



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2016 Fourth Quarter Results conference call via webcast on Thursday, February 16, 2017 at 1:00 p.m. ET at 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 1117.

ACADIAN TIMBER CORP. REPORTS STRONG YEAR-END RESULTS

Dividend increased by 10%

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – February 15, 2017 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the year ended December 31, 2016.

Acadian maintained its momentum and posted another year of strong results, generating Free Cash Flow of \$19.4 million resulting in a payout ratio of 86%, comfortably below our target level of 95%.

“Acadian posted another year of strong performance and we believe we are well positioned to maintain this momentum in 2017. Our operations continue to perform very well in the current market environment and we maintain a strong balance sheet”, commented Mark Bishop, Chief Executive Officer of Acadian. “We have a positive outlook for the coming year, and we are pleased to announce that our Board of Directors has approved a 10% increase in Acadian’s annual dividend.”

Adjusted EBITDA for the year was \$22.5 million. Although Adjusted EBITDA was down year-over-year, our operations continued to benefit from steady demand and strong pricing in New Brunswick. The decline was primarily due to relatively weak softwood pulpwood markets in Maine and a reduction in New Brunswick hardwood harvest levels consistent with our long term forest management plan.

¹ 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.

For 2016, we paid a dividend to shareholders of \$1.00 per share or 8% of Free Cash Flow, which is below our long-term target of 95%. Based on our expectation of continued strong performance and supported by our strong liquidity, Acadian's Board of Directors approved a 10% increase in Acadian's annual dividend to \$1.10 per share effective in the first quarter of 2017.

Review of Operations

	<i>Three Months Ended</i>		<i>Year Ended</i>	
	Dec 31 2016	Dec 31 2015	Dec 31 2016	Dec 31 2015
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	351.2	311.4	1,213.4	1,289.5
Net sales	\$ 22,723	\$ 21,735	\$ 77,168	\$ 84,422
Net income	3,121	13,765	16,072	13,641
Adjusted EBITDA	7,049	7,412	22,547	26,423
Free Cash Flow	6,276	6,388	19,384	22,012
Payout ratio	67%	65%	86%	70%
Per share – basic and diluted				
Net income	\$ 0.18	\$ 0.82	\$ 0.96	\$ 0.82
Free Cash Flow	0.38	0.38	1.16	1.32
Dividends declared	0.25	0.25	1.00	0.92

Acadian generated net sales of \$77 million in the year ended December 31, 2016, a decrease of \$7 million compared to the prior year. We saw continued strength in pricing for most of our non-biomass product with the exception of softwood pulp, driving a 1% increase in the weighted average log selling price year-over-year, led by an ~5% increase in our average realized price for hardwood products. However, strength in log selling prices in the New Brunswick market was more than offset by a 9% decrease in log sales volumes due primarily to our planned reduction in hardwood harvest levels under Acadian's forest management plan. In addition, the harvest of certain softwood species was impacted by less favourable year-over-year operability.

Adjusted EBITDA for the year was \$22.5 million, compared to \$26.4 million in 2015, driven primarily by the above noted decrease in net sales. Adjusted EBITDA margin of 29% for 2016 was slightly below 2015 levels, as longer average haul distances combined with a lower margin sales mix offset the above noted increase in average realized log selling price.

Net income for the year totaled \$16.1 million, or \$0.96 per share, compared to \$13.6 million, or \$0.82 per share in 2015. The increase is primarily a result of a significant unrealized foreign exchange loss on long term debt which impacted the year ended December 31, 2015.

Segment Performance

New Brunswick Timberlands

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

	<i>Three Months Ended December 31, 2016</i>				<i>Three Months Ended December 31, 2015</i>			
	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	117.6	113.5	42%	\$ 6,189	89.4	90.0	40%	\$5,252
Hardwood	115.4	104.7	39%	8,251	88.0	91.0	40%	7,189
Biomass	51.7	51.7	19%	980	45.0	45.0	20%	1,572
	284.7	269.9	100%	15,420	222.4	226.0	100%	14,013
Other sales				1,114				1,224
Net sales				\$ 16,534				\$15,237
Adjusted EBITDA				\$ 5,867				\$5,540
Adjusted EBITDA margin				35%				36%

