ACADIAN TIMBER CORP.

Annual Information Form

March 28, 2013

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CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This Annual Information Form ("**AIF**") 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 AIF, such statements may contain words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue", "plan," "could," "might," "project," "targeting" "likely," "approximately," "strategy," "budget," "scheduled," "forecasts," "variations," or the negative of these terms or other similar terminology. Forward-looking information in this AIF includes, without limitation, statements made in sections entitled "Development of the Business", "Description of the Business", "Risk Factors", "Capital Structure", and "Dividends and Dividend Policy – Dividend Policy of the Corporation", and other 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 anticipated benefits of the conversion from an income trust to a corporation, and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements 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 AIF. All forward-looking statements in this AIF 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: 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, which are subject to change based on commodity prices, market conditions for timber and wood products, general economic and market conditions, the economic situation of key customers, and the utilization of the tax basis resulting from the conversion from an income trust to a corporation; product demand; future production volumes; concentration of customers; changes in competition; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in labour costs or other costs of production; changes in Canadian income tax law; economic situation of key customers; failure to realize the anticipated benefits of the conversion from an income trust to a corporation; the risks associated with the availability and amount of the tax basis in connection with the conversion from an income trust to a corporation; and other risks and factors discussed in the section entitled "Risk Factors" beginning on page 19. 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: 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 the utilization of the tax basis resulting from the conversion from an income trust to a corporation. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this AIF 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 AIF 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 AIF.

The forward-looking statements contained in this AIF are made as of the date of this AIF and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this AIF. Acadian Timber Corp. assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as required by applicable law.

THE CORPORATION

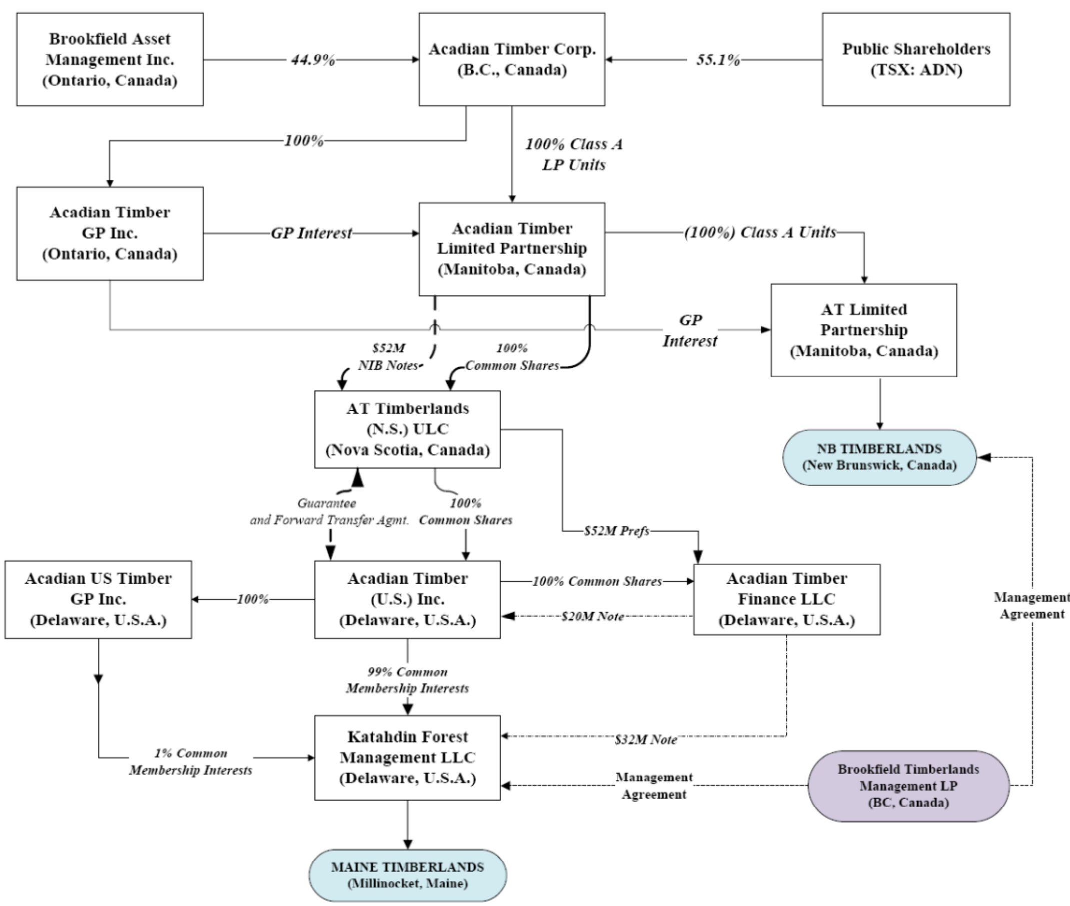
Acadian Timber Corp. (the "**Corporation**") is governed by the *Canada Business Corporation Act* (the "**CBCA**") pursuant to articles of arrangement dated January 1, 2010 (the "**Articles**"). The Corporation is a reporting issuer and its common shares are publicly traded on the TSX under the stock symbol "ADN". The principal and head office of the Corporation is located at 550 Burrard Street, Suite 458, Bentall V, Vancouver, British Columbia V6C 285.

The predecessor to the Corporation, Acadian Timber Income Fund (the "**Fund**"), was an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario by a declaration of trust dated December 15, 2005, as amended and restated on January 31, 2006, and as amended on January 1, 2010. On January 1, 2010, the Fund completed a conversion into the Corporation pursuant to a plan of arrangement (the "**Arrangement**") under the CBCA, involving, among others, the Fund and CellFor Inc. ("**CellFor**"). As a result of the completion of the Arrangement and related transactions, the Corporation now owns, directly and indirectly, subsidiaries which own and operate the businesses which were held and operated by the Fund and its subsidiaries prior to the closing of the Arrangement. Following completion of the Arrangement, on January 1, 2010, each of the Fund and AT Trust were wound up and dissolved. See "General Development of the Business".

The financial year end of the Corporation is December 31.

The following chart illustrates the structure of Acadian (including the jurisdiction of establishment/incorporation of the various entities):

ACADIAN TIMBER CORP. STRUCTURE



DEVELOPMENT OF THE BUSINESS

Origins and Development of the Business

The Corporation, directly and indirectly through its subsidiaries, owns and manages freehold timberlands in New Brunswick and Maine and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian is a leading supplier of primary forest products, including softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 90 regional customers in Eastern Canada and the Northeastern U.S., and also owns and operates a forest nursery in Second Falls, New Brunswick.

On January 31, 2006, the Fund completed an initial public offering of trust units. AT Limited Partnership (the "**Operating LP**"), the material operating subsidiary of the Fund, also entered into a management agreement with Brookfield Timberlands Management LP ("**Brookfield LP**") and certain service and supply and agreements with Fraser Papers, which agreements were transferred to Twin Rivers Paper Company ("**Twin Rivers**") on April 29, 2010. See "Arrangements with Brookfield LP" and "Principal Agreements".

On February 3, 2009, Brookfield, together with its affiliates, converted the 4,507,030 Class B Interests it held indirectly in KFM LLC into 4,507,030 Units. These Units were held by Brookfield US Holdings Inc. ("**Brookfield US**"), a wholly owned subsidiary of Brookfield. Subsequent to this conversion, the Fund had 16,571,453 Units issued and outstanding, of which 7,513,262 or 45.3% were held by Brookfield and its affiliates.

On January 1, 2010, the Fund, the Corporation and the other parties to the Arrangement Agreement completed the Arrangement. In accordance with the terms of the Arrangement, the Corporation retained certain assets of CellFor, including CellFor's proprietary germplasm of black and red spruce currently cryo-preserved in its tissue banks and a license in respect of the associated intellectual property related to spruce. The license to use the existing germplasm and the intellectual property associated with somatic embryogenesis represents a valuable asset to the Corporation which is expected to accelerate the Corporation's breeding and planting activities, and improve the productivity of its spruce plantations over time. Consideration to CellFor included cash and 159,763 Common Shares. Subsequent to the Arrangement, the Corporation had 16,731,216 Common Shares issued and outstanding of which 7,513,262 or 44.9% were held by Brookfield and its affiliates. Following the closing of the Arrangement on January 1, 2010, each of the Fund and AT Trust, a subsidiary of the Fund, were dissolved in accordance with their respective declarations of trust in order to further simplify the Corporation's structure. See "The Corporation" for the current corporate structure chart of Acadian.

In February 2011, Acadian completed a refinancing of its Canadian and U.S. dollar denominated loan facilities, entering into a first mortgage loan agreement dated as of February 28, 2011, which established the Credit Facilities. The proceeds of the Credit Facilities were used to refinance existing maturing indebtedness. See "Debt Financing".

DESCRIPTION OF THE BUSINESS

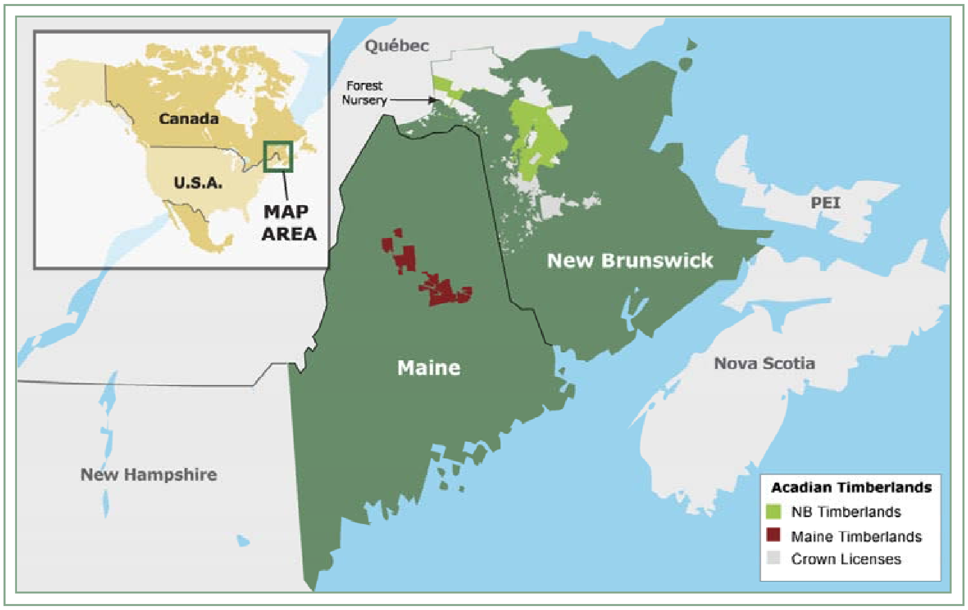
Overview of Acadian's Business

Acadian is a leading supplier of primary forest products to the forest products industry in Eastern Canada and the Northeastern U.S. Acadian owns and manages the NB Timberlands and the Maine Timberlands and provides services in respect of the NB Crown Lands. These services are provided pursuant to the Crown Lands Services Agreement. Acadian also owns and operates the Forest Nursery.

Acadian engages in forest management, harvesting, marketing and sales in order to realize the maximum value from its timber and to provide fibre for regional consumers including lumber mills, pulp and paper mills and other buyers of primary forest products. Access to long-term, sustainable, high quality timber resources is an important competitive factor for Acadian's customers. Acadian strives to: (1) harvest timber in a cost effective manner consistent with sound environmental and sustainable forestry practices; (2) sell timber (including sawlogs, pulpwood and biomass products) to targeted regional customers; (3) optimize the product mix with effective marketing and merchandising; (4) find new markets for its products; and (5) examine opportunities for HBU (higher and better use) development.

Sawlogs and pulpwood from the Acadian Timberlands are sold primarily to customers in Maine and New Brunswick. Substantially all of the annual harvest of softwood from the NB Timberlands is committed to Twin Rivers. See "Principal Agreements – Fibre Supply Agreement".

The map below outlines the location of the Acadian Timberlands.



Timberland Assets

The operations of the Acadian Timberlands are conducted entirely in New Brunswick and Maine. The land base is operated by management teams headquartered in Edmundston, New Brunswick and Millinocket, Maine. Total merchantable inventory amounts to 35.8 million m^3 with an annual sustainable harvest volume of 928,000 m^3.

	NB Timberlands	Maine Timberlands	Combined
Land Area	764,000 acres	310,000 acres[(4)]	1,074,000 acres
Productive Forested Area[(1)]	93%	92%	92%
Merchantable Forest Inventory[(2)]	23.7 million m^3	12.1 million m^3	35.8 million m^3
Species Mix of Merchantable Forest Inventory	60% softwood	69% softwood	63% softwood
	40% hardwood	31% hardwood	37% hardwood
Long Run Sustainable Yield (LRSY)	651,000 m^3/year	277,000 m^3/year	928,000 m^3/year
Silviculture Treatment Area[(3)]	222,400 acres	51,625 acres	271,800 acres
Silviculture Treatment Area (as a percentage of productive forested area)	31%	18%	27%

Notes:

(1) Productive Forested Area means land excluding roads, wetlands, water and other non-forested areas.

(2) Merchantable Forest Inventory includes trees with a diameter greater than 10 cm (4 inches) at a height of 1.4 m (4.5 feet) from the ground, excluding limbs and tops, and cull trees.

(3) Number of acres treated between 1978 and 2012. See "Historical Silviculture Investment".

(4) Includes timber owned under perpetual timber deeds covering approximately 9,100 acres, which are held by an affiliate of Brookfield and by the State of Maine.

Benefits of Freehold Timberlands

Revenues from the Acadian Timberlands are generated primarily from owning and managing approximately 1.1 million acres of freehold timberlands and from providing services relating to approximately 1.3 million acres of the NB Crown Lands. Freehold timberlands provide superior market access, higher operating flexibility and stronger cash flows than the NB Crown Lands due to the following factors:

Harvest Flexibility: Although managers of Crown Lands are entitled to a certain amount of volume flexibility on an annual basis, freehold timberlands benefit from considerably greater flexibility with regard to volumes harvested and selection of harvest areas, allowing Acadian to harvest in response to market opportunities and customer demand.

Export Markets: Acadian has the ability to export fibre from its freehold timberlands, enabling it to access markets in the U.S. and Canadian provinces outside of New Brunswick. Fibre from Crown Lands is not generally exported from the province in which it is harvested due to export restrictions imposed upon such Crown Lands.

Ownership of Timber: Acadian captures the full economic benefit from freehold timberlands by its entitlement to the market selling price of the product as compared to only a service fee in respect of Crown Lands operations. In addition, freehold timberlands enable their owner to take advantage of pricing increases that impact favourably on financial returns.

Lower Administrative Costs: Freehold timberlands are subject to fewer regulations than Crown Lands, and, accordingly, are not subject to the same administrative burden imposed by provincial legislation on Crown Lands. Therefore, administrative costs can be better controlled and maintained at lower levels.

Conservation on Crown Lands: The land base on Crown Lands available for harvesting has been decreasing over time as the government increases the area of land that is protected for conservation purposes. According to the New Brunswick Forest Products Association, the percentage of constrained forestlands on Crown Lands increased from approximately 18% in 1992 to approximately 32% in 2002, thereby reducing fibre supply in New Brunswick and increasing the attractiveness of freehold lands. Moreover, the annual allowable harvest for softwood species on Crown Lands in New Brunswick has been reduced by 14% since 1982 (source: New Brunswick Forest Products Association) while the Province of Quebec reduced its annual allowable harvest level by 20% in 2005 (source: Resources naturelles et Faune, Quebec, Mars 2005). The 2009 document “A balanced management approach for New Brunswick’s Crown Forest” indicated that conservation forest area would be reduced to between 23% and 25% of Crown Lands starting in 2012 (source: Province of New Brunswick 2009). In 2011, conservation forest targets were subject to additional review that resulted in the delayed implementation of new management plans by one year, final conservation targets have yet to be finalized as various Crown policies on conservation forest continued to be debated within the government resulting in further delays of final decisions. The amount of protected natural areas is set to increase from 3% to 5%, a significant portion of which is scheduled to be designated in north-western New Brunswick on Crown Timber License 9. A Ministerial decision on targets for conservation forest areas on Crown Lands was expected sometime in 2012, however no such decision has yet been released. While more land may be available for harvesting, as compared to the previous five year period, the Minister has advised that harvest volumes will be lower across the province. Management attributes this decline to changing government objectives, including management strategies for regional forest species. As a result, fibre supply in the markets served by Acadian is gradually contracting, increasing the attractiveness of freehold timberlands.

NB Timberlands

The NB Timberlands are freehold lands comprising approximately 764,000 acres in three large contiguous blocks of land in the Madawaska and Victoria counties of New Brunswick, currently owned by the Operating LP. The NB Timberlands are characterized by high soil quality, with well drained glacial till, and are attractive for both farming and timber growth.

The region’s relatively warm climate and high precipitation favours the development of tolerant hardwood forests, and large stands of sugar maple, yellow birch, red maple and beech. Coniferous stands of balsam fir and red, white and black spruce are also found in several regions. Precipitation amounts are fairly high, resulting in historically low frequency of forest fires.

Approximately 93% of the NB Timberlands is classified as productive forestland. The remaining area is comprised of roads, wetlands and water. Access to and throughout the NB Timberlands is supported by over 5,300 km of main roads and access roads developed for forest management purposes.

