



## News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2017 Fourth Quarter Results conference call via webcast on Thursday, February 15, 2018 at 9:00 a.m. ET at [www.acadiantimber.com](http://www.acadiantimber.com) or via teleconference at 1-866-521-4909, toll free in North America. For overseas calls please dial +1-647-427-2311, at approximately 8:50 a.m. ET. The recorded teleconference rebroadcast can be accessed at 1-800-585-8367 or +1-416-621-4642 and enter passcode 1595598.

### ACADIAN TIMBER CORP. REPORTS STRONG YEAR-END RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – February 14, 2018** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the year ended December 31, 2017.

“Acadian posted another year of excellent performance and we believe we are well positioned to maintain this momentum in 2018. Market fundamentals remain robust across our key product segments and we maintain a strong balance sheet”, commented Mark Bishop, Chief Executive Officer of Acadian.

Acadian continued to perform well and generated solid results for the year-ended December 31, 2017, reflecting strong seasonal demand and favourable operating conditions. During the year, Acadian generated Adjusted EBITDA of \$23.3 million compared to \$22.5 million during 2016, driven by the benefit of higher log sales volumes as well as larger gains recorded from sales of higher and better use land in Maine.

Acadian paid a dividend to shareholders of \$1.10 per share in the year, representing a payout ratio of 94% which is in-line with our long-term target of 95%. With continued strong performance and further supported by our strong liquidity, our Board of Directors have approved a dividend of \$0.275 per share for the first quarter of 2018.

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<sup>1</sup> This news release makes reference to Adjusted EBITDA and Free Cash Flow which are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of Acadian's operating performance. Acadian's management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, unrealized exchange gain/loss on debt, depreciation and amortization and Free Cash Flow as Adjusted EBITDA less interest paid, current income tax expense, additions to, and gains from the sale of, fixed assets plus losses on, and proceeds from, the sale of fixed assets. As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA and Free Cash Flow.

## Review of Operations

	<i>Three Months Ended</i>		<i>Year Ended</i>	
	<b>Dec 31 2017</b>	Dec 31 2016	<b>Dec 31 2017</b>	Dec 31 2016
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m <sup>3</sup> )	<b>297.6</b>	351.2	<b>1,252.0</b>	1,213.4
Net sales	<b>\$ 19,964</b>	\$ 22,723	<b>\$ 77,827</b>	\$ 77,168
Net income	<b>12,348</b>	3,121	<b>30,819</b>	16,072
Adjusted EBITDA	<b>6,005</b>	7,049	<b>23,344</b>	22,547
Free Cash Flow	<b>4,756</b>	6,276	<b>19,480</b>	19,384
Payout ratio	<b>97%</b>	67%	<b>94%</b>	86%
Per share – basic and diluted				
Net income	<b>\$ 0.74</b>	\$ 0.18	<b>\$ 1.84</b>	\$ 0.96
Free Cash Flow	<b>0.28</b>	0.38	<b>1.16</b>	1.16
Dividends declared	<b>0.275</b>	0.25	<b>1.10</b>	1.00

Acadian generated net sales of \$77.8 million in 2017, a year-over-year increase of \$0.6 million as the company benefited from a 6% increase in log sales volumes due to strong seasonal demand and favourable operating conditions. Weighted average log sales prices decreased 2% as hardwood pulpwood prices decreased as a result of changes in customer mix while softwood sawlog prices remained in-line with prior year. Contributions from biomass products decreased 50% reflecting limited export markets while regional demand remained solid.

Costs of \$56.8 million in 2017 increased 4% from \$54.9 million in the prior year primarily due to increased log sales volumes. Variable log costs per m<sup>3</sup> increased marginally reflecting slightly longer average hauling distances. In addition, Acadian benefited from strong sales of higher and better use (HBU) land in Maine. As a result of the aforementioned factors, the Adjusted EBITDA margin increased to 30% during 2017 from 29% in the prior year period.

Net income for the year ended December 31, 2017 totalled \$30.8 million, or \$1.84 per share, compared to \$16.1 million, or \$0.96 per share, in 2016. The increase is primarily a result of a favourable fair value revaluation of timber assets and lower unrealized foreign exchange losses on long term debt.

