



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2011 Third Quarter Results conference call via webcast on Friday, October 28, 2011 at 12:00 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 11:50 a.m. ET. The teleconference taped rebroadcast can be accessed at 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826.

ACADIAN TIMBER CORP. REPORTS THIRD QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – October 27, 2011 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended September 24, 2011 (the “third quarter”).

For the third quarter of 2011, Acadian generated net sales of \$17.5 million on sales volume of 341 thousand m³, which represents a \$0.3 million, or 2%, decrease in net sales compared to the same period in 2010.

EBITDA of \$3.8 million for the third quarter of 2011 was \$0.9 million lower than in the third quarter of 2010, and EBITDA margin decreased to 22% from 26% in the same period of last year. The decrease in margin is attributed to a lower contribution from the land management services agreement and a higher percentage of hardwood harvested during the quarter which typically generates lower contributions to Acadian than softwoods.

“Acadian performed well in the third quarter despite very wet weather conditions and challenges with labour supply in Maine” said Reid Carter, Chief Executive Officer of Acadian. Mr. Carter further noted that “Operating levels at Acadian’s primary sawmill and at pulp and paper customers are positive and in-yard log inventories are low suggesting demand and pricing will remain firm.”

For the nine months ended September 24, 2011, Acadian generated net sales of \$51.0 million on sales volume of 1,010 thousand m³ as compared to net sales of \$50.4 million on sales volume of 1,017 thousand m³ in the comparable period of 2010. EBITDA of \$11.7 million during the nine months ended September 24, 2011 is \$0.3 million higher than the comparable period of 2010 reflecting the strong first quarter 2011 results.

¹ This news release makes reference to earnings before interest, taxes, depreciation and amortization, and fair value adjustments (“EBITDA”) and free cash flow. Management believes that EBITDA and free cash flow are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of the Company’s operating performance. As EBITDA and free cash flow do not have a standardized meaning 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 and cash flow from operations, as determined in accordance with IFRS, to EBITDA and free cash flow.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Nine Months Ended	
	Sept 24, 2011	Sept 25, 2010	Sept 24, 2011	Sept 25, 2010
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	340.7	345.8	1,009.8	1,016.8
Net sales	\$ 17,535	\$ 17,820	\$ 51,014	\$ 50,415
EBITDA	3,811	4,672	11,684	11,382
Free cash flow	3,183	3,608	10,198	8,196
Dividends declared	3,451	837	10,353	2,789
Net income (loss) ¹	(341)	3,039	2,332	28,684
Per share – fully diluted				
Net income (loss) ¹	(0.02)	0.18	0.14	1.71
Free cash flow	0.19	0.22	0.61	0.49
Dividends declared	0.21	0.05	0.62	0.17

¹ Net income (loss) includes the impact of deferred income tax expense, depreciation and amortization expense, and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.

International Financial Reporting Standards

Effective fiscal 2011, Acadian's financial results are reported in accordance with International Financial Reporting Standards ("IFRS"). Comparative figures in this press release, previously presented in GAAP, have been adjusted to conform to IFRS.

New Brunswick Timberlands

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

	Three Months Ended September 24, 2011			Three Months Ended September 25, 2010		
	Harvest (000s m ³)	Sales (000s m ³)	Results (thousands)	Harvest (000s m ³)	Sales (000s m ³)	Results (thousands)
Softwood	98.0	99.0	\$ 5,174	110.1	98.5	\$ 5,150
Hardwood	121.1	119.5	6,886	86.0	96.5	5,587
Biomass	60.3	60.3	795	68.1	68.2	705
	279.4	278.8	12,855	264.2	263.2	11,442
Other sales			1,418			1,828
Net sales			\$ 14,273			\$ 13,270
EBITDA			\$ 3,410			\$ 3,594
EBITDA margin			24%			27%

	Nine Months Ended September 24, 2011			Nine Months Ended September 25, 2010		
	Harvest (000s m ³)	Sales (000s m ³)	Results (thousands)	Harvest (000s m ³)	Sales (000s m ³)	Results (thousands)
Softwood	352.8	351.6	\$ 17,888	315.9	293.1	\$ 15,358
Hardwood	346.3	337.7	19,807	299.9	337.3	18,933
Biomass	164.2	164.2	2,430	176.3	176.3	2,280
	863.3	853.5	40,125	792.1	806.7	36,571
Other sales			2,696			2,854
Net sales			\$ 42,821			\$ 39,425
EBITDA			\$ 10,904			\$ 9,575
EBITDA margin			25%			24%

Softwood, hardwood and biomass shipments were 99 thousand m³, 120 thousand m³ and 60 thousand m³, respectively, for the third quarter of 2011. Approximately 34% was sold as

sawlogs, 44% as pulpwood and 22% as biomass. This compares to 35% sold as sawlogs, 39% as pulpwood and 26% as biomass in the third quarter of 2010.