The NB Timberlands have approximately 23.7 million m^3 of merchantable timber with approximately 60% of the volume in softwood and 40% in hardwood, the softwood being comprised primarily of spruce and fir. The long run sustainable yield ("**LRSY**") represents the level of annual harvest that management estimates can be sustained over an indefinite period, assuming an established silviculture program and normal regrowth. See "Forest Management – Long Run Sustainable Yield – LRSY". The NB Timberlands have a LRSY of approximately 651,000 m^3 comprised of 60% softwood and 40% hardwood. The following table provides a summary of management's estimates of total merchantable forest inventory and LRSY for the NB Timberlands.

Estimates of Merchantable Forest Inventory and LRSY of NB Timberlands

Products (thousands m^3)(1)(2)	Softwood	Hardwood	Total
Sawlogs	11,000	2,700	13,700
Pulpwood	3,200	6,800	10,000
Total	14,200	9,500	23,700
LRSY(3) m^3	390,000	261,000	651,000

Notes:

(1) Management's current estimates of inventory are based on a James W. Sewall Company Forest Valuation Inventory Report dated as of August 2009.

(2) Merchantable Forest Inventory includes all trees with a diameter greater than 10 cm measured at a height of 1.4 m from the ground.

(3) Long run sustainable yield reflects management's estimates of the volume of timber that can be harvested for an indefinite period of time based on Acadian's 2011-2015 forest management plan for the NB Timberlands.

Approximately 44% of the NB Timberlands productive forest is in a regenerating, immature condition that will contribute significantly to future harvest activity. The young forest area includes more than 133,000 acres of softwood plantations and more than 40,000 acres of stands that have been pre-commercially thinned (a silviculture activity) between 1978 and 2012. These young stands are being managed to provide for future harvest and will begin contributing to the harvest in 5 to 10 years. Intermediate through over-mature development classes (older than approximately 30 years) contain the bulk of the merchantable inventory. Stands in the mature and over-mature classes are where harvesting operations are concentrated in the near term.

Maine Timberlands

The Maine Timberlands have been managed for timber production for over 100 years and are currently owned by KFM LLC. The Maine Timberlands consist of approximately 310,000 acres located in north-central Maine, in northern Penobscot and Piscataquis counties. Approximately 92% of the total acreage owned is considered productive.

Access to and throughout the Maine Timberlands is supported by approximately 1,200 km of both main roads and access roads developed for forest management purposes.

The Maine Timberlands have a merchantable inventory of approximately 12.1 million m^3, of which approximately 69% is softwood. Spruce and fir make up approximately 34% of the total inventory. Hemlock, cedar, red maple and white pine are other significant components of the inventory. Excluded from the estimate of merchantable inventory are all trees under approximately 10 cm in diameter at breast height (1.4 m or 4.5 feet). These trees form an important component of the future asset base, but are considered non-merchantable today. The LRSY of approximately 277,000 m^3 is comprised of 78% softwood and 22% hardwood. Species composition differences in inventory and LRSY are due to differing growth rates by species group, the effects of silviculture and harvest activities.

The following table provides a summary of management's estimates of total merchantable forest inventory and LRSY for the Maine Timberlands.

Estimates of Merchantable Forest Inventory and LRSY of Maine Timberlands

Products (thousands m^3)(1)(2)	Softwood	Hardwood	Total
Sawlog	5,000	500	5,500
Pulpwood	3,400	3,200	6,600
Total	8,400	3,700	12,100
LRSY(3) m^3	217,000	60,000	277,000

Notes:

(1) Management's current inventory estimate is based on internal measurements and analysis, which were also confirmed by a James W. Sewall Company report in 2009.

(2) Merchantable Forest Inventory includes trees with a diameter greater than 10 cm (4 inches) at a height of 1.4 m (4.5 feet) from the ground, excluding limbs and tops, and cull trees.

(3) Long run sustainable yield reflects management's estimates of the volume of timber that can be harvested for an indefinite period of time based on Acadian's 2003-2013 forest management plan for the Maine Timberlands.

Species composition in the regenerating class amounts to 35% of the productive forest area on the Maine Timberlands. Intermediate through over-mature development classes (older than approximately 30 years) contain most of the merchantable inventory. Timberlands in the over-mature class are where harvesting operations are concentrated in the near term.

Acadian's Business Strengths

Management believes that the following business strengths will enable Acadian to maintain the stability of its financial performance and build upon its position as a leading supplier of primary forest products in its markets:

Attractive Asset Class

In contrast to depletable natural resources, management believes that timber resources can be managed on a sustainable basis to yield a predictable and stable volume of timber over an indefinite period of time. Due to the natural biological growth of timber stands, value can be accumulated and stored in the form of unharvested timber over time. Timberlands provide fibre for diverse solid and manufactured wood applications, the demand for which is naturally linked to population and economic growth. These characteristics of timberlands provide for stable, long-term cash flows and value appreciation over time.

Diversified End-Use Markets

A critical success factor for a timber business is to have robust markets for all species and products present on its land base. Acadian and its predecessors have actively developed markets for all of its products over the past 10 years in order to maximize utilization of its resource economically and Acadian continues to seek new markets for its products. Acadian has economic access to markets for all of its products, thereby enhancing cash flow stability by marketing and selling all wood fibre from the timberlands.

Large Scale of Operations

Acadian owns approximately 1.1 million acres of freehold timberlands and manages, through the Crown Lands Services Agreement, approximately 1.3 million acres of land pursuant to the Crown Timber License. Large scale operations provide Acadian with the benefit of offering a reliable supply of roundwood to several large regional industrial consumers. Acadian has developed a reputation as a reliable, high quality supplier of large volumes of sawlogs and pulpwood and as a high quality supplier of smaller volumes of niche products. Acadian's large timberland scale allows it to spread this cost of its in-house expertise and management activities over a large merchantable inventory. Large scale operations also provide Acadian with a larger customer base and a broad range of regional market intelligence, which management believes increases opportunity to maximize the value of harvested roundwood.

Variable Cost Structure and Minimal Ongoing Capital Requirements

Acadian's costs are predominantly variable as the majority of expenses associated with harvesting operations are a function of harvest levels. This variable cost structure provides flexibility and direct operating advantages. Because variable harvesting costs are directly tied to the type of timber harvested and the logging methods used, Acadian implements a margin-focused operating philosophy guided by selling prices and harvest and transportation costs.

Acadian also has low expected capital expenditures as main road and bridge construction is minimal and predictable given the extensive existing main road network and current condition of bridges. Harvesting equipment investments are minimal as harvesting equipment is owned by owner-operator employees and contractors. While expenditures on silviculture are an investment which maintain and enhance the productivity of the timberlands, management believes that significant flexibility exists in the timing, amount and nature of silviculture investments and silviculture investment can be materially increased or reduced for a number of years without materially impacting the LRSY.

Historical Silviculture Investment

Acadian is expected to continue to benefit in the future from historical silviculture investments. Historical silviculture programs on the Acadian Timberlands were targeted towards softwood availability and included planting, pre-commercial thinning and softwood release treatments. The goal of silviculture investments is to encourage the rapid growth of high value species and increase both the yield and value of timber growing on Acadian's more productive land areas. Approximately 271,800 acres of land have been treated between 1978 and 2012, which represents 27% of the total productive forested area.

Experienced Management Team

Acadian has an accomplished management team with substantial experience in the timber industry and strong capability to carry out timber planning, harvesting, marketing, sales and distribution activities. Acadian's top five operational executives each have at least 25 years experience on their respective portions of the Acadian Timberlands and collectively have over 110 years of experience in timberland management and operations in Eastern Canada and the Northeastern U.S. region.

In addition, Acadian's operating team, together with Brookfield LP, have a proven track record of completing strategic acquisitions of timberlands assets. Individuals acting on behalf of Brookfield LP have successfully completed several acquisitions, including the acquisition of the Maine Timberlands in April 2003, the acquisition of 635,000 acres of timberlands in coastal British Columbia in May 2005, the acquisition of 655,000 acres in the Pacific Northwest in April 2007 and the acquisition of 240,000 acres across four states in Brazil between 2009 and 2012.

Strong Sponsorship

Brookfield holds a significant indirect investment in Acadian thereby aligning its objectives to those of Acadian. Brookfield is a global asset management company that owns or manages approximately US$150 billion of assets, focused primarily on property, power and other infrastructure assets. Brookfield has over 35 years experience investing in the timber and forest products industry and approximately 2.6 million acres of timberlands assets under management in North America and Brazil. Pursuant to the Exclusivity Agreement, Acadian acts as the exclusive vehicle for Brookfield's timberland acquisitions in Eastern Canada and the Northeastern U.S. In addition, Acadian benefits from the asset management services provided by Brookfield LP, a wholly-owned subsidiary of Brookfield, pursuant to the Amended and Restated Management Services Agreement.

Twin Rivers, a subsidiary of Brookfield of which it holds a 51% interest, also has a significant business relationship with Acadian. On April 29, 2010 Fraser Papers completed the sale of its specialty papers business including Crown timber harvest rights, two Canadian sawmills, the Edmundston pulp mill and the Madawaska paper mill along with a fibre supply agreement between Fraser Papers and Acadian to Twin Rivers. Acadian benefits from Twin Rivers' ongoing relationship as the manager and licensee under the Crown Lands Services Agreement. In addition, Twin Rivers remains a significant purchaser of roundwood under the Fibre Supply Agreement.

For further information on Acadian's arrangements with Brookfield and Twin Rivers, see "Principal Agreements".

Acadian's Business Strategy

Acadian's business strategies are designed to maximize Shareholder value, with an emphasis on enhancing the value of its timberland asset base, and are outlined below:

Maintain a low and flexible cost structure: Acadian has moved from a fully internalized workforce to a largely owner-operator or contractor-based organization for all harvesting, transportation and timberland management. This has resulted in a flexible cost structure enabling Acadian to vary its harvesting levels to adapt to market conditions.

Maintain distribution channels for all products: Acadian will continue to focus on adding value to its timberland inventory by maintaining and enhancing its customer relationships and sales channels. Acadian has approximately 90 customer relationships, and leverages these relationships in order to maximize the value of all fibre derived from its timberlands.

Sustainable harvesting practices: Management believes that, through a combination of independent third party verification and sophisticated timberland yield management analysis, Acadian harvests at levels consistent with its sustainable forest management plans across its timberland asset base. The NB Timberlands and KFM Lands are certified under the Sustainable Forestry Initiative, which includes measures of assurance for sustainable harvesting compliance. Management intends to continue to maintain these practices.

Targeted silviculture activities: Acadian employs various silviculture treatments, which management believes increase the long-term value of its timberlands. These include planting, pre-commercial thinning and softwood release and timber stand improvement treatments.

Strategic acquisitions: Acadian's acquisitions strategy is focused on Eastern Canada and the Northeastern U.S. markets. In addition, pursuant to the Exclusivity Agreement, Acadian will act as the exclusive vehicle for Brookfield's timberland acquisitions in those markets.

Realize the value of selected properties through sale or exchange: Within the forest management sector, opportunities arise to sell or exchange tracts of land on a beneficial basis according to the species mix, location and other attributes of those lands and the intended uses for such properties. Due to its significant freehold land ownership, management believes that Acadian will realize increased value and improved profitability through such sales or exchanges.

Acadian's Operations

Customers & Marketing

Acadian has a large client base servicing approximately 90 customers in addition to Twin Rivers. Acadian has purposely developed its customer base to market all grades and species of fibre economically from its timberlands. Acadian's customers are generally located within 250 kilometers from sites where the timber is harvested, but the radius may vary over time, driven by fibre demand, pricing and freight costs.

Customer relationships are the responsibility of senior management, who maintain close contact to market activity. Acadian's broad customer base and experienced management team provide strong support for full utilization of Acadian's fibre yield into the foreseeable future.

Acadian's customer base is comprised largely of mills to which Acadian and its predecessors have sold wood for many years. Long-term relationships and reliability of committed deliveries help to qualify Acadian as a preferred supplier. Preferred suppliers are generally less impacted by abrupt price reductions and delivery curtailments, thereby leading to greater and more stable distributable cash over time.

Lumber and pulp and paper mills, owned or managed by Twin Rivers, represented 30% and 31% of total sales from the Acadian Timberlands for the years ended December 31, 2012 and December 31, 2011, respectively. In the year ended December 31, 2012, of the remaining 70% of Acadian Timberlands' total sales, the single largest customer represented 6% of total sales and the top five customers combined represented 32% of total sales. In the year ended December 31, 2011, of the remaining 69% of Acadian Timberlands' total sales, the single largest customer represented 8% of total sales and the top five customers combined represented 32% of total sales. These sales are generally based on six-month to one-year fixed price supply agreements based on fair values negotiated at the time that the contracts are entered into and consistent with industry practices.

Twin Rivers Relationship

Substantially all of Acadian Timberlands' sales of spruce and fir sawlogs and pulpwood (all of which are softwood species) are directed towards Twin Rivers' owned or managed lumber, pulp and paper mills. As discussed above under "Acadian's Business Strengths – Strong Sponsorship", Twin Rivers acquired certain property and assets from Fraser Papers in April 2010, including fibre supply agreements with Acadian. Approximately 30% of Acadian's total sales for the year ended December 31, 2012 and 31% of Acadian's total sales for the year ended December 31, 2011, were derived from sales to Twin Rivers. Another 0.8% in 2011 of those sales were derived from sales to Brookfield.

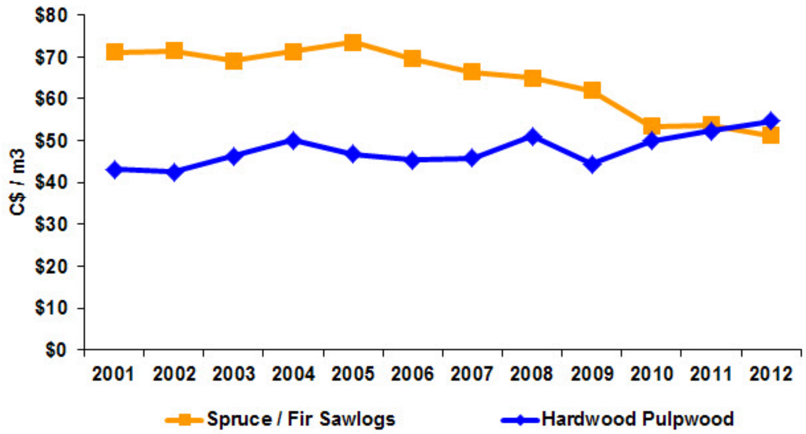
Pricing

Pricing is determined through direct negotiation with each customer and is, consequently, dependent on species, size, quality, location and other factors. Terms are often flexible and usually remain in place for between six months to one year. There is no reliable formal or independent pricing index for roundwood sold from freehold timberlands in New Brunswick and Maine.

The chart below provides a ten-year history of pricing realized for spruce fir sawlogs and hardwood pulpwood from the NB Timberlands and the Maine Timberlands. Pricing of spruce fir sawlogs has been very stable in recent years despite significant changes in the CAN$/US$ exchange rate and pricing for finished wood products commodities. This has allowed Acadian to maintain a very stable financial performance.

In periods of strong demand, management is able to pass most cost increases for inputs such as fuel along to its customers. In periods of weaker demand, cost increases may be wholly or partially absorbed by Acadian.

Historical Pricing — NB Timberlands and Maine Timberlands (1)(2)



Notes:

(1) Pricing for Maine has been converted using a conversion rate based on the annual average exchange rates during the applicable year.

(2) Pricing for Maine in 2003 reflects the period from April 29, 2003 to December 31, 2003.

Crown Lands Services

New Brunswick's Crown Lands are subject to government oversight. The *1982 Crown Lands and Forests Act* authorized the Minister of Natural Resources to enter into forest management agreements with timber companies that owned and operated wood processing facilities in the province. At that time, Crown Lands were divided into 10 license areas. The companies that were assigned management responsibility for these areas became Crown licensees, of which Fraser Papers was one (which license was subsequently acquired by Twin Rivers). Smaller companies (mostly lumber mills) obtaining wood supply from these same areas became known as sub-licensees. Crown licenses and sub-licenses are granted to mill owners with the obligation that the fibre harvested from the subject timberlands be used at the associated mills. Export of timber harvested from the Crown licenses is therefore not permitted without government approval.

The Crown licenses are administered with 25-year evergreen forest management agreements between the Government of New Brunswick and the Crown licensees. The Crown licenses are managed based on an 80-year time horizon, with management plans renewed every five years for the following 25-year period. The forest management agreements are approved by the government and the plans must be adhered to in order to obtain operating approval every year and license extension every five years. Royalties are collected from the Crown licensees based on established government rates, which are set every year. The current forest management plans in New Brunswick came into effect April 1, 2007 and were expected to expire in March, 2012. The Government of New Brunswick initiated an additional review of conservation forest targets in 2011. This review delayed all Crown forest management plans for one year and in February 2013, the Minister of Natural Resources for New Brunswick delayed the implementation of the new forest management plans until March 31, 2014. As a result, expiring forest management plans are extended to remain in effect until that time while the government works "to improve the climate and attract more investment in the forest industry in New Brunswick."[1]

In 2007, the government consolidated licenses assigned to the same business entity resulting in the 10 licenses being consolidated into six licenses covering the same area. Twin Rivers is currently the Crown Licensee of New Brunswick Crown Timber License #9 (this is the combination of former licenses #9 and #10) (the "**Crown Timber License**"), which is located in the northern region of New Brunswick in the counties of Madawaska, Restigouche, Victoria, Carleton, York and Northumberland.