## Segment Performance

### New Brunswick Timberlands

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

	<b>Three Months Ended December 31, 2017</b>				<b>Three Months Ended December 31, 2016</b>			
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>
Softwood	103.2	97.1	50%	\$ 5,371	117.6	113.5	42%	\$ 6,189
Hardwood	68.8	66.9	34%	5,111	115.4	104.7	39%	8,251
Biomass	31.6	31.6	16%	549	51.7	51.7	19%	980
	<b>203.6</b>	<b>195.6</b>	<b>100%</b>	<b>11,031</b>	<b>284.7</b>	<b>269.9</b>	<b>100%</b>	<b>15,420</b>
Other sales				1,431				1,114
Net sales				<b>\$ 12,462</b>				<b>\$ 16,534</b>
Adjusted EBITDA				<b>\$ 4,463</b>				<b>\$ 5,867</b>
Adjusted EBITDA margin				<b>36%</b>				<b>35%</b>

	<b>Year Ended December 31, 2017</b>				<b>Year Ended December 31, 2016</b>			
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>
Softwood	379.3	378.2	41%	\$ 20,932	361.4	358.7	38%	\$ 19,394
Hardwood	345.6	356.9	39%	27,295	373.0	362.5	39%	28,948
Biomass	186.4	186.4	20%	3,160	218.1	218.1	23%	5,539
	<b>911.3</b>	<b>921.5</b>	<b>100%</b>	<b>\$ 51,387</b>	<b>952.5</b>	<b>939.3</b>	<b>100%</b>	<b>53,881</b>
Other sales				2,719				2,652
Net sales				<b>\$ 54,106</b>				<b>\$ 56,533</b>
Adjusted EBITDA				<b>\$ 18,073</b>				<b>\$ 19,320</b>
Adjusted EBITDA margin				<b>33%</b>				<b>34%</b>

### Year ended December 31, 2017:

Net sales for the year ended December 31, 2017 totalled \$54.1 million compared to \$56.5 million in 2016. This decrease primarily reflects the impact of limited export markets for biomass products, as log sales volumes and weighted average log selling prices were largely in-line with the prior year. Log sales volumes increased 2% to 735 thousand m<sup>3</sup> in 2017, from 721 thousand m<sup>3</sup> in 2016, driven by favourable harvest conditions throughout the year and the continued strength of softwood sawlog markets.

The weighted average log selling price of \$65.60 per m<sup>3</sup> in 2017 decreased marginally from \$67.03 per m<sup>3</sup> in the prior year as softwood sawlog prices increased 2% due to strong demand while hardwood pulpwood prices decreased 4% as a result of changes in customer mix.

Costs were \$36.0 million in 2017 compared to \$37.2 million in 2016, reflecting lower volumes and pricing for biomass products due to limited export markets, whereas variable log costs per m<sup>3</sup> remained in-line with 2016. Adjusted EBITDA for the year ended December 31, 2017 was \$18.1 million compared to \$19.3 million in 2016, and the Adjusted EBITDA margin was 33% compared to 34% in the prior year.

## Maine Timberlands

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

	<i>Three Months Ended December 31, 2017</i>				<i>Three Months Ended December 31, 2016</i>			
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000 m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>
Softwood	47.0	46.8	46%	\$ 3,752	52.8	52.7	65%	\$ 4,037
Hardwood	44.5	49.7	49%	3,620	25.9	26.6	33%	2,094
Biomass	5.5	5.5	5%	9	2.0	2.0	2%	4
	<b>97.0</b>	<b>102.0</b>	<b>100%</b>	<b>7,381</b>	<b>80.7</b>	<b>81.3</b>	<b>100%</b>	<b>6,135</b>
Other sales				121				54
Net sales				\$ 7,502				\$ 6,189
Adjusted EBITDA				\$ 2,135				\$ 1,393
Adjusted EBITDA margin				28%				23%