	<i>Year Ended December 31, 2016</i>				<i>Year Ended December 31, 2015</i>			
	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	361.4	358.7	38%	\$ 19,394	390.3	389.1	40%	\$21,802
Hardwood	373.0	362.5	39%	28,948	403.6	402.2	41%	30,020
Biomass	218.1	218.1	23%	5,539	190.7	190.7	19%	5,561
	952.5	939.3	100%	53,881	984.6	982.0	100%	57,383
Other sales				2,652				3,273
Net sales				\$ 56,533				\$60,656
Adjusted EBITDA				\$ 19,320				\$20,256
Adjusted EBITDA margin				34%				33%

Year ended December 31, 2016:

Net sales for the year totaled \$56.5 million compared to \$60.7 million in 2015. This decrease reflects a 2% increase in the weighted average log selling price, offset by a 9% decrease in log sales volumes. Log sales volumes declined in 2016 to 721 thousand m³ from 791 thousand m³ in 2015, due primarily to a planned reduction in hardwood harvest volumes under Acadian's new forest management plan. In addition, volumes were impacted by less favourable harvest conditions for pine and cedar stands. The weighted average log selling price was \$67.03 per m³ in 2016, up from \$65.49 per m³ in 2015, due primarily to more favourable pricing for hardwood products.

Adjusted EBITDA for the year was \$19.3 million, compared to \$20.3 million in 2015, due primarily to the aforementioned decrease in log sales volumes. Costs were \$37.2 million, compared to \$40.4 million in 2015, due to lower log sales volumes and flat variable costs per m³. Adjusted EBITDA margin increased to 34% in 2016 from 33% in 2015, driven by an increase in the weighted average log selling price while variable costs remained flat.

Maine Timberlands

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

	<i>Three Months Ended December 31, 2016</i>				<i>Three Months Ended December 31, 2015</i>			
	Harvest (000s m³)	Sales (000 m³)	Sales Mix	Results (\$000s)	Harvest (000s m³)	Sales (000s m³)	Sales Mix	Results (\$000s)
Softwood	52.8	52.7	65%	\$ 4,037	50.8	50.4	59%	\$ 3,865
Hardwood	25.9	26.6	33%	2,094	23.2	26.4	31%	2,387
Biomass	2.0	2.0	2%	4	8.6	8.6	10%	59
	80.7	81.3	100%	6,135	82.6	85.4	100%	6,311
Other sales				54				187
Net sales				\$ 6,189				\$ 6,498
Adjusted EBITDA				\$ 1,393				\$ 2,315
Adjusted EBITDA margin				23%				36%

	<i>Year Ended December 31, 2016</i>				<i>Year Ended December 31, 2015</i>			
	Harvest (000s m³)	Sales (000s m³)	Sales Mix	Results (\$000s)	Harvest (000s m³)	Sales (000s m³)	Sales Mix	Results (\$000s)
Softwood	166.1	165.4	60%	\$ 12,833	189.1	188.1	61%	\$ 14,557
Hardwood	94.0	91.4	34%	7,353	96.7	97.8	32%	8,512
Biomass	17.3	17.3	6%	80	21.6	21.6	7%	169
	277.4	274.1	100%	20,266	307.4	307.5	100%	23,238
Other sales				369				528
Net sales				\$ 20,635				\$ 23,766
Adjusted EBITDA				\$ 4,256				\$ 7,550
Adjusted EBITDA margin				21%				32%

Year ended December 31, 2016:

Net sales for the year totaled \$20.6 million compared to \$23.8 million in 2015, with the decline resulting from an 11% decrease in log sales volumes. This decrease is due primarily to a 12% decline in softwood sales volume as local markets have been challenged by weak demand for softwood residuals. The weighted average log selling price in Canadian dollar terms was \$78.61 per m³ in 2016, a decrease from \$80.70 per m³ in 2015. In U.S. dollar terms, the weighted average log selling price was \$58.84 per m³, a decrease of 7% year-over-year, due primarily to continued weakness in softwood pulp pricing.

Adjusted EBITDA for the year was \$4.3 million, compared to \$7.6 million in 2015, due primarily to the aforementioned decrease in sales volumes. Costs for the year were \$16.3 million, compared to \$16.2 million in 2015, due primarily to higher variable cost per m³, resulting from greater hauling distances for hardwood products and an unfavourable sales mix. Variable costs per m³ increased 11% in Canadian dollar terms and 6% in U.S. dollar terms, respectively, year-over-year. Adjusted EBITDA margin decreased to 21% this year, from 32% in 2015, due to the above noted decrease in log pricing and increase in variable costs per m³.

