



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2018 First Quarter Results via conference call or webcast on Tuesday May 8, 2018 at 9:00AM ET, please dial 1-866-521-4909 toll free in North America (Canada and the USA), or for overseas calls, please dial 1-647-427-2311 at approximately 8:50AM ET. For those unable to participate, a taped rebroadcast will be available until midnight June 8, 2018. To access this rebroadcast, please dial 1-800-585-8367 or 1-416-621-4642 Conference ID #5756359.

ACADIAN TIMBER CORP. REPORTS STRONG FIRST QUARTER RESULTS AND DIVIDEND INCREASED BY 3%

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – May 7, 2018 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 31, 2018 (the “first quarter”).

“Acadian posted a strong start to the year with operations benefiting from favourable winter conditions which supported seasonally strong log production. We believe we are well positioned to maintain this momentum through 2018”, commented Mark Bishop, Chief Executive Officer of Acadian. “We are pleased to announce that our Board of Directors has approved a 3% increase in Acadian’s quarterly dividend.”

Acadian had a solid start to the year and posted strong performance for the three-month period ended March 31, 2018. The Company generated Adjusted EBITDA¹ of \$8.9 million for the first quarter, up from \$8.0 million in the prior year, as our operations benefitted from favourable winter harvest conditions and strong seasonal demand that led to an increase in log sales volumes of 17% compared to the same quarter of 2017. Demand for most of our products continues to be solid with our weighted average log selling price per cubic meter remaining in-line with the first quarter of last year.

During the first quarter of 2018, Acadian generated \$7.3 million of Free Cash Flow¹ and declared dividends of \$4.6 million to our shareholders. This represents a payout ratio of 63%, which is comfortably below our long-term annual target of 95% but in-line with expectations given the seasonality of our operations.

¹ This news release makes reference to Adjusted EBITDA, Adjusted EBITDA margin 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 Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). 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, Adjusted EBITDA margin and Free Cash Flow.

Operating Leadership Transition

Acadian announced today the start of a retirement transition for Marcia McKeague, Vice President of Operations for Acadian's Maine Timberlands since Acadian's inception. Marcia will retire at the end of 2018 and in the interim period will continue to work with the Acadian team supporting the leadership transition, while also working on various strategic initiatives. Marcia has had a long, accomplished career spanning over 35 years and is a well-recognized professional forester in the State of Maine. "The entire management team would like to thank Ms. McKeague for her passionate dedication and significant contributions to Acadian", commented Mr. Bishop.

Acadian also announced that Luc Ouellet has been promoted to Senior Vice President of Operations assuming responsibility for the Maine operations in addition to his current New Brunswick responsibilities. Mr. Ouellet has served as Vice President of Acadian's New Brunswick operations since the company's inception. He is a Registered Professional Forester in both New Brunswick and Maine, a member of the Professional Engineer Association in New Brunswick and has been involved in managing timberlands for over 30 years.

"I look forward to working with Luc and Marcia through the transition, and fully anticipate that the Maine and New Brunswick teams under Luc's leadership will continue to apply their long-demonstrated spirit of innovation to secure Acadian's safety, sustainable forest management and financial performance as "best in class", added Mr. Bishop.

Review of Operations

Financial and Operating Highlights

<i>Three Months Ended (CAD thousands, except per share information)</i>	March 31, 2018	March 25, 2017
Sales volume (000s m ³)	419.7	356.0
Net sales ¹	\$ 32,948	\$ 28,012
Net income	1,986	4,758
Adjusted EBITDA	\$ 8,870	\$ 8,030
Free Cash Flow	\$ 7,258	\$ 7,388
Dividends declared	4,601	4,601
Payout ratio	63%	62%
Per share – basic and diluted		
Net income	\$ 0.12	\$ 0.28
Free Cash Flow	0.43	0.44
Dividends declared	0.275	0.275

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

For the first quarter, Acadian generated net sales of \$32.9 million, compared to \$28.0 million in the comparable period of 2017, as favourable winter harvest conditions and strong demand for softwood sawlogs resulted in a 17% increase in total log sales volumes compared to the prior year. Acadian's weighted average log selling price remained in-line with the prior year as the benefit from a demand-driven 5% increase in softwood sawlog prices was offset by changes in the sales mix.