	<i>Year Ended December 31, 2017</i>				<i>Year Ended December 31, 2016</i>			
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>
Softwood	161.4	160.8	49%	\$ 12,250	166.1	165.4	60%	\$ 12,833
Hardwood	144.5	145.1	44%	10,855	94.0	91.4	34%	7,353
Biomass	24.6	24.6	7%	38	17.3	17.3	6%	80
	<b>330.5</b>	<b>330.5</b>	<b>100%</b>	<b>23,143</b>	<b>277.4</b>	<b>274.1</b>	<b>100%</b>	<b>20,266</b>
Other sales				578				369
Net sales				\$ 23,721				\$ 20,635
Adjusted EBITDA				\$ 6,751				\$ 4,256
Adjusted EBITDA margin				28%				21%

### *Year ended December 31, 2017:*

Net sales for the year ended December 31, 2017 totaled \$23.7 million compared to \$20.6 million during the prior year, primarily due to a 19% increase in log sales volumes. This increase was driven by a meaningful 63% increase in hardwood pulpwood sales volume as a result of favourable harvest conditions relative to 2016 and an increase in regional market share. We believe that Acadian has been able to capture additional market share, in part, because it has built up a strong track record of reliability over time, and also due to its Sustainable Forestry Initiative® certification, which is a requirement of certain customers.

The weighted average log selling price during 2017 in Canadian dollar terms was \$75.54 per m<sup>3</sup>, a decrease from \$78.61 per m<sup>3</sup> during the prior year. The weighted average log selling price in U.S. dollar terms of \$58.62 per m<sup>3</sup> during 2017 was in-line with prior year. Softwood sawlog prices, which had been impacted during 2016 and early 2017 by higher customer inventories and limited markets for sawmill residuals, increased 2% over the prior year. However, this benefit was offset by the impact of higher relative sales volumes of hardwood pulpwood which experienced a slight decline in average pricing over the prior year.

Costs for the year ended December 31, 2017 were \$19.3 million compared to \$16.7 million during 2016, driven by the aforementioned increase in log sales volumes. While variable log costs per m<sup>3</sup> in Canadian dollars remained in-line with 2016, in U.S. dollar terms, variable log costs per m<sup>3</sup>

increased 3% over the prior year due to longer hauling distances. Adjusted EBITDA for the year ended December 31, 2017 was \$6.8 million compared to \$4.3 million in the prior year, driven by the benefit of HBU land sales as well as the aforementioned increase in sales volumes. As a result, the Adjusted EBITDA margin in 2017 increased to 28% from 21% in the prior year.

## **Market Outlook**

The U.S. economy is expected to continue to grow at an above-trend pace in 2018, which should contribute to continued positive wage growth. Tight construction labor markets and additional interest rate hikes remain as headwinds, but the underlying fundamental driver of pent-up household formation remains very strong. While economic forecasters continue to revise their outlook for U.S. housing starts reflecting near term supply side headwinds, all are predicting steady growth in the 6-8% range for 2018, up from 2.5% growth in 2017. Higher proportion of single-family starts and strong repair and renovation activity in 2018 will continue to increase demand and boost softwood lumber and wood product pricing. Industry forecasters predict that North American sawtimber demand will grow at over 5% per year over the next few years to support expanding domestic construction needs.

During the second half of 2017, a number of supply side factors including wildfires in the BC Interior, severe hurricane activity in the Caribbean and U.S. South, and severe cold December weather throughout North America had a negative impact on lumber production. These events helped push lumber prices to multi-year highs, with average year to date 2017 benchmark prices sitting 26% above year-ago levels. With inventories remaining low as the typical seasonal purchasing ramps up for spring building season, we anticipate lumber pricing to remain elevated well into early 2018. 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. Regional mills continue to operate on full shifts and appear to be carrying inventories consistent with historic seasonal practices.

In the quarter, the U.S. Department of Commerce announced final countervailing duty (CVD) and antidumping (AD) rates, lowering the combined duty from preliminary rates set earlier in the year of 26.75% to 20.23% for most Canadian producers. In response, Canada launched initiatives with the North American Free Trade Act (NAFTA) and World Trade Organization (WTO) to review the new U.S. duties on softwood lumber imports. With U.S. Canadian NAFTA negotiations continuing, there is little visibility on any negotiated softwood dispute resolution. Strength in lumber markets, combined with supply side factors are broadly expected to continue to support a pass through of duties to the market in 2018.

