



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2011 Second Quarter Results conference call via webcast on Thursday, July 28, 2011 at 11:00 a.m. ET at www.acadiantimber.com or via teleconference at 1-800-319-4610, toll free in North America. For overseas calls please dial +1-604-638-5340, at approximately 9:50 a.m. ET. The teleconference taped rebroadcast can be accessed at 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826.

ACADIAN TIMBER CORP. REPORTS SECOND QUARTER RESULTS AND ANNOUNCES DECLARATION OF DIVIDEND

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – July 27, 2011 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended June 25, 2011 (the “second quarter”).

“The market for hardwood and softwood sawlogs and pulpwood was relatively strong during the second quarter with demand and pricing for hardwood pulpwood being particularly strong”, said Reid Carter, Chief Executive Officer of Acadian. “Regional operating levels continued to be positive with most sawmills operating and many on two shifts and all of Acadian’s pulp and paper customers operating at close to full production during the second quarter.”

For the second quarter of 2011, Acadian generated net sales of \$11.7 million on sales volume of 243 thousand m³, which represents a \$0.4 million, or 3%, decrease in net sales compared to the same period in 2010.

EBITDA of \$0.6 million for the second quarter of 2011 was \$0.4 million lower than in the second quarter of 2010, while EBITDA margin decreased to 5% from 8% in the same period of last year.

For the six months ended June 25, 2011, Acadian generated net sales of \$33.5 million on sales volume of 669 thousand m³ as compared to net sales of \$32.6 million on sales volume of 671 thousand m³ in the comparable period of 2010. EBITDA of \$7.9 million during the six months ended June 25, 2011 is \$1.2 million higher than the first half of 2010 reflecting the strong first quarter 2011 results.

¹ This news release makes reference to earnings before interest, taxes, depreciation and amortization, and fair value adjustments (“EBITDA”) and free cash flow. Management believes that 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 EBITDA and free cash flow do not have a standardized meaning prescribed by International Financial Reporting Standards (“IFRS”), they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income and cash flow from operations, as determined in accordance with IFRS, to EBITDA and free cash flow.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Six Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	242.7	270.0	669.1	671.0
Net sales	\$ 11,723	\$ 12,137	\$ 33,479	\$ 32,595
EBITDA	608	971	7,873	6,710
Free cash flow	(37)	(391)	7,015	4,588
Dividends declared	3,451	836	6,902	1,952
Net income (loss) ¹	(261)	565	2,673	25,645
Per share – fully diluted				
Net income (loss) ¹	(0.02)	0.03	0.16	1.53
Free cash flow	—	(0.02)	0.42	0.27
Dividends declared	0.20	0.05	0.41	0.12

¹ Net income (loss) includes the impact of deferred income tax, depreciation and amortization expense, and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.

International Financial Reporting Standards

Effective fiscal 2011, Acadian's financial results are reported in accordance with International Financial Reporting Standards ("IFRS"). Comparative figures in this press release, previously presented in GAAP, have been adjusted to conform to IFRS.

Operating Results

Acadian traditionally experiences very low levels of operating, marketing and selling activity during the second quarter of each year owing to spring break-up which causes much of the infrastructure to be temporarily inoperable. Cold weather early in the first quarter of 2011 allowed Acadian's New Brunswick operations to continue to harvest into early April allowing log sales to continue into the early part of the quarter. However, this benefit was offset by wet weather late in the quarter delaying production start-up following spring break-up, thereby reducing the total sales volume for the period.

