



## News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2014 Second Quarter Results conference call via webcast on Tuesday, July 29, 2014 at 1:00 p.m. ET at [www.acadiantimber.com](http://www.acadiantimber.com) or via teleconference at 1-800-319-4610, toll free in North America. For overseas calls please dial +1-604-638-5340, at approximately 12:50 p.m. ET. The recorded teleconference rebroadcast can be accessed at 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826.

### ACADIAN TIMBER CORP. REPORTS SECOND QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – July 28, 2014** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended June 28, 2014 (the “second quarter”).

“Demand remains strong in Acadian’s operating region”, said Reid Carter, Chief Executive Officer of Acadian. “Softwood timber selling prices are benefiting from the continued positive outlook for lumber demand and strong demand from regional hardwood pulp and structural panel producers is supporting hardwood pulpwood prices.”

For the second quarter, Acadian generated net sales of \$12.0 million on sales volume of 229 thousand m<sup>3</sup> which represents a \$3.6 million, or 23%, decrease in net sales compared to the same period in 2013. Results were less than the same period last year reflecting the delayed recognition of sales in the prior year due to the vendor managed inventory (“VMI”) program that was in place at the New Brunswick operation. On a year-to-date basis, net sales are 2% lower than in the same period last year with a slower start-up of operations in the second quarter due to an extended mud season being largely offset by improved log pricing.

Adjusted EBITDA of \$1.9 million for the second quarter was \$1.0 million lower than in the second quarter of 2013, while Adjusted EBITDA margin decreased to 16% from 19% in the same period of last year. On a year-to-date basis, Free Cash Flow improved \$1.0 million to \$6.7 million resulting in a payout ratio of 104%, below the ratio of 121% in the same period last year.

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<sup>1</sup> This news release makes reference to Adjusted EBITDA and Free Cash Flow which 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. As a result, we have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow.

## Financial and Operating Highlights

	Three Months Ended		Six Months Ended	
	June 28 2014	June 29 2013	June 28 2014	June 29 2013
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m <sup>3</sup> )	<b>228.9</b>	330.5	<b>579.1</b>	669.7
Net sales	<b>\$ 12,029</b>	\$ 15,608	<b>\$ 33,272</b>	\$ 33,860
Operating earnings	<b>1,797</b>	2,667	<b>8,262</b>	7,181
Net income / (loss)	<b>4,738</b>	(857)	<b>5,435</b>	434
Adjusted EBITDA	<b>1,935</b>	2,897	<b>8,632</b>	7,552
Free Cash Flow	<b>1,052</b>	1,774	<b>6,652</b>	5,685
Dividends declared	<b>3,451</b>	3,451	<b>6,902</b>	6,902
Per share (fully diluted)				
Net income / (loss)	<b>0.28</b>	(0.05)	<b>0.32</b>	0.03
Free Cash Flow	<b>0.06</b>	0.11	<b>0.40</b>	0.34
Dividends declared	<b>0.21</b>	0.21	<b>0.41</b>	0.41

Operating earnings for the second quarter, at \$1.8 million, decreased \$0.9 million year-over-year, largely reflecting the timing of sales. Net income totaled \$4.7 million, or \$0.28 per share, for the second quarter, an increase of \$5.6 million or \$0.33 per share from the same period in 2013. The increase in net income reflects a higher non-cash fair value adjustment due to lower harvest levels and a \$2.7 million unrealized exchange gain on long-term debt compared to a \$2.5 million unrealized loss in the same period of the prior year.

Acadian traditionally experiences low levels of operating, marketing and selling activity during the second quarter of each year owing to the spring thaw period (“mud season”) that causes much of the infrastructure to be temporarily inoperable. Harvest volume for the second quarter, excluding biomass, was 138 thousand m<sup>3</sup>, down 21% compared to the same period in the prior year due to a slower start-up at the New Brunswick operation resulting from the well above-average snowpack of the prior winter. Sales volume of 229 thousand m<sup>3</sup> was down 31% from the second quarter of 2013, with the decrease largely coming from Acadian’s operations in New Brunswick due to the discontinuation of the VMI program.