Net sales for the third quarter of 2011 were \$14.3 million (2010 – \$13.3 million) with an average selling price across all products of \$46.10 per m³ which compares to an average selling price of \$43.47 per m³ during the third quarter of 2010. The year-over-year increase in the average selling price resulted from lower biomass sales during the third quarter of 2011. Pricing across the primary products was relatively flat compared to the third quarter of 2010. Net sales for the first nine months ended September 24, 2011 were \$42.8 million, an increase of \$3.4 million over the comparable period of 2010.

Costs for the third quarter were \$10.9 million (2010 – \$9.7 million). Variable costs per m³ were 6% higher than the third quarter of 2010 as a result of a 17% increase in hardwood sales over the prior year. The delivered cost of hardwood logs is typically higher than softwood because of longer transportation distances.

EBITDA for the third quarter was \$3.4 million, compared to \$3.6 million in the comparable period of 2010. For the nine months ended September 24, 2011, EBITDA was \$10.9 million as compared to \$9.6 million for the comparable period of 2010. EBITDA margin decreased to 24%, as compared to 27% for the third quarter of 2010, primarily reflecting the impact of an increased proportion of hardwood logs in the sales mix.

During the third quarter of 2011, NB Timberlands experienced four recordable safety incidents among employees and one recordable incident among contractors.

Maine Timberlands

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

	<i>Three Months Ended September 24, 2011</i>			<i>Three Months Ended September 25, 2010</i>		
	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (thousands)</i>	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (thousands)</i>
Softwood	43.8	44.1	\$ 2,283	58.4	58.4	\$ 3,102
Hardwood	14.0	13.8	781	23.1	21.3	1,275
Biomass	4.0	4.0	41	3.0	2.9	35
	61.8	61.9	3,105	84.5	82.6	4,412
Other sales			157			138
Net sales			\$ 3,262			\$ 4,550
EBITDA			\$ 549			\$ 1,246
EBITDA margin			17%			27%

	<i>Nine Months Ended September 24, 2011</i>			<i>Nine Months Ended September 25, 2010</i>		
	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (thousands)</i>	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (thousands)</i>
Softwood	113.8	114.1	\$ 5,968	152.3	152.0	\$ 7,857
Hardwood	30.4	31.6	1,826	51.3	49.2	2,669
Biomass	10.6	10.6	98	9.0	8.9	157
	154.8	156.3	7,892	212.6	210.1	10,683
Other sales			301			307
Net sales			\$ 8,193			\$ 10,990
EBITDA			\$ 1,630			\$ 2,669
EBITDA margin			20%			24%

Softwood, hardwood and biomass shipments were 44 thousand m³, 14 thousand m³ and 4 thousand m³, respectively, for the third quarter of 2011. Approximately 60% was sold as

sawlogs, 34% as pulpwood and 6% as biomass. This compares to 54% sold as sawlogs, 42% as pulpwood and 4% as biomass in the third quarter of 2010.

Net sales for the third quarter of 2011 were \$3.3 million (2010 – \$4.6 million) with an average selling price across all products of \$50.12 per m³ which compares to an average selling price of \$53.38 per m³ during the third quarter of 2010. This variance in sales price was primarily attributable to foreign exchange as average pricing across all products was relatively stable in US dollar terms. Sales volume was limited due to very difficult operating conditions owing to exceptionally wet weather and challenging contractor availability due to the Maine government's efforts to limit Canadian labourer's access to work in the state. Net sales for the first nine months ended September 24, 2011 were \$8.2 million, a decrease of \$2.8 million over the comparable period of 2010 reflecting a 27% reduction in year-over-year harvest volume.

Costs for the third quarter were \$2.7 million (2010 – \$3.3 million). Variable costs per m³ decreased 4% in Canadian dollar terms as changes to contract rates made late in the second quarter and increases in fuel costs were offset by foreign exchange. Variable costs per m³ increased 2% in U.S. dollar terms.