As a result of the aforementioned increase in log sales volumes, which was partially offset by an increase in variable log harvest costs per m³, Adjusted EBITDA climbed to \$8.9 million during the quarter from \$8.0

million in the prior year. However, the Adjusted EBITDA margin for the quarter of 27% was down from 29% in the prior year due to reduced higher and better use land sales in Maine as well as timing of operating costs.

Net income totaled \$2.0 million, or \$0.12 per share, for the first quarter, compared to \$4.8 million, or \$0.28 per share, for the same period in 2017 as the aforementioned increase in Adjusted EBITDA was more than offset by the impact of foreign exchange revaluation on Acadian's U.S. dollar denominated long-term debt.

Acadian's balance sheet continues to be solid with \$97.6 million of net liquidity as at March 31, 2018, including funds available under Acadian's Revolving Facility and our stand-by equity commitment with Brookfield.

Total dividends declared to shareholders during the three months ended March 31, 2018 were \$4.6 million, or \$0.275 per share, unchanged from the prior year.

Segment Performance

New Brunswick Timberlands

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

	Three Months Ended March 31, 2018				Three Months Ended March 25, 2017			
	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	158.6	157.4	54%	\$ 8,885	135.3	126.5	47%	\$ 7,258
Hardwood	93.0	83.0	28%	6,566	115.3	94.7	36%	7,602
Biomass	52.9	52.9	18%	1,451	45.3	45.3	17%	965
	304.5	293.3	100%	16,902	295.9	266.5	100%	15,825
Timber services and other sales ¹				6,218				5,428
Net sales ¹				\$ 23,120				\$ 21,253
Adjusted EBITDA				\$ 5,857				\$ 6,128
Adjusted EBITDA margin				25%				29%

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

Net sales for our New Brunswick Timberlands totaled \$23.1 million compared to \$21.3 million in the prior year. Log sales volumes, excluding biomass, increased 9% to 240 thousand m³ from 221 thousand m³ in the first quarter of 2017 reflecting favourable harvest conditions, particularly for spruce and fir stands, strong seasonal demand for softwood sawlogs, and improved demand for softwood pulpwood. In addition, timber services and other sales increased 15% compared to the prior year primarily due to the timing of harvest activities.

The weighted average log selling price during the quarter was \$64.28 per m³, down from \$67.19 per m³ in the prior year. Demand for softwood sawlogs in New Brunswick remained strong with prices increasing 2%, however this was more than offset by lower relative volumes of higher-valued hardwood pulpwood and higher relative volumes of lower-valued softwood pulpwood. Prices for these products remained in-line with the prior year.

Biomass product sales volumes increased by 17% year-over-year as shipments to export markets have recently resumed. The return of the export markets also resulted in a 26% increase in gross margin earned compared to the first quarter of 2017.

Operating costs for the quarter were \$17.3 million, compared to \$15.1 million in the first quarter of 2017, primarily due to higher harvest volumes and the timing of timber services and other sales. Variable log harvest costs per m³ increased 4% primarily due to longer hauling distances and increased fuel costs.

Adjusted EBITDA was \$5.9 million during the first quarter of 2018, compared to \$6.1 million in the prior year, as the impact of the aforementioned increase in log sales volumes were more than offset by lower weighted average log selling prices and higher variable harvest costs per m³. Adjusted EBITDA margin decreased to 25% for the quarter from 29% during the same period in the prior year.

There was one minor recordable safety incident among employees and none among contractors during the first quarter of 2018 at our New Brunswick Timberlands.

Maine Timberlands

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

	Three Months Ended March 31, 2018				Three Months Ended March 25, 2017			
	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	91.6	91.2	72%	\$ 7,321	62.8	62.6	70%	\$ 4,751
Hardwood	33.9	30.7	24%	2,254	29.4	25.7	29%	1,892
Biomass	4.5	4.5	4%	7	1.2	1.2	1%	2
	130.0	126.4	100%	9,582	93.4	89.5	100%	6,645
Other sales				246				114
Net sales				\$ 9,828				\$ 6,759
Adjusted EBITDA				\$ 3,464				\$ 2,156
Adjusted EBITDA margin				35%				32%

Net sales totaled \$9.8 million compared to \$6.8 million for the same period last year as log sales volumes increased meaningfully to 122 thousand m³ from 88 thousand m³ in the prior year. This increase was primarily driven by strong seasonal demand for softwood sawlogs, which had been impacted in the prior year by high customer inventories and limited markets for sawmill residuals, as well as an increase in the number of operating days in the first quarter of 2018 as compared to the same quarter of 2017.

