



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2016 First Quarter Results conference call via webcast on Wednesday, May 10, 2016 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 2826.

ACADIAN TIMBER CORP. REPORTS FIRST QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – May 9, 2016 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 26, 2016 (the “first quarter”).

“Acadian continues to benefit from strong hardwood markets and high operating rates among our softwood sawmilling customers supported by the steady recovery in the US housing market”, commented Mark Bishop, Chief Executive Officer of Acadian. “Our business continues to perform well with key market trends that remain supportive”.

For the first quarter, Acadian generated net sales of \$21.4 million, a 13% decrease year-over-year, as an earlier start to mud season and weaker softwood markets in Maine led to a 13% decrease in log sales volumes.

Adjusted EBITDA for the first quarter was \$7.0 million, down \$1.7 million from the comparable period in 2015 primarily due to lower sales volumes. Adjusted EBITDA margin of 33% in the first quarter of 2016 was slightly lower than the same period in 2015 with the benefit of improved overall average pricing offset by increased costs due to longer average haul distances for hardwood.

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.

Review of Operations

Financial and Operating Highlights

<i>Three Months Ended</i> <i>(CAD thousands, except per share information)</i>	March 26, 2016	March 28, 2015
Sales volume (000s m ³)	301.6	348.0
Net sales	\$ 21,447	\$ 24,687
Operating earnings	6,826	8,629
Net income / (loss)	4,342	(2,923)
Adjusted EBITDA	7,044	8,752
Free Cash Flow	6,170	7,546
Dividends declared	4,183	3,765
Per share (fully diluted)		
Net income / (loss)	0.26	(0.17)
Free Cash Flow	0.37	0.45
Dividends declared	0.25	0.23

Operating earnings for the period, at \$6.8 million, decreased \$1.8 million year-over-year, again reflecting lower sales volumes. Net income totaled \$4.3 million, or \$0.26 per share, for the first quarter, an increase of \$7.3 million from the same period in 2015. This increase was primarily due to the unrealized exchange gain on long-term debt as well as lower fair value adjustments due to lower harvest volumes, offset by an increase in deferred tax expense, largely a result of a 2% higher New Brunswick provincial tax rate.

Acadian's operations ran well during the first quarter. While weather conditions were relatively typical for the winter season in New Brunswick, they were warmer and not as favourable in Maine as the prior year. Demand for hardwood continued to be strong, but markets for softwood pulpwood, particularly in Maine, remain challenging.

Acadian's weighted average log price for the first quarter increased 3% year-over-year as stronger hardwood prices at NB Timberlands and the positive impact of the weaker Canadian dollar on U.S. dollar-denominated sales more than offset weaker prices for softwood logs. Hardwood sawlog and pulpwood markets remained strong with weighted average selling prices for sawlogs increasing 13% and prices for pulpwood increasing 10%. Softwood sawlog markets in Maine weakened considerably, as customers struggled with lower lumber and residual pricing. Softwood pulpwood markets continue to be over-supplied. Biomass markets remained strong, with margins increasing 40% year-over-year, primarily reflecting continued sales to export markets by NB Timberlands.

New Brunswick Timberlands

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

	<i>Three Months Ended March 26, 2016</i>			<i>Three Months Ended March 28, 2015</i>		
	Harvest (000s m³)	Sales (000s m³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)
Softwood	111.0	80.5	\$ 4,359	130.1	90.0	\$ 4,927
Hardwood	109.6	90.0	7,559	109.4	106.8	8,038
Biomass	33.3	33.3	1,338	34.7	34.7	1,247
	253.9	203.8	13,256	274.2	231.5	14,212
Other sales			675			1,083
Net sales			\$ 13,931			\$ 15,295
Adjusted EBITDA			\$ 4,958			\$ 5,293
Adjusted EBITDA margin			36%			35%

Softwood, hardwood and biomass shipments were 81 thousand m³, 90 thousand m³ and 33 thousand m³, respectively, during the period. This represents a year-over-year decrease in sales volume of 12% as weather conditions were more typical this year leading to an earlier reduction of operations due to mud season. Harvest volume in the first quarter of 2016 was 7% lower than the prior year with all of the decrease in softwood. Approximately 38% of sales volume was sold as sawlogs, 46% as pulpwood and 16% as biomass in the first quarter. This compares to 36% sold as sawlogs, 49% as pulpwood and 15% as biomass in the first quarter of 2015.

Net sales for the first quarter totaled \$13.9 million compared to \$15.3 million for the same period last year with the decrease in sales volume partially offset by the improved weighted average log selling price. The weighted average log selling price was \$69.87 per m³ in the first quarter, a 6% increase from \$65.90 per m³ in the same period of 2015. Gains in hardwood sawlogs and pulpwood prices were partially offset by modest declines in softwood prices.