[1] Letter from Bruce Northrup, New Brunswick Minister of Natural Resources, dated February 5, 2013.

Crown Timber License

Crown License	Total Area (Acres)	Allowable Annual Cut 2013-2018 (m^3)	% of AAC for Twin Rivers' Use	% of AAC Sub-licensed
#9	1,313,000	1,139,846	17%	83%

Acadian provides various services related to approximately 1.3 million acres of the NB Crown Lands that make up the Carleton-Restigouche-Tobique Crown Timber License in the Province of New Brunswick. The Crown Timber License is held by Twin Rivers Paper Company and services provided are consistent with the way that the Crown Timber License has been managed for over 30 years. Twin Rivers acquired the Crown Lands Services Agreement with Acadian from Fraser Papers, which has a term consistent with the term of the Crown Timber License held by Twin Rivers, whereby Acadian will provide various administrative and operating services to assist Twin Rivers in managing the Crown Timber License. Under the terms of this agreement, Twin Rivers is responsible for paying a royalty fee (a charge for wood in $/$m^3$ that varies based on species and product type) and a levy fee (calculated in $/$m^3$ for silviculture spending that differs for softwood and hardwood for remedial silviculture spending) that is administered by Acadian for the volume harvested on the Crown Timber License. Acadian will assist by collecting such amounts from sub-licensees. See "Principal Agreements – Crown Lands Services Agreement".

Crown License Activities

Forest management planning activities are the responsibility of the Crown licensees. The Operating LP is engaged by Twin Rivers under the Crown Lands Services Agreement to prepare a Forest Management Plan with harvest level calculation prepared by the Government of New Brunswick. The Operating LP develops its operational strategies for review and approval by Twin Rivers. Once agreed, the forest management plan is submitted to the Government of New Brunswick for final approval. In addition, the Operating LP will perform silviculture activities for Twin Rivers over the licensed area and the construction and maintenance of all main roads on the NB Crown Lands; however, sub-licensees on these lands build and maintain their own logging access roads.

Under the Crown Lands Services Agreement, the Operating LP charges Twin Rivers for its cost of production (including harvest cost, transportation, access road construction and maintenance) and collects on behalf of Twin Rivers a royalty fee (stumpage fee in $/$m^3$ paid to the government which varies based on species and product type. A levy fee (fee in $/$m^3$ for remedial silviculture spending which differs for softwood and hardwood) is administered by Acadian for the volume harvested on the Crown Timber License. The Operating LP also charges Twin Rivers and sub-licensees a service fee (fee calculated in $/$m^3$) as consideration for its services under the Crown Lands Services Agreement. The service fee charged by the Operating LP, which has previously been periodically evaluated by an independent auditor, is now under direct review by the New Brunswick Department of Natural Resources and may be subject to periodic adjustments.

The Operating LP will provide harvesting services for approximately 17% of the Crown AAC for Twin Rivers in consideration for cost recovery and service fees.

Approximately 83% of the Crown harvest is assigned by the government to third parties who are entitled to cut and harvest timber for their own use on payment of royalty, levy and service fees.

While freehold timberlands generate higher operating profits per harvested m^3 and provide greater operational flexibility, the NB Crown Lands provide the Operating LP with the ability to leverage the Operating LP's fixed cost platform across a larger operation, thereby yielding economies of scale. Such fixed costs, which are material to forest harvesting operations, include the operation of geographic information systems and personnel involved in forest management strategies.

Forest Nursery

Acadian owns a modern tree nursery in Second Falls, New Brunswick, which is located on the NB Timberlands. This facility, operating since 1978, was upgraded by Fraser Papers at a cost of $1.2 million in 2003 and is now equipped with fully automated greenhouses. The nursery's annual production capacity is approximately 10 million seedlings and its current annual production rate is approximately five million seedlings. The nursery, as part of its research and development activities, has developed, through natural breeding processes, genetically improved stock, which produces faster growing trees and assists in maximizing future timberland value. The use of genetically improved seedlings is key for the success of silviculture operations as first and second generation seedlings can improve tree volume by 10% to 20% over unimproved seedling (*source: New Brunswick Tree Improvement Council*).

Acadian's forest management activities require approximately two million seedlings per year to fulfill its regeneration plans that could vary from year to year. The remaining seedlings are sold to the Government of New Brunswick, small woodlot owners and other industrial users. Acadian is an active participant in the New Brunswick Tree Improvement Council where active tree improvement experiences are shared among government and industry participants.

Harvesting Operations

Acadian employs a mix of unionized employees and contractors to harvest timber and deliver it to Acadian's customers. NB Timberlands' operations are partially unionized. In New Brunswick, unionized employees, who are owner-operators, cut approximately 21% of NB Timberlands' softwood and hardwood. Between 33 and 55 contractors throughout the year are employed in New Brunswick to harvest the remaining softwood and hardwood, as well as to execute all trucking, road construction and silviculture activities. Both owner-operators and contractors own all of the harvesting equipment directly. In Maine, Acadian's harvesting, trucking, road building and silviculture activities are performed exclusively by contractors. Acadian employs four to seven contractors in Maine.

The majority of Acadian's logging contractors have a long-term working relationship on the Acadian Timberlands. Acadian's foresters have conducted annual training sessions to update the contractors on the latest changes in regulations as well as promoting the use of best practices in timber harvesting. Contractor turnover has been minimal and is usually caused by an inability to meet Acadian's performance standards.

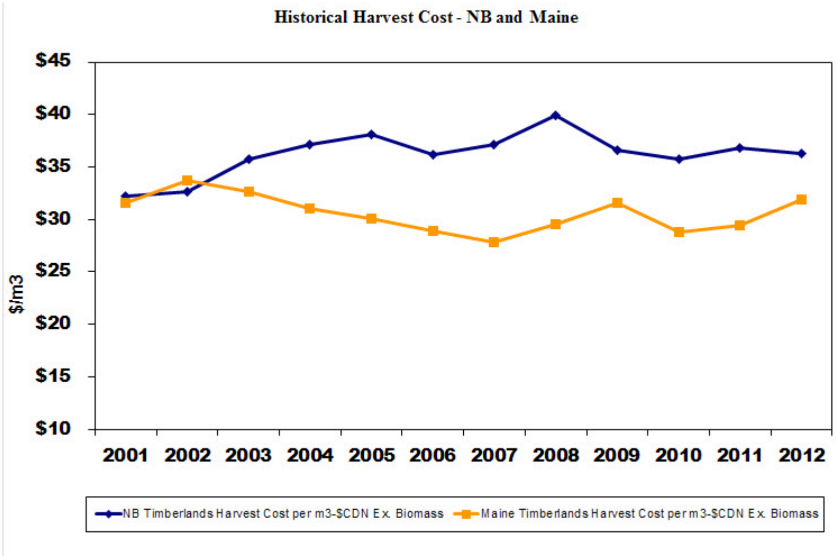
A program of continual learning ensures the competency of new and existing employees. Hourly and management employees are trained to monitor and measure compliance with company policies. Progressive discipline or taking action to promote continuous safe performance is a key supervisory accountability.

The harvesting equipment used by Acadian's contractors includes various large hydraulic-powered loaders, harvesters, skidders/forwarders and logging trucks. After a plot of land is identified for harvesting, roads are constructed in order to provide access to the site. Once road access is available, trees are harvested one at a time, piled in bunches and brought to the roadside. At the side of the road, branches are removed from the trees, trees are cut into logs and the logs are loaded onto logging trucks. The branches are either taken back into the forest or are piled for chipping and transportation to biomass-fired power plants.

The logs are hauled to either a mill or sorting yard where they are weighed. Depending on the nature of the supply contract, logs are weighed either on scales operated by Acadian or by the purchaser. All logging trucks require a hauling trip ticket before hauling Acadian's wood and these trip tickets are used to reconcile all receipts inventory and payments.

Management believes that all of its harvesting crews are well-trained with a strong safety-record and have a long history of cooperation in implementing efficiency and other operating measures. Management expects to be able to maintain the appropriate resources, whether contractors or owner-operators, to harvest its timberlands in the foreseeable future.

The chart below provides a ten year (2002-2012) history of the combined harvesting and transportation costs from the NB Timberlands and the Maine Timberlands. Harvesting and transportation costs are sensitive to fuel costs and the longer average distances to markets from the NB Timberlands. Maine Timberlands costs have risen in U.S. dollars, but declined in CDN$ over the time period. Diesel fuel prices have remained close to their 3 year high levels for all of 2012. Management continues to work with its contractor base to mitigate these impacts, where possible.



Notes:

(1) Harvest and transportation costs for the Maine Timberlands in 2003 are for the period from April 29, 2003 to December 31, 2003.

(2) Harvest and transportation costs for 2006 are for the eleven month period February 1, 2006 to December 31, 2006.

(3) Excludes biomass harvesting cost.

Employees

Acadian had 119 employees as at December 31, 2012 of which 119 were active. Acadian's New Brunswick Timberlands renegotiated a labour agreement with Local 114 and Local 15N during the second quarter of 2010. Together, these two agreements provide Acadian with labour certainty through 2015.

Seasonality

Acadian's business is seasonal. Harvesting activity is highest during the winter months with a significant decrease in activity during the spring. This seasonality is driven by road and ground conditions. During the winter months, the frozen ground provides a solid base for the harvesting and hauling equipment. During the spring, muddy and soft ground conditions lead to reduced activity and low harvest levels. As the ground dries in the early summer, harvesting activity resumes and is consistent during the summer and fall. Working capital requirements are highest during the first quarter and lowest at the end of the second quarter. While customers accept wood deliveries year round, most customers match their buying patterns to the harvesting patterns and purchase significant wood inventories while the ground is frozen during the winter months.

Capital Expenditures

The majority of Acadian's annual capital expenditures are for road and bridge construction. While costs associated with access road construction and all road maintenance are expensed annually, costs relating to major bridge construction or repair and main road construction are capitalized. Management expects these investments in bridges and main roads to decrease in the future, given the extensive road network that currently provides access to the timberlands. Prior to the adoption of International Financial Reporting Standards ("**IFRS**"), a significant portion of Acadian's capital expenditures related to silviculture investments including planting, site preparation or softwood release. Subsequent to the adoption of IFRS these expenditures are treated as current period expenses.

Foreign Exchange

All net sales and expenses of the Maine Timberlands for the year ended December 31, 2012 were denominated in U.S. dollars. Approximately 79% of the total sales for the year ended December 31, 2012 and substantially all of the expenses of the NB Timberlands are denominated in Canadian dollars. Management believes that, since 2003, the impact of the rising Canadian dollar has resulted in higher U.S. dollar-denominated net sales and earnings from the Maine Timberlands. Management believes that this increase is the result of price appreciation in U.S. dollar terms realized by U.S. land owners as a result of increased demand for roundwood in Maine, fueled by the higher Canadian demand resulting from the appreciation of the Canadian dollar. Management believes that the price appreciation for roundwood in Maine since 2003 has provided a hedge against the impact of the rising value of the Canadian dollar, and believes that this correlation may continue in the future. Management has determined, therefore, not to hedge foreign exchange risk. Acadian may, from time to time, re-evaluate the impact of changes in foreign exchange rates and use derivative financial instruments to manage its foreign currency exposure.

Competition

Timberland companies operate in a highly competitive business environment in which companies compete, to a large degree, on the basis of price and also on the basis of service and ability to provide a steady supply of products over the long term. In Canada, Acadian's prime competitors are other large forestland owners, government and small private forestland owners, while Acadian's prime competitors in the U.S. are freehold forestland owners. There are many suppliers of softwood and hardwood logs located in Eastern Canada and the Northeastern U.S., who compete in Acadian's markets, including: J.D. Irving Ltd., Prentiss & Carlisle, Seven Islands Land Company, Plum Creek Timber Company, Wagner Forest Management and J.M. Huber Corporation. Management believes that Acadian may also be subject to increased import competition from worldwide suppliers of forest products.

Health and Safety

Acadian requires of its external service contractors the same safety standards applicable to its internally-controlled operations. As such, contracts require accountability for safety by the contractor. Operations are audited, incidents are reported and Serious Accident Frequency ("**SAF**") is reported monthly to Acadian. A documented and measured "Safety Action Plan" to support continual improvement and the annual SAF target is renewed annually, supported by individual objectives, and communicated through the Joint Health & Safety Committee framework in New Brunswick and through management in Maine.

Changes to Contracts

On February 25, 2004, KFM LLC and KPC LLC entered into a wood fibre supply agreement (the "**KPC LLC Fibre Supply Agreement**"). KPC LLC, a wholly-owned subsidiary of Brookfield, is the former owner and operator of two paper mills in each of Millinocket and East Millinocket, Maine that were managed by Twin Rivers. The mills were sold to a third party and are now operating under the name Great Northern Paper Company LLC. The KPC LLC Fibre Supply Agreement was terminated co-incident with the sale of the mills on September 28, 2011.

Pursuant to the terms of the KPC LLC Fibre Supply Agreement, KFM LLC supplied roundwood pulpwood harvested from the Maine Timberlands to KPC LLC at a minimum volume of 70% of all roundwood pulpwood produced in each semi-annual period. Pricing under the terms of the KPC LLC Fibre Supply Agreement was determined semi-annually, on January 1 and July 1 of each calendar year during the term, and remained in effect for the applicable six-month period. Pricing was determined based on the volume-weighted average price KPC LLC actually paid in arm's length transactions with other suppliers during the prior six-month period. KFM LLC sold wood to KPC LLC pursuant to the KPC LLC Fibre Supply Agreement until April, 2011 when the mills ceased operating.

Subsequent to the termination, KFM LLC found other buyers for the roundwood pulpwood. In 2012, KFM LLC has sold wood to Great Northern Paper Company LLC under arrangements comparable to those it has with other customers in the region.

On January 9, 2012, Acadian entered into a Fibre Supply Agreement Modification Term Sheet with Twin Rivers which became effective January 1, 2013. The amendment to the pricing mechanism for the Fibre Supply Agreement is subject to minimum volumes of outside purchases for both tree length and sawlogs. On February 10, 2012, Acadian entered into the Vendor Inventory Management Agreement ("**VMI**") with Twin Rivers that was effective for the period from the date of the agreement to May 31, 2012 and is effective from January 1, 2013 to May 31, 2013. The VMI provides that Acadian will deliver logs to agreed upon locations and Twin Rivers will purchase those logs before the end of each effective period at prices as set out in the Fibre Supply Agreement and

Fibre Supply Agreement Term Sheet and that Twin Rivers will be responsible for all of Acadian's costs related to carrying the inventory. The VMI affects the timing of sales, decreasing them in the first quarter of the year and increasing them in the second quarter. It does not affect the annual total value of sales. On March 6, 2012, Acadian entered into a lease agreement with Twin Rivers to store logs delivered under the VMI on their property. Fees in respect of this lease agreement are nominal and are fully recovered from Twin Rivers.

Forest Management

Forest Management Strategy

Acadian's forest management strategy is designed to support the Acadian Timberlands' capacity to produce long-term stable cash flows from sustainable harvest volumes and to ensure that the asset base is appreciating over time by growing high value species and products.

Acadian prepares 80-year forecasts of its future timber yields, based on forest inventories and growth estimates, which are updated approximately every five years. Annual operating reviews and audits ensure that activities are consistent with long-term plans.

Forest Inventory Assessment

Management estimates its merchantable forest inventory (currently at 35.8 million m^3) based upon independently and internally measured ground sample plots and forest cover type information. The NB Timberlands forest inventory volume was updated through an inventory conducted by James W. Sewall Company in 2009. The inventory of the Maine Timberlands was determined based on internal measurements, which were also confirmed by James W. Sewall Company in 2009. Forest inventories are typically updated every 10 to 12 years.

Management keeps a detailed classification of all forest stands on a computerized geographic information system ("**GIS**"). The GIS data is regularly updated to account for all forestry activity and significant natural events.

Long Run Sustainable Yield – LRSY

The overall management objective for the NB Timberlands and the Maine Timberlands is to ensure that the lands are managed consistent with the principles of sustainable forestry based on the Sustainable Forestry Initiative Standard (SFIS® 2010-2014 Edition), that is, to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing, and harvesting of trees for useful products with the conservation of soil, air and water quality, biological diversity, wildlife and aquatic habitat, recreation, and aesthetics. LRSY reflects the maximum annual volume of timber that management estimates, based on current conditions, can be harvested for an indefinite period of time. The determination of this sustainable harvest level is estimated by combining information from the forest inventory, stand growth projections and future silviculture investments in a computer model greater than rotation length (80-100 year) harvest forecasts. The combined LRSY from the NB Timberlands and the Maine Timberlands is estimated at approximately 928,000 m3/year and is comprised of 65% softwood and 35% hardwood.