The weighted average log selling price in Canadian dollar terms was \$78.51 per m³, up from \$75.26 per m³ in the same period of 2017. The weighted average log selling price in U.S. dollar terms was \$62.09 per m³, up 9% year-over-year, reflecting improved demand for softwood sawlogs and hardwood pulpwood as well as a favourable change in log sales product mix.

Costs for the first quarter were \$6.3 million, compared to \$5.1 million during the same period in 2017 due to increased log sales volumes which were partially offset by a 6% decrease in variable log harvest costs per m³ due to shorter hauling distances and foreign exchange.

As a result of the aforementioned factors, Adjusted EBITDA for the quarter was \$3.5 million compared to \$2.2 million in the prior year and Adjusted EBITDA margin improved to 35%, relative to 32% in 2017.

There were no recordable safety incidents among employees or contractors during the first quarter of 2018 at our Maine Timberlands.

Adoption of IFRS 15, Revenue from contracts with customers

IFRS 15 supersedes previous revenue standards (IAS 18, Revenue) and related interpretations and it applies to all revenue arising from contracts with customers. On January 1, 2018, the Company adopted IFRS 15 using the full retrospective approach. The adoption of this standard on January 1, 2018 resulted in a change in presentation from net to gross for timber services, which does not impact the Company's operating earnings or net income. As a result of this change in presentation, net sales for the three-month period ended March 25, 2017 increased by \$4.9 million, with a corresponding increase in operating costs and expenses. Net sales are net of discounts and rebates to customers. Revenue is recognized when control passes to the customer, which is generally when timber is delivered to the customer and actual quantities delivered are determined. Sales are governed primarily by contract and in some cases by standard industry terms. Pursuant to the Crown Lands Services Agreement, Acadian provides harvesting, transportation and other services to Crown licensees and sub-licensees. Acadian receives payment for these services which are recognized upon delivery of the timber and when actual quantities delivered are determined.

Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2018. 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.

Acadian's key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. Northeast North American softwood dimension sawmills represent over one third of Acadian's end-use market and are the primary market for our softwood sawtimber. Economic forecasters continue to call for steady growth in U.S. housing starts, with year-over-year improvements averaging over 7% in 2018 and 5% in 2019. While tight construction labour markets and declining housing affordability may present headwinds, the underlying fundamental driver of pent-up household formation remains highly compelling. Further encouraging is the transitioning mix in the U.S. to a higher and more typical single family home proportion of starts which consume significantly greater volumes of wood per start. As a result, North American sawtimber demand is expected to grow at over 4% per year over the next few years to support expanding domestic construction needs.

Benchmark SPF and SYP lumber prices were up over the sequential quarter by 11% and 24%, respectively, passing on the full application of 20.23% average export duties on U.S.-bound shipments to consumers. However, while the duties were a factor in higher prices, the combination of robust demand and supply constraints including severe winter conditions and tight rail and truck transport availability were important factors driving pricing gains. While lumber pricing volatility should be expected due to uncertainty of ongoing application and pass through of duties or a potential future softwood lumber dispute settlement including quotas, forecasters anticipate the underlying supply demand drivers will continue to support strength in lumber pricing through 2019. By extension, Acadian anticipates continued strong support in end use markets for softwood sawtimber pricing through this period.

Since the final determination of combined duties were announced by the U.S. Department of Commerce and finalized by the International Trade Commission in late Q4 2017, industry officials indicate there have been no material softwood negotiations between the U.S. and Canada. As there is little expectation that a softwood settlement will factor into the current broader NAFTA trade negotiations, there remains little visibility on relief from duties in the near to medium term.

Hardwood sawtimber markets, typically oriented to millwork and higher value specialty markets, are expected to remain at healthy current levels throughout the remainder of the year. While hardwood pulpwood markets remain historically very strong, we expect seasonally high consumer inventories will

continue to impact log pricing through mid-year. While continued oversupply of softwood sawmill residuals and softwood pulpwood markets remains a concern, regional timberland owners have continued to operate with reduced pulpwood harvest which we expect will continue through the remainder of the year. In New Brunswick, biomass markets have benefitted from the gradual recovery in export volumes which we expect will continue through the second half of the year.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.2825 per share, payable on July 13, 2018 to shareholders of record on June 30, 2018.