Costs for the first quarter were \$9.0 million, compared to \$10.0 million in the same period in 2015, with the decrease resulting from lower harvest volumes. Variable costs per m³ climbed just 1% year-over-year.

Adjusted EBITDA for the first quarter was \$5.0 million, compared to \$5.3 million in the first quarter of 2015 reflecting lower sales volumes, partially offset by the improved pricing discussed above. Adjusted EBITDA margin for the first quarter increased to 36% from 35% in the prior year.

There was one recordable safety incident among employees and one recordable safety incident among contractors during the first quarter. The resulting injuries were minor in nature.

Maine Timberlands

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

	<i>Three Months Ended March 26, 2016</i>			<i>Three Months Ended March 28, 2015</i>		
	Harvest (000s m³)	Sales (000s m³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)
Softwood	65.2	64.9	\$ 5,142	86.4	86.0	\$ 6,936
Hardwood	29.8	27.4	2,298	29.9	27.3	2,327
Biomass	5.5	5.5	37	3.2	3.2	42
	100.5	97.8	7,477	119.5	116.5	9,305
Other sales			39			87
Net sales			\$ 7,516			\$ 9,392
Adjusted EBITDA			\$ 2,281			\$ 3,852
Adjusted EBITDA margin			30%			41%

Softwood, hardwood and biomass shipments were 65 thousand m³, 27 thousand m³, and 6 thousand m³, respectively, during the first quarter. This represents a year-over-year decrease in sales volume of 16%, with a significant drop in softwood volumes given market and weather conditions. Approximately 66% of sales volume was sold as sawlogs, 28% as pulpwood and 6% as biomass during the first quarter. This compares to 61% sold as sawlogs, 36% as pulpwood and 3% as biomass in the first quarter of 2015. The decreased pulpwood volume reflects the challenged softwood pulpwood market in the region.

Net sales for the first quarter totaled \$7.5 million compared to \$9.4 million for the same period last year, reflecting reduced sales volumes and U.S. dollar-basis pricing, partially offset by the positive impact of the weaker Canadian dollar. The weighted average log selling price in Canadian dollar terms was \$80.63 per m³ in the first quarter of 2016, a 1% decrease from \$81.71 per m³ in the same period of 2015. The weighted average log selling price in U.S. dollar terms was \$58.83, down 11% year-over-year, as improved hardwood sawlog prices were more than offset by lower prices for all other log products.

Costs for the first quarter were \$5.2 million, compared to \$5.5 million during the same period in 2015 with the positive affect of lower harvest volumes almost fully offset by a 16% increase in variable costs per unit in Canadian dollar terms. In U.S. dollar terms, variable costs per unit climbed 5%, primarily due to longer haul distances for hardwood pulplogs.

Adjusted EBITDA for the first quarter was \$2.3 million, down \$1.6 million from the same period in 2015 reflecting lower sales revenue and higher costs. Adjusted EBITDA margin for the first quarter fell to 30% from 41% in the prior year.

There were no recordable safety incidents among employees or contractors during the first quarter.

Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2016. 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.

While U.S. economic growth was relatively flat during the first quarter of 2016, we do not consider this weakness as signaling the start of deteriorating U.S. economic activity. A healthy labour market, evidenced by a solid hiring trend seen during the last few months, and stronger household incomes are expected to support a pick-up in consumer spending that should drive improved economic performance through the remaining quarters of 2016. The fundamentals for a continued recovery in residential construction activity, including low interest rates, a sustained improvement in the labour market and rising personal incomes among young adults should continue to draw more potential homebuyers into the housing market. Consensus for 2016 U.S. housing start expectations remains strong at 10% year-over-year growth although construction labor supply and availability of new building sites are noted as potential constraints.

Benchmark softwood lumber prices for the first quarter remained flat from the previous quarter and are generally expected to remain flat on a full year-over-year basis. Housing start momentum has been positive, but ongoing weakness in offshore export markets and recent U.S. lumber mill capacity additions continue to be a drag on pricing. In addition, the combination of the weak Canadian dollar and the absence of softwood lumber duties due to the expiry of the Canada-U.S. Softwood Lumber Agreement in late 2015 is expected to drive continued strong mill utilization rates in Canada.

Almost all regional sawmills continue to operate on full shifts and appear to be carrying inventories at or near typical seasonal levels. While we expect softwood sawlog demand to remain stable through 2016, ongoing challenges for softwood sawmill residual demand in Maine has negatively impacted softwood sawlog pricing in that market, although prices appear to have stabilized. The softwood pulpwood market continues to be challenging.