Acadian’s weighted average log price during the second quarter increased 11% year-over-year primarily due to higher softwood sawlog and hardwood log prices, a stronger U.S. dollar and a higher proportion of high value hardwood sawlogs in the sales mix. Softwood sawlog prices were up 10% relative to the same period last year, benefiting from our customers’ continued positive outlook for lumber demand. Prices for hardwood sawlogs and pulpwood were both up 7% relative to the second quarter of last year reflecting strong market demand. Softwood pulpwood pricing has weakened, declining 8% year-over-year, with fewer groundwood customers operating. Biomass gross margin was down 27% year-over-year due to fewer export customers during the period, but is expected to recover in the coming quarters.

## New Brunswick Timberlands

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

	<i>Three Months Ended June 28, 2014</i>			<i>Three Months Ended June 29, 2013</i>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (\$000s)
Softwood	45.5	67.6	\$ 3,745	57.4	124.4	\$ 6,538
Hardwood	62.0	74.1	4,914	89.8	95.6	5,807
Biomass	40.0	40.0	663	68.2	68.2	1,199
	<b>147.5</b>	<b>181.7</b>	<b>9,322</b>	215.4	288.2	13,544
Other sales			(32)			(36)
Net sales			\$ 9,290			\$ 13,508
Adjusted EBITDA			\$ 1,652			\$ 2,943
Adjusted EBITDA margin			18%			22%

	<i>Six Months Ended June 28, 2014</i>			<i>Six Months Ended June 29, 2013</i>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (\$000s)
Softwood	166.1	167.7	\$ 9,124	213.4	211.4	\$ 11,111
Hardwood	185.9	189.8	12,673	184.4	192.6	11,862
Biomass	69.3	69.3	1,309	113.1	113.1	2,018
	<b>421.3</b>	<b>426.8</b>	<b>23,106</b>	510.9	517.1	24,991
Other sales			630			670
Net sales			\$ 23,736			\$ 25,661
Adjusted EBITDA			\$ 6,110			\$ 5,935
Adjusted EBITDA margin			26%			23%

Softwood, hardwood and biomass shipments were 68 thousand m<sup>3</sup>, 74 thousand m<sup>3</sup> and 40 thousand m<sup>3</sup>, respectively, during the second quarter. This represents a year-over-year decrease in sales volume of 37% largely reflecting the impact of the VMI program that was in place in 2013 which deferred sales from the first quarter to the second. Harvest volume in the second quarter of 2014 was typical of seasonal conditions, but lower than the same period last year as the well above-average snowpack of the prior winter led to a slow start-up. Approximately 40% of sales volume was sold as sawlogs, 38% as pulpwood and 22% as biomass in the second quarter. This compares to 42% sold as sawlogs, 34% as pulpwood and 24% as biomass in the second quarter of 2013.

Net sales for the second quarter totaled \$9.3 million compared to \$13.5 million for the same period last year, again reflecting the impact of not operating under the VMI program in the current year, but partially offset by increased softwood sawtimber and hardwood selling prices. The weighted average log selling price was \$61.11 per m<sup>3</sup> in the second quarter of 2014, a 9% increase from \$56.12 per m<sup>3</sup> in the same period of 2013 as a result of improved selling prices for most product and a higher proportion of hardwood in the sales mix. Net sales for the six months ended June 28, 2014 were \$23.7 million, a decrease of \$1.9 million over the first half of 2013, due to lower sales volumes.

Costs for the second quarter were \$7.6 million, compared to \$10.6 million in the same period in 2013, due to lower harvest volumes of primary products, partially offset by 3% higher variable costs per m<sup>3</sup> caused by a higher proportion of hardwood products being supplied from log handling yards. For the six months ended June 28, 2014, costs were \$17.6 million, \$2.0 million lower than during the first half of 2013, due to lower harvest volumes.