Acadian's hardwood sawtimber markets, which focus on industrial mill work end uses, remain strong and stable and are unaffected by U.S. trade initiatives. The supply demand balance for northeast hardwood pulpwood markets also remains tight, supporting an ongoing stable price environment. Acadian continues to be a preferred partner for hardwood fibre supply to this important market segment. Demand for Acadian's smallest segment by margin, softwood pulpwood and biomass, remains at historic low levels, however, we anticipate biomass exports from New Brunswick will resume by mid-2018.

As always, Acadian management remains vigilant in pursuing cost efficiencies across the business, in addition to remaining highly focused on the sustainable management of our timberland estate. With a strong balance sheet, and highly capable operating team, we remain well positioned to meet our quarterly distributable cash commitments for the foreseeable future. On behalf of the board and management of Acadian, I would like to thank all our shareholders for their ongoing support.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.275 per share, payable on April 13, 2018 to shareholders of record on March 31, 2018.

## Appointment of New Director

The Company is pleased to announce the appointment of Mr. Bruce Robertson, CPA, CA to its Board of Directors effective February 14, 2018. Mr. Robertson, is currently the Vice President, Investments of The Woodbridge Company Limited and joined the firm in 2013. Prior to joining Woodbridge, Mr. Robertson held various executive positions at private equity firms focused largely on markets in Canada and the United States. Mr. Robertson received his Bachelor of Commerce (Honours) degree from Queens's University in 1988 and has served on the board of directors of both private and publicly-listed companies.

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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 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](http://www.acadiantimber.com) or contact:

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## **Forward-Looking Statements**

*This News Release contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements made in the section entitled "Market Outlook" and other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield'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 29, 2017 and the Management Information Circular dated March 29, 2017, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.*

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

	Three Months Ended		Year Ended	
	Dec 31 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
<i>(CAD thousands)</i>				
Net sales	\$ 19,964	\$ 22,723	\$ 77,827	\$ 77,168
Operating costs and expenses				
Cost of sales	12,358	13,933	49,112	47,960
Selling, administration and other	1,956	1,744	7,039	6,274
Reforestation	120	162	614	726
Depreciation and amortization	80	131	313	502
	14,514	15,970	57,088	55,462
Operating earnings	5,450	6,753	20,739	21,706
Interest expense, net	(706)	(756)	(2,895)	(2,942)
Other items				
Fair value adjustments	8,307	(2,941)	9,327	(705)
Unrealized exchange (loss) / gain on long-term debt	(753)	(2,277)	6,301	2,856
Gain on sale of timberlands	475	165	2,292	339
Earnings before income taxes	12,773	944	35,764	21,254
Current income tax expense	(565)	(53)	(1,381)	(61)
Deferred income tax recovery / (expense)	140	2,230	(3,564)	(5,121)
Net income	\$ 12,348	\$ 3,121	\$ 30,819	\$ 16,072
Net income per share – basic and diluted	\$ 0.74	\$ 0.18	\$ 1.84	\$ 0.96



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

	Three Months Ended		Year Ended	
	Dec 31 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
<i>(CAD thousands)</i>				
Net income	<b>\$ 12,348</b>	\$ 3,121	<b>\$ 30,819</b>	\$ 16,072
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Deferred income tax recovery / (expense)	<b>3,322</b>	(3,748)	<b>3,322</b>	(3,748)
(Loss) / gain on revaluation of roads and land	<b>(673)</b>	9,524	<b>(673)</b>	9,524
Unrealized foreign currency translation gain / (loss)	<b>321</b>	2,834	<b>(8,830)</b>	(4,312)
Comprehensive income	<b>\$ 15,318</b>	\$ 11,731	<b>\$ 24,638</b>	\$ 17,536