The NB Timberlands' strategy is to balance the overall forest structure through strategic harvesting and to move towards the LRSY of 651,000 m^3/year within 10 years. As part of the forest management process, an updated forest management plan became effective in 2011. The revision included adjustments to incorporate information from the 2009 inventory project. As a result, it was calculated that harvest levels for softwood will continue to approximate its LRSY of 390,000 m^3/year, while hardwood harvest levels will continue to be higher than its LRSY of 261,000 m^3/year until 2021. Harvesting of hardwood species on the NB Timberlands was minimal prior to the mid 1990's resulting in the conversion of mixed softwood/hardwood stands to hardwood dominated stands. Management's estimate of the LRSY for the NB Timberlands takes into account a harvesting strategy implemented in the 1990's to reduce the volumes of low-grade hardwood in the forest and to encourage the growth of higher value hardwood sawlogs and softwood species. As a result of this strategy, in recent years, harvesting levels of hardwood pulpwood on the NB Timberlands has been significantly higher than its LRSY and management expects that the current harvest levels for hardwood will continue to exceed the LRSY until approximately 2021. Hardwood pulpwood is a relatively low-value product, among the products harvested from the NB Timberlands, and is currently harvested with a low direct margin contribution. Management believes that the implementation of improvements in hardwood stands over the last decade and the next 10 years will create increased value in the hardwood stands on the NB Timberlands and will offset the financial impact of lower hardwood harvest volumes in the future.

In 2010, management prepared a renewed forest management plan for the NB Timberlands. This plan considers all new information available, including the James W. Sewall Company inventory of 2009 and all updated forest activity data.

The LRSY for the NB Timberlands is indicated in the table below.

Harvest Levels and LRSY for NB Timberlands[(1)(2)]

	Actual Harvest (m^3/year)							Projected Harvest Levels (m^3/year)		LRSY (m^3/year)
Species	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013-2015**	**2016-2020**	
Softwood	355,500	372,500	273,800	336,500	395,400	433,100	398,900	403,000	390,000	390,000
Hardwood	493,600	443,400	389,600	444,000	447,700	440,200	403,800	390,000	330,000	261,000
Totals	849,100	815,900	663,400	780,500	843,100	873,300	802,700	793,000	720,000	651,000

Notes:

(1) Projected harvest levels recognize current planned silviculture.

(2) All harvest figures exclude biomass.

The Maine Timberlands strategy is to continue with harvest levels consistent with future estimated LRSY. Planned harvest levels will continue to bring greater balance to the age-class structure over time and are consistent with long-term growth rates in the region. LRSY will be updated as new data on actual growth and mortality becomes available through updated inventory information and through research on growth responses to management inputs.

The LRSY for the Maine Timberlands are indicated in the table below.

Harvest Levels and LRSY for Maine Timberlands[(1)]

	Actual Harvest (m^3/year)							Projected Harvest to 2020	LRSY (m^3/year)
Species Group	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**		
Softwood	238,700	243,900	234,400	196,000	208,000	161,600	199,586	217,000	217,000
Hardwood	79,600	56,900	62,100	45,300	68,500	51,800	74,816	60,000	60,000
Total	318,300	300,800	296,500	241,300	276,500	213,400	274,402	277,000	277,000

Notes:

(1) All harvest figures exclude biomass.

Silviculture Investment

Silviculture investments offer many benefits to Acadian such as improving the yields of future harvests, shortening rotations, improving productivity, increasing value, balancing age class distribution, and allowing for greater flexibility in future forest management options. Acadian inherited large silviculture investments made by its predecessors during the past 25 years.

Silviculture expenditures have included planting spruce species, thinning of young overstocked softwood stands and softwood release.

Area of Silviculture Treatments between 1978 and 2012

Silviculture Activity	NB Timberlands	Maine Timberlands
	(In acres, except percentages)	
Planting	133,600	14,900
Pre-commercial thinning	40,400	4,300
Softwood release	48,400	32,400
Total silviculture treatment area	222,400	51,600
Total silviculture treatment area as a percentage of productive forested area	31%	18%

Forest Certification

Acadian's forest planning and operations for the NB Timberlands and management of the Crown Timber License have been third-party certified to the Sustainable Forestry Initiative® since 2000 by QMI /SAI Global. In 2011, the NB Timberlands successfully completed an upgrade audit to the new SFI® 2010-2014 standard by QMI/SAI and Katahdin Forest Management was certified to the SFI® 2010-2014 Standard by NSF. Third party sustainable forestry surveillance audits are conducted annually and full re-registration audits occur every three years. In 2012, both the NB Timberlands and Katahdin Forest Management were successful in passing their surveillance audits. Third party certifications provide the general public, Acadian's customers and environmental groups with knowledge that the assets are well managed in accordance with industry best practice. The SFI program is a comprehensive system of principles, objectives and performance measures developed by foresters, conservationists and scientists, designed to assure the sustainability of forests for current and future generations. This standard includes requirements for the protection of wildlife, plants, soil and water quality.

The 200,000-acre conservation easement on the Maine Timberlands contains sustainable forestry requirements that are very comparable to SFI. An independent third party audits that portion of the timberlands for compliance with those criteria every year. The Maine Timberlands have been found to be in compliance, each year, to date.

Forest Protection

The Acadian Timberlands are protected from insects, disease and fire through co-operative efforts amongst other large landowners and provincial and state agencies. In New Brunswick, the government is the lead agency for forest protection efforts. The cooperative efforts have led to the formation of Forest Protection Limited. Forest Protection Limited provides surveillance and direct action in the event of a fire or infestation, and is funded by the Government of New Brunswick, Crown licensees and large industrial freehold timberlands owners. The New Brunswick Timberlands are a member of Forest Protection Limited. In Maine, the Maine Forest Service acts in a similar manner, providing expertise and resources in the field of forest resource protection, suppression and investigation of fires that threaten Maine's forest. Fire surveillance and suppression activities in Maine are funded by large landowners through a special tax.

Regulatory Environment

New Brunswick Freehold and Crown Lands

Regulations in New Brunswick are governed primarily by the *Crown Lands and Forests Act* and the *Clean Environment Act.* Additional regulations are prescribed by the Province of New Brunswick to ensure compliance with a variety of health and safety standards. New Brunswick has benefited from a relatively stable regulatory regime over time.

Management believes that Acadian has been in compliance, in all material respects, with all laws and regulations governing its operations in New Brunswick. Where the *Crown Lands and Forest Act* relates to the specifics of Crown Lands' obligations, freehold timberlands fall under the auspices of the *Clean Environment Act.*

Acadian manages its freehold timberlands consistent with the principles of sustainable forestry and has received third party forest certification to demonstrate the commitment to those principles.

Maine Freehold

Regulations in Maine are administered primarily by the Maine Land Use Planning Commission, Maine Forest Service and the Maine Department of Environmental Protection. Maine has had a less stable regulatory system than New Brunswick, due to the impact of citizen-led referendum initiatives, the reaction to them and a population base that is increasingly distanced from active timber harvesting and land management. The operations of the Maine Timberlands are subject to federal, state and local environmental laws and regulations relating to the protection of the environment, including regulations relating to air, water, solid waste, hazardous substances and threatened or endangered species. Management believes that Acadian has been in compliance, in all material respects, with all laws and regulations governing its operations in Maine.

Environmental Matters

All of Acadian's NB and Maine timberlands are third-party certified under the Sustainable Forestry Initiative. Annual audits are required each year to ensure that the requirements of forest certification standards are maintained. Acadian uses environmental and operational inspection systems to ensure compliance with regulations, policies and best operating practices. Acadian's environmental management system is designed around a continual improvement model that focuses on prevention of problems. In 2002, a conservation easement on the Maine Timberlands was put in place covering approximately 200,000 acres. The State of Maine, which now holds the easement, monitors Acadian's activities in the easement area for compliance with easement objectives. While this conservation easement restricts the future development potential of the land for industrial or residential purposes, it does not materially impact the use of the timberlands for economically viable commercial timber harvesting.

Public Relations/Aboriginal Relations

Acadian is committed to consulting with aboriginal peoples, environmental associations, local residents and other stakeholders in identifying their objectives and their values relating to activities on its timberlands. Consultations are performed in a structured manner through regional Forest Advisory Committees ("**FAC**") in New Brunswick. The committees help improve government relations and act as a pulse of the community regarding environmental issues related to forest lands. The FACs are used as a resource when developing forest management objectives and reviewing environmental concerns. Acadian in New Brunswick has worked cooperatively with local First Nations communities since 1997. While relationships with many forest companies have been unsettled, Acadian foresters have worked hard to ensure that interactions with First Nations communities are conducted respectfully.

Land claims issues with aboriginal peoples in Maine are regarded as having been largely settled in the early 1980's. The State of Maine, the U.S. federal government and the Maine Indian tribes negotiated the *Maine Indian Claims Settlement Act of 1980* (the "**Settlement Act**"), which is the legal framework that now governs the relationship between the Maine tribes, the state, and the federal government. The Settlement Act was ratified by the tribes and codified into state and federal law. Tribal claims to land and damages were resolved with all prior transfers of land to and from the tribes ratified and aboriginal land claims extinguished.

RISK FACTORS

The following information is a summary of certain risk factors and the potential impact these factors could have on the business, assets, financial condition, results of operations, cash flows, liquidity and/or free cash flow of Acadian, as well as on the ability of Acadian to pay dividends on its Common Shares. Additional risks and uncertainties not presently known to Acadian, or that Acadian currently deems immaterial, may also impair the operations of Acadian.

Risks Related to the Business and Industry

Dependence on Twin Rivers

Twin Rivers owns a softwood pulp mill in Edmundston, NB, a paper mill in Madawaska, NB, and a softwood lumber mill in Plaster Rock, NB. Approximately 30% of Acadian's total sales for the year ended December 31, 2012 were derived from lumber mills and pulp and paper mills owned or managed by Twin Rivers (31% for the year ended December 31, 2011). Under the Fibre Supply Agreement, Twin Rivers is permitted to permanently reduce its purchases by any amount, subject to certain notice periods and also has the right to temporarily reduce the volume of fibre that it purchases as a result of market factors or the sale or closure (whether temporary or permanent) of any of its owned or managed mills, while retaining the right to increase such volumes in the future up to the committed level. These rights may restrict Acadian's ability to find replacement customers given the uncertainty of ongoing supply to which such replacement customers would be subject. In addition, Crown licenses have been granted to Twin Rivers as the owner/operator of its mills. If Twin Rivers sells or closes these mills in the future, the Crown licenses would likely be required to be transferred to the purchaser or revert to the Crown, as the case may be, resulting in Twin Rivers potentially losing management over the NB Crown Lands subject to these licenses. Such events could potentially eliminate the fees earned by Acadian in providing services relating to the NB Crown Lands, and thus would result in a reduction in free cash flow and could result in the impairment of intangible assets.

Dependence on the Lumber and Pulp and Paper Industries

Acadian's financial performance depends on the state of the lumber and pulp and paper industries. Depressed commodity prices of lumber, pulp or paper may cause Twin Rivers and/or other mill operators to temporarily or permanently shut down their mills if their product prices fall to a level where mill operation would be uneconomic. Moreover, these operators may be required to temporarily suspend operations at one or more of their mills to bring production in line with market demand or in response to the market irregularities. Any of these circumstances could significantly reduce the amount of timber that such operators purchase from Acadian.

Dependence on the Housing, Construction, Repair and Remodelling Market

The demand for logs and wood products is primarily affected by the level of new residential construction activity and, to a lesser extent, repair and remodeling activity and other industrial uses, which are subject to fluctuations due to changes in general economic conditions. Decreases in the level of residential construction activity generally reduce demand for logs and wood products, resulting in lower revenues, profits and cash flows for lumber mills who are important customers to Acadian.

Timber and Wood Market, Price Volatility and Other General Risk Factors relating to Timberlands

The financial performance of Acadian is dependent on the selling prices of its products. The markets for timber are cyclical and are influenced by a variety of factors beyond Acadian's control. For example, the market prices for timber can be affected by changes in regional and global demand, supply and economic conditions.

In addition to impacting Acadian's sales, cash flows and earnings, weakness in the market prices of its timber products may also have an effect on Acadian's ability to attract additional capital, its cost of that capital, and the value of its timberland assets.

Cyclicality

Acadian depends on the state of the lumber and pulp and paper industries. Demand for products from the lumber and pulp and paper industries is correlated with global economic conditions. In periods of economic weakness, reduced spending by consumers and businesses results in decreased demand for such products, resulting in lower product prices and possibly manufacturing downtime. This, in turn, may result in lower net sales, profits and cash flows for Acadian since lumber mills and pulp and paper mills are important customers to Acadian.

Lack of Control with Twin Rivers' Crown Lands Management

Acadian's revenue from operations in respect of the NB Crown Lands is generated from the service fees it charges to Twin Rivers. Acadian has little control over these revenues as the Government of New Brunswick dictates the management fees that Twin Rivers receives and therefore indirectly influences the service fees to be charged by Acadian on harvesting from the NB Crown Lands.

There is a risk that Acadian's overhead expenses incurred to provide services relating to the NB Crown Lands may not be fully recovered through the fees it is permitted to charge.

In addition, the Government of New Brunswick periodically establishes the royalties to be paid for the right to harvest timber on Crown Lands. Royalties are established for each product and species harvested. Charges levied on timber harvested from Crown Lands are based on the amount of timber cut and the royalty then in effect. A reduction in the royalty charged on Crown Lands could make Acadian's timber harvested from the NB Timberlands and Maine Timberlands less competitive.

Furthermore, increased AAC on Crown Lands could have a negative impact on Acadian's ability to market its timber harvested from the NB Timberlands and the Maine Timberlands. The AAC on Crown Lands for New Brunswick is determined by the Minister of Natural Resources of New Brunswick and reflects timber conditions, regional and local economic and social interests, and environmental considerations. A significant increase in the AAC in any given year could have an adverse impact on Acadian's operating results.

Fuel and Energy Costs

Acadian relies almost exclusively on land transportation for delivering its timber and is therefore exposed to fluctuations in fuel cost. An increase in fuel cost may result in lower earnings and cash flows. In addition, many of Acadian's customers are high-energy consumers and, as a result, are themselves vulnerable to energy cost increases. If energy costs increase significantly, Acadian's customers may not be able to compete effectively and may have to reduce current operating volumes or close mills.

Limitations on Ability to Harvest

Weather conditions, timber growth cycles, access limitations and regulatory requirements associated with the protection of wildlife and water resources may restrict Acadian's harvesting, as may other factors, including damage by fire, insect infestation, disease, prolonged drought and other natural and man-made disasters. There can be no assurance that Acadian will achieve harvest levels in the future necessary to maintain or increase revenues, earnings and cash flows.

Restrictions Imposed by Forestry and Environmental Regulations

While a significant portion of Acadian's timberlands are comprised of freehold timberlands and as such are subject to less regulation than the NB Crown Lands, provincial, state and federal government regulations relating to forestry practices and sale of logs may result in increased costs for Acadian and accordingly, impact its financial results and operations. In addition, forestry and environmental regulations may restrict timber harvesting and may otherwise restrict the ability of Acadian to conduct its business. Although Acadian believes that it is in material compliance with these requirements, there can be no assurance that it will not incur significant costs, civil and criminal penalties and liabilities, including those relating to claims for damages to property or natural resources, resulting from its operations.

Laws, regulations and related judicial decisions and administrative interpretations affecting Acadian's business are subject to change and new laws and regulations that may affect its business are frequently enacted. Some of these laws and regulations could impose on Acadian significant costs, penalties and liabilities for violations or existing conditions whether or not Acadian caused or knew about them. Acadian is subject to laws and regulations which relate to, among other things: the protection of timberlands, health and safety, the protection of endangered species, air and water quality, and timber harvesting practices.

Regions with frequent policy changes add volatility to revenue streams and depress timberland values. Historically, New Brunswick has had relatively stable forestry regulations. Forest regulation in Maine has experienced volatility in the past, but has shown a consistent trend towards stabilization.

In connection with a variety of operations of Acadian, the Corporation may be required to make regulatory filings. Any of the government agencies could delay review of or reject any of Acadian's filings which could result in a delay or restriction in harvesting, replanting, thinning, insect control or fire control.

Dependence on and Scarcity of Trained Labour

Acadian relies significantly on a limited number of entities to cut and haul harvested timber, as well as to conduct road building and silviculture activities. If any of these entities were to stop doing business with Acadian, Acadian's operations could be negatively impacted. In addition, there is a limited supply of trained foresters and trained operators/contractors in the New Brunswick and Maine regions which may result in increased costs to Acadian to retain its workforce. The ability of trained contractors to operate across the US-Canada border may also depend upon regional and/or political constraints, which would further limit Acadian's ability to obtain skilled labour if such constraints were to materialize.

Highly Competitive Industry

Timberland companies operate in a highly competitive business environment in which companies compete, to a large degree, on the basis of price and also on the basis of service and ability to provide a steady supply of products over the long term.

In Acadian's markets, there are many suppliers of softwood and hardwood logs. In addition, Acadian may also be subject to increased competition from worldwide suppliers importing forest products, and/or subject to increased competition from a variety of substitute products.

Acadian's competitive position is also influenced by a number of other factors including: the availability, quality, and cost of labour; the cost of energy; the ability to attract and maintain long-term customer relationships; the quality of products and customer service; and foreign currency fluctuations.