Adjusted EBITDA for the second quarter was \$1.7 million, compared to \$2.9 million in the second quarter of 2013 reflecting the discontinuation of the VMI program. Adjusted EBITDA

margin decreased to 18% from 22% in the prior year. For the six months ended June 28, 2014, adjusted EBITDA was \$6.1 million, an increase of \$0.2 million over the first half of 2013.

There were no recordable safety incidents among employees and contractors during the second quarter of 2014.

### *Maine Timberlands*

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

	<i>Three Months Ended June 28, 2014</i>			<i>Three Months Ended June 29, 2013</i>		
	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>
Softwood	17.6	17.6	\$ 1,030	18.1	18.1	\$ 875
Hardwood	12.7	19.9	1,529	9.9	15.6	1,051
Biomass	9.7	9.7	52	8.6	8.6	44
	<b>40.0</b>	<b>47.2</b>	<b>2,611</b>	<b>36.6</b>	<b>42.3</b>	<b>1,970</b>
Other sales			128			130
Net sales			\$ 2,739			\$ 2,100
Adjusted EBITDA			\$ 385			\$ 215
Adjusted EBITDA margin			14%			10%

  

	<i>Six Months Ended June 28, 2014</i>			<i>Six Months Ended June 29, 2013</i>		
	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>
Softwood	89.2	88.9	\$ 5,706	94.6	94.3	\$ 5,217
Hardwood	45.2	47.0	3,520	35.6	42.0	2,658
Biomass	16.4	16.4	113	16.3	16.3	125
	<b>150.8</b>	<b>152.3</b>	<b>9,339</b>	<b>146.5</b>	<b>152.6</b>	<b>8,000</b>
Other sales			197			199
Net sales			\$ 9,536			\$ 8,199
Adjusted EBITDA			\$ 2,862			\$ 2,243
Adjusted EBITDA margin			30%			27%

Softwood, hardwood and biomass shipments were 18 thousand m<sup>3</sup>, 20 thousand m<sup>3</sup>, and 10 thousand m<sup>3</sup>, respectively, during the second quarter. This represents a year-over-year increase in sales volume of 12%. Approximately 36% of sales volume was sold as sawlogs, 43% as pulpwood and 21% as biomass during the second quarter. This compares to 37% sold as sawlogs, 43% as pulpwood and 20% as biomass in the second quarter of 2013.

Net sales for the second quarter totaled \$2.7 million compared to \$2.1 million for the same period last year. The improvement was the result of increased hardwood sales volume and improved pricing across all products, as well as the positive impact of the stronger U.S. dollar. The weighted average log selling price was \$68.34 per m<sup>3</sup> in the second quarter of 2014, a 19% increase from \$57.30 per m<sup>3</sup> in the same period of 2013 in Canadian dollar terms. Weighted average log selling prices in U.S. dollar terms increased 11% year-over-year. Net sales for the six months ended June 28, 2014 were \$9.5 million, an increase of \$1.3 million over the first half of 2013, due to improved log selling prices.

Costs for the second quarter were \$2.3 million, compared to \$2.0 million during the same period in 2013. Variable costs per m<sup>3</sup> increased 14% in Canadian dollar terms and 7% in U.S. dollar terms reflecting a shift in product mix during the period with a greater proportion of the sales being higher cost hardwood sawtimber processed through the woodyard as well as longer hauling distances for softwood pulpwood due to the closure of the paper mill in East Millinocket. For the six months ended June 28, 2014, costs were \$6.7 million, \$0.7 million higher than during the first half of 2013, due to higher harvest volumes and adverse foreign exchange movements.

Adjusted EBITDA for the second quarter was \$0.4 million, compared to \$0.2 million for the same period in 2013, while Adjusted EBITDA margin increased to 14% from 10% in the prior year. For the six months ended June 28, 2014, Adjusted EBITDA was \$2.9 million, an increase of \$0.7 million over the first half of 2013.

There were no recordable safety incidents among employees and contractors during the second quarter of 2014.

## **Market Outlook**

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of 2014. Reference should be made to the "Forward-looking Statements" section of this news release. 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](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).

