end of period	16,686,916	16,688,416
Weighted average shares outstanding	16,686,927	16,728,823

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 the exchange value and recognized in the interim condensed consolidated financial statements. The Company's one significant related party prior to August 20, 2019 was Brookfield. Prior to August 20, 2019, Brookfield owned 7,513,262 common shares of the Company representing 45% of the Company's outstanding shares. The common shares previously owned by Brookfield were sold to Macer on August 20, 2019, resulting in Macer becoming a related party.

As at September 28, 2019, Macer owned 7,513,262 common shares, representing approximately 45% of the Company's outstanding shares.

Upon inception, Acadian entered into a management agreement with Brookfield whereby Brookfield provided a number of administrative and advisory services to Acadian. The agreement with Brookfield was terminated by Acadian on September 9, 2019. Total fees for services provided up to and including September 9, 2019, and in the three and nine months ended September 28, 2019, totaled \$1.0 million (2018 – \$0.6 million) and \$2.2 million (2018 – \$1.8 million), respectively. In addition, Acadian paid fees of \$18.0 million to Brookfield in connection with the termination of the management agreement during the three months ended September 28, 2019 (2018 - \$Nil). As at September 28, 2019, no fees (December 31, 2018 – \$0.5 million) remain outstanding.

Further to the related party transactions noted above, the total net receivables due from related parties as at September 28, 2019 is \$Nil (December 31, 2018 – \$42 thousand) and net payables due to related parties is \$Nil (December 31, 2018 – \$446 thousand).

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 operating segments, the NB Timberlands and Maine Timberlands. Timber sales are recognized upon harvest and delivery of the softwood and hardwood timber or biomass to the customer and timber services are recognized when the service provided to the customer has been completed. Sales, net income (loss), assets and liabilities by reportable segments are as follows:

Three Months Ended September 28, 2019 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Sales				
Softwood	\$ 9,415	\$ 5,864	\$ 3,551	\$ —
Hardwood	10,352	8,188	2,164	—
Biomass	822	818	4	—
Timber services and other sales	4,768	4,599	169	—
Total sales	25,357	19,469	5,888	—
Operating costs	(20,193)	(14,631)	(5,185)	(377)
Reforestation	(375)	(275)	(100)	—
Depreciation and amortization	(71)	(43)	(28)	—
Operating earnings / (loss)	4,718	4,520	575	(377)
Gain on sale of timberlands	333	227	106	—
Gain on disposal of other fixed assets	1	—	1	—
Fair value adjustments and other	139	582	(451)	8
Management agreement termination fee	(18,000)	(11,988)	(6,012)	—
Loss before the undernoted	(12,809)	(6,659)	(5,781)	(369)
Unrealized exchange loss on long-term debt	(1,030)			
Interest expense, net	(1,010)			
Loss before income taxes	(14,849)			
Current income tax recovery	1,667			
Deferred income tax recovery	2,313			
Net loss	\$ (10,869)			
As at September 28, 2019 (CAD thousands)				
Timber, land, roads and other fixed assets and intangible assets	\$ 457,078	\$ 287,652	\$ 169,426	\$ —
Total assets	483,962	301,261	172,421	10,280
Total liabilities	\$ 211,472	\$ 8,930	\$ 33,933	\$ 168,609

Three Months Ended September 29, 2018 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Sales				
Softwood	\$ 9,885	\$ 5,417	\$ 4,468	\$ —
Hardwood	8,922	7,063	1,859	—
Biomass	1,855	1,848	7	—
Timber services and other sales	5,972	5,792	180	—
Total sales	26,634	20,120	6,514	—
Operating costs	(21,086)	(15,857)	(4,879)	(350)
Reforestation	(31)	81	(112)	—
Depreciation and amortization	(69)	(41)	(28)	—
Operating earnings / (loss)	5,448	4,303	1,495	(350)
Gain on sale of timberlands	387	—	387	—
Gain on disposal of other fixed assets	155	151	4	—
Fair value adjustments and other	822	1,291	(350)	(119)
Earnings / (loss) before the undernoted	6,812	5,745	1,536	(469)
Unrealized exchange gain on long-term debt	1,568			
Interest expense, net	(936)			
Earnings before income taxes	7,444			
Current income tax expense	(575)			
Deferred income tax expense	(920)			
Net income	\$ 5,949			

As at September 29, 2018 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timber, land, roads and other fixed assets and intangible assets	\$ 430,611	\$ 284,142	\$ 146,469	\$ —
Total assets	465,429	300,058	150,953	14,418
Total liabilities	190,283	8,482	26,656	155,145

Nine Months Ended September 28, 2019 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Sales				
Softwood	\$ 30,288	\$ 17,817	\$ 12,471	\$ —
Hardwood	26,743	20,849	5,894	—
Biomass	3,566	3,554	12	—
Timber services and other sales	13,616	13,147	469	—
Total sales	74,213	55,367	18,846	—
Operating costs	(57,312)	(41,800)	(14,548)	(964)
Reforestation	(749)	(649)	(100)	—
Depreciation and amortization	(215)	(130)	(85)	—
Operating earnings / (loss)	15,937	12,788	4,113	(964)
Gain on sale of timberlands	864	470	394	—
Gain on disposal of other fixed assets	2	—	2	—
Fair value adjustments and other	1,409	2,336	(636)	(291)
Management agreement termination fee	(18,000)	(11,988)	(6,012)	—
Earnings / (loss) before the undernoted	212	3,606	(2,139)	(1,255)
Unrealized exchange gain on long-term debt	2,907			
Interest expense, net	(2,989)			
Earnings before income taxes	130			
Current income tax recovery	335			
Deferred income tax recovery	632			
Net income	\$ 1,097			