Currency Risk

All of the net sales from the Maine Timberlands and a portion of the sales from the NB Timberlands, a significant portion of gross revenues earned, are in U.S. dollars. As well, all expenses incurred in respect of the Maine Timberlands and a nominal amount of the expenses of NB Timberlands are in U.S. dollars and all of Acadian's debt financing and all interest payable thereon is in U.S dollars. As a result, Acadian's cost competitiveness could be impacted by unfavourable fluctuations in currency exchange rates. In addition, the apparent historical correlation between currency rates and timber prices in regions within close proximity to the Canadian/U.S. border may weaken over time thereby undermining any hedge relating to the Maine Timberlands. Acadian's customers are also susceptible to currency value fluctuations which may negatively impact the sawmills and pulp and paper mills to which Acadian sells its fibre, and accordingly the quantity of fibre sales to such customers could decline.

Forest Management

Although management believes it follows best practices with regard to forest sustainability and general forest management, there can be no assurance that the established LRSY of the NB Timberlands and Maine Timberlands and management's forest management planning, including silviculture, will have the intended result of ensuring that Acadian's asset base appreciates over time. If management's estimates of merchantable inventory are incorrect or the LRSY is too high, harvesting levels of Acadian's timberlands may result in depletion of Acadian's timber assets.

Geographic Concentration

Acadian’s timberlands are concentrated in Maine and New Brunswick. Accordingly, if the level of production from these forests substantially declines or demand in the region were to decline for any reason, including closure of pulp, paper or lumber manufacturing operations in the region, such changes could have a material adverse effect on Acadian’s overall harvest levels and its financial results.

Insurance

Acadian’s business is subject to risks from fires, drought, tree diseases, severe weather, unforeseen equipment breakdowns, and other events, including events of force majeure, which could result in material damages to Acadian. Insurance for Acadian’s standing timber is not available on commercially acceptable terms, but Acadian is insured against all other business risks.

Seasonality

Acadian’s operations are subject to seasonal variations and, as a result, Acadian’s operating results vary from quarter to quarter. Harvesting activity can be compromised by inaccessibility to some sites during wet seasons resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year.

Non-Timber Income

The NB Timberlands and Maine Timberlands have several sources of non-timber income including various land leases for recreational and commercial use as well as a recreational access permit plan. Most of these revenues are not subject to long term agreements and as a result, any decrease in the recreational and commercial activities that lead to those revenues could impact Acadian.

Labour Relations

A portion of Acadian’s workforce is unionized and, as a result, Acadian is required to negotiate the wages, benefits and other terms with many of its employees collectively. If Acadian is unable to negotiate acceptable contracts with any of its unions as existing agreements expire, Acadian could experience a significant disruption of its operations, higher ongoing labour costs and restriction of its ability to maximize the efficiency of its operations, which could have a material adverse effect on Acadian’s operations and financial results.

Protection of Threatened or Endangered Species and Waterways

Federal, state and provincial laws and regulations protecting threatened or endangered species, waterways and wetlands or other environmental values may limit or prevent timber harvesting, road building and other activities of Acadian. The size of the area subject to restriction will vary depending on the protected species at issue, the time of year, and other factors, but can range from less than one to several thousand acres. As Acadian gains additional information regarding the presence of threatened or endangered species on its timberlands, or if regulations become more restrictive, the amount of its timberlands subject to harvest restrictions could increase.

Aboriginal Claims

Aboriginal claims could adversely affect Acadian’s ability to harvest timber. Canadian courts have recognized that aboriginal people may possess rights at law in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with these rights. In Canada, aboriginal groups have made claims in respect of land governed by Canadian authorities, which could affect a portion of the land covered by Twin Rivers’ Crown licenses. Any settlements in respect of these claims could lower the volume of timber managed by Acadian on the NB Crown Lands and could increase the cost to harvest timber on such lands.

Undetected Environmental Liabilities

Acadian may currently own or may acquire properties subject to environmental and other liabilities, such as obligations to clean up or pay for the cleanup of contamination. While timberlands do not generally carry as high of a risk of environmental contamination as industrial properties, the cost of cleanup of contaminated properties could increase Acadian's operating costs.

Risks Related to the Structure of the Corporation

Dependence on Brookfield and Brookfield LP and Potential Conflicts of Interest

Acadian is dependent on Brookfield and Brookfield LP in respect of certain strategic management functions relating to the ongoing operations of the Acadian Timberlands. Brookfield and Brookfield LP, their respective affiliates and agents, employees of Brookfield and Brookfield Timberlands Management GP Inc. ("**Brookfield GP**"), the general partner of Brookfield LP (which has no employees), and other funds and vehicles managed by Brookfield or Brookfield LP or their respective affiliates are engaged or invested, directly or indirectly, in a variety of other companies or entities involved in owning, managing, advising on or being otherwise engaged in timberland operations and businesses. This may result in conflicts, which could restrict expansion and other opportunities available to Acadian.

Payment of Dividends

As a corporation, the Corporation's dividend policy will be at the discretion of the Corporation's board of Directors. Future dividends, if any, will depend on the operations and assets of the Corporation and its subsidiaries, and will be subject to various factors, including, without limitation, the Corporation's financial performance, fluctuations in its working capital, the sustainability of its margins, its capital expenditure requirements, obligations under its Credit Facilities, provisions of applicable law and other factors that the board of directors may deem relevant from time to time. Accordingly, the payment of dividends by the Corporation and the level thereof will be uncertain.

Dividends Depend on Performance of Subsidiaries

Although the Corporation intends to pay dividends on its Common Shares in accordance with the dividend policy adopted by its board of Directors, there can be no assurance regarding the amounts of income to be generated by the Corporation's subsidiaries or ultimately distributed to the Corporation from its operating subsidiaries. The ability of the Corporation to make dividend payments, and the actual amount paid, is currently entirely dependent on the operations and assets of its wholly owned subsidiary, the Partnership, and is subject to various factors including each of its financial performance, its obligations under applicable credit facilities, fluctuations in its working capital, the sustainability of its margin and its capital expenditure requirements. Moreover, the Partnership's ability to make cash distributions is, in turn, currently dependent on the NB Timberlands and the Maine Timberlands making cash distributions. The ability of these entities to make dividend payments, cash distributions or other payments or advances is subject to applicable laws and regulations.

Market Price of Common Shares

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of Acadian, divergence in financial results from expectations, changes in the business prospects for Acadian, general economic conditions, legislative changes, and other events and factors outside of the Corporation's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares. The Corporation is unable to predict whether substantial amounts of Common Shares will be sold in the open market. Any sales of substantial amounts of Common Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Common Shares.

Dilution of Existing Shareholders

The Corporation is permitted to issue an unlimited number of Common Shares pursuant to its Articles and may do so, subject to compliance with the rules and regulations of the TSX and such other applicable securities regulations, for that consideration and on those terms and conditions as shall be established by the Directors without the approval of any Shareholders. The Shareholders will have no pre-emptive rights in connection with such further issues.

Leverage and Restrictive Covenants in Agreements Relating to Indebtedness

The ability of the Corporation and its subsidiaries to pay dividends or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of those entities (including the Credit Facilities). The degree to which the Corporation is leveraged could have important consequences to the Shareholders including: the Corporation’s ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; a significant portion of the Corporation’s cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; certain borrowings may be at variable rates of interest, which exposes the Corporation to the risk of increased interest rates; and the Corporation may be more vulnerable to economic downturns and be limited in its ability to withstand competitor pressures.

The terms of the Credit Facilities include numerous restrictive covenants that limit the discretion of the Corporation’s management with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Corporation and its subsidiaries to create liens or other encumbrances, or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the terms of the Credit Facilities include financial covenants that require the Corporation to meet certain financial ratio tests. A failure by the Partnership to comply with the obligations relating to the Credit Facilities could result in a default which, if not cured or waived, could result in a termination of dividends by the Corporation and require accelerated repayment of the relevant indebtedness. If the repayment of indebtedness under the Credit Facilities were to be accelerated, there can be no assurance that the assets of the Corporation would be sufficient to repay in full that indebtedness. There can be no assurance that the Credit Facilities will be able to be refinanced or refinanced on acceptable terms or that future borrowings or equity financings will be available to the Corporation, or available on acceptable terms, in an amount sufficient to fund the Corporation’s needs. This could, in turn, have a material adverse effect on the business, financial condition and results of operations of the Corporation and could therefore affect the ability of the Corporation to pay dividends on its Common Shares.

Risks Related to the Arrangement

On January 1, 2010, Acadian Timber Income Fund (the “**Fund**”) converted to Acadian Timber Corp. pursuant to a plan of arrangement under the *Canada Business Corporations Act* (the “**Arrangement**”) with CellFor Inc. (“**CellFor**”) which allowed for the conversion of the Fund from an income trust to a corporation.

Taxation Risk

The Corporation will file all required income tax returns in a manner that it believes will be in full compliance with the provisions of the *Income Tax Act* (Canada) and all applicable provincial legislation. It is expected that the Corporation will benefit from certain federal tax account balances which existed in the Corporation at the time of the Arrangement. However, the Corporation’s income tax returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of certain expenditures, or the restriction of the deductibility of all or any portion of such federal tax account balances, such reassessment may have an impact on current and future taxes payable by the Corporation. Any such impact may have a material adverse affect on the Corporation.

Furthermore, Canadian federal or provincial income tax legislation may be amended, or its interpretation changed, possibly with retroactive effect, in a manner which alters fundamentally the availability of such federal tax account balances to the Corporation.

CAPITAL STRUCTURE

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares of which 16,731,216 are issued and outstanding as at March 28, 2013.

Each Common Share entitles the holder thereof to receive notice of, to attend, and to one vote at, all meetings of the Shareholders. The holders of Common Shares will be entitled to receive any dividends if, as and when declared by the board of Directors of the Corporation. The holders of Common Shares will also be entitled to share equally, share-for-share, in any distribution of the assets of the Corporation upon the liquidation, dissolution or winding-up of the Corporation or other distribution of its assets among its Shareholders for the purpose of winding-up its affairs. Additional information relevant to the Common Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's by-law, which has been filed under the Corporation's profile on SEDAR at www.sedar.com.

Book-Entry Only System

Registration of interests in and transfers of the Common Shares are made through a book-based system (the "**Book-Entry System**") administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Common Shares may be purchased or transferred through a participant in the CDS depository service (a "**CDS Participant**"). All rights of Shareholders must be exercised through, and all payments or other property to which such Shareholder is entitled will be made or delivered by, CDS or the CDS Participant through which the Shareholder holds such Common Shares. Upon a purchase of any Common Shares, the Shareholder will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Common Shares are purchased. References in this Annual Information Form to a Shareholder means, unless the context otherwise requires, the owner of the beneficial interest in such Common Shares.

The Corporation has the option to terminate registration of the Common Shares through the Book-Entry System in which case certificates for the Common Shares in fully-registered form would be issued to beneficial owners of such Common Shares or their nominees.

DIRECTORS AND OFFICERS OF THE CORPORATION

Board of Directors

As of March 28, 2013, the name, province or state, and country of residence of each of the Directors, their respective principal occupations, business or employment within the five preceding years, their beneficial ownership of, or control or direction over, Common Shares (in each instance based upon information furnished by such person) and the years in which they became Trustees of the Fund and/or Directors of the Corporation is set out below. Each of the Directors listed below, with the exception of Mr. Saul Shulman, was a Trustee and became a Director upon completion of the Arrangement on January 1, 2010. The term of office for each of the current Directors will expire at the time of the next annual meeting of the Shareholders. A Director may be removed by a resolution passed by a majority of the Shareholders or may resign. Subject to the CBCA, a quorum of the board of Directors may fill a vacancy (except a vacancy resulting from an increase in the number or minimum or maximum number of directors or from a failure of the Shareholders to elect the number or minimum number of directors provided for in the Articles). All Directors, with the exception of Mr. Louis Maroun, will be nominated for re-election at the Corporation's next annual meeting of the Shareholders.

J.W. BUD BIRD, O.C.

- Director
- Member of the Audit Committee
- Member of the Compensation, Nominating, and Corporate Governance Committee

Profile:

Mr. Bird is General Manager of Bird Holdings Ltd. a private commercial real estate development company. He was the founder and former owner of the Bird-Stairs distribution company, which operates in the construction products sector throughout Atlantic Canada. He is a director of Enbridge Gas New Brunswick L.P., Atlantic Salmon Federation and Miramichi Salmon Association. He currently serves as a member of Miramichi Salmon Association's compensation committee. Mr. Bird has been a previous director of the former Noranda Inc., Nexfor Inc. (which subsequently changed its name to Norbord Inc.) and of ADI Limited. He has been a former elected representative at all three levels of government, Mayor of Fredericton, Minister of Natural Resources for the Province of New Brunswick and a Member of Parliament. Mr. Bird is "financially literate" for the purposes of National Instrument 52-110 – Audit Committees and the Board has determined that he is "independent" for the purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices. He is a resident of Fredericton, New Brunswick, Canada.

Mr. Bird was a Trustee of the Fund from January 23, 2006 to January 1, 2010 and has been a Director since January 1, 2010.

Mr. Bird owns 10,000 Common Shares.

REID CARTER

- Director
- President and Chief Executive Officer

Profile:

Mr. Carter is the President and Chief Executive Officer of the Corporation, a Managing Partner of Brookfield and the President of Brookfield Timberlands Management GP Inc. ("**Brookfield GP**"), the general partner of Brookfield Timberlands Management LP ("**Brookfield LP**"), which provides administrative services to the Corporation as described later in this AIF, in which capacities Mr. Carter leads Brookfield's timberlands management strategy. Mr. Carter is focused on the acquisition and management of private timberlands throughout North America and Latin America. Since his joining Brookfield in 2003, Brookfield's timberlands portfolio has grown from a modest operation of 310,000 acres under management to the sixth largest timberland estate in North America by value, with more than 2.5 million acres under management. Mr. Carter joined Brookfield after serving as National Bank Financial's Paper and Forest Products research analyst where he was a top-ranked analyst. Mr. Carter has a detailed understanding of the management, assets and relative global competitive positioning of North American paper and forest products companies. Mr. Carter is a BC Registered Professional Forester and has over 30 years of experience in the forest industry including senior roles in TimberWest Forest Corp. and Fletcher Challenge Canada. He is a director of SelectSeed Ltd. and Okanagan Specialty Fruits. Mr. Carter is a resident of West Vancouver, British Columbia, Canada.

Mr. Carter was a Trustee of the Fund from January 31, 2006 to January 1, 2010 and has been a Director since January 1, 2010.

Mr. Carter owns 28,300 Common Shares.

DAVID MANN

- Director (Lead Director)
- Chair of the Audit Committee
- Member of the Compensation, Nominating, and Corporate Governance Committee

Profile:

Mr. Mann is legal counsel at Cox & Palmer, a full service Atlantic provinces law firm, and has over 30 years of experience in the practice of corporate and commercial law, with particular emphasis on corporate finance and public utility regulation. Mr. Mann has held the position of Vice Chairman of Emera Inc., a diversified energy and services company listed on the Toronto Stock Exchange (the "**TSX**"), from November, 2004 to April, 2005, prior to which he was the company's President and C.E.O. since January 1999. Mr. Mann was President and C.E.O. of Nova

Scotia Power Inc., another TSX listed company, from 1996 to 2004. Mr. Mann is the Chairman of the audit committee for NewGrowth Corp and Allbanc Split Corp. and is also a director and member of the audit committee of Logistec Corporation and Brookfield Renewable Energy Partners, four TSX listed companies. Mr. Mann holds a Bachelor of Commerce and a Bachelor of Laws from Dalhousie University and a Master of Laws from the University of London, England. Mr. Mann is "financially literate" for the purposes of National Instrument 52-110 – Audit Committees and the Board has determined that he is "independent" for the purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices. Mr. Mann is a resident of Chester, Nova Scotia, Canada.

Mr. Mann was a Trustee of the Fund from January 31, 2006 to January 1, 2010 and has been a Director since January 1, 2010.

Mr. Mann owns 15,000 Common Shares.

LOUIS J. MAROUN

- Director (Lead Director) (resigned July 31, 2012)
- Member of the Audit Committee (resigned July 31, 2012)
- Chair of the Compensation, Nominating, and Corporate Governance Committee (resigned July 31, 2012)

Profile:

Mr. Maroun is the Executive Chairman of Sigma Capital and Sigma Real Estate Advisors and was the Executive Chairman of ING Real Estate Canada, one of Canada's leading real estate investment managers and largest industrial landlord. Mr. Maroun is a director and also a member of the compensation committee for Partners REIT, Brookfield Infrastructure Partners and Brookfield Renewable Energy. He is also a director of Summit I REIT and Brookfield Residential Properties Inc. Mr. Maroun is past Chair of the National Board of Directors of the MS Society of Canada, a director of the MS Research Foundation, co-founder of Casting for Recovery Canada, Chair of the End MS Training Network Committee and a member of the Business Advisory Committee - Shannon School of Business. He has served on the audit committee for Brookfield Residential Properties Inc. and Partners REIT and has served as Chief Executive Officer of Summit I REIT. Mr. Maroun is "financially literate" for the purposes of National Instrument 52-110 – Audit Committees and the Board has determined that he is "independent" for the purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices. Mr. Maroun is a resident of Devonshire, Bermuda.