U.S. housing market forecasts continue to be adjusted downward despite significant pent up demand. Analysts have concluded that last spring's increase in mortgage rates coupled with increases in home prices and tighter mortgage lending rules explains much more of the current weakness in mortgage applications and new home sales than the harsh winter weather experienced in 2014. Improved economic growth, with further gains in employment and wages, will need to take place before a more robust recovery in housing can be expected. Despite this than less robust outlook, most industry watchers continue to forecast year-over-year increases in total housing starts of approximately 10 to 20% in 2014 with increases of the same magnitude in 2015. This optimism has kept North American lumber prices strong throughout 2013 and 2014 encouraging Acadian's key solid wood customers to continue to operate at full capacity. As such, we expect to see ongoing strong demand for softwood sawlogs in the region.

Markets for hardwood sawlogs have been positive and are expected to remain stable and demand and pricing for hardwood pulpwood continues to be strong. While Acadian has been successful in selling its softwood pulpwood production, this market is challenging due to the closure of several regional groundwood mills. Biomass sales have been somewhat slow during the first half of 2014, although we expect to see modest improvements through the remainder of the year as several of the logistical challenges currently constraining export markets are relieved.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on October 15, 2014 to shareholders of record on September 30, 2014.

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**Acadian Timber Corp.** 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 1.1 million acres of freehold timberlands in New Brunswick and Maine, and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. 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 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.

Acadian's shares are listed for trading on the Toronto Stock Exchange under the symbol ADN.

For further information, please visit our website at [www.acadiantimber.com](http://www.acadiantimber.com) or contact:

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## **Forward-Looking Statements**

*This News Release 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 News Release, 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 News Release includes, without limitation, statements made in the section entitled "Market Outlook" and 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 News Release. All forward-looking statements in this News Release 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 Asset Management Inc.'s and its affiliates' 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, 2014 and the Management Information Circular dated May 13, 2014, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at [www.sedar.com](http://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 News Release 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 News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. 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.*

**Acadian Timber Corp.**  
**Interim Consolidated Statements of Net Income**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	June 28	June 29	June 28	June 29
(CAD thousands)	2014	2013	2014	2013
Net sales	\$ 12,029	\$ 15,608	\$ 33,272	\$ 33,860
Operating costs and expenses				
Cost of sales	8,680	11,122	21,859	23,110
Selling, administration and other	1,351	1,542	2,814	3,146
Reforestation	65	134	65	139
Depreciation and amortization	136	143	272	284
	10,232	12,941	25,010	26,679
Operating earnings	1,797	2,667	8,262	7,181
Interest expense, net	(773)	(773)	(1,570)	(1,512)
Other items				
Fair value adjustments	1,795	1,224	605	1,243
Unrealized exchange gain (loss) on long-term debt	2,747	(2,473)	(349)	(4,315)
Gain on sale of timberlands	2	87	98	87
Earnings before income taxes	5,568	732	7,046	2,684
Current income tax recovery (expense)	28	—	(269)	—
Deferred income tax expense	(858)	(1,589)	(1,342)	(2,250)
Net income / (loss) for the period	\$ 4,738	\$ (857)	\$ 5,435	\$ 434
Net income / (loss) per share – basic and diluted	\$ 0.28	\$ (0.05)	\$ 0.32	\$ 0.03



**Acadian Timber Corp.**  
**Interim Consolidated Statements of Comprehensive Income**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	June 28	June 29	June 28	June 29
<i>(CAD thousands)</i>	2014	2013	2014	2013
Net income / (loss)	\$ 4,738	\$ (857)	\$ 5,435	\$ 434
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation	(3,278)	2,670	419	4,880
Amortization of derivatives designated as hedges	(47)	(45)	(94)	(95)
Comprehensive income	\$ 1,413	\$ 1,768	\$ 5,760	\$ 5,219