Hardwood sawlog markets remained strong during the first quarter and are expected to remain at current favorable levels. While we continue to expect hardwood pulpwood markets to experience moderation in 2016 as the region adapts to announced paper mill closures in Maine, they have remained resilient. Biomass markets remain generally positive in New Brunswick, but the recent change in Massachusetts energy regulations to focus support on biomass facilities that both create electricity and capture heat energy has resulted in significant curtailments to Maine's commercial biomass energy generators. While an increase in investments in regional domestic and export bound pellet capacity may provide relief over the medium term, there is minimal visibility on catalysts to restart the curtailed biomass generators. We remind investors that this segment represents only a small portion of Acadian's sales and an even lower proportion of our operating earnings.

Strategic Review

Further to the previously announced review of strategic alternatives, the Special Committee has concluded its review and determined that it is in the best interests of the shareholders for Acadian to continue to seek growth on an opportunistic basis while management continues to operate Acadian with a disciplined focus on maximizing value.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.25 per share, payable on July 15, 2016 to shareholders of record on June 30, 2016.

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 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)

<i>Three Months Ended</i> <i>(CAD thousands, except per share data)</i>	March 26, 2016	March 28, 2015
Net sales	\$ 21,447	\$ 24,687
Operating costs and expenses		
Cost of sales	13,086	14,343
Selling, administration and other	1,410	1,592
Reforestation	—	—
Depreciation and amortization	125	123
	14,621	16,058
Operating earnings	6,826	8,629
Interest expense, net	(730)	(888)
Other items		
Fair value adjustments	(771)	(2,446)
Unrealized exchange gain / (loss) on long-term debt	4,119	(7,736)
Gain on sale of timberlands	93	—
Earnings / (loss) before income taxes	9,537	(2,441)
Current income tax expense	(155)	(270)
Deferred income tax expense	(5,040)	(212)
Net income / (loss)	4,342	(2,923)
Net income / (loss) per share – basic and diluted	\$ 0.26	\$ (0.17)

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 26, 2016	March 28, 2015
Net income / (loss)	\$ 4,342	\$ (2,923)
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation income / (loss)	(5,564)	11,545
Amortization of derivatives designated as hedges	—	(47)
Comprehensive income / (loss)	\$ (1,222)	\$ 8,575

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

As at
(CAD thousands) **March 26, 2016** December 31, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$ 20,488	\$ 17,716
Accounts receivable and other assets	7,097	7,973
Inventory	4,942	1,391

	32,527	27,080
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Timber	325,586	333,732
Land, roads and other fixed assets	81,398	82,826
Intangible assets	6,140	6,140

	\$ 445,651	\$ 449,778
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable and accrued liabilities	\$ 6,799	\$ 4,399
Dividends payable to shareholders	4,183	4,183

	10,982	8,582
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Long-term debt	95,725	99,819
Deferred income tax liability	77,303	74,331
Shareholders' equity	261,641	267,046

	\$ 445,651	\$ 449,778
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Acadian Timber Corp.
Interim Consolidated Statements of Cash Flows
(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 26, 2016	March 28, 2015
Cash provided by / (used for):		
Operating activities		
Net income / (loss)	\$ 4,342	\$ (2,923)
Adjustments to net income / (loss):		
Deferred income tax expense	5,040	212
Depreciation and amortization	125	123
Fair value adjustments	771	2,446
Unrealized exchange (gain) / loss on long-term debt	(4,119)	7,736
Interest expense, net	730	888
Interest paid, net	(704)	(893)
Gain on sale of timberlands	(93)	—
Other, net	1,035	604
Net change in non-cash working capital	(250)	(830)
	6,877	7,363
Financing activities		
Dividends paid to shareholders	(4,183)	(3,451)
	(4,183)	(3,451)
Investing activities		
Additions to timber, land, roads and other fixed assets	(17)	(43)
Proceeds from sale of timberlands	95	—
	78	(43)
Increase in cash and cash equivalents during the period	2,772	3,869
Cash and cash equivalents, beginning of period	17,716	12,660
Cash and cash equivalents, end of period	\$ 20,488	\$ 16,529

Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 26, 2016	March 28, 2015
Net income / (loss)	\$ 4,342	\$ (2,923)
Add / (deduct):		
Interest expense, net	730	888
Current income tax expense	155	270
Deferred income tax expense	5,040	212
Depreciation and amortization	125	123
Fair value adjustments	771	2,446
Unrealized exchange (gain) / loss on long-term debt	(4,119)	7,736
Adjusted EBITDA	7,044	8,752
Add / (deduct):		
Interest paid on debt, net	(704)	(893)
Gain on sale of timberlands	(93)	—
Proceeds from sale of timberlands	95	—
Additions to timber, land, roads and other fixed assets	(17)	(43)
Current income tax expense	(155)	(270)
Free cash flow	\$ 6,170	\$ 7,546
Dividends declared	\$ 4,183	\$ 3,765
Payout ratio	68%	50%