EBITDA for the third quarter was \$0.5 million, compared to \$1.2 million in the comparable period of 2010. For the nine months ended September 24, 2011, EBITDA was \$1.6 million as compared to \$2.7 million for the first nine months of 2010. EBITDA margin averaged 17% in the third quarter of 2011 as compared to 27% during the third quarter of 2010. The reduction in margin reflects higher costs and lower sales volume resulting in reduced contribution towards fixed costs.

We are pleased to report that during the third quarter of 2011, Maine Timberlands experienced no recordable safety incidents among employees or contractors.

Market Outlook

The following Market Outlook contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2011 and 2012. 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 our management's discussion and analysis 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.

Signals for recovery of the U.S. housing market continue to be very weak with most industry watchers suggesting 2012 will look much like 2011 before a gradual recovery to historic trends during the 2013 – 2015 period. This outlook suggests that any robust recovery of Acadian's softwood sawlog market remains somewhat distant. However, Acadian continues to benefit from most of its softwood sawmilling customers maintaining active operations and, as a result, demand for spruce-fir sawlogs continues to be reasonably strong causing our outlook to be cautiously optimistic for the remainder of 2011 and into 2012.

Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

Markets for both softwood and hardwood pulp logs remain strong despite softening global pulp markets. Acadian's major pulpwood customers are currently operating and actively competing for deliveries suggesting prices will remain stable through year end. The expected start-up of a groundwood paper mill in Maine is expected to add to strong market demand for softwood pulpwood.

Biomass markets continue to face significant market challenges. Cogeneration plants associated with manufacturing facilities are generally in good shape, while stand-alone wood-to-energy plants continue to suffer from depressed prices for electricity and Renewable Energy Credits. Despite this challenging market environment, Acadian continues to be able to sell all of its biomass with a stable price outlook.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on January 13, 2012 to shareholders of record on December 30, 2011.

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. 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 over 100 regional customers.

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

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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 and other forward-looking 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 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 regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, 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; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 28, 2011 and the Management Information Circular dated March 28, 2011, 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; business prospects; 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, which are subject to change based on commodity prices, market conditions for timber and wood products, and the economic situation of key customers. 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. Certain statements in this News Release may also be considered "financial outlook" for the purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this News Release. 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		Nine Months Ended	
	Sept. 24, 2011	Sept. 25, 2010	Sept. 24, 2011	Sept. 25, 2010
<i>(CAD thousands)</i>				
Net sales	\$ 17,535	\$ 17,820	\$ 51,014	\$ 50,415
Operating costs and expenses				
Cost of sales	12,061	11,295	34,285	33,741
Selling, administration and other	1,498	1,688	4,685	5,113
Depreciation and amortization	137	122	409	363
	13,696	13,105	39,379	39,217
Operating earnings	3,839	4,715	11,635	11,198
Interest expense, net	(745)	(962)	(2,422)	(2,818)
Other items:				
Fair value adjustments	(177)	84	(575)	1,511
Unrealized exchange loss on long-term debt	(2,941)	—	(3,928)	—
Reforestation	(174)	(171)	(467)	(217)
Gain on sale of timberlands	9	6	107	38
Gain on corporate conversion	—	—	—	21,086
Earnings (loss) before income taxes	(189)	3,672	4,350	30,798
Deferred tax expense	(152)	(633)	(2,018)	(2,114)
Net income (loss) for the period	\$ (341)	\$ 3,039	\$ 2,332	\$ 28,684
Net income (loss) per share – basic	\$ (0.02)	\$ 0.18	\$ 0.14	\$ 1.71
Net income (loss) per share – diluted	\$ (0.02)	\$ 0.18	\$ 0.14	\$ 1.71

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

	Three Months Ended		Nine Months Ended	
	Sept. 24, 2011	Sept. 25, 2010	Sept. 24, 2011	Sept. 25, 2010
<i>(CAD thousands)</i>				
Net income (loss)	\$ (341)	\$ 3,039	\$ 2,332	\$ 28,684
Other comprehensive income (loss)				
Unrealized foreign currency translation income (loss)	3,366	(608)	3,134	(1,508)
Amortization of derivatives designated as hedges	(48)	—	(270)	—
Comprehensive income	\$ 2,977	\$ 2,431	\$ 5,196	\$ 27,176