**Acadian Timber Corp.  
Interim Consolidated Balance Sheets  
(unaudited)**

<i>As at</i> <i>(CAD thousands)</i>	<b>June 28, 2014</b>	December 31, 2013
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 7,922	\$ 8,564
Accounts receivable and other assets	6,538	7,673
Inventory	1,025	1,380
	<b>15,485</b>	17,617
Timber	<b>241,351</b>	240,143
Land, roads and other fixed assets	<b>32,202</b>	32,268
Intangible assets	<b>6,140</b>	6,140
	<b>\$ 295,178</b>	\$ 296,168
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,922	\$ 7,680
Dividends payable to shareholders	3,451	3,451
	<b>9,373</b>	11,131
Long-term debt	<b>76,963</b>	76,496
Deferred income tax liability	<b>27,791</b>	26,348
Shareholders' equity	<b>181,051</b>	182,193
	<b>\$ 295,178</b>	\$ 296,168

**Acadian Timber Corp.**  
**Interim Consolidated Statements of Cash Flows**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	June 28	June 29	June 28	June 30
<i>(CAD thousands)</i>	2014	2013	2014	2013
<b>Cash provided by (used for):</b>				
<b>Operating activities</b>				
Net income / (loss)	\$ 4,738	\$ (857)	\$ 5,435	\$ 434
Adjustments to net income / (loss):				
Deferred income tax expense	858	1,589	1,342	2,250
Depreciation and amortization	136	143	272	284
Fair value adjustments	(1,795)	(1,224)	(605)	(1,243)
Unrealized exchange (gain) loss on long term debt	(2,747)	2,473	349	4,315
Interest expense, net	773	773	1,570	1,512
Interest paid, net	(778)	(778)	(1,579)	(1,522)
Gain on sale of timberlands	(2)	(87)	(98)	(87)
Net change in non-cash working capital and other	(718)	684	(392)	530
	465	2,716	6,294	6,473
<b>Financing activities</b>				
Dividends paid to shareholders	(3,451)	(3,451)	(6,902)	(6,902)
	(3,451)	(3,451)	(6,902)	(6,902)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(133)	(345)	(133)	(345)
Proceeds from sale of timberlands	2	87	99	87
	(131)	(258)	(34)	(258)
Decrease in cash and cash equivalents during the period	(3,117)	(993)	(642)	(687)
Cash and cash equivalents, beginning of period	11,039	6,442	8,564	6,136
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,922</b>	<b>\$ 5,449</b>	<b>\$ 7,922</b>	<b>\$ 5,449</b>

## Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Six Months Ended	
	June 28 2014	June 29 2013	June 28 2014	June 29 2013
<i>(CAD thousands)</i>				
Net income / (loss)	\$ 4,738	\$ (857)	\$ 5,435	\$ 434
Add (deduct):				
Interest expense, net	773	773	1,570	1,512
Current income tax expense (recovery)	(28)	—	269	—
Deferred income tax expense	858	1,589	1,342	2,250
Depreciation and amortization	136	143	272	284
Fair value adjustments	(1,795)	(1,224)	(605)	(1,243)
Unrealized exchange (gain) loss on long-term debt	(2,747)	2,473	349	4,315
<b>Adjusted EBITDA</b>	<b>1,935</b>	<b>2,897</b>	<b>8,632</b>	<b>7,552</b>
Add (deduct):				
Interest paid on debt, net	(778)	(778)	(1,579)	(1,522)
Additions to timber, land, roads and other fixed assets	(133)	(345)	(133)	(345)
Gain on sale of timberlands	(2)	(87)	(98)	(87)
Proceeds on sale of timberlands	2	87	99	87
Current income tax recovery (expense)	28	—	(269)	—
<b>Free cash flow</b>	<b>\$ 1,052</b>	<b>\$ 1,774</b>	<b>\$ 6,652</b>	<b>\$ 5,685</b>
<b>Dividends declared</b>	<b>\$ 3,451</b>	<b>\$ 3,451</b>	<b>\$ 6,902</b>	<b>\$ 6,902</b>
<b>Payout ratio</b>	<b>328%</b>	<b>195%</b>	<b>104%</b>	<b>121%</b>