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

<i>As at</i> <i>(CAD thousands)</i>	<b>December 31, 2017</b>	December 31, 2016
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 23,951	\$ 19,654
Accounts receivable and other assets	11,007	6,952
Inventory	1,226	2,149
	<b>36,184</b>	28,755
Timber	<b>330,879</b>	328,477
Land, roads and other fixed assets	<b>89,013</b>	91,206
Intangible assets	<b>6,140</b>	6,140
	<b>\$ 462,216</b>	\$ 454,578
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,476	\$ 3,529
Dividends payable to shareholders	4,601	4,183
	<b>17,077</b>	7,712
Long-term debt	<b>90,866</b>	97,066
Deferred income tax liability	<b>80,188</b>	81,949
Shareholders' equity	<b>274,085</b>	267,851
	<b>\$ 462,216</b>	\$ 454,578

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

	Three Months Ended		Year Ended	
	Dec 31	Dec 31	Dec 31	Dec 31
<i>(CAD thousands)</i>	2017	2016	2017	2016
<b>Cash provided by / (used for):</b>				
<b>Operating activities</b>				
Net income	\$ 12,348	\$ 3,121	\$ 30,819	\$ 16,072
Adjustments to net income / (loss):				
Deferred income tax (recovery) / expense	(140)	(2,230)	3,564	5,121
Depreciation and amortization	80	131	313	502
Fair value adjustments	(8,307)	2,941	(9,327)	705
Unrealized exchange loss / (gain) on long term debt	753	2,277	(6,301)	(2,856)
Gain on sale of timberlands	(475)	(165)	(2,292)	(339)
Net change in non-cash working capital and other	3,609	(2,209)	4,743	(609)
	7,868	3,866	21,519	18,596
<b>Financing activities</b>				
Dividends paid to shareholders	(4,601)	(4,183)	(17,986)	(16,731)
	(4,601)	(4,183)	(17,986)	(16,731)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(100)	(4)	(943)	(283)
Acquisition of Katahdin Timberlands LLC	—	—	(1,276)	—
Proceeds from sale of timberlands	507	178	2,983	356
	407	174	764	73
Increase (decrease) in cash and cash equivalents during the period	3,674	(143)	4,297	1,938
Cash and cash equivalents, beginning of period	20,277	19,797	19,654	17,716
<b>Cash and cash equivalents, end of period</b>	<b>\$ 23,951</b>	<b>\$ 19,654</b>	<b>\$ 23,951</b>	<b>\$ 19,654</b>

## Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Year Ended	
	Dec 31 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
<i>(CAD thousands)</i>				
Net income	\$ 12,348	\$ 3,121	\$ 30,819	\$ 16,072
Add / (deduct):				
Interest expense, net	706	756	2,895	2,942
Current income tax expense	565	53	1,381	61
Deferred income tax (recovery) / expense	(140)	(2,230)	3,564	5,121
Depreciation and amortization	80	131	313	502
Fair value adjustments	(8,307)	2,941	(9,327)	705
Unrealized exchange loss / (gain) on long-term debt	753	2,277	(6,301)	(2,856)
<b>Adjusted EBITDA</b>	<b>6,005</b>	<b>7,049</b>	<b>23,344</b>	<b>22,547</b>
Add / (deduct):				
Interest paid on debt, net	(681)	(729)	(2,790)	(2,836)
Additions to timber, land, roads and other fixed assets	(35)	(4)	(384)	(283)
Gain on sale of timberlands	(475)	(165)	(2,292)	(339)
Proceeds from sale of timberlands	507	178	2,983	356
Current income tax expense	(565)	(53)	(1,381)	(61)
<b>Free Cash Flow</b>	<b>\$ 4,756</b>	<b>\$ 6,276</b>	<b>\$ 19,480</b>	<b>\$ 19,384</b>
<b>Dividends declared</b>	<b>\$ 4,601</b>	<b>\$ 4,183</b>	<b>\$ 18,404</b>	<b>\$ 16,731</b>
<b>Payout ratio</b>	<b>97%</b>	<b>67%</b>	<b>94%</b>	<b>86%</b>