Market Outlook

The U.S. economy appears to have started the new year with strong momentum on the basis of robust job growth and rising wages. Housing starts would appear positioned for continued growth owing to a combination of improving employment opportunities, and the release of pent-up demand. However, shortages of skilled labour and finished lot availability remain as potential constraints. Further, potential successive rate increases and a more protectionist U.S. trade stance both remain as downside risks to housing affordability. Nevertheless, current consensus expectations still call for healthy year-over-year improvements in total housing starts for each of 2017 and 2018 of about 6-7%. Industry forecasters predict that North American sawtimber demand will grow at over 3% per year over the next few years to support expanding domestic construction needs.

Despite the expectation for steadily improving U.S. lumber consumption, the lumber pricing environment for 2017 remains uncertain following the recent U.S. ITC injury determination which is widely expected to result in preliminary application of countervailing duties in late spring and anti-dumping duties by early summer. As in past disputes, we would anticipate relatively high initial duties, which will be reduced over time during the litigation period. However, we anticipate a highly politicized process may obscure visibility on progress towards a negotiated settlement for at least most of 2017. During the prior U.S./Canada softwood lumber dispute, Canada's Atlantic lumber producers and Québec border mills experienced lower relative duties than the rest of Canada and we continue to believe treatment of these producers during the current dispute should be materially the same as in the past. This differential treatment is due to the significantly greater proportion of private timberlands in the Atlantic region relative to the rest of Canada as well as a long history of active cross-border log exports within the Northeast region.

Acadian's key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. While we anticipate softwood sawtimber markets will remain well balanced through the year, greater volatility in this market should be expected as the softwood dispute plays out. While continued oversupply of softwood sawmill residuals and softwood pulpwood markets remains a concern, we anticipate regional timberland owners will aggressively manage pulpwood harvest levels through 2017. Hardwood sawtimber markets, typically oriented to millwork and higher value specialty markets are expected to remain at healthy current levels through the upcoming year. Hardwood pulpwood, increasingly consumed by tissue and other non-publishing paper end uses, also remains in good balance, but historically very strong prices may be somewhat vulnerable in a strengthening U.S. dollar environment. Biomass is also an important market for Acadian. We anticipate domestic biomass markets to remain stable in New Brunswick and anticipate improved potential for a gradual recovery of export volumes through the year. Maine's biomass market appears positioned for at least a modest recovery following a challenging 2016, as state subsidies have now permitted three previously idled biomass generation facilities to restart. Additionally, potential for sustained higher natural gas prices may be a catalyst for a shift back to biomass consumption for regional cogeneration capacity.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.275 per share, payable on April 14, 2017 to shareholders of record on March 31, 2017.

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 third 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 Third Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 100 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 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's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 30, 2016 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this 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		Year Ended	
	Dec 31 2016	Dec 31 2015	Dec 31 2016	Dec 31 2015
<i>(CAD thousands)</i>				
Net sales	\$ 22,723	\$21,735	\$77,168	\$84,422
Operating costs and expenses				
Cost of sales	13,933	12,629	47,960	51,197
Selling, administration and other	1,744	1,763	6,274	6,390
Reforestation	162	97	726	712
Depreciation and amortization	131	134	502	515
	15,970	14,623	55,462	58,814
Operating earnings	6,753	7,112	21,706	25,608
Interest expense, net	(756)	(779)	(2,942)	(3,364)
Other items				
Fair value adjustments	(2,941)	15,098	(705)	13,168
Unrealized exchange (loss) / gain on long-term debt	(2,277)	(3,822)	2,856	(16,095)
Gain on sale of timberlands	165	166	339	306
Loss on disposal of land, roads and other fixed assets	—	—	—	(6)
Earnings before income taxes	944	17,775	21,254	19,617
Current income tax expense	(53)	(207)	(61)	(562)
Deferred income tax expense	2,230	(3,803)	(5,121)	(5,414)
Net income	\$ 3,121	\$13,765	\$ 16,072	\$13,641
Net income per share – basic and diluted	\$ 0.18	\$0.82	\$ 0.96	\$0.82