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	September 24, 2011	December 31, 2010	January 1, 2010
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 7,735	\$ 7,333	\$ 2,053
Accounts receivable and other assets	10,514	7,252	6,265
Inventory	1,422	990	2,289
Derivative asset	—	1,557	—
Note receivable	—	—	4,001
	19,671	17,132	14,608
Timber	218,200	216,181	216,751
Property, plant and equipment	34,591	34,508	36,275
Investment property	875	875	875
Intangible Assets	6,140	6,140	6,140
Deferred income tax asset	5,431	7,522	—
	\$ 284,908	\$ 282,358	\$ 274,649
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 9,136	\$ 4,483	\$ 4,275
Dividends payable to shareholders	3,451	837	—
Debt	—	73,752	—
	12,587	79,072	4,275
Long-term debt	73,472	—	80,739
Deferred income tax liability	19,672	18,952	34,553
Shareholders' equity	179,177	184,334	155,082
	\$ 284,908	\$ 282,358	\$ 274,649

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

	Three Months Ended		Nine Months Ended	
	Sept. 24, 2011	Sept. 25, 2010	Sept. 24, 2011	Sept. 25, 2010
<i>(CAD thousands)</i>				
Cash provided by (used for):				
Operating activities				
Net income (loss)	\$ (341)	\$ 3,039	\$ 2,332	\$28,684
Adjustments to net income (loss):				
Deferred tax expense	152	633	2,018	2,114
Depreciation and amortization	137	122	409	363
Fair value adjustments	177	(84)	575	(1,511)
Unrealized exchange loss on long term debt	2,941	—	3,928	—
Interest expense, net	745	962	2,422	2,818
Interest paid, net	(619)	(962)	(1,463)	(2,818)
Gain on sale of timberlands	(9)	(6)	(107)	(38)
Gain on corporate conversion	—	—	—	(21,086)
	3,183	3,704	10,114	8,526
Net change in non-cash working capital balances and other	1,457	(56)	2,179	(778)
	4,640	3,648	12,293	7,748
Financing activities				
Repayment of revolving facility	—	(1,000)	—	(4,500)
Borrowing of term facility	—	—	70,608	—
Repayment of bank term credit facility and term loan	—	—	(73,639)	—
Deferred financing costs	—	—	(1,205)	—
Dividends paid to shareholders	(3,451)	(837)	(7,739)	(1,952)
	(3,451)	(1,837)	(11,975)	(6,452)
Investing activities				
Additions to timber, property, plant and equipment	(9)	(106)	(25)	(370)
Proceeds from sale of timberlands	9	10	109	40
	—	(96)	84	(330)
Increase in cash and cash equivalents during the period	1,189	1,715	402	996
Cash and cash equivalents, beginning of period	6,546	1,304	7,333	2,053
Cash and cash equivalents, end of period	\$ 7,735	\$ 3,019	\$ 7,735	\$ 3,019

Reconciliation to EBITDA and Free Cash Flow

	Three Months Ended		Nine Months Ended	
	Sept. 24, 2011	Sept. 25, 2010	Sept. 24, 2011	Sept. 25, 2010
<i>(CAD thousands)</i>				
Net income (loss) ¹	\$ (341)	\$ 3,039	\$ 2,332	\$28,684
Add (deduct):				
Interest expense, net	745	962	2,422	2,818
Deferred tax expense	152	633	2,018	2,114
Depreciation and amortization	137	122	409	363
Fair value adjustments	177	(84)	575	(1,511)
Unrealized exchange loss on long-term debt	2,941	—	3,928	—
Gain on corporate conversion	—	—	—	(21,086)
EBITDA	3,811	4,672	11,684	11,382
Add (deduct):				
Interest paid on debt, net	(619)	(962)	(1,463)	(2,818)
Capital expenditures	(9)	(106)	(25)	(370)
Gain on sale of timberlands	(9)	(6)	(107)	(38)
Proceeds on sale of timberlands	9	10	109	40
Free cash flow	\$ 3,183	\$ 3,608	\$10,198	\$ 8,196
Dividends declared	\$ 3,451	\$ 837	\$10,353	\$ 2,789
Payout ratio	108%	23%	102%	34%

¹ Net income (loss) includes the impact of deferred income tax expense, depreciation and amortization expense, and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.