Nine Months Ended September 29, 2018 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Sales				
Softwood	\$ 30,935	\$ 17,232	\$ 13,703	\$ —
Hardwood	25,365	20,096	5,269	—
Biomass	4,827	4,802	25	—
Timber services and other sales	14,554	14,027	527	—
Total sales	75,681	56,157	19,524	—
Operating costs	(58,474)	(43,471)	(14,054)	(949)
Reforestation	(453)	(323)	(130)	—
Depreciation and amortization	(230)	(141)	(89)	—
Operating earnings / (loss)	16,524	12,222	5,251	(949)
Gain on sale of timberlands	850	—	850	—
(Loss) / gain on disposal of other fixed assets	(93)	151	(244)	—
Fair value adjustments and other	2,088	2,922	(1,120)	286
Earnings / (loss) before the undernoted	19,369	15,295	4,737	(663)
Unrealized exchange loss on long-term debt	(2,371)	—	—	—
Interest expense, net	(2,897)	—	—	—
Earnings before income taxes	14,101	—	—	—
Current income tax expense	(1,844)	—	—	—
Deferred income tax expense	(2,434)	—	—	—
Net income	\$ 9,823	—	—	—

During the three months ended September 28, 2019, approximately 38% of total sales (2018 – 33%) were originated with customers domiciled in the U.S. and the balance in Canada. During the same period, approximately 34% of total sales (2018 – 31%) were denominated in U.S. dollars.

Acadian outsources much of its harvesting, transportation and other services that comprise the majority of Acadian's operating costs. For the three months ended September 28, 2019, Acadian's top three suppliers accounted for approximately 12%, 10% and 4%, respectively, of Acadian's total operating costs (2018 – 12%, 10% and 8%, respectively).

Acadian sells its products to many forest product companies in North America. For the three months ended September 28, 2019, sales to the largest and next largest customer accounted for 17% and 13%, respectively, of Acadian's total sales (2018 – 20% and 13%, respectively).

NOTE 7. INCOME TAXES

The major components of income taxes recognized in profit or loss are as follows:

Three Months Ended (CAD thousands)	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Income tax (recovery) / expense				
Income taxes at statutory rate	\$ (4,309)	\$ 2,158	\$ 37	\$ 4,089
Foreign tax rate differential	60	(16)	24	(47)
Permanent differences	(8)	(372)	(824)	(23)
Expense / (benefit) of previously unrecognized tax attributes	261	(256)	(217)	298
Other	16	(19)	13	(39)
Total income tax (recovery) / expense	\$ (3,980)	\$ 1,495	\$ (967)	\$ 4,278

NOTE 8. 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 September 28, 2019 were \$4.8 million (2018 – \$4.7 million) or \$0.29 per share (2018 – \$0.2825 per share). For the nine months ended September 28, 2019, total dividends declared were \$14.5 million (2018 – \$14.1 million) or \$0.87 per share (2018 – \$0.84 per share).

NOTE 9. TIMBER

(CAD thousands)	
Fair value as at December 31, 2017	\$ 330,879
Disposals	(47)
Gains arising from growth	31,021
Reduction arising from harvest	(28,589)
Gain from fair value price and other changes	24,541
Foreign exchange	10,096
Balance as at December 31, 2018	\$ 367,901
Disposals	(4)
Gains arising from growth	23,023
Reduction arising from harvest	(20,723)
Foreign exchange	(4,028)
Balance as at September 28, 2019	\$ 366,169

Board and Management

Corporate and Shareholder Information

BOARD OF DIRECTORS

Phil Brown
*Executive Managing
Director of Partner
Recruitment
Momentum Search Group*

Erika Reilly
*Interim President and
Chief Executive Officer
Acadian Timber Corp.*

Reid Carter
Corporate Director

Brian Banfill
*Interim Chief Financial Officer
Acadian Timber Corp.*

Malcolm Cockwell
*Managing Director
Haliburton Forest*

Luc Ouellet
*Senior Vice President,
Operations
Acadian Timber Corp.*

Bruce Robertson
*Vice President
The Woodbridge Company
Limited*

Karen Oldfield
*President and CEO
Halifax Port Authority
Appointed on May 9, 2019

Heather Fitzpatrick
*President and CEO
Halmont Properties
Corporation
Appointed on August 20, 2019

Peter Schleifenbaum
*Founder
Haliburton Forest
Appointed on August 20, 2019

HEAD OFFICE

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Vancouver, B.C. V6E 3R5
Please direct your inquiries to:
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Interim Chief Financial Officer
t. 604.669.3141 f. 604.687.3419
e. ir@acadiantimber.com

TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Company's transfer agent:

AST Trust Company (Canada)
P.O. Box 700, Station A
Montreal, QC H3B 3K3
t. 1.800.387.0825 (toll free in North America)
f. 1.888.249.6189
e. inquiries@astfinancial.com
www.astfinancial.com/ca-en

SHARE INFORMATION

Toronto Stock Exchange: ADN
Fully Diluted Shares Outstanding (September 28, 2019): 16,686,916
Targeted 2019 Quarterly Dividend: \$0.29 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 and statements 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 forward-looking statements may contain such words as "may," "will," "intend," "should," "suggest," "expect," "believe," "outlook," "forecast," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information is included in the Letter to Shareholders which precedes this MD&A and includes statements made in this MD&A in sections entitled "Dividend Policy of the Company," and "Market Outlook" and without limitation other 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; changes in US housing starts; 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; Acadian'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 the Annual Report dated February 13, 2019 and in each of the Annual Information Form dated March 28, 2019 and the Management Information Circular dated March 28, 2019, 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: forecasts in the housing market; 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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