Mr. Maroun was a Trustee of the Fund from January 31, 2006 to January 1, 2010 and was a Director from January 1, 2010 to July 31, 2012.

Mr. Maroun owns 121,500 Common Shares.

SAMUEL J.B. POLLOCK

- Director (Chair of the Board)

Profile:

Mr. Pollock is Senior Managing Partner of Brookfield and Chief Executive Officer of Brookfield's infrastructure group. Since 2006, Mr. Pollock has led Brookfield's expansion into the infrastructure sector which currently comprises approximately $15 billion in assets under management in the transportation, energy, utilities and timber sectors. Mr. Pollock joined Brookfield in 1994 and prior to his current role acted as Brookfield's Chief Investment Officer and led various Brookfield investment and transaction initiatives in its merchant banking and real estate businesses. He currently serves as a director of Prime Infrastructure Holdings Inc. and Clublink Enterprises. Until February 2011, Mr Pollock was a director for Fraser Papers Inc. ("**Fraser Papers**"), an integrated specialty paper company that produces a broad range of speciality packaging and printing papers. On June 28, 2009, Fraser Papers and its subsidiaries filed for creditor protection under the Companies Creditors Arrangement Act ("**CCAA**") in Canada and Chapter 15 of the U.S. Bankruptcy Code. In February 2011, The Ontario and Delaware courts overseeing these proceedings issued orders enabling the implementation of an amended plan of arrangement and compromise (the "**Plan**") previously approved by Fraser Papers' creditors. Fraser Papers completed the Plan in 2011. Mr. Pollock is a Chartered Accountant and holds a business degree from Queen's University. Mr. Pollock is a resident of Toronto, Ontario, Canada.

Mr. Pollock was a Trustee of the Fund from January 31, 2006 to January 1, 2010 and has been a Director since January 1, 2010.

Mr. Pollock owns 15,000 Common Shares.

SAUL SHULMAN

- Director (appointed July 31, 2012)
- Member of the Audit Committee (appointed July 31, 2012)
- Chair of the Compensation, Nominating, and Corporate Governance Committee (appointed July 31, 2012)

Profile:

Mr. Shulman is the Chief Executive Officer of MLG Management Inc., a management consulting firm. Mr. Shulman also serves as a trustee and member of the audit committee of both Partners Real Estate Investment Trust and Summit Industrial Income REIT. He is a past director or trustee of Tricon Capital GP Ltd., Brookfield Renewable Power Fund, Brookfield Asset Management Inc. and Summit Real Estate Investment Trust. Mr. Shulman holds a Bachelor of Commerce, with a major in accounting, from the University of Windsor and a law degree from Osgoode Hall Law School. Mr. Shulman is "financially literate" for the purposes of National Instrument 52-110 – Audit Committees and the Board has determined that he is "independent" for the purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices. Mr. Shulman is a resident of Toronto, Ontario, Canada.

Mr. Shulman has been a Director since July 31, 2012.

Mr. Shulman owns 0 Common Shares.

Officers of the Corporation

As of March 28, 2012, the name, province or state, and country of residence of each of the officers of the Corporation, their respective principal occupations, business or employment within the five preceding years, and their beneficial ownership of, or control or direction over, Common Shares (in each instance based upon information furnished by such person) is set out below; except that such information for Reid Carter, the President and Chief Executive Officer of the Corporation, is set out above. Each of the persons listed below was appointed an officer of the Corporation upon completion of the Arrangement on January 1, 2010.

REID CARTER

- President and Chief Executive Officer

Profile:

See above under "Directors and Officers of the Corporation – Board of Directors".

BRIAN BANFILL

- Senior Vice-President and Chief Financial Officer

Profile:

Mr. Banfill is the Senior Vice-President and Chief Financial Officer of the Corporation, the Senior Vice-President, Finance, of Brookfield GP, the general partner of Brookfield LP, which provides certain administrative services to the Corporation as described under "Arrangements with Brookfield LP" and Vice-President and Chief Financial Officer of Acadian Timber GP. Mr. Banfill joined Brookfield in 2003 as part of a team responsible for acquiring and restructuring integrated wood product companies with significant timberland holdings. As part of this role, Mr. Banfill served as Chief Financial Officer of Cascadia Forest Products until its sale to Western Forest Products in April 2006. Mr. Banfill now has overall responsibility for the accounting and finance function of all timberlands operations managed by Brookfield. Prior to joining Brookfield, Mr. Banfill provided IT consulting services to various organizations and was employed for more than 12 years with West Fraser Timber, primarily in the role of Controller for West Fraser Timber's Solid Wood Operations group. He is a Certified General Accountant with over 25 years of experience in the forest industry. Mr. Banfill is a resident of Delta, British Columbia, Canada.

Mr. Banfill first became Senior Vice-President, Finance of Brookfield GP on May 10, 2005.

Mr. Banfill owns 750 Common Shares.

LEIGH TANG

- Corporate Secretary and Manager, Business & Corporate Services

Profile:

Ms. Tang is the Secretary and Manager, Corporate and Business Services of the Corporation, in which capacity Ms. Tang provides administrative support services in the areas of investor relations, issuer disclosure requirements, and provides administrative support to the Board of Directors as required. She previously provided these services to the Fund since its inception in 2006. Ms. Tang joined Brookfield in February, 2004 where she has held administrative support roles. Ms. Tang is a resident of Port Moody, British Columbia, Canada.

Ms. Tang first became Corporate Secretary and Manager, Business & Corporate Services of the Corporation on January 1, 2010.

Ms. Tang owns 0 Common Shares.

Ownership of Voting Securities

As of the date of this AIF, the directors and officers of the Corporation, as a group, beneficially own or exercise control or direction over approximately 203,950 Common Shares, representing approximately 1.22% of the issued and outstanding Common Shares.

Cease Trade Orders or Bankruptcies

Other than as set forth below, to the knowledge of the Corporation, none of the Directors or officers of the Corporation: (a) are, as at the date of this AIF, or have been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Fund) that, (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) are, as at the date of this AIF, or have been within 10 years before the date of this AIF, a director or executive officer of any company (including the Fund) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) have, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

Mr. Samuel J.B. Pollock, the Chair of the board of Directors, served as a member of the board of directors of Fraser Papers between April 2004 and April 2010. On June 18, 2009, Fraser Papers, together with its subsidiaries, initiated a court-supervised restructuring under the *Companies' Creditors Arrangement Act (Canada)* ("**CCAA**") in the Ontario Superior Court of Justice and shortly thereafter obtained similar relief pursuant to Chapter 15 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. Fraser Papers remains under creditor protection pursuant under the provisions of the CCAA with its stay of proceedings having been extended by the court on February 28, 2011.

Penalties or Sanctions

To the knowledge of the Corporation, none of the Directors or officers of the Corporation, nor any personal holding company thereof owned or controlled by them nor any shareholders holding a sufficient number of Common Shares to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the Directors and officers of the Corporation and the executive officers of Brookfield GP are subject in connection with the operations of the Corporation. In particular, certain of the Directors and officers of the Corporation and the executive officers of Brookfield GP may be involved with other companies whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA. The CBCA provides that in the event a director or officer of a company is a party to, or is a director or officer of a party to, or has a material interest in any person who is a party to, a material contract or material transaction with the Corporation, whether made or proposed, the director or officer will disclose his or her interest in such contract or transaction and, in the case of directors, will refrain from voting on any matter in respect of such contract or transaction, subject to certain limited exceptions set out in the CBCA. As at March 28, 2012, none of the Directors or officers of the Corporation or the executive officers of Brookfield GP are aware of any existing or potential material conflicts of interest with the Corporation or any of its subsidiaries.

ARRANGEMENTS WITH BROOKFIELD LP

Brookfield LP assists in the preparation and implementation of the overall strategic plan in respect of the timberland assets of the Operating LP, as well as monitoring and assisting with the day-to-day operations of the assets of the Operating LP, pursuant to a management agreement between the Operating LP, KFM LLC, and Brookfield LP, which was amended and restated on January 1, 2010 to reflect the new corporate structure of Acadian (the "**Amended and Restated Management Agreement**"). The Amended and Restated Management Agreement also provides that Brookfield LP, in addition to its management duties concerning the Operating LP and KFM LLC (as more fully described below), may also provide administrative services to the Corporation, to the extent required by the Corporation. The Amended and Restated Management Agreement expires on October 3, 2025, unless terminated in accordance with its terms, subject to automatic renewals for successive ten year terms.

In connection with its duties, Brookfield LP, under the oversight, direction and authority of the Operating LP and KFM LLC, and subject to adherence with the overall strategic plan in respect of the timberland assets from time to time, is responsible for, among other things:

- advising with respect to marketing and sales;
- advising on all significant fibre supply commitments;
- overseeing the preparation of operational plans and budgets and making recommendations in respect thereof to KFM LLC and the Operating LP;
- monitoring and overseeing internal management teams, operational plans, and operating activities;
- advising with respect to the best practices and new developments in silviculture and other forestry practices;
- advising and assisting with proposed financings;
- advising and assisting with acquisitions and dispositions;
- providing oversight of tax planning activities and oversight related to the preparation of income tax returns;

- providing assistance with the coordination and oversight of legal services;
- providing oversight of information technology support and services; and
- providing oversight of certain treasury services.

In addition to the management services that Brookfield LP provides to the Operating LP and KFM LLC, Brookfield LP may also provide administrative services to the Corporation, as required, including:

- advising and assisting with community and investor relations;
- overseeing the Corporation's reporting requirements under applicable law;
- providing assistance with and oversight of tax planning activities and preparation of income tax returns;
- providing assistance with the coordination and oversight of legal services;
- providing oversight of information technology support and services;
- providing oversight of certain treasury services; and
- overseeing and coordinating the issuance of press releases approved by the board of Directors.

In consideration for the provision of its services, the Amended and Restated Management Agreement entitles Brookfield LP to:

- an annual base fee, payable quarterly in advance, (the "**Base Fee**") in an amount equal to (i) $2 million (subject to adjustment based on the Consumer Price Index), plus, (ii) in respect of any acquisitions of timberland assets by the Operating LP and/or KFM LLC outside the ordinary course of business, which require the Operating LP and/or KFM LLC to obtain independent financing or issue additional capital for purposes of raising funds sufficient to fund such non-ordinary course acquisition, 1.25% per year of the aggregate value of such acquired timberland assets (subject to adjustment based on the Consumer Price Index); and

- an annual performance fee (the "**Performance Fee**") equal to 15% of the amount by which annual dividends per Common Share in respect of the applicable year exceeds $0.9075, multiplied by the number of Common Shares outstanding as at the end of such year.

The Base Fee and the Performance Fee (if any) are payable by the Operating LP and KFM LLC *pro rata* in relation to their respective ownership of the Timberland Assets.

In performing its responsibilities and satisfying its obligations under the Amended and Restated Management Agreement, Brookfield LP is required to exercise its powers and discharge its duties in a manner which is fair and reasonable and to act at all times honestly, in good faith and in the best interests of each of KFM LLC and the Operating LP, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent forestry management expert performing similar functions would exercise in comparable circumstances.

Brookfield LP is responsible for all of its own expenses, including administrative costs, employment expenses of its personnel (who are employed by Brookfield GP, the general partner of Brookfield LP, or Brookfield), rent and other overhead expenses, and expenses of the Directors and officers of the Corporation and Acadian Timber GP who are also officers or employees of Brookfield GP or of an affiliate of Brookfield LP (except expenses incurred by Directors in attending meetings of the board of Directors).

Each of the Operating LP and KFM LLC may terminate the engagement of Brookfield LP under the Amended and Restated Management Agreement in respect of itself (i) in the event of the insolvency or receivership of Brookfield LP, or (ii) in the case of material breach or default by Brookfield LP of the provisions of the Amended and Restated Management Agreement relating to the Operating LP or KFM LLC, as applicable, which is not remedied within 60 days following delivery of written notice thereof (unless such breach is capable of being cured and Brookfield LP is working diligently to cure such default).

Brookfield LP may terminate its engagement as manager under the Amended and Restated Management Agreement in respect of the Operating LP or KFM LLC (i) in the event of the insolvency or receivership of the Operating LP or KFM LLC, as applicable, or (ii) in the case of material breach or default by the Operating LP or KFM LLC, as applicable, of the provisions of the Amended and Restated Management Agreement that is not remedied within 60 days following delivery of written notice thereof (unless such breach is capable of being cured and the applicable party is working diligently to cure such default).

The Operating LP and KFM LLC are required to indemnify Brookfield LP, its agents and affiliates, and the directors, officers, employees and shareholders of Brookfield GP, the general partner of Brookfield LP, in certain circumstances, unless the claim to which the indemnity relates arises as a result of the gross negligence, wilful misconduct or fraud of the indemnified party.

Brookfield LP is a wholly-owned subsidiary entity of Brookfield, which holds directly 44.9% of the Common Shares. See "Risk Factors – Risks Related to the Structure of the Corporation – *Dependence on Brookfield and Brookfield LP and Potential Conflicts of Interest*".

DEBT FINANCING

In March 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with The Metropolitan Life Insurance Company dated as of February 28, 2011 (the "**Loan Agreement**"). The Partnership and certain other subsidiaries of the Corporation, are borrowers, and the Corporation and certain of its other subsidiaries, are guarantors under the Loan Agreement, which established a revolving credit facility of up to US$10.0 million (the **"Revolving Facility"**) for general corporate purposes and a term credit facility in an amount up to US$72.5 million (the "**Term Facility**"). The Term Facility is fully drawn and $2.1 million of the Revolving Facility is reserved to support the minium cash requirement of the Term Facility. The Term Facility and the Revolving Facility are collectively referred to herein as the "**Credit Facilities**".

The Revolving Facility will be available and the Term Facility will mature on March 1, 2016, with no scheduled repayments of principal required prior to maturity. There can be no assurance that future borrowings, whether as a refinancing of the Credit Facilities or otherwise, will be available to the Partnership, or available on acceptable terms, in an amount sufficient to fund the Partnership's needs. See "Risk Factors – Risks Related to the Business and Industry – *Leverage and Restrictive Covenants in Agreements Relating to Indebtedness of the Partnership*".

Advances under the Revolving Facility will bear interest at floating rates based on 30 or 90 day LIBOR plus applicable margin. Borrowings under the Term Facility will bear interest at a fixed rate of 3.97%. Up to 10% per annum of the initial borrowings under the Term Facility are prepayable prior to maturity without penalty.

As security for the Credit Facilities, the Partnership granted the lenders a security interest over all of its assets. The Operating LP, and each of the Partnership's other subsidiaries, guaranteed the indebtedness of the Partnership under the Credit Facilities and granted security interests over all of their respective assets. In addition, each of the Corporation and Acadian Timber GP guarantee the indebtedness of the Partnership under the Credit Facilities, with the Corporation's guarantee being unsecured and Acadian Timber GP's guarantee secured by all of its assets, including its general partnership interest in the Partnership and the Operating LP.

The Credit Facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The Credit Facilities are also subject to the maintenance of a maximum ratio of loan to appraised value and the Partnership is in compliance as of March 28, 2012. The Credit Facilities may in certain circumstances restrict the Partnership's ability to pay distributions on the LP Units, should the Credit Facilities be in default or such distributions cause an event of default.

The failure to comply with the terms of the Credit Facilities would entitle the lenders to accelerate all amounts outstanding under the Credit Facilities, and upon such acceleration, the lenders would be entitled to begin enforcement procedures against the assets of the Partnership, the Operating LP, Acadian Timber GP and/or their subsidiaries, including accounts receivable, work in progress and equipment. The lenders would then be repaid from the proceeds of such enforcement proceedings, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the holders of Common Shares receive any proceeds from the liquidation of the assets of the Corporation.

PRINCIPAL AGREEMENTS

The following is a description of certain principal agreements to which Acadian is a party.

Crown Lands Services Agreement

Twin Rivers currently holds licenses from the government of the Province of New Brunswick in respect of the NB Crown Lands. Twin Rivers has the right to approximately 17% of the annual harvest from the NB Crown Lands in consideration for a royalty fee paid to the Crown. Approximately 83% of the annual harvest from the NB Crown Lands is sub-licensed to third parties who are entitled to cut and harvest timber for their own use on payment of the royalty fee to the Crown and payment of a management fee to Twin Rivers. On January 31, 2006, the Operating LP and Fraser Papers entered into the Crown Lands Services Agreement pursuant to which the Operating LP agreed to provide services under Fraser Papers' direction relating to the NB Crown Lands. On April 29, 2010, Twin Rivers acquired the Crown Land Services Agreement from Fraser Papers in connection with its acquisition of Fraser Papers' specialty papers business. Under the Crown Lands Services Agreement, the Operating LP charges Twin Rivers the following prescribed fees: (i) Acadian's cost of production (including harvest cost, transportation, access road construction and maintenance), and (ii) a service fee (calculated in $/m^3) as consideration for its services under the Crown Lands Services Agreement. The service fee charged by Acadian may be audited by an independent auditor every five years. As manager of the NB Crown Lands under the Crown Timber License, Twin Rivers is responsible for collecting and paying to the government a royalty fee (calculated in $/m^3 that varies based on species and product type). A levy fee (calculated in $/m^3 for silviculture spending that differs for softwood and hardwood) is administered for volume harvested on the License. Acadian assists Twin Rivers by collecting such amounts from sub-licensees.