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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 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 timber 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 85 regional customers.

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

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 28, 2018 and the Management Information Circular dated March 28, 2018, 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 31, 2018	March 25, 2017 ¹
Net sales	\$ 32,948	\$ 28,012
Operating costs and expenses		
Cost of sales	21,494	18,240
Selling, administration and other	2,506	2,239
Reforestation	7	—
Depreciation and amortization	84	78
	24,091	20,557
Operating earnings	8,857	7,455
Interest expense, net	(958)	(747)
Other items		
Fair value adjustments and other	(2,125)	(1,475)
Unrealized exchange (loss) / gain on long-term debt	(2,288)	465
Gain on sale of timberlands	177	497
Loss on disposal of roads and other fixed assets	(248)	—
Earnings before income taxes	3,415	6,195
Current income tax expense	(1,365)	(147)
Deferred income tax expense	(64)	(1,290)
Net income	\$ 1,986	\$ 4,758
Net income per share – basic and diluted	\$ 0.12	\$ 0.28

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 31, 2018	March 25, 2017
Net income	\$ 1,986	\$ 4,758
Other comprehensive income / (loss)		
Item that may be reclassified subsequently to net income:		
Unrealized foreign currency translation income gain / (loss)	3,366	(622)
Deferred income tax (expense) / recovery	(246)	93
Comprehensive income	\$ 5,106	\$ 4,229

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 22,264	\$ 23,951
Accounts receivable and other assets	11,009	11,007
Inventory	2,289	1,226
	35,562	36,184
Timber	330,862	330,879
Land, roads and other fixed assets	89,442	89,013
Intangible assets	6,140	6,140
	\$ 462,006	\$ 462,216
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,253	\$ 12,476
Dividends payable to shareholders	4,601	4,601
	12,854	17,077
Long-term debt	90,517	90,866
Deferred income tax liability	81,979	80,188
Shareholders' equity	276,656	274,085
	\$ 462,006	\$ 462,216

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 31, 2018	March 25, 2017
Cash provided by / (used for):		
Operating activities		
Net income	\$ 1,986	\$ 4,758
Adjustments to net income:		
Deferred income tax expense	64	1,290
Depreciation and amortization	84	78
Fair value adjustments and other	2,125	1,475
Unrealized exchange loss / (gain) on long-term debt	2,288	(465)
Gain on sale of timberlands	(177)	(497)
Loss on disposal of roads and other fixed assets	248	—
Net change in non-cash working capital balances and other	(4,070)	878
	2,548	7,517
Financing activities		
Dividends paid to shareholders	(4,601)	(4,183)
	(4,601)	(4,183)
Investing activities		
Additions to timber, land, roads and other fixed assets	(5)	(114)
Acquisition of Katahdin Timberlands LLC	—	(1,276)
Proceeds from sale of timberlands	192	837
Proceeds from sale of roads and other fixed assets	179	—
	366	(553)
(Decrease) / Increase in cash and cash equivalents during the period	(1,687)	2,781
Cash and cash equivalents, beginning of period	23,951	19,654
Cash and cash equivalents, end of period	\$ 22,264	\$ 22,435

Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>Three Months Ended (CAD thousands)</i>	March 31, 2018	March 25, 2017
Net income	\$ 1,948	\$ 4,758
Add / (deduct):		
Interest expense, net	958	747
Current income tax expense	1,365	147
Deferred income tax expense	64	1,290
Depreciation and amortization	84	78
Fair value adjustments and other	2,125	1,475
Unrealized exchange loss / (gain) on long-term debt	2,288	(465)
Adjusted EBITDA	\$ 8,870	\$ 8,030
Add / (deduct):		
Interest paid on debt, net	(684)	(721)
Additions to timber, land, roads and other fixed assets	(5)	(114)
Gain on sale of timberlands	(177)	(497)
Loss on disposal of roads and other fixed assets	248	—
Proceeds from sale of timberlands	192	837
Proceeds from sale of roads and other fixed assets	179	—
Current income tax expense	(1,365)	(147)
Free cash flow	\$ 7,258	\$ 7,388
Dividends declared	\$ 4,601	\$ 4,601
Payout ratio	63%	62%