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

	Three Months Ended		Year Ended	
	Dec 31 2016	Dec 31 2015	Dec 31 2016	Dec 31 2015
<i>(CAD thousands)</i>				
Net income	\$ 3,121	\$13,765	\$ 16,072	\$13,641
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain / (loss)	2,918	5,305	(4,228)	23,683
Gain / (loss) on revaluation of roads and land	5,692	(3,173)	5,692	(3,173)
Amortization of derivatives designated as cash flow hedges	—	—	—	(241)
Comprehensive income	\$ 11,731	\$15,897	\$ 17,536	\$ 33,910

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

<i>As at</i> <i>(CAD thousands)</i>	December 31, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 19,654	\$ 17,716
Accounts receivable and other assets	6,952	7,973
Inventory	2,149	1,391
	28,755	27,080
Timber	328,477	333,732
Land, roads and other fixed assets	91,206	82,826
Intangible assets	6,140	6,140
	\$ 454,578	\$ 449,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,529	\$ 4,399
Dividends payable to shareholders	4,183	4,183
	7,712	8,582
Long-term debt	97,066	99,819
Deferred income tax liability	81,949	74,331
Shareholders' equity	267,851	267,046
	\$ 454,578	\$ 449,778

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

	Three Months Ended		Year Ended	
	Dec 31	Dec 31	Dec 31	Dec 31
<i>(CAD thousands)</i>	2016	2015	2016	2015
Cash provided by / (used for):				
Operating activities				
Net income	\$ 3,121	\$13,765	\$ 16,072	\$13,641
Adjustments to net income / (loss):				
Deferred income tax expense	(2,230)	3,803	5,121	5,414
Depreciation and amortization	131	134	502	515
Fair value adjustments	2,941	(15,098)	705	(13,168)
Unrealized exchange loss / (gain) on long term debt	2,277	3,822	(2,856)	16,095
Interest expense, net	756	779	2,942	3,364
Interest paid, net	(729)	(755)	(2,836)	(3,463)
Gain on sale of timberlands	(165)	(166)	(339)	(306)
Loss on disposal of land, roads and other fixed assets	—	—	—	6
Other, net	462	916	(108)	1,691
Net change in non-cash working capital	(2,698)	(1,782)	(607)	(3,401)
	3,866	5,418	18,596	20,388
Financing activities				
Deferred financing costs	—	(54)	—	(502)
Dividends paid to shareholders	(4,183)	(3,764)	(16,731)	(14,744)
	(4,183)	(3,818)	(16,731)	(15,246)
Investing activities				
Additions to timber, land, roads and other fixed assets	(4)	(64)	(283)	(405)
Proceeds from sale of timberlands	178	168	356	319
Proceeds from sale of land, roads and other fixed assets	—	104	—	(86)
	174	1,704	73	5,056
Increase in cash and cash equivalents during the period	(143)	16,012	1,938	12,660
Cash and cash equivalents, beginning of period	19,797	\$17,716	17,716	\$17,716
Cash and cash equivalents, end of period	\$ 19,654	3,822	\$ 19,654	16,095

Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Year Ended	
	Dec 31 2016	Dec 31 2015	Dec 31 2016	Dec 31 2015
<i>(CAD thousands)</i>				
Net income	\$ 3,121	\$13,765	\$ 16,072	\$13,641
Add / (deduct):				
Interest expense, net	756	779	2,942	3,364
Current income tax expense	53	207	61	562
Deferred income tax expense	(2,230)	3,803	5,121	5,414
Depreciation and amortization	131	134	502	515
Fair value adjustments	2,941	(15,098)	705	(13,168)
Unrealized exchange loss / (gain) on long-term debt	2,277	3,822	(2,856)	16,095
Adjusted EBITDA	7,049	7,412	22,547	26,423
Add / (deduct):				
Interest paid on debt, net	(729)	(755)	(2,836)	(3,463)
Additions to timber, land, roads and other fixed assets	(4)	(64)	(283)	(405)
Gain on sale of timberlands	(165)	(166)	(339)	(306)
Loss on disposal of land, roads and other fixed assets	—	—	—	6
Proceeds from sale of timberlands	178	168	356	319
Proceeds from sale of land, roads and other fixed assets	—	—	—	—
Current income tax expense	(53)	(207)	(61)	(562)
Free Cash Flow	\$ 6,276	\$6,388	\$ 19,384	\$22,012
Dividends declared	\$ 4,183	\$4,182	\$ 16,731	\$15,476
Payout ratio	67%	65%	86%	70%