Pursuant to the Crown Lands Services Agreement, the Operating LP provides services to Twin Rivers and the sub-licensees, including: harvest planning and preparation; filing and administration of all management plan and other compliance requirements; scaling services; management of waybills; road construction and maintenance; and accounting services, consistent with services provided by Twin Rivers to sub-licensees in the past. The Operating LP is obligated to, among other things, conduct all operations in compliance with all laws and regulations and all material operating policies adopted by Twin Rivers, acting reasonably, and to comply with all terms, conditions and obligations set out in the Crown Timber License.

Pursuant to the Crown Lands Services Agreement, Twin Rivers covenants to take all commercially reasonable actions required in order to maintain the Crown Timber License in good standing.

The Crown Lands Services Agreement has a term equal to the term of the Crown Timber License, including any renewal terms. The Crown Lands Services Agreement may be terminated in the event of the insolvency or receivership of another party, or in the case of default by one of the other parties in the performance of a material obligation of the Crown Lands Services Agreement (other than as a result of the occurrence of a *force majeure* event) which is not remedied within 60 days following delivery of written notice thereof, subject to any applicable cure periods.

Fibre Supply Agreement

On January 31, 2006, the Operating LP and Fraser Papers entered into the Fibre Supply Agreement pursuant to which the Operating LP agrees to sell forest products of the types described therein, which are harvested from the NB Timberlands, at prescribed volumes and according to established specifications. On April 29, 2010, Twin Rivers acquired the Fibre Supply Agreement from Fraser Papers in connection with its acquisition of Fraser Papers' specialty papers business. The Fibre Supply Agreement has a term of 20 years, with Twin Rivers having the right to renew for an additional five years.

Pursuant to the Fibre Supply Agreement, quantities of fibre to be made available to Twin Rivers for purchase will be as set out in the Operating LP's annual plan ("**Annual Plan**) for harvesting, subject to minimum volumes for any given calendar year of not less than the Allowable Cut (as defined below) for such calendar year. Pursuant to the Fibre Supply Agreement, Twin Rivers will have the right to purchase all of the spruce/fir softwood LRSY each year from the NB Timberlands.

The Operating LP is obligated to develop prior to October 31, 2015, a five-year forest management plan (the "**Forest Management Plan**") with respect to the NB Timberlands to establish an annual allowable volume of fibre in each calendar year after expiration of the Initial Period (the "**Allowable Cut**"). The Forest Management Plan will also set out the criteria to be used in the establishment of each Annual Plan and the Allowable Cut for any given year as set forth in the Forest Management Plan will be included in the Annual Plan. The Operating LP is required to update the Forest Management Plan not later than 2 months prior to each successive fifth anniversary of its implementation. The Operating LP will agree to consult with Twin Rivers in connection with the adoption of the Forest Management Plan, any subsequent modification thereto and any Annual Plan pursuant thereto. Approval of the Forest Management Plan and each Annual Plan and any modifications thereto (other than modifications required in order to comply with applicable law or regulations) will require the prior consent of Twin Rivers, which consent may not be unreasonably withheld or delayed. Twin Rivers is entitled to change the specifications relating to its fibre requirements, provided that in no event will the Operating LP be required to cut more than the Allowable Cut to meet such changes.

Under the terms of the Fibre Supply Agreement, for each six calendar month period (a "**Price Period**"), the price for each category of fibre will be equal to the weighted average, freight-adjusted prices charged to the lumber mills owned and operated by Twin Rivers, un-affiliated suppliers for such category of fibre (and excluding deliveries from the Acadian Timberlands), calculated with reference to deliveries made during the six-month period immediately preceding such Price Period. Pursuant to the Fibre Supply Agreement Modification Term Sheet, dated January 6, 2012, and effective January 1, 2013, this pricing mechanism will be subject to minimum volumes for outside purchases of both tree length and sawlogs.

Under the terms of the Fibre Supply Agreement, the Operating LP is entitled to satisfy its fibre supply commitments to Twin Rivers by delivering fibre from lands other than the NB Timberlands, provided that such source is approved in advance by Twin Rivers in its sole discretion.

In addition, the Fibre Supply Agreement provides that Twin Rivers is entitled to purchase additional softwood volumes of fibre in order to affect current and future fibre exchanges. Pricing for such fibre will be determined based upon the weighted-average, freight-adjusted prices paid to the Operating LP by third party purchasers of the same products.

In the event that the Operating LP is unable (other than for reasons of force majeure) to supply timber in a timely fashion, the Operating LP will be liable to reimburse Twin Rivers for its incremental cost of obtaining such fibre from an alternative source.

Twin Rivers has the right, at any time and from time to time, to reduce for any reason, including a temporary or permanent facility closure, the amount of fibre purchased pursuant to the Fibre Supply Agreement (provided that Twin Rivers reduces purchases from each of its suppliers by a proportionate amount), on not less than 60 days' advance notice to the Operating LP. In such circumstances, the Operating LP will be entitled to find alternate markets for this fibre; however, Twin Rivers will be entitled to reinstate quantities of fibre within 18 months following such reductions, on 60 days' advance notice to the Operating LP, provided that Twin Rivers has not exercised its right to reinstate quantities of fibre pursuant to this provision within the preceding twelve months. In the event that Twin Rivers reinstates its volumes, it will not be required to make up for the volume not purchased during such period.

The Fibre Supply Agreement may be terminated in the event of a default by another party in the performance of a material obligation of the Fibre Supply Agreement (other than as a result of the occurrence of a *force majeure* event) which is not remedied within 30 days following delivery of written notice thereof (unless such default is capable of being remedied and the applicable party is working diligently to remedy such default). In addition, the Fibre Supply Agreement may be terminated by the Operating LP in the event of the termination of the Crown Lands Services Agreement as a result of a breach of such agreement by Twin Rivers.

Exclusivity Agreement

On January 31, 2006, Brookfield and the Operating LP entered into the Exclusivity Agreement pursuant to which Brookfield agreed not to, directly or through an affiliate, own or manage timberlands (other than timberlands that are ancillary to businesses or assets in which Brookfield holds an interest) located within the provinces of Ontario, Quebec, Nova Scotia, New Brunswick, PEI, Newfoundland and the states of Connecticut, Maine, Massachusetts, New Jersey, New Hampshire, New York, Pennsylvania, Rhode Island and Vermont, for so long as Brookfield indirectly owns, directly or through any of its affiliates, any Class B Interests in KFM LLC or 10% or more of the outstanding Common Shares (on a fully-diluted basis) provided that Brookfield remains bound by the terms of this agreement at all times during which Brookfield (or an affiliate of Brookfield) remains the exclusive manager of the Acadian Timberlands pursuant to the Amended and Restated Management Agreement. In addition, during the term of the Exclusivity Agreement, Brookfield is entitled to hold interests representing less than 5% of the publicly-traded equity securities (including securities convertible into such equity securities) of companies or other entities conducting a timberlands business.

CellFor License Agreement

On November 13, 2009, CellFor and 7273177 Canada Inc. entered into the CellFor License Agreement (which was subsequently assumed by New CellFor, as licensor, and the Corporation, as licensee, pursuant to the Arrangement), pursuant to which the Corporation acquired a paid-up, non-exclusive, non-transferable worldwide license to use the intellectual property related to CellFor's proprietary germplasm of black and red spruce currently cryo-preserved in New CellFor's tissue banks. The License Agreement also provides that CellFor (now New CellFor) shall store and provide for the upkeep of the spruce germplasm free of charge until such time as the Corporation wishes to take physical possession of it. The license to the related intellectual property continues until the 20th anniversary of the License Agreement. Aside from an initial payment of $10.00, there are no payments or royalties associated with the License Agreement.

On December 15, 2011, CellFor and its US affiliate, CellFor Corp., obtained a Court Order from the Supreme Court of British Columbia pursuant to the Companies' Creditors Arrangement Act (the "**CCAA**"), which provided CellFor with, among other things, a stay of proceedings until April 11, 2012. CellFor subsequently completed bankruptcy proceedings and was purchased by AborGen Inc. on August 14, 2012. The License Agreement was assumed by ArborGen Inc. and is currently still in effect.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy of the Corporation

The Corporation declares quarterly dividends from its available cash to the extent determined prudent by the Board of Directors. These dividends represent cash received from the Corporation's indirect interest in the Maine and NB Timberlands, less estimated cash amounts required for expenses and other obligations of the Corporation, cash redemptions of shares and any tax liability. Dividends are paid on or about the 15th day following each dividend declaration date.

The dividends declared by the Corporation from January 1, 2010 to December 31, 2012 were as follows:

Period	Record Date	Payment Date	Amount
January 2010	January 15, 2010	January 29, 2010	$0.01667
First Quarter 2010	March 31, 2010	April 15, 2010	$0.05
Second Quarter 2010	June 30, 2010	July 15, 2010	$0.05
Third Quarter 2010	September 30, 2010	October 15, 2010	$0.05
Fourth Quarter 2010	December 31, 2010	January 14, 2011	$0.05
First Quarter 2011	March 31, 2011	April 15, 2011	$0.20625
Second Quarter 2011	June 30, 2011	July 15, 2011	$0.20625

Period	Record Date	Payment Date	Amount
Third Quarter 2011	September 30, 2011	October 14, 2011	$0.20625
Fourth Quarter 2011	December 30, 2011	January 13, 2012	$0.20625
First Quarter 2012	March 30, 2012	April 13, 2012	$0.20625
Second Quarter 2012	June 29, 2012	July 13, 2012	$0.20625
Third Quarter 2012	September 28, 2012	October 15, 2012	$0.20625
Fourth Quarter 2012	December 31, 2012	January 15, 2013	$0.20625

The Corporation's dividend policy is at the discretion of the board of Directors. Future dividends, if any, will depend on the operations and assets of the Corporation and will be subject to various factors, including, without limitation, the Corporation's financial performance, fluctuations in its working capital, the sustainability of its margins, its capital expenditure requirements, obligations under its Credit Facilities, provisions of applicable law (including satisfying the dividend solvency test applicable to CBCA corporations) and other factors that the board of Directors may deem relevant from time to time. There can be no guarantee that the Corporation will maintain its dividend policy.

MARKET FOR SECURITIES

The Common Shares are currently listed for trading on the TSX under the symbol "ADN". None of the units of the Partnership or the Operating LP, or the shares of KFM LLC, CanCo, AT Finance or USCo are listed for trading on a recognized exchange nor is there a market for such securities. The following table sets forth the price ranges and volume traded for the Common Shares on the TSX for each month during 2012:

Unit Trading Price Range	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
High	11.55	11.25	11.50	11.30	12.05	12.13	12.40	12.70	13.25	13.35	14.25	14.85
Low	10.20	10.76	11.00	11.01	11.08	11.10	11.80	11.81	12.15	12.50	12.80	13.33
Close	11.05	11.05	11.23	11.25	11.30	11.95	12.05	12.15	12.65	12.75	14.00	14.30
Monthly Volume	136,400	210,300	208,300	101,540	296,109	118,941	118,640	110,669	149,634	168,300	296,454	225,153

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, except as described below and may be described elsewhere in this AIF, no director, or executive officer of Acadian, no executive officer of Brookfield GP, the general partner of Brookfield LP, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the outstanding voting securities of the Corporation and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Corporation since the closing of the Fund's initial public offering on January 31, 2006.

As at March 28, 2013, Brookfield beneficially owned (directly or through one of its affiliates) 7,513,262 Common Shares representing 44.9% of the total number of Common Shares issued and outstanding as of that date.

Twin Rivers is now a subsidiary of Brookfield of which Brookfield owns 51%. Its predecessor, Fraser Papers, previously engaged in the following transactions with the Fund, the predecessor of the Corporation, or its subsidiaries:

- As part of the transactions related to the initial public offering of the Fund, the Operating LP acquired New

Brunswick timberlands and the ancillary assets from Fraser Papers in consideration for (i) $108,413,428 million and (ii) 3,613,780 Class B Units of the Operating LP.

- On September 26, 2007, Fraser Papers announced that it had converted into units (on a one for one basis) and sold its entire holding of Class B LP Units. As part of this transaction, 2,600,000 of the 3,613,780 Units sold by Fraser Papers were purchased by Brookfield. Effective October 1, 2007, Fraser Papers no longer had an ownership interest in the Fund.

- On February 3, 2009, Brookfield converted 4,507,030 Class B Interests it held indirectly in KFM LLC into 4,507,030 Units of the Fund. These Units were held by Brookfield US, a wholly owned subsidiary of Brookfield, which have now been converted, on a one-to-one basis, into Common Shares pursuant to the Arrangement.

Twin Rivers is currently a major customer of Acadian. Approximately 30% of Acadian's total sales for the year ended December 31, 2012, and 31% of Acadian's total sales for the year ended December 31, 2011, were derived from sales to Twin Rivers. See "Risk Factors – Risks Related to the Business and Industry – Dependence on Twin Rivers". These sales are in relation to the Fibre Supply Agreement, pursuant to which the Operating LP agreed to sell forest products from its NB Timberlands. The agreement has a term of 20 years and governs volumes and specifications over that period. For a more detailed description of this agreement, see "Principal Agreements – Fibre Supply Agreement".

INTERESTS OF EXPERTS

Ernest H. Bowling, of James W. Sewall Company, produced reports cited under "Description of the Business – Timberland Assets" and "Description of the Business – Forest Management – *Forest Inventory Assessment*" with respect to the carrying out of and completion of inventory assessments, which inventory assessments management evaluates as part of its determination of its estimates of LRSY. Neither these individuals nor James W. Sewall Company, to the best knowledge of management of the Corporation, as at the date hereof, beneficially own any Common Shares.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Corporation is CIBC Mellon Trust Company, c/o: Canadian Stock Transfer Company Inc. P.O. Box 700 Postal Station B Montreal, QC H3B 3K3.

MATERIAL CONTRACTS

The following is a list of material contracts to which the Corporation or the Partnership is a party, or which, by their operation, is material to the Corporation, particulars of which are disclosed above:

(i) the Loan Agreement creating the Credit Facilities, described under "Debt Financing";

(ii) the Amended and Restated Management Agreement, described under "Arrangements with Brookfield LP";

(iii) the Crown Lands Services Agreement, described under "Principal Agreements – Crown Lands Services Agreement";

(iv) the Fibre Supply Agreement, described under "Principal Agreements – Fibre Supply Agreement"; and

(v) the Exclusivity Agreement, described under "Principal Agreements – Exclusivity Agreement".

LEGAL PROCEEDINGS

Management is not aware of any material litigation outstanding, threatened or pending as of the date hereof by or against the Corporation or any of its subsidiaries, not was the Corporation or any of its subsidiaries involved in any material litigation during the Corporation's 2012 fiscal year.

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under National Instrument 52-110 - *Audit Committees* ("**NI 52-110**").

Audit Committee Mandate

The Audit Committee Mandate is attached as Schedule A to this AIF.

Composition of the Audit Committee

In fiscal year 2012, the Audit Committee was composed of: David M. Mann (Chairperson); J.W. Bud Bird; Louis J. Maroun from January 1, 2012 to July 31, 2012 and Saul Shulman since July 31, 2012 . Each member of the committee is considered "independent" and "financially literate" as such terms are defined in NI 52-110.

Relevant Education and Experience

Each member of the Audit Committee is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Mandate. In addition to each member's general business experience, the education and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set forth in their respective biographies under "Directors and Officers of the Corporation – Board of Directors".

Audit Committee Oversight

At no time since the commencement of the financial year ended December 31, 2012 has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the board of Directors of the Corporation.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy regarding the provision of services by its external auditors, currently Ernst & Young LLP. This policy requires Audit Committee pre-approval of all permitted audit, audit-related and non-audit services. It also specifies a number of services that may not be provided by the Corporation's external auditors, including all services prohibited by law from being provided by the external auditors.

Under the policy, all permitted services to be provided by the external auditors must be pre-approved by the Audit Committee or a designated member of the Audit Committee. Any pre-approval granted by a designated member must be reported to the Audit Committee at its next scheduled meeting. The pre-approval of services may be given at any time up to a year before commencement of the specified service.

Subject to the above mentioned policy, the Audit Committee may establish fee thresholds for a group of pre-approved services, provided that such fees will, when combined with all such fees that have not been specifically approved by the audit committee, aggregate less than 25% of the anticipated audit fees for the registrant and its subsidiaries for the same year. In such cases, the description of services must be sufficiently detailed as to the particular services to be provided to ensure that (i) the Audit Committee knows precisely what services it is being asked to pre-approve and (ii) the Audit Committee's responsibilities are not delegated to management. All such services will be ratified at the next scheduled meeting of the Audit Committee, and upon such ratification will no longer be included in determining the aggregate fees covered by this limited approval.

External Auditor Service Fees (by Category)

A summary of the fees for the years ended 2011 and 2010 is included below:

	2012 Actual Fees	2011 Actual Fees
Audit Fees	172,350	$337,275
Audit-Related Fees (1)	72,225	$131,000
Tax Fees (2)	50,000	$51,400
All Other Fees (3)	-	$68,527
Total Fees	294,575	**$588,202**

Notes:

(1) Fees billed for assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under "Audit Fees".

(2) Fees billed for professional services rendered by the external auditor for tax compliance, tax advice, and tax planning.

(3) Fees billed for services provided by the external auditor, other than the services reported under "Audit Fees", "Audit-Related Fees" or "Tax Fees", related to Acadian's corporate initiatives, inclusive of tax due diligence and review of the Fund's management information circular in connection with the Arrangement.

ADDITIONAL INFORMATION

Additional information, including remuneration and indebtedness of the Directors and the directors of the General Partner and KFM LLC, principal holders of the Corporation's, the Partnership's, the Operating LP's, and KFM LLC's securities, and interests of insiders in material transactions will be contained in the Management Information Circular, which will be available on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's comparative financial statements for the year ended December 31, 2012, and its Management Discussion and Analysis, which information is incorporated herein by reference.

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

GLOSSARY OF TERMS

"**AAC**" means allowable annual cut;

"**Acadian**" means the Corporation and all of its subsidiaries;

"**Acadian Timber GP**" means Acadian Timber GP Inc., a corporation incorporated under the laws of the Province of Ontario;

"**Acadian Timberlands**" means the NB Timberlands and Maine Timberlands;

"**access roads**" means roads leading from a main road to a harvest block or roads within a block;

"**AIF**" means this annual information form dated March 28, 2012;

"**Allowable Cut**" has the meaning ascribed thereto under the heading "Principal Agreements – Fibre Supply Agreement";

"**Amended and Restated Management Agreement**" means the amended and restated management agreement dated January 1, 2010 between the Operating LP, KFM LLC and Brookfield LP;

"**ancillary assets**" means certain assets that were held and used by Fraser Papers in connection with the operation of its timberland business, including certain motor vehicles, buildings and a tree nursery;

"**Annual Plan**" has the meaning ascribed thereto under the heading "Principal Agreements – Fibre Supply Agreement";

"**Arrangement**" means the arrangement under section 192 of the CBCA as set out in the plan of arrangement attached as a schedule to the Arrangement Agreement, pursuant to which, on January 1, 2010, the Fund converted from an income fund structure to the Corporation;

"**Arrangement Agreement**" means the arrangement agreement dated November 13, as amended on November 30, 2009 between the Fund, CellFor, New CellFor and 7273177 Canada Inc.;

"**Articles**" means the articles of arrangement of the Corporation dated January 1, 2010;

"**AT Finance**" means Acadian Timber Finance LLC, a Delaware limited liability company;

"**Base Fee**" has the meaning ascribed thereto under the heading "Arrangements with Brookfield LP";

"**Book-Entry System**" means the book-based system administered by CDS;

"**Brookfield**" means Brookfield Asset Management Inc.;

"**Brookfield GP**" means Brookfield Timberlands Management GP Inc., the general partner of Brookfield LP;

"**Brookfield LP**" means Brookfield Timberlands Management LP, a limited partnership formed under the laws of Manitoba;

"**Brookfield US**" means Brookfield US Holdings Inc.;

"**CanCo**" means AT Timberlands (N.S.) ULC, a Nova Scotia unlimited company;

"**CBCA**" means the *Canada Business Corporations Act*;

"**CCAA**" means the *Companies' Creditors Arrangement Act (Canada)*;

“**CDS**” means the CDS Clearing and Depository Services Inc.;

“**CDS Participant**” means a participant in the CDS depository service;

“**CellFor**” means CellFor Inc., prior to the completion of the Arrangement;

“**CellFor License Agreement**” means the license agreement dated as of November 13, 2009 between CellFor and 7273177 Canada Inc. (and subsequently assumed by New CellFor, as licensor, and the Corporation, as licensee, pursuant to the Arrangement) in respect of CellFor’s proprietary germplasm of black and red spruce and the license of the intellectual property related to the spruce;

“**Class A LP Units**” means the Class A limited partnership units of the Partnership;

“**Class B LP Units**” means the Class B limited partnership units of the Partnership;

“**Class B Units**” means the Class B limited partnership units of the Operating LP;

“**Common Shares**” means the common shares of the Corporation and “**Common Share**” means any one of them;

“**Corporation**” means Acadian Timber Corp.;

“**Credit Facilities**” means, collectively, the Term Facility and the Revolving Facility;

“**Crown Lands**” means lands owned in Canada by a government in Canada;

“**Crown Lands Services Agreement**” means the services agreement entered into between the Operating LP and Fraser Papers on January 31, 2006 in respect of the NB Crown Lands, which was subsequently acquired by Twin Rivers from Fraser Papers;

“**Crown Timber License**” means New Brunswick Crown Timber License #9 (the combination of former licenses #9 and #10) issued by the government of the Province of New Brunswick pursuant to which Twin Rivers manages the NB Crown Lands;

“**Directors**” means the directors of the Corporation;

“**Divestiture Agreement**” means the divestiture agreement and instrument of conveyance dated January 1, 2010 between CellFor and New CellFor, which provided for the transfer of certain assets to New CellFor and the assumption by New CellFor of certain liabilities of CellFor in connection with the Arrangement;

“Eastern Canada” means Ontario, Quebec and the Maritime provinces;

“**Exclusivity Agreement**” means the exclusivity agreement between Brookfield and the Operating LP described under “Principal Agreements — Exclusivity Agreement”;

“**Fibre Supply Agreement**” means the fibre supply agreement entered into between the Operating LP and Fraser Papers on January 31, 2006, which was subsequently acquired by Twin Rivers from Fraser Papers, as amended;

“**Forest Management Plan**” has the meaning ascribed thereto under the heading “Principal Agreements – Fibre Supply Agreement”;

“**Forest Nursery**” means the forest nursery in Second Falls, New Brunswick;

“**Fraser Papers**” means Fraser Papers Inc.;

“**freehold**” means the private ownership of land, also commonly referred to as ownership in fee simple;

“**Fund**” means Acadian Timber Income Fund, the predecessor of the Corporation, which was dissolved on January 1, 2010;

“**GIS**” means the computerized geographic information system that management uses to keep a detailed classification of all forest stands;

“**Indemnity Agreement**” means the indemnity agreement entered into by New CellFor in favour of CellFor as of January 1, 2010 (and subsequently assumed by the Corporation in place of CellFor);

“**Initial Period**” means January 31, 2006 to December 31, 2010;

“**KFM Lands**” means approximately 310,000 acres of timberlands located in Maine, owned by KFM LLC.;

“**KFM LLC**” means Katahdin Forest Management LLC;

“**KPC LLC**” means Katahdin Paper Company, LLC;

“**KPC LLC Fibre Supply Agreement**” means the fibre supply agreement entered into between KPC LLC and KFM LLC;

“**Loan Agreement**” means the first mortgage loan agreement dated as of February 28, 2011 by and among the Partnership and certain other subsidiaries of the Corporation, as borrowers, and the Corporation and certain other of its subsidiaries, as guarantors, and The Metropolitan Life Insurance Company;

“**LP Units**” means, collectively, the Class A LP Units and the Class B LP Units;

“**LRSY**” means long run sustainable yield;

“**main roads**” means roads designed to provide access for forest management activities and recreational use;

“**Maine Timberlands**” means the approximately 310,000 acres of the timberlands located in Maine, U.S.A. owned by KFM LLC;

“**Management Information Circular**” means the management information circular furnished to Shareholders in connection with the solicitation of proxies by management of the Corporation for use at the next annual meeting of the Shareholders;

“**NB Crown Lands**” means the approximately 1.3 million acres of Crown Lands located in the province of New Brunswick subject to a licensing arrangement between Twin Rivers and the government of the Province of New Brunswick;

“**NB Timberlands**” means the approximately 764,000 acres of timberlands located in the province of New Brunswick currently owned by the Operating LP;

“**New CellFor**” means 7273126 Canada Inc., prior to the completion of the Arrangement, which was renamed CellFor Inc., upon completion of the Arrangement;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**Northeastern U.S.**” means the following nine states: Connecticut, Maine, Massachusetts, New Jersey, New Hampshire, New York, Pennsylvania, Rhode Island and Vermont;

“**Operating LP**” means AT Limited Partnership, a limited partnership established under the laws of the Province of Manitoba;

“**Order**” has the meaning ascribed thereto under the heading “Directors and Officers of the Corporation – Cease Trade Orders or Bankruptcies”;

"**Partnership**" means Acadian Timber Limited Partnership, a limited partnership established under the laws of the Province of Manitoba;

"**Performance Fee**" has the meaning ascribed thereto under the heading "Arrangements with Brookfield LP";

"**Price Period**" has the meaning ascribed thereto under the heading "Principal Agreements – Fibre Supply Agreement";

"**Revolving Facility**" means the revolving credit facility of up to US$10.0 million, established under the Loan Agreement;

"**SEDAR**" means the System for Electronic Data Analysis and Retrieval;

"**Shareholders**" means the holders of Common Shares and "**Shareholder**" means any one of them;

"**Sustainable Forestry Initiative**" means the forest certification program and standard developed by SFI Inc.;

"**Term Facility**" means the term credit facility in an amount up to US$72.5 million, established under the Loan Agreement;

"**Trustees**" means the former trustees of the Fund and "**Trustee**" means any one of them;

"**TSX**" means the Toronto Stock Exchange;

"**Twin Rivers**" means Twin Rivers Paper Company;

"**Units**" means the units of the Fund and "**Unit**" means any one of them, all of which were converted into Common Shares on a one for one basis pursuant to the Arrangement; and

"**USCo**" means Acadian Timber (U.S.), Inc., a Delaware corporation.

SCHEDULE A

ACADIANTIMBER

ACADIAN TIMBER CORP.

AUDIT COMMITTEE MANDATE

A committee of the board of directors (the "**Board**") of Acadian Timber Corp. (the "**Corporation**") to be known as the Audit Committee (the "**Committee**") shall have the mandate set out below. The Board has passed a resolution as of February 9, 2010 approving this mandate (the "**Mandate**") as the mandate of the Committee.

1. PURPOSE OF THE COMMITTEE

The Committee is established in order to assist the Board in its oversight and supervision of:

(a) the integrity of the Corporation's accounting and financial reporting practices and procedures;

(b) the adequacy of the Corporation's internal accounting controls and procedures;

(c) the compliance by the Corporation with legal and regulatory requirements in respect of financial disclosure;

(d) the assessment, monitoring and management of the material risks of the Corporation's business;

(e) the quality and integrity of the Corporation's consolidated financial statements; and

(f) the qualification, independence and performance of the Corporation's independent auditor.

In addition, the Committee provides an avenue for communication between the independent auditor, the Corporation's Chief Financial Officer and other senior management, other employees and the Board concerning accounting, auditing and risk management matters.

The Committee is directly responsible for the recommendation of the appointment and retention (and termination) and for the compensation and the oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between senior management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Corporation.

Each member of the Committee shall be entitled to rely in "good faith" upon:

(a) financial statements of the Corporation represented to him or her by senior management of the Corporation or in a written report of the independent auditor to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles; and

(b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

"Good faith reliance" means that the Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by senior management or the expert is reasonable. Generally, good faith reliance does not require that the member question the honesty, competence and integrity of senior management or the expert unless there is a reason to doubt their honesty, competency and integrity.

The fundamental responsibility for the Corporation's financial statements and disclosure rests with senior management. It is not the duty of the Committee to conduct investigations, to itself resolve disagreements (if any) between senior management and the independent auditor or to assure compliance with applicable legal and regulatory requirements.

2. SPECIFIC RESPONSIBILITIES

Independent Auditor

The Committee shall:

(a) recommend the appointment and the compensation of; and, if appropriate, the termination of the independent auditor, subject to such Board and shareholder approval as is required under applicable legal and regulatory requirements;

(b) obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee;

(c) oversee the work of the independent auditor, including the resolution of any disagreements between senior management and the independent auditor regarding financial reporting;

(d) pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor (subject to any restrictions on such non-audit services imposed by applicable legal and regulatory requirements);

(e) adopt such policies and procedures as it determines appropriate for the pre-approval of the retention of the independent auditor by the Corporation and any of its subsidiaries or any audit or non-audit services, including procedures for the delegation of authority to provide such approval to one or more members of the Committee; and

(f) at least annually, review the qualifications, performance and independence of the independent auditor.

The Audit Process, Financial Statements and Related Disclosure

The Committee shall, as it determines to be appropriate:

(a) meet with senior management and/or the independent auditor to review and discuss:

(i) the planning, staffing and budgeting of the audit by the independent auditor,

(ii) before public disclosure, the Corporation's annual audited financial statements and quarterly financial statements, the Corporation's accompanying disclosure of Management's Discussion and Analysis and earnings press releases and make recommendations to the Board as to their approval and dissemination of those statements and disclosure,

(iii) financial information and earnings guidance provided to analysts and rating agencies (this review need not be done on a case by case basis but may be done generally, consisting of a discussion of the types of information disclosed and the types of presentations made, and need not take place in advance of the disclosure),

(iv) any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Corporation’s financial statements,

(v) all critical accounting policies and practices used,

(vi) all alternative treatments of financial information within GAAP that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor,

(vii) the use of “*pro forma*” or “adjusted” non-GAAP information,

(viii) the effect of new regulatory and accounting pronouncements,

(ix) the effect of any material off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise) on the Corporation’s financial statements,

(x) any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee, and

(xi) the adequacy of the Corporation’s internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel (including any fraud involving an individual with a significant role in internal controls or management information systems) and any special steps adopted in light of any material control deficiencies;

(b) review disclosure of financial information extracted or derived from the Corporation’s financial statements; and

(c) review with the independent auditor,

(i) the quality, as well as the acceptability, of the accounting principles that have been applied,

(ii) any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to senior management and the Corporation’s response to that letter or communication, and

(iii) any changes to the Corporation’s significant auditing and accounting principles and practices suggested by the independent auditor or other members of senior management.

Risk Management

The Committee shall review with senior management, on at least an annual basis, the Corporation’s guidelines and policies with respect to risk assessment and the Corporation’s major financial risk exposures and the steps senior management has taken to monitor and control such exposures, including a review of all risk management policies and the scope of the Corporation’s annual insurance coverage.

Compliance

The Committee shall, as it determines to be appropriate:

(a) reports from senior management that the Corporation and its subsidiaries are in compliance with applicable legal requirements and the Corporation’s Code of Business Conduct;

(b) review with senior management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies;

(c) review senior management's written representations to the independent auditor;

(d) establish procedures for,

(i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and

(ii) the confidential, anonymous submission by employees of the Corporation with concerns regarding any accounting or auditing matters.

3. MEMBERSHIP AND ORGANIZATION

(a) Following each annual meeting of the Corporation's shareholders, the Board shall appoint from its number three (3) directors to serve on the Committee (the "**Members**") until the close of the next annual meeting of shareholders of the Corporation (provided that if such appointment is not made, the Member shall continue as a member of the Committee until his or her successor is appointed) or until the Member ceases to be a director, resigns or is replaced, whichever first occurs.

(b) A majority of the Members of the Committee shall be "independent" as set out in the mandate of the Board.

(c) A Member who sits on the board of directors of an affiliated entity is exempt from the requirement that he or she be independent if that person, except for being a director (or member of a Board committee) of the Corporation and the affiliated entity, is otherwise independent of the Corporation and the affiliated entity, provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

(d) No director who receives any compensation from the Corporation, its affiliates or Brookfield Asset Management Inc. or its affiliates, other than director's fees, shall be eligible for membership on the Committee. Disallowed compensation for a Committee member includes fees paid directly or indirectly for services as a consultant or a legal or financial advisor, regardless of the amount. Disallowed compensation also includes compensation paid to such director's firm for such consulting or advisory services, even if the director is not the actual service provider.

(e) Each Member shall, in the judgment of the board, be "financially literate" as defined in National Instrument 52-110 – *Audit Committees*. In addition, at least one Member shall, in the judgment of the Board, have accounting or related financial management expertise.

(f) The Board shall appoint one of the Members as the chairperson of the Committee (the "**Chair**"). If the Chair is absent from a meeting, the Members shall select a chairperson from those in attendance to act as chairperson of the meeting. The Chair's responsibilities have been determined and approved by the Board and have been set out in a written position description.

(g) The compensation of Members shall be as determined by the Board.

4. PROCEDURES AND ADMINISTRATION

(a) **Meetings** – Meetings of the Committee may be called by the Chair or the chairperson of the Board. Meetings will be called not less than once annually. Notice of each meeting shall be given to each Member and to the Chair and, to the extent the Chair determines, to the independent auditor of the Corporation, verbally or by letter, e-mail, telephone facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held.

(b) **Quorum and voting** – The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Subject to the foregoing, and the constating documents under which the Corporation was created, and unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

(c) **Investigations** – In discharging its duties, the Committee shall have full access to all corporate books, records, facilities, personnel and outside professionals. The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee.

(d) **Independent Advisors –** The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent consultants and independent legal, accounting or other advisors, who may be regular advisors to the Corporation. The Corporation shall provide such funding as the Committee determines is appropriate in connection with the retention of such advisors.

(e) **Reports to the Board** – The Committee shall report to the board on its proceedings, reviews undertaken and any associated recommendations.

5. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

(a) perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Mandate; and

(b) review and assess the adequacy of this Mandate and the position description for the committee chair and recommend to the Board any improvements that the Committee believes to be appropriate.