New Brunswick Timberlands

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

	<i>Three Months Ended June 25, 2011</i>			<i>Three Months Ended June 26, 2010</i>		
	Harvest (000s m³)	Sales (000s m³)	Results (thousands)	Harvest (000s m³)	Sales (000s m³)	Results (thousands)
Softwood	88.9	96.3	\$ 5,131	71.6	72.4	\$ 3,888
Hardwood	87.6	91.6	5,315	73.0	99.1	5,633
Biomass	34.2	34.2	472	50.2	50.1	393
	210.7	222.1	10,918	194.8	221.6	9,914
Other sales			(301)			(190)
Net sales			\$ 10,617			\$ 9,724
EBITDA			\$ 1,139			\$ 905
EBITDA margin			11%			9%

	<i>Six Months Ended June 25, 2011</i>			<i>Six Months Ended June 26, 2010</i>		
	Harvest (000s m³)	Sales (000s m³)	Results (thousands)	Harvest (000s m³)	Sales (000s m³)	Results (thousands)
Softwood	254.8	252.6	\$ 12,714	205.8	194.6	\$ 10,208
Hardwood	225.2	218.2	12,921	213.9	240.8	13,346
Biomass	103.9	103.9	1,635	108.2	108.1	1,575
	583.9	574.7	27,270	527.9	543.5	25,129
Other sales			1,278			1,026
Net sales			\$ 28,548			\$ 26,155
EBITDA			\$ 7,494			\$ 5,981
EBITDA margin			26%			23%

Softwood, hardwood and biomass shipments were 96 thousand m³, 92 thousand m³ and 34 thousand m³, respectively, for the second quarter of 2011. Approximately 37% was sold as sawlogs, 48% as pulpwood and 15% as biomass. This compares to 36% sold as sawlogs, 41% as pulpwood and 23% as biomass in the second quarter of 2010.

Net sales for the second quarter of 2011 was \$10.6 million (2010 – \$9.7 million) with an average selling price across all products of \$49.18 per m³ which compares to an average selling price of \$44.74 per m³ during the second quarter of 2010. The year-over-year increase in the average selling price resulted from improved spruce-fir sawlog demand and strong hardwood pulpwood markets. Net sales for the first six months ended June 25, 2011 were \$28.5 million, an increase of \$2.4 million over the first half of 2010.

Costs for the second quarter were \$9.5 million (2010 – \$8.8 million). Variable costs per m³ were 4% higher than the second quarter of 2010 as a result of sales made to more distant markets, particularly for hardwood pulpwood.

EBITDA for the second quarter was \$1.1 million, compared to \$0.9 million in the comparable period of 2010. For the six months ended June 25, 2011, EBITDA was \$7.5 million as compared to \$6.0 million for the first half of 2010. EBITDA margin increased to 11%, as compared to 9% for the second quarter of 2010, primarily reflecting the impact of increased proportion of softwood sawlog sales volume and higher prices for pulpwood.

During the second quarter of 2011, NB Timberlands experienced no recordable safety incidents among employees and one recordable incident among contractors from which the individual has fully recovered.

Maine Timberlands

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

	<i>Three Months Ended June 25, 2011</i>			<i>Three Months Ended June 26, 2010</i>		
	Harvest (000s m³)	Sales (000s m³)	Results (thousands)	Harvest (000s m ³)	Sales (000s m ³)	Results (thousands)
Softwood	11.7	11.8	\$ 627	32.9	33.0	\$ 1,623
Hardwood	5.8	6.7	380	10.9	11.7	638
Biomass	2.1	2.1	13	3.7	3.7	52
	19.6	20.6	1,020	47.5	48.4	2,313
Other sales			86			100
Net sales			\$ 1,106			\$ 2,413
EBITDA			\$ (148)			\$ 257
EBITDA margin			(13)%			11%

	<i>Six Months Ended June 25, 2011</i>			<i>Six Months Ended June 26, 2010</i>		
	Harvest (000s m³)	Sales (000s m³)	Results (thousands)	Harvest (000s m ³)	Sales (000s m ³)	Results (thousands)
Softwood	70.0	70.0	\$ 3,685	93.9	93.6	\$ 4,755
Hardwood	16.4	17.8	1,045	28.2	27.9	1,394
Biomass	6.6	6.6	57	6.0	6.0	122
	93.0	94.4	4,787	128.1	127.5	6,271
Other sales			144			169
Net sales			\$ 4,931			\$ 6,440
EBITDA			\$ 1,081			\$ 1,423
EBITDA margin			22%			22%

Softwood, hardwood and biomass shipments were 12 thousand m³, 7 thousand m³ and 2 thousand m³, respectively, for the second quarter of 2011. Approximately 50% was sold as sawlogs, 40% as pulpwood and 10% as biomass. This compares to 49% sold as sawlogs, 43% as pulpwood and 8% as biomass in the second quarter of 2010.

Net sales for the second quarter of 2011 were \$1.1 million (2010 – \$2.4 million) with an average selling price across all products of \$49.61 per m³ which compares to an average selling price of \$47.79 per m³ during the second quarter of 2010. This variance in sales price was primarily attributable to greater demand for sawlogs of all species groups. A stronger Canadian/U.S. dollar exchange rate year-over-year reduced the benefit of these market changes in Canadian dollar terms. Sales volume was limited due a poor weather conditions in the region resulting in a late start from spring break up. Net sales for the first six months ended June 25, 2011 were \$4.9 million, a decrease of \$1.5 million over the first half of 2010.

Costs for the second quarter were \$1.3 million (2010 – \$2.2 million). Variable costs per m³ decreased 6% in Canadian dollar terms and 2% in U.S. dollar terms. This decrease reflects increased sales to closer markets in the second quarter of 2011.

EBITDA for the second quarter was negative \$0.1 million, compared to positive \$0.3 million in the comparable period of 2010. For the six months ended June 25, 2011, EBITDA was \$1.1 million as compared to \$1.4 million for the first half of 2010.

EBITDA margin averaged negative 13% in the second quarter of 2011 as compared to positive 11% during the second quarter of 2010, although this negative margin simply reflects the low sales volume which resulted in lower contribution to fixed costs.

We are pleased to report that during the second quarter of 2011, Maine Timberlands experienced no recordable safety incidents among employees or contractors.

Market Outlook

The following Market Outlook contains forward-looking statements about Acadian Timber Corp.'s market outlook for fiscal 2011. Reference should be made to the "Forward-looking Statements" section of this news release. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of our management's discussion and analysis of Acadian's most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or filed with SEDAR at www.sedar.com.

Signals for recovery of the U.S. housing continue to be very weak suggesting that any robust recovery of this market remains somewhat distant. However, Acadian continues to benefit from most of its softwood sawmilling customers maintaining active operations and, as a result, demand for spruce-fir sawlogs continues to be strong causing our outlook to be cautiously optimistic for the remainder of 2011. Markets for Acadian's other softwood species are mixed, with demand for hemlock being very strong while markets for white pine and cedar are softer. Spruce-fir comprises the majority of softwood sawlog sales.

Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

Markets for both softwood and hardwood pulp logs are strong with demand and pricing continuing to improve. While consensus expectations appear to forecast softening pulp markets during the second half of 2011, Acadian's major hardwood pulpwood customers are currently operating and actively competing for deliveries suggesting prices will remain stable through the third quarter with a possible softening of demand late in the year. Acadian continues to be able to sell all of its biomass, although more optimistic expectations for growth of this market have moderated with current low natural gas prices and little expectation of new economic incentives for conversion to renewable fuels in the United States.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on October 14, 2011 to shareholders of record on September 30, 2011.

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

Acadian owns and manages approximately 1.1 million acres of freehold timberlands in New Brunswick and Maine, and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to over 100 regional customers.

Acadian's shares are listed for trading on the Toronto Stock Exchange under the symbol ADN.

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For further information, please visit our website at www.acadiantimber.com or contact:
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Forward-Looking Statements

This News Release contains forward-looking information 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 News Release, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements 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 similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements which reflect management's current expectations regarding future events and operating performance are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 28, 2011 and the Management Information Circular dated March 28, 2011, and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; 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 News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. Certain statements in this News Release 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 News Release. The forward-looking statements in this News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.

Acadian Timber Corp.
Interim Consolidated Statement of Net Income
(unaudited)

	Three Months Ended		Six Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
<i>(CