ACADIANTIMBER

Q3 2012 Interim Report

President's Letter

To our Shareholders,

We are pleased to report the operating and financial results of Acadian Timber Corp. ("Acadian") for the three month period ended September 29, 2012 (herein referred to as the "third quarter"). Acadian generated net sales of $17.5 million on consolidated sales volume of 319 thousand m^3. This compares to net sales of $17.5 million on consolidated sales volume of 341 thousand m^3 in the third quarter of 2011. Acadian generated Adjusted EBITDA[1] of $4.4 million, which was $0.6 million higher than the third quarter of 2011. Acadian's Adjusted EBITDA margin in the third quarter was 25% up from 22% in the third quarter of 2011. Free cash flow of $3.5 million generated during the quarter slightly exceeded the $3.4 million dividend payment resulting in modest excess cash generation.

Operations

Acadian's operations experienced two recordable safety incidents among contractors and one recordable incident involving an employee during the third quarter of 2012. Two of the incidents resulted in lost time from work, however, the individuals involved are expected to return to work before the end of the year.

Acadian's weighted average selling price across all log products during the third quarter increased 3% year-over-year. The primary drivers of this improvement include a 3% increase in realized prices for softwood sawlogs, which represented 47% of net log sales during the quarter, and a 4% increase in realized prices for hardwood pulpwood, which represented 37% of net log sales during the quarter. The majority of the softwood sawlog price increase was attributable to increased prices in Maine where customer inventories remain low. While hardwood sawlog markets remain strong, average realized prices for this product, which represented 12% of net log sales during the quarter, decreased by 2% as a result of changes in product mix. Prices for softwood pulpwood, which made up only 4% of net log sales, fell by 4%. Biomass markets remain challenging, but improved demand lead to a modest improvement in gross margins for this product year-over-year.

Outlook[2]

The U.S. housing market continues to gain momentum. U.S. private residential construction has increased 18% over the past year with single family construction rising 21% and the multifamily increasing 45%. In September, housing starts reached a seasonally adjusted annual rate of 872 thousand, the highest since July 2008. Inventories of new homes available for sale are at 50-year lows and U.S. home pricing appears to have bottomed with the FHFA and CoreLogic home price indices up nearly 4% year-over-year and the Case-Schiller 20-City Home Price Index up 1.2% year-over-year. Mortgage rates remain at record lows, housing affordability is at near-record highs and mortgage underwriting standards are becoming more accommodative. As stated in the past, for the U.S. housing market to fully recover the economy must continue to improve, inventories of unsold homes and homes in foreclosure must decline to more normal levels and appraisers and lenders must become convinced that home price declines are coming to an end. The past six months has offered consistent good news in all of these areas.

Our outlook for the remainder of 2012 and into 2013 remains cautiously optimistic as demand for spruce-fir sawlogs continues to be reasonably strong with most of Acadian's softwood sawmilling customers maintaining active operations. Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

Markets for hardwood pulpwood are reasonably strong with Acadian's major hardwood pulp customers all operating and actively competing for deliveries suggesting prices will remain relatively stable through the remainder of 2012. After several quarters of excess supply, softwood pulpwood markets improved slightly in the third quarter, but we expect demand for softwood pulpwood to remain soft as a result of recent capacity closures. As pointed out in the past, this is not expected to significantly affect Acadian's financial performance as softwood pulpwood typically accounts for less than 6% of total sales and an even smaller proportion of free cash flow.

Biomass markets showed renewed strength during the third quarter as a result of active purchasing by pulp mills, dedicated power producers and exporters. However, biomass demand and pricing is expected to continue to face challenges owing to depressed prices for electricity and decade-low prices for natural gas. Despite this challenging market environment, Acadian continues to be able to sell all of its biomass with a stable outlook for gross margins generated from sales of this product.

Acadian demonstrated solid financial performance in its third quarter and benefits from the high quality of its underlying asset base, a solid balance sheet, healthy and diverse markets and a strong operating team that remains committed to continuously improving our financial performance. We thank you for your continued support of Acadian Timber Corp.

Reid Carter
President and Chief Executive Officer
October 30, 2012

[1] Adjusted EBITDA and free cash flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of Acadian's operating performance. Acadian's management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, unrealized exchange gain/loss on debt, depreciation and amortization. As these performance measures do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"), they may not be comparable to similar measures presented by other companies. Please refer to Management's Discussion and Analysis for further details.

[2] This section contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "Forward-Looking Statements" in Management's Discussion and Analysis for further details.

Management's Discussion and Analysis

INTRODUCTION

Acadian Timber Corp. ("Acadian" or the "Company") is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

Acadian owns and manages approximately 764,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 310,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass byproducts, sold to approximately 90 regional customers. Acadian's business strategy is to maximize cash flows from its timberland assets, while enhancing the value of these assets over time.

Basis of Presentation

This section of our interim report presents management's discussion and analysis ("MD&A") of our financial results and is followed by our consolidated financial statements for the most recent period. The MD&A is intended to provide you with an assessment of our performance during the three month period ended September 29, 2012, (herein referred to as the "third quarter") and the nine month period ended September 29, 2012 compared to the three and nine month periods ended September 24, 2011.

Our third quarter financial results are determined in accordance with IAS 34 "*Interim Financial Reporting*" using accounting policies consistent with International Financial Reporting Standards ("IFRS") and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged since the previous annual report, unless otherwise noted. This MD&A has been prepared based on information available as at October 30, 2012. Additional information is available on Acadian's website at *www.acadiantimber.com* and on SEDAR's website at *www.sedar.com*.

Non-IFRS Measures

Throughout the MD&A, reference is made to Adjusted EBITDA, which Acadian's management defines as earnings before interest, taxes, fair value adjustments, unrealized exchange gain/loss on debt, depreciation and amortization. Management believes that Adjusted EBITDA and free cash flow are key performance measures in evaluating Acadian's operations and are important in enhancing investors' understanding of the Company's operating performance. As Adjusted EBITDA and free cash flow do not have a standardized meaning prescribed by IFRS, they may not be comparable to similar measures presented by other companies. As a result, we have provided reconciliations of net income as determined in accordance with IFRS, to Adjusted EBITDA and free cash flow in the "Free Cash Flow" section of this MD&A.

Assessment and Changes in Disclosure Controls and Internal Controls

Management has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as at December 31, 2011. There have been no changes in our disclosure controls and procedures during the period ended September 29, 2012 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management has also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO framework as at December 31, 2011. There have been no changes in our internal controls over financial reporting during the period ended September 29, 2012 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of Third Quarter Results

The table below summarizes operating and financial data for Acadian:

	Three months Ended		Nine Months Ended	
(CAD thousands, except per share data and where indicated)	**September 29, 2012**	September 24, 2011	**September 29, 2012**	September 24, 2011
Total				
Sales volume (000s m^3)	**318.9**	340.7	**976.4**	1,009.8
Net sales	**$ 17,523**	$ 17,535	**$ 50,428**	$ 51,014
Adjusted EBITDA	**4,377**	3,811	**11,343**	11,684
Adjusted EBITDA margin	**25%**	22%	**22%**	23%
Free cash flow	**$ 3,532**	$ 3,183	**$ 9,654**	$ 10,198
Net income (loss)	**4,995**	(341)	**9,938**	2,332
Dividends declared	**3,451**	3,451	**10,353**	10,353
Payout ratio	**98%**	108%	**107%**	102%
Total assets	**$ 285,252**	$ 284,908	**$ 285,282**	$ 284,908
Total debt financing	**71,311**	74,537	**71,311**	74,537
Per share – basic and diluted				
Free cash flow	**$ 0.21**	$ 0.19	**$ 0.58**	$ 0.61
Net income (loss)	**0.30**	(0.02)	**0.59**	0.14
Dividends declared	**0.21**	0.21	**0.62**	0.62
Book value	**10.91**	10.71	**10.91**	10.71
Common shares outstanding	**16,731,216**	16,731,216	**16,731,216**	16,731,216

Free Cash Flow

Free cash flow from operations represents cash that is generated primarily from the sale of our timber, but also from management services and the sale of non-timber products. Free cash flow for the three and nine months ended September 29, 2012 was $3.5 million and $9.7 million, respectively, as compared to $3.2 and $10.2 million, respectively, during Acadian's third quarter and first nine months of operations in 2011. Based on free cash flow generated to date, Acadian's undrawn revolving credit facility and existing cash reserves, Acadian is well positioned to meet dividend targets throughout 2012.

The following table provides a reconciliation of net income, as determined in accordance with IFRS, to Adjusted EBITDA and free cash flow from operations during each respective period:

	Three months Ended		Nine Months Ended	
(CAD thousands)	**September 29, 2012**	September 24, 2011	**September 29, 2012**	September 24, 2011
Net income (loss)	**$ 4,995**	$ (341)	**$ 9,938**	$ 2,332
Add (deduct):				
Interest expense, net	**711**	745	**2,169**	2,422
Deferred tax expense	**974**	152	**2,043**	2,018
Depreciation and amortization	**138**	137	**411**	409
Fair value adjustments	**(42)**	177	**(449)**	575
Unrealized exchange (gain) loss on long-term debt	**(2,399)**	2,941	**(2,769)**	3,928
Adjusted EBITDA	**4,377**	3,811	**11,343**	11,684
Add (deduct):				
Interest paid on debt, net	**(740)**	(619)	**(1,476)**	(1,463)
Additions to timber, land, roads and other fixed assets	**(105)**	(9)	**(215)**	(25)
Gain on sale of timberlands	**(44)**	(9)	**(63)**	(107)
Proceeds on sale of timberlands	**44**	9	**65**	109
Free cash flow	**$ 3,532**	$ 3,183	**$ 9,654**	$ 10,198
Dividends declared	**$ 3,451**	$ 3,451	**$ 10,353**	$ 10,353
Payout ratio	**98%**	108%	**107%**	102%

In determining the appropriate level of dividends, our Board of Directors considers the historic and forecast quarterly free cash flow of Acadian. Given the seasonality of Acadian's operations, the Company's performance may vary significantly on a quarter by quarter basis.

As described in more detail on page 10 of this report, Acadian has borrowings totaling US$72.5 million that have a security interest over the assets and contain certain restrictive covenants relating to debt incurrence, sale of assets, and the maintenance of certain financial ratios, none of which are in default as at September 29, 2012. These covenants are not expected to restrict the ability of the Company to pay dividends to its shareholders. The obligations of these borrowings over the next five years are disclosed on page 13 of this report. All interest payments on the existing debt obligations are incurred in order to sustain the Company's productive capacity and are thus considered in determining the free cash flow of Acadian.

Market Conditions

The markets for softwood and hardwood sawlogs and hardwood pulpwood were relatively stable during the third quarter. Acadian's major softwood sawmill and structural panel customers operated continuously throughout the quarter and most regional pulp and paper mills continued to run at full capacity. Demand and pricing for hardwood pulpwood continued to be positive despite global market pulp prices bottoming during the quarter. Demand and pricing for hardwood sawlogs remained stable with quarter-over-quarter price movements reflecting changes in mix rather than market conditions.

Market conditions for softwood pulpwood improved slightly and stabilized during the quarter, however, there continues to be an excess supply of this product in the region supported by Acadian's New Brunswick operations. Management believes that this excess supply situation reflects ample supplies of sawmill residuals largely due to groundwood pulpmill closures in Eastern Canada and too little demand from regional pulp mills.

Acadian's weighted average selling price across all log products during the third quarter increased 3% year-over-year. The primary drivers of this improvement include a 3% increase in realized prices for softwood sawlogs, which represented 47% of net log sales during the quarter, and a 4% increase in realized prices for hardwood pulpwood, which represented 37% of net log sales during the quarter. The majority of the softwood sawlog price increase was attributable to increased prices in Maine where customer inventories remain low. While hardwood sawlog markets remain strong, average realized prices for this product, which represented 12% of net log sales during the quarter, decreased by 2% as a result of changes in product mix. Prices for softwood pulpwood, which made up only 4% of net log sales, fell by 4%. Biomass markets offered some renewed strength on improved demand leading to a modest improvement in gross margins for this product.

Results from Operations

Acadian generated net sales of $17.5 million on consolidated sales volume of 319 thousand m^3 in the third quarter of 2012. This compares to net sales of $17.5 million on consolidated sales volume of 341 thousand m^3 in the third quarter of 2011. Adjusted EBITDA for the third quarter of 2012 was $4.4 million as compared to $3.8 million in the same period of 2011. Acadian's Adjusted EBITDA margin in the third quarter was 25%, up from 22% in the third quarter of 2011, with the increase in margin attributable to improved selling prices and the increased proportion of softwood sawtimber sales which typically result in higher margins.

For the nine months ended September 29, 2012, Acadian generated net sales of $50.4 million on sales volume of 976 thousand m^3 as compared to net sales of $51.0 million on sales volume of 1,010 thousand m^3 in the comparable period of 2011. Adjusted EBITDA of $11.3 million during the nine months ended September 29, 2012 is $0.3 million lower than during the comparable period of 2011.

Harvest volumes, excluding biomass, for the third quarter and nine months ended September 29, 2012 were 270 thousand m^3 and 789 thousand m^3, respectively. This compares to harvest volumes, excluding biomass, of 277 thousand m^3 and 843 thousand m^3 in the third quarter and first nine months of 2011, respectively.

Income Tax Expense

Included in net income for the three months and nine months ended September 29, 2012 is deferred tax expense of $1.0 million and $2.0 million, respectively (2011 – $0.2 million and $2.0 million, respectively).

Segmented Results of Operations

The table below summarizes operating and financial results for the New Brunswick and Maine timberlands:

Three Months Ended September 29, 2012 (CAD thousands, except where indicated)	**NB Timberlands**	**Maine Timberlands**	**Corporate**	**Consolidated**
Sales volume (000s m^3)	**254.3**	**64.6**	**—**	**318.9**
Net sales	**$ 13,735**	**$ 3,788**	**$ —**	**$ 17,523**
Adjusted EBITDA	**$ 3,626**	**$ 849**	**$ (98)**	**$ 4,377**
Adjusted EBITDA margin	**26%**	**22%**	**n/a**	**25%**

Three Months Ended September 24, 2011 (CAD thousands, except where indicated)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volume (000s m^3)	278.8	61.9	—	340.7
Net sales	$ 14,273	$ 3,262	$ —	$ 17,535
Adjusted EBITDA	$ 3,410	$ 549	$ (148)	$ 3,811
Adjusted EBITDA margin	24%	17%	n/a	22%

Nine Months Ended September 29, 2012 (CAD thousands, except where indicated)	**NB Timberlands**	**Maine Timberlands**	**Corporate**	**Consolidated**
Sales volume (000s m^3)	**781.7**	**194.7**	**—**	**976.4**
Net sales	**$ 39,282**	**$ 11,146**	**$ —**	**$ 50,428**
Adjusted EBITDA	**$ 9,227**	**$ 2,650**	**$ (534)**	**$ 11,343**
Adjusted EBITDA margin	**23%**	**24%**	**n/a**	**22%**

Nine Months Ended September 24, 2011 (CAD thousands, except where indicated)	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volume (000s m^3)	853.5	156.3	—	1,009.8
Net sales	$ 42,821	$ 8,193	$ —	$ 51,016
Adjusted EBITDA	$ 10,904	$ 1,630	$ (850)	$ 11,684
Adjusted EBITDA margin	25%	20%	n/a	23%

NB Timberlands

NB Timberlands owns and manages approximately 764,000 acres of freehold timberlands, provides management services relating to approximately 1.3 million acres of Crown licensed timberlands and owns and operates a forest tree nursery. Approximately 80% of harvesting operations are performed by third-party contractors and approximately 20% by NB Timberlands employees.

The table below summarizes operating and financial results for NB Timberlands:

	Three Months Ended September 29, 2012			Three Months Ended September 24, 2011		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**92.3**	**94.7**	**$ 5,091**	98.0	99.0	$ 5,174
Hardwood	**113.9**	**106.0**	**6,222**	121.1	119.5	6,886
Biomass	**53.6**	**53.6**	**877**	60.3	60.3	795
	259.8	**254.3**	**12,190**	279.4	278.8	12,855
Other sales			**1,545**			1,418
Net sales			**$ 13,735**			$ 14,273
Adjusted EBITDA			**$ 3,626**			$ 3,410
Adjusted EBITDA margin			**26%**			24%

	Nine Months Ended September 29, 2012			Nine Months Ended September 24, 2011		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**302.0**	**307.3**	**$ 15,413**	352.8	351.6	$ 17,888
Hardwood	**299.0**	**314.7**	**18,874**	346.3	337.7	19,807
Biomass	**159.7**	**159.7**	**2,745**	164.2	164.2	2,430
	760.7	**781.7**	**37,032**	863.3	853.5	40,125
Other sales			**2,250**			2,696
Net sales			**$ 39,282**			$ 42,821
Adjusted EBITDA			**$ 9,227**			$ 10,904
Adjusted EBITDA margin			**23%**			25%

Softwood, hardwood and biomass shipments were 95 thousand m³, 106 thousand m³ and 54 thousand m³, respectively, for the third quarter of 2012. Approximately 41% was sold as sawlogs, 38% as pulpwood and 21% as biomass. This compares to 34% sold as sawlogs, 44% as pulpwood and 22% as biomass in the third quarter of 2011.

Net sales for the third quarter of 2012 were $13.7 million (2011 – $14.3 million) with an average selling price across all log products of $56.39 per m³, which compares to an average log selling price of $55.18 per m³ during the third quarter of 2011. This year-over-year increase in the average selling price reflects higher prices for hardwood pulpwood due to strong demand and a greater proportion of sales made to more distant markets. Net sales for the nine months ended September 29, 2012 were $39.3 million, a decrease of $3.5 million over the comparable period of 2011 primarily as a result of decreased sales volume.

Costs for the third quarter were $10.1 million (2011 – $10.9 million). Variable costs per m³ were 7% higher than the third quarter of 2011 due to increased hauling costs as a greater proportion of sales were made to more distant markets. Total costs per m³ were 3% higher than in the third quarter of 2011.

Adjusted EBITDA for the third quarter was $3.6 million, compared to $3.4 million in the comparable period of 2011 as a result of an increase in other sales and an increased proportion of higher margin softwood sawtimber in the sales mix. Adjusted EBITDA margin increased to 26%, compared to 24% for the third quarter of 2011.

NB Timberlands experienced one recordable safety incident among contractors and one recordable incident involving an employee during the third quarter of 2012. Both individuals are expected to return to work before the end of the year.

Maine Timberlands

Maine Timberlands owns and operates approximately 310,000 acres of freehold timberlands and is operated exclusively by third-party contractors.

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

	Three Months Ended September 29, 2012			Three Months Ended September 24, 2011		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**45.3**	**45.3**	**$ 2,563**	43.8	44.1	$ 2,283
Hardwood	**18.1**	**15.8**	**989**	14.0	13.8	781
Biomass	**3.5**	**3.5**	**22**	4.0	4.0	41
	66.9	**64.6**	**3,574**	61.8	61.9	3,105
Other sales			**214**			157
Net sales			**$ 3,788**			$ 3,262
Adjusted EBITDA			**$ 849**			$ 549
Adjusted EBITDA margin			**22%**			17%

	Nine Months Ended September 29, 2012			Nine Months Ended September 24, 2011		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**141.7**	**141.5**	**$ 7,947**	113.8	114.1	$ 5,968
Hardwood	**46.3**	**44.7**	**2,762**	30.4	31.6	1,826
Biomass	**8.5**	**8.5**	**75**	10.6	10.6	98
	196.5	**194.7**	**10,784**	154.8	156.3	7,892
Other sales			**362**			301
Net sales			**$ 11,146**			$ 8,193
Adjusted EBITDA			**$ 2,650**			$ 1,630
Adjusted EBITDA margin			**24%**			20%

Softwood, hardwood and biomass shipments were 45 thousand m³, 16 thousand m³ and 3 thousand m³, respectively, for the third quarter of 2012. Approximately 59% was sold as sawlogs, 36% as pulpwood and 5% as biomass. This compares to 60% sold as sawlogs, 34% as pulpwood and 6% as biomass in the third quarter of 2011.

Net sales for the third quarter of 2012 were $3.8 million (2011 – $3.3 million) with an average selling price across all log products of $57.80 per m³, compared to the average log selling price of $52.90 per m³ during the third quarter of 2011. The year-over-year selling price increase reflects a higher value mix of products sold and improved demand which has resulted in increased prices for most primary products. Net sales for the first nine months ended September 29, 2012 were $11.1 million, an increase of $2.9 million over the comparable period of 2011.

Costs for the third quarter were $2.9 million (2011 – $2.7 million). Variable costs per m³ increased 4% in Canadian dollar terms as a result of a 2% increase in U.S. dollar-based contractor rates and the year-over-year weakening of the Canadian dollar compared to the U.S. dollar.

Adjusted EBITDA for the third quarter was $0.8 million, compared to $0.5 million in the comparable period of 2011 primarily as a result of increased selling prices. Adjusted EBITDA margin was 22% in the third quarter of 2012 as compared to 17% during the third quarter of 2011.

Maine Timberlands experienced one recordable safety incident without lost time among contractors and no recordable incidents among employees during the third quarter of 2012.

Financial Position

As at September 29, 2012, Acadian's balance sheet consisted of total assets of $285.3 million (December 31, 2011 – $289.0 million), represented primarily by timber, land, roads and other fixed assets of $261.2 million (December 31, 2011 – $264.8 million) with the balance in cash and current assets of $16.5 million (December 31, 2011 – $15.0 million), deferred income tax assets of $1.5 million (December 31, 2011 – $3.0 million), and intangible assets of $6.1 million (December 31, 2011 – $6.1 million). Timber has been recorded at fair value as determined through independent third party appraisal at December 31, 2011 and adjusted for growth estimates and harvest during the nine months ended September 29, 2012. Reforestation costs have been expensed as incurred.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Acadian's principal sources of liquidity include cash earned from operations and a US$10.0 million revolving credit facility which was undrawn at September 29, 2012. These sources, combined with existing cash and cash equivalents, are expected to allow the Company to meet its operating, debt service, capital expenditure and dividend requirements. As indicated previously, due to the seasonal nature of our business, it is typical that cash reserves are generated in the first quarter of the year and are then drawn down during periods such as the second quarter when harvesting conditions are not ideal. This seasonal influence was less pronounced during the second quarter of this year due to the sales carried over from the first quarter under the Vendor Managed Inventory program discussed in the first and second quarter interim reports.

The Company expects to pay quarterly dividends to the extent determined prudent by the Company's Board of Directors.

Management will continue to assess financing alternatives which may include the issuance of additional shares and debt when funding requirements such as potential acquisitions and debt maturities, present themselves.

Capital Resources

Borrowings

In February 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with Metropolitan Life Insurance Company which will mature on March 1, 2016. This agreement 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 bears interest at a fixed rate of 3.97%. The Revolving Facility bears interest at floating rates based on 30 or 90 day LIBOR plus applicable margin.

As at September 29, 2012 Acadian has borrowings of US$72.5 million under the Term Facility and nil under the Revolving Facility.

As security for these facilities, Acadian has granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowings 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 Acadian is in compliance as of September 29, 2012.

Outstanding Shares

As at September 29, 2012, 16,731,216 common shares were issued and outstanding. The Company is authorized to issue an unlimited number of shares of the same class with equal rights and privileges. Shareholders are entitled to receive dividends as and when declared by the Directors of the Company and are entitled to one vote per share on all matters to be voted on by shareholders at each meeting of shareholders.

As at September 29, 2012, Brookfield Asset Management Inc. and its affiliates (collectively "Brookfield") owned 7,513,262 common shares. Brookfield's ownership interest is approximately 45% of the outstanding common shares of Acadian.

MARKET OUTLOOK

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2012 and 2013. Reference should be made to "Forward-looking Statements" on page 16. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

The U.S. housing market continues to gain momentum. U.S. private residential construction has increased 18% over the past year with single family construction rising 21% and the multifamily increasing 45%. In September, housing starts reached a seasonally adjusted annual rate of 872 thousand the highest since July 2008. Inventories of new homes available for sale are at 50-year lows and U.S. home pricing appears to have bottomed with the FHFA and CoreLogic home price indices up nearly 4% year-over-year and the Case-Schiller 20-City Home Price Index up 1.2% year-over-year. Mortgage rates remain at record lows, housing affordability is at near-record highs and mortgage underwriting standards are becoming more accommodative. As stated in the past, for the U.S. housing market to fully recover the economy must continue to improve, inventories of unsold homes and homes in foreclosure must decline to more normal levels and appraisers and lenders must become convinced that home price declines are coming to an end. The past six months has offered consistent good news in all of these areas.

Our outlook for the remainder of 2012 and into 2013 remains cautiously optimistic as demand for spruce-fir sawlogs continues to be reasonably strong with most of Acadian's softwood sawmilling customers maintaining active operations. Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

Markets for hardwood pulpwood are reasonably strong with Acadian's major hardwood pulp customers all operating and actively competing for deliveries suggesting prices will remain relatively stable through the remainder of 2012. After several quarters of excess supply, softwood pulpwood markets improved slightly in the third quarter, but we expect demand for softwood pulpwood to remain soft as a result of recent capacity closures. As pointed out in the past, this is not expected to significantly affect Acadian's financial performance as softwood pulpwood typically accounts for less than 6% of total sales and an even smaller proportion of free cash flow.

Biomass demand and pricing is expected to continue to face challenges owing to depressed prices for electricity and decade-low prices for natural gas. Despite this challenging market environment, Acadian continues to be able to sell all of its biomass with a stable outlook for gross margins generated from sales of this product.

SUPPLEMENTAL INFORMATION

This supplemental information contains information required by applicable continuous disclosure guidelines and is provided to facilitate additional analysis.

Selected Consolidated Quarterly Information
The table below sets forth selected consolidated quarterly information for the current and last seven quarters. See "Additional Quarterly Information" section for the segmented quarterly results.

	2012			2011				2010
(CAD thousands, except per share data and where indicated)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales volume (000s m³)	**319**	306	352	284	341	243	426	382
Net sales	**$ 17,523**	$ 14,257	$ 18,648	$ 15,139	$ 17,535	$ 11,723	$ 21,756	$ 20,581
Adjusted EBITDA	**4,377**	2,196	4,770	3,843	3,811	608	7,265	6,393
Free cash flow	**3,532**	2,087	4,035	2,239	3,183	(37)	7,052	5,358
Net income (loss)	**4,995**	575	4,368	11,427	(341)	(261)	2,934	2,622
Per share - basic and diluted	**$ 0.30**	$ 0.03	$ 0.26	$ 0.68	$ (0.02)	$ (0.02)	$ 0.18	$ 0.16

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. The critical estimates and judgements applied in preparing Acadian's financial statements affect the assessment of net recoverable amounts, net realizable values and fair values, depreciation rates and useful lives, determination of functional currency and the selection of accounting policies.

The critical estimates and judgements made in the preparation of Acadian's financial statements include, among other things, future prices and margins, future sales volumes, future harvest rates and sustainable yields, and discount rates utilized in the valuation of Acadian's timber, roads and land. In making estimates and judgements, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgements have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgements in these consolidated financial statements. Actual results could differ from those estimates. For further reference on critical accounting policies, see our significant accounting policies contained in Note 2 of Acadian's 2011 annual report.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Related Party Transactions

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The Company has one significant related party, Brookfield. As at September 29, 2012, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Company. Acadian is also a related party of Twin Rivers Paper Company ("Twin Rivers") as a result of their common significant shareholder.

A summary of the significant related party transactions is provided below.

a) Upon inception Acadian became party to fibre supply agreements whereby Acadian agreed to provide fibre to Twin Rivers and Brookfield for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Twin Rivers. On September 28, 2011, Acadian and Brookfield terminated their fibre supply agreement coinciding with Brookfield's sale of their Maine paper mill to a third party. On January 9, 2012, Acadian entered into the Fibre Supply Agreement Modification Term Sheet ("Term Sheet") with Twin Rivers which will be effective January 1, 2013. The amendment to the pricing mechanism for the fibre supply agreement will be subject to minimum volumes of outside purchases for both tree length and sawlogs. Total sales to Twin Rivers and Brookfield during the three months ended September 29, 2012 totaled $6.0 million and $nil, respectively, which represented 26% of Acadian's consolidated total sales (2011 – $7.2 million and nil, respectively, or 29% of total sales). Included in accounts receivable at September 29, 2012 is $1.9 million related to these agreements (September 24, 2011 – $3.3 million). Total sales to Twin Rivers and Brookfield for the nine-month period ended September 29, 2012 amounted to $18.7 million (2011 – $19.8 million) and $nil million (2011 – $0.7 million), respectively.

   On February 10, 2012, Acadian entered into the Vendor Inventory Management Agreement ("VMI") with Twin Rivers that is effective for the period from the date of the agreement to May 31, 2012 and from January 1, 2013 to May 31, 2013. This agreement 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 Term Sheet and that Twin Rivers will be responsible for all of Acadian's costs related to carrying the inventory. On March 6, 2012, Acadian entered into a lease agreement with Twin Rivers to store logs delivered under the VMI on their property.

b) Maine Timberlands rented space in a shared office building from a wholly-owned subsidiary of Brookfield, which also provides certain administrative services to Maine Timberlands. Effective September 29, 2011, Maine Timberlands rents space from a third party. Total costs paid for these services were $3 thousand and $11 thousand during the three and nine-month periods ended September 24, 2011, respectively.

c) Upon inception Acadian entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three and nine months ended September 29, 2012 totaled $0.5 million (2011 – $0.5 million) and $1.7 million (2011 – $1.6 million), respectively. All fees have been fully paid in accordance with the services agreement.

d) On October 14, 2010, Acadian entered into an agreement with Metropolitan Life Insurance Company to refinance existing debt obligations maturing February 28, 2011 at fixed rates determined as US treasury yield plus margin. To mitigate market risk of US treasury yields changing prior to closing of the loan, Brookfield entered into a rate lock agreement on Acadian's behalf whereby Acadian assumed the settlement proceeds upon maturity. The derivative asset related to this agreement was settled on February 1, 2011 for proceeds of $1.3 million.

Contractual Obligations

The Company has no material capital or operating lease obligations; however, it has one significant contractual obligation related to the supply of fibre to a related party and the provision of management services under a Crown License Agreement at the direction of a related party. See Related Party Transactions for further discussion of the contractual obligation related to supply of fibre.

A summary of the Company's debt obligations is as follows:

		Payments Due by Period				
(CAD thousands)	Total Available	Total	Less Than One Year	Less Than 3 Years	Less Than 5 Years	After 5 Years
Debt						
Term facility[1]	$ 71,311	$ 71,311	$ —	$ —	$ 71,311	$ —
Revolving facility	9,836	—	—	—	—	—
	$ 81,147	$ 71,311	$ —	$ —	$ 71,311	$ —
Interest payments[2]		$ 10,370	$ 2,125	$ 7,795	$ 450	$ —

1. Represents principal of a U.S. dollar denominated term loan with a U.S. to Canadian dollar conversion of 0.9836, excluding the unamortized deferred financing costs;
2. Interest payment was determined assuming a fixed interest rate at 3.97% with a U.S. to Canadian dollar conversion of 0.9836.

Additional Quarterly Information

The tables below set forth additional quarterly information for the current and last seven quarters by reportable segment:

NB Timberlands

	2012 Q3			2012 Q2			2012 Q1			2011 Q4		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**92.3**	**94.7**	**$ 5,091**	54.2	130.4	$ 6,161	155.5	82.2	$ 4,161	80.3	78.2	$ 4,195
Hardwood	**113.9**	**106.0**	**6,222**	91.9	94.0	5,667	93.2	114.7	6,985	93.9	80.6	4,952
Biomass	**53.6**	**53.6**	**877**	46.3	46.3	748	59.8	59.8	1,120	55.3	55.3	1,145
	259.8	**254.3**	**12,190**	192.4	270.7	12,576	308.5	256.7	12,266	229.5	214.1	10,292
Other sales			**1,545**			(184)			889			986
Net sales			**$ 13,735**			$ 12,392			$ 13,155			$ 11,278
Adjusted EBITDA			**$ 3,626**			$ 2,485			$ 3,116			$ 3,301
Adjusted EBITDA margin			**26%**			20%			24%			29%

Maine Timberlands

	2012 Q3			2012 Q2			2012 Q1			2011 Q4		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**45.3**	**45.3**	**$ 2,563**	20.4	21.6	$ 1,176	76.0	74.6	$ 4,208	47.4	47.3	$ 2,527
Hardwood	**18.1**	**15.8**	**989**	8.4	9.3	550	19.8	19.6	1,223	21.4	20.3	1,266
Biomass	**3.5**	**3.5**	**22**	4.4	4.4	34	0.6	0.6	19	1.9	1.9	18
	66.9	**64.6**	**3,574**	33.2	35.3	1,760	96.4	94.8	5,450	70.7	69.5	3,811
Other sales			**214**			105			43			50
Net sales			**$ 3,788**			$ 1,865			$ 5,493			$ 3,861
Adjusted EBITDA			**$ 849**			$ (7)			$ 1,808			$ 878
Adjusted EBITDA margin			**22%**			—%			33%			23%

Corporate

	2012 Q3			2012 Q2			2012 Q1			2011 Q4		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*	**Harvest** *(000s m³)*	**Sales** *(000s m³)*	**Results** *($000s)*
Softwood	**—**	**—**	**$ —**	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—
Biomass	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—
	—	**—**	**—**	—	—	—	—	—	—	—	—	—
Other sales			**—**			—			—			—
Net sales			**$ —**			$ —			$ —			$ —
Adjusted EBITDA			**$ (98)**			$ (281)			$ (154)			$ (336)
Adjusted EBITDA margin			**n/a**			n/a			n/a			n/a

NB Timberlands

	2011 Q3			2011 Q2			2011 Q1			2010 Q4		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*
Softwood	98.0	99.0	$ 5,174	88.9	96.3	$ 5,131	165.9	156.3	$ 7,583	95.5	109.5	$ 5,667
Hardwood	121.1	119.5	6,886	87.6	91.6	5,315	137.6	126.6	7,606	131.8	136.3	8,233
Biomass	60.3	60.3	795	34.2	34.2	472	69.7	69.7	1,163	55.2	55.1	572
	279.4	278.8	12,855	210.7	222.1	10,918	373.2	352.6	16,352	282.5	300.9	14,472
Other sales			1,418			(301)			1,579			1,975
Net sales			$ 14,273			$ 10,617			$ 17,931			$ 16,447
Adjusted EBITDA			$ 3,410			$ 1,139			$ 6,355			$ 5,628
Adjusted EBITDA margin			24%			11%			35%			34%

Maine Timberlands

	2011 Q3			2011 Q2			2011 Q1			2010 Q4		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*
Softwood	43.8	44.1	$ 2,283	11.7	11.8	$ 627	58.3	58.2	$ 3,058	55.7	55.6	$ 2,890
Hardwood	14.0	13.8	781	5.8	6.7	380	10.6	11.1	665	17.2	19.1	1,135
Biomass	4.0	4.0	41	2.1	2.1	13	4.5	4.5	44	6.1	6.3	59
	61.8	61.9	3,105	19.6	20.6	1,020	73.4	73.8	3,767	79.0	81.0	4,084
Other sales			157			86			58			50
Net sales			$ 3,262			$ 1,106			$ 3,825			$ 4,134
Adjusted EBITDA			$ 549			$ (148)			$ 1,229			$ 1,208
Adjusted EBITDA margin			17%			(13)%			32%			29%

Corporate

	2011 Q3			2011 Q2			2011 Q1			2010 Q4		
	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m³)	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*	*(000s m³)*	*(000s m³)*	*($000s)*
Softwood	—	—	$ —	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	—	—	—	—	—	—	—	—	—	—	—	—
Biomass	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Other sales			—			—			—			—
Net sales			$ —			$ —			$ —			$ —
Adjusted EBITDA			$ (148)			$ (383)			$ (319)			$ (443)
Adjusted EBITDA margin			n/a			n/a			n/a			n/a

Forward-Looking Statements

This interim management's discussion and analysis ("MD&A") contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes, without limitation, statements made in sections entitled "Free Cash Flow," "Liquidity and Capital Resources" and "Market Outlook," 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, market trends 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 MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; and other factors discussed under the heading "Risk Factors" in each of the Annual Information Form of Acadian dated March 28, 2012 and the Management Information Circular of Acadian dated March 28, 2012, and other filings of Acadian made with securities regulatory authorities available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information contained herein may include, but are not limited to: anticipated financial performance; business prospects; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions for timber and wood products, and the economic situation of key customers. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward looking statements. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian Timber Corp. assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Interim Consolidated Statements of Net Income

(unaudited)

		Three Months Ended		Nine Months Ended	
(CAD thousands)	Note	**September 29, 2012**	September 24, 2011	**September 29, 2012**	September 24, 2011
Net sales		**$17,523**	$17,535	**$50,428**	$51,014
Operating costs and expenses					
Cost of sales		**11,628**	12,061	**34,453**	34,285
Selling, administration and other		**1,405**	1,498	**4,376**	4,685
Reforestation		**157**	174	**319**	467
Depreciation and amortization		**138**	137	**411**	409
		13,328	13,870	**39,559**	39,846
Operating earnings		**4,195**	3,665	**10,869**	11,168
Interest expense, net		**(711)**	(745)	**(2,169)**	(2,422)
Other items					
Fair value adjustments		**42**	(177)	**449**	(575)
Unrealized exchange gain (loss) on long-term debt		**2,399**	(2,941)	**2,769**	(3,928)
Gain on sale of timberlands		**44**	9	**63**	107
Earnings (loss) before income taxes		**5,969**	(189)	**11,981**	4,350
Deferred tax expense	7	**(974)**	(152)	**(2,043)**	(2,018)
Net income (loss) for the period		**$ 4,995**	$ (341)	**$ 9,938**	$ 2,332
Net income (loss) per share - basic and diluted		**$ 0.30**	$ (0.02)	**$ 0.59**	$ 0.14

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended		Nine Months Ended	
(CAD thousands)	**September 29, 2012**	September 24, 2011	**September 29, 2012**	September 24, 2011
Net income (loss)	**$ 4,995**	$ (341)	**$ 9,938**	$ 2,332
Other comprehensive income (loss)				
Unrealized foreign currency translation gain (loss)	**(2,820)**	3,366	**(3,237)**	3,134
Amortization of derivative designated as cash flow hedge	**(48)**	(48)	**(146)**	(270)
Comprehensive income	**$ 2,127**	$ 2,977	**$ 6,555**	$ 5,196

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Balance Sheets

(unaudited)

As at *(CAD thousands)*	Note	**September 29, 2012**	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents		**$ 6,381**	$ 4,019
Accounts receivable and other assets	5	**8,737**	8,726
Inventory		**1,343**	2,263
		16,461	15,008
Timber	10	**228,498**	231,370
Land, roads and other fixed assets		**32,613**	33,438
Investment property		**39**	—
Intangible assets		**6,140**	6,140
Deferred income tax asset	7	**1,501**	3,038
		$ 285,252	$ 288,994
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 7,775**	$ 4,534
Dividends payable to shareholders		**3,452**	3,451
		11,227	7,985
Long-term debt	3	**70,494**	73,079
Deferred income tax liability	7	**20,971**	21,572
Shareholders' equity	4	**182,560**	186,358
		$ 285,252	$ 288,994

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in Equity

(unaudited)

Nine Months Ended September 29, 2012 *(CAD thousands)*	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at December 31, 2011	$ 140,067	$ 43,651	$ 2,185	$ (358)	$ 813	$ 186,358
Changes in period						
Net income	—	9,938	—	—	—	9,938
Other comprehensive income (loss)	—	—	—	(3,237)	(146)	(3,383)
Shareholders' dividends declared	—	(10,353)	—	—	—	(10,353)
Balance as at September 29, 2012	$ 140,067	$ 43,236	$ 2,185	$ (3,595)	$ 667	$ 182,560

See accompanying notes to interim consolidated financial statements.

Nine Months Ended September 24, 2011 *(CAD thousands)*	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at December 31, 2010	$ 140,067	$ 43,696	$ 2,354	$ (2,917)	$ 1,134	$ 184,334
Changes in period						
Net income	—	2,332	—	—	—	2,332
Other comprehensive income (loss)	—	—	—	3,134	(270)	2,864
Shareholders' dividends declared	—	(10,353)	—	—	—	(10,353)
Balance as at September 24, 2011	$ 140,067	$ 35,675	$ 2,354	$ 217	$ 864	$ 179,177

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(unaudited)

(CAD thousands)	Note	Three Months Ended **September 29, 2012**	Three Months Ended September 24, 2011	Nine Months Ended **September 29, 2012**	Nine Months Ended September 24, 2011
Cash provided by (used for):					
Operating activities					
Net income (loss)		**$ 4,995**	$ (341)	**$ 9,938**	$ 2,332
Adjustments to net income (loss)					
Deferred tax expense	7	**974**	152	**2,043**	2,018
Depreciation and amortization		**138**	137	**411**	409
Fair value adjustments		**(42)**	177	**(449)**	575
Unrealized exchange (gain) loss on long-term debt		**(2,399)**	2,941	**(2,769)**	3,928
Interest expense, net		**711**	745	**2,169**	2,422
Interest paid, net		**(740)**	(619)	**(1,476)**	(1,463)
Gain on sale of timberlands		**(44)**	(9)	**(63)**	(107)
		3,593	3,183	**9,804**	10,114
Net change in non-cash working capital balances and other		**172**	1,457	**3,061**	2,179
		3,765	4,640	**12,865**	12,293
Financing activities					
Borrowing on term facility	3	**—**	—	**—**	70,608
Repayment of bank term credit facility and term loan	3	**—**	—	**—**	(73,639)
Deferred financing costs	3	**—**	—	**—**	(1,205)
Dividends paid to shareholders		**(3,451)**	(3,451)	**(10,353)**	(7,739)
		(3,451)	(3,451)	**(10,353)**	(11,975)
Investing activities					
Additions to timber, land, roads, and other fixed assets		**(105)**	(9)	**(215)**	(25)
Proceeds from sale of timberlands		**44**	9	**65**	109
		(61)	—	**(150)**	84
Increase in cash and cash equivalents during the period		**$ 253**	$ 1,189	**$ 2,362**	$ 402
Cash and cash equivalents, beginning of period		**6,128**	6,546	**4,019**	7,333
Cash and cash equivalents, end of period		**$ 6,381**	$ 7,735	**$ 6,381**	$ 7,735

See accompanying notes to interim consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 1. GENERAL

Acadian Timber Corp. (the "Corporation") is governed by the Canada Business Corporation Act pursuant to articles of arrangement dated January 1, 2010. The Corporation is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange under the stock symbol "ADN". The principal and head office of the Corporation is located at Suite 458, 550 Burrard Street, Bentall V, Vancouver, British Columbia, V6C 2B5.

The Corporation and all of its consolidated operations, collectively "Acadian", owns and manages approximately 764,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 310,000 acres of freehold timberlands in Maine ("Maine Timberlands") and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 90 regional customers.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies adopted and disclosed in Note 2 of Acadian's 2011 annual report. These interim condensed consolidated financial statement should be read in conjunction with the Acadian's 2011 annual report.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of Acadian on October 30, 2012.

Future Accounting Policies

IAS 1 Presentation of Financial Statements

In June 2011, the IASB amended IAS 1 by revising how certain items are presented in other comprehensive income ("OCI"). Items within OCI that may be reclassified to profit and loss will be presented separately from items that will not be reclassified. The standard is effective for financial years beginning on or after July 1, 2012, with early adoption permitted. Acadian is in the process of assessing the impact of the new standard on its consolidated financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the IASB issued IFRS 9, as the first part of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 currently prescribes that financial assets are measured at amortized cost or fair value on the basis of how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged, however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. The other phases of this project which are currently under development include impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. Acadian is in the process of assessing the impact of the new standard on its consolidated financial statements in conjunction with the completion of the other phases of this project.

IFRS 10 Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, which replaces portions of IAS 27, *Consolidated and Separate Financial Statements*, and interpretation SIC-12, *Consolidation – Special Purpose Entities*. The key features of IFRS 10 include consolidation using a single control model, definition of control, considerations on power, and continuous reassessment. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. Acadian is in the process of assessing the impact of the new standard on its consolidated financial statements.

IFRS 11 Joint Arrangements

In May 2011, the IASB issued IFRS 11, which replaces IAS 31, *Interest in Joint Ventures*, and SIC-31, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. IFRS 11 requires joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement is no longer the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation is removed. Venturers transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item. These amendments are effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. Acadian does not believe IFRS 11 will have a material impact on its consolidated financial statements.

IFRS 12 Disclosure of Involvement with Other Entities

In May 2011, the IASB issued IFRS 12, which requires a parent company to disclose information about significant judgments and assumptions it has made in determining whether it has control, joint control, or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. An entity should also provide these disclosures when changes in facts and circumstances affect the entity's conclusion during the reporting period. This standard is effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. Acadian does not believe IFRS 12 will have a material impact on its consolidated financial statements.

IAS 27 Separate Financial Statements

In May 2011, the IASB reissued IAS 27 as the consolidation guidance is now included in IFRS 10. The amended IAS 27 prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate (non-consolidated) financial statements. These amendments are effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. Acadian does not believe IAS 27 will have a material impact on its consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures

In May 2011, the IASB amended IAS 28 as a result of issuing IFRS 10, IFRS 11 and IFRS 12. The amended IAS 28 prescribes the accounting guidance for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee. These amendments are effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. Acadian does not believe IAS 28 will have a material impact on its consolidated financial statements.

IFRS 13 Fair Value Measurement

In May 2011, the IASB issued IFRS 13, which establishes a single source of guidance for fair value measurements when fair value is required or permitted by IFRS. IFRS 13 defines fair value, provides a single framework for measuring fair value and requires enhanced disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, and early adoption is permitted. Acadian is in the process of assessing the impact of the new standard on its consolidated financial statements.

IAS 19 Employee Benefits

In June 2011, the IASB made amendments to IAS 19 that requires entities to provide their obligation resulting from the provision for defined benefit plans and how those obligations affect its financial position, financial performance and cash flow. The amendment provides several improvements, including eliminating the option to defer the recognition of gains and losses, streamlining the presentation of changes to assets and liabilities with all changes from remeasurement to be recognized in OCI and enhancing the disclosure of the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The amended version of IAS 19 is effective for financial years beginning on or after January 1, 2013, with earlier application permitted. Acadian does not have defined benefit plans, therefore IAS 19 is not expected to have any impact on its consolidated financial statements.

NOTE 3. DEBT

Debt consisted of the following:

As at *(CAD thousands)*	**September 29, 2012**	December 31, 2011
Term facility, due March 2016	**$ 71,311**	$ 74,081
Less: Deferred debt issuance costs	**(817)**	(1,002)
Total	**$ 70,494**	$ 73,079

In February 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with Metropolitan Life Insurance Company which will mature on March 1, 2016. This agreement established a revolving credit facility of up to US$10.0 million (the "Revolving Facility") for general corporate purposes and a term credit facility of US$72.5 million (the "Term Facility"). The Term Facility bears interest at a fixed rate of 3.97%. The Revolving Facility bears interest at floating rates based on 30 or 90 day LIBOR plus applicable margin. Floating interest rates give rise to interest rate risk as earnings and cash flows may be negatively impacted by fluctuations in interest rates.

As at September 29, 2012, Acadian has borrowings of US$72.5 million under the Term Facility and nil under the Revolving Facility (December 31, 2011 – US$72.5 million and nil, respectively). As security for these facilities, Acadian has granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowings 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. Acadian is in compliance as of September 29, 2012.

NOTE 4. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value. Common shares outstanding as at September 29, 2012 were 16,731,216.

NOTE 5. RELATED PARTY TRANSACTIONS

In the normal course of operations, Acadian enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. Acadian has one significant related party, Brookfield Asset Management Inc. and its affiliates (collectively "Brookfield"). As at September 29, 2012, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Corporation. Acadian is also a related party of Twin Rivers Paper Company ("Twin Rivers") as a result of their common significant shareholder.

A summary of the significant related party transactions is provided below.

a) Upon inception Acadian became party to fibre supply agreements whereby Acadian agreed to provide fibre to Twin Rivers and Brookfield for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Twin Rivers. On September 28, 2011, Acadian and Brookfield terminated their fibre supply agreement coinciding with Brookfield's sale of their Maine paper mill to a third party. On January 9, 2012, Acadian entered into the Fibre Supply Agreement Modification Term Sheet ("Term Sheet") with Twin Rivers which will be effective January 1, 2013. The amendment to the pricing mechanism for the fibre supply agreement will be subject to minimum volumes of outside purchases for both tree length and sawlogs. Total sales to Twin Rivers and Brookfield during the three months ended September 29, 2012 totaled $6.0 million and $nil, respectively, which represented 26% of Acadian's consolidated total sales (2011 – $7.2 million and nil, respectively, or 29% of total sales). Included in accounts receivable at September 29, 2012 is $1.9 million related to these agreements (September 24, 2011 – $3.3 million). Total sales to Twin Rivers and Brookfield for the nine-month period ended September 29, 2012 amounted to $18.7 million (2011 – $19.8 million) and $nil million (2011 – $0.7 million), respectively.

   On February 10, 2012, Acadian entered into the Vendor Inventory Management Agreement ("VMI") with Twin Rivers that is effective for the period from the date of the agreement to May 31, 2012 and from January 1, 2013 to May 31, 2013. This agreement 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 Term Sheet and that Twin Rivers will be responsible for all of Acadian's costs related to carrying the inventory. On March 6, 2012, Acadian entered into a lease agreement with Twin Rivers to store logs delivered under the VMI on their property.

b) Maine Timberlands rented space in a shared office building from a wholly-owned subsidiary of Brookfield, which also provides certain administrative services to Maine Timberlands. Effective September 29, 2011, Maine Timberlands rents space from a third party. Total costs paid for these services were $3 thousand and $11 thousand during the three and nine-month periods ended September 24, 2011, respectively.

c) Upon inception Acadian entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three and nine months ended September 29, 2012 totaled $0.5 million (2011 – $0.5 million) and $1.7 million (2011 – $1.6 million), respectively. All fees have been fully paid in accordance with the services agreement.

d) On October 14, 2010, Acadian entered into an agreement with Metropolitan Life Insurance Company to refinance existing debt obligations maturing February 28, 2011 at fixed rates determined as U.S. treasury yield plus margin. To mitigate market risk of U.S. treasury yields changing prior to closing of the loan, Brookfield entered into a rate lock agreement on Acadian's behalf whereby Acadian assumed the settlement proceeds upon maturity. The derivative asset related to this agreement was settled on February 1, 2011 for proceeds of $1.3 million.

NOTE 6. SEGMENTED INFORMATION

Acadian's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. Acadian has two reporting segments, the NB Timberlands and Maine Timberlands. Net sales, net income, assets and liabilities by reportable segments are as follows:

Three Months Ended September 29, 2012 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 7,654	$ 5,091	$ 2,563	$ —
Hardwood	7,211	6,222	989	—
Biomass	899	877	22	—
Other	1,759	1,545	214	—
Total net sales	17,523	13,735	3,788	—
Operating costs	(13,033)	(10,006)	(2,929)	(98)
Reforestation	(157)	(103)	(54)	—
Depreciation and amortization	(138)	(60)	(78)	—
Operating earnings (loss)	4,195	3,566	727	(98)
Gain on sale of timberlands	44	—	44	—
Fair value adjustments	42	(244)	286	—
Earnings (loss) before the under noted	4,281	3,322	1,057	(98)
Unrealized exchange gain on long-term debt	2,399	—	—	—
Interest expense, net	(711)	—	—	—
Deferred income tax expense	(974)	—	—	—
Net income	$ 4,995	$ —	$ —	$ —

As at September 29, 2012 (CAD thousands)				
Timber, land, roads and other fixed assets and intangible assets	$267,251	$157,822	$109,429	$ —
Total assets	285,252	169,122	111,473	4,657
Total liabilities	$102,692	$ 5,960	$ 21,346	$ 75,386

Three Months Ended September 24, 2011 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 7,457	$ 5,174	$ 2,283	$ —
Hardwood	7,667	6,886	781	—
Biomass and other	2,411	2,213	198	—
Total net sales	17,535	14,273	3,262	—
Operating costs	(13,559)	(10,736)	(2,675)	(148)
Reforestation	(174)	(138)	(36)	—
Depreciation and amortization	(137)	(59)	(78)	—
Operating earnings (loss)	3,665	3,340	473	(148)
Gain on sale of timberlands	9	11	(2)	—
Fair value adjustments	(177)	(458)	281	—
Earnings (loss) before the under noted	3,497	2,893	752	(148)
Unrealized exchange loss on long-term debt	(2,941)			
Interest expense, net	(745)			
Deferred income tax expense	(152)			
Net loss	$ (341)			

As at September 24, 2011 *(CAD thousands)*				
Timber, land, roads and other fixed assets and intangible assets	$ 259,806	$ 150,520	$ 109,286	$ —
Total assets	284,908	164,789	111,978	8,141
Total liabilities	$ 105,731	$ 7,975	20,850	$ 76,906

Nine Months Ended September 29, 2012 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 23,360	$ 15,413	$ 7,947	$ —
Hardwood	21,636	18,874	2,762	—
Biomass	2,820	2,745	75	—
Other	2,612	2,250	362	—
Total net sales	50,428	39,282	11,146	—
Operating costs	(38,829)	(29,799)	(8,496)	(534)
Reforestation	(319)	(265)	(54)	—
Depreciation and amortization	(411)	(180)	(231)	—
Operating earnings (loss)	10,869	9,038	2,365	(534)
Gain on sale of timberlands	63	9	54	—
Fair value adjustments	449	(140)	589	—
Earnings (loss) before the under noted	11,381	8,907	3,008	(534)
Unrealized exchange gain on long-term debt	2,769			
Interest expense, net	(2,169)			
Deferred income tax expense	(2,043)			
Net income	$ 9,938			

Nine Months Ended September 24, 2011 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 23,856	$ 17,888	$ 5,968	$ —
Hardwood	21,633	19,807	1,826	—
Biomass and other	5,525	5,126	399	—
Total net sales	51,014	42,821	8,193	—
Operating costs	(38,970)	(31,569)	(6,551)	(850)
Reforestation	(467)	(411)	(56)	—
Depreciation and amortization	(409)	(176)	(233)	—
Operating earnings (loss)	11,168	10,665	1,353	(850)
Gain on sale of timberlands	107	63	44	—
Fair value adjustments	(575)	(2,041)	1,466	—
Earnings (loss) before the under noted	10,700	8,687	2,863	(850)
Unrealized exchange loss on long-term debt	(3,928)			
Interest expense, net	(2,422)			
Deferred income tax expense	(2,018)			
Net income	$ 2,332			

During the three months ended September 29, 2012 approximately 25% of total sales were originated with customers domiciled in the U.S. and the balance in Canada (2011 – 20%). During the same period, approximately 15% of total sales were denominated in U.S. dollars (2011 – 17%).

Acadian outsources much of its harvesting, transportation and other services which comprise the majority of Acadian's cost of sales. For the three months ended September 29, 2012, Acadian's top three suppliers accounted for approximately 15%, 12% and 12%, respectively, of Acadian's total harvesting and delivery costs (2011 – 14%, 14% and 10%, respectively).

Acadian sells its products to many forest product companies in North America. For the three-month period ended September 29, 2012, sales to related parties (see Note 5) from NB Timberlands and Maine Timberlands accounted for 26% of total sales (2011 – 29%) and sales to the next largest customer accounted for 10% of total sales (2011 – 11%).

NOTE 7. INCOME TAXES

Acadian's effective tax rate is different from Acadian's domestic statutory income tax rate due to the differences set out below:

Nine Months Ended (CAD thousands)	**September 29, 2012**	September 24, 2011
Deferred income tax expense		
Income tax at statutory rate	**$ 2,995**	$ 1,175
Foreign tax rate differential	**450**	304
Permanent differences	**(1,316)**	(339)
Rate adjustments	**—**	793
Benefit of previously unrecognized tax attributes	**(85)**	211
Other	**(1)**	(126)
Total deferred tax expense	**$ 2,043**	$ 2,018

As at (CAD thousands)	**September 29, 2012**	December 31, 2011
Deferred income tax asset	**$ 1,501**	$ 3,038
Deferred income tax liability	**(20,971)**	(21,572)
Total net deferred income tax liability	**$ (19,470)**	$ (18,534)

NOTE 8. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution pension plans covering substantially all employees. During the three and nine months ended September, 2012, contributions recorded as expenses amounted to $192 thousand (2011 – $88 thousand) and $383 thousand (2011 – $205 thousand), respectively.

NOTE 9. DIVIDENDS TO SHAREHOLDERS

Acadian pays quarterly dividends to the extent determined prudent by the Board of Directors.

Total dividends declared for the three months ended September 29, 2012 were $3.5 million (2011 – $3.5 million), or $0.20625 per share (2011 – $0.20625 per share).

NOTE 10. TIMBER

(CAD thousands)	
Fair Value at December 31, 2010	**$ 216,181**
Gains arising from growth	19,614
Decrease arising from harvest	(19,469)
Gain from fair value price changes	12,897
Foreign exchange	2,147
Balance at December 31, 2011	**$ 231,370**
Gains arising from growth	14,964
Decrease arising from harvest	(14,174)
Foreign Exchange	(3,662)
Balance at September 29, 2012	**$ 228,498**

Board and Management

BOARD OF DIRECTORS

J. W. Bud Bird, O.C.
Chairman and
Chief Executive Officer,
Bird Holdings Ltd. and
Bird Lands Limited

Reid Carter
President and
Chief Executive Officer
of Acadian and Managing
Partner of the Manager

Louis J. Maroun
Executive Chairman
Sigma Real Estate
Advisors
(resigned 31-July-2012)

David Mann
Legal Counsel
Cox & Palmer

Samuel J.B. Pollock
Senior Managing Partner
Brookfield Asset
Management Inc.

Saul Shulman
Chief Executive Officer
MLG Management Inc.
(appointed 31-July-2012)

MANAGEMENT

Acadian Timber Corp.'s
Manager:
Brookfield Timberlands
Management LP

Reid Carter
President and
Chief Executive Officer
of Acadian and Managing
Partner of the Manager

Brian Banfill
Chief Financial Officer
of Acadian and Senior Vice
President, Finance of the
Manager

Marcia McKeague
Vice President,
Maine Woodland
Operations

Luc Ouellet
Vice President,
NB Woodland Operations

Corporate and Shareholder Information

HEAD OFFICE OF THE MANAGER

Brookfield Timberlands Management LP
(wholly-owned subsidiary of Brookfield Asset Management Inc.)
Suite 458, Bentall 5, 550 Burrard Street, Box 51
Vancouver, B.C. V6C 2B5
Please direct your inquiries to:
Robert Lee
Investor Relations and Communications
t. 604.661.9607 f. 604.687.3419
e. rlee@acadiantimber.com

TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Corporation's transfer agent:
CIBC Mellon Trust Company,
c/o: Canadian Stock Transfer Company Inc.
P.O. Box 700 Postal Station B
Montreal, QC H3B 3K3
t. 1-800-387-0825 (toll free in North America)
f. 1-888-249-6189
e. inquiries@canstockta.com
www.canstockta.com

SHARE INFORMATION

Toronto Stock Exchange: ADN
Fully Diluted Shares Outstanding (September 29, 2012): 16,731,216
Targeted 2012 Quarterly Dividend: $0.20625 per share
Record Date: Last business day of each quarter
Payment Date: On or about the 15th day of each subsequent month

www.acadiantimber.com

This interim management's discussion and analysis ("MD&A") contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this MD&A includes, without limitation, statements made in sections entitled "Free Cash Flow," "Liquidity and Capital Resources" and "Market Outlook," 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, market trends 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 MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; and other factors discussed under the heading "Risk Factors" in each of the Annual Information Form of Acadian dated March 28, 2012 and the Management Information Circular of Acadian dated March 28, 2012, and other filings of Acadian made with securities regulatory authorities available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information contained herein may include, but are not limited to: anticipated financial performance; business prospects; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions for timber and wood products, and the economic situation of key customers. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward looking statements. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. Acadian Timber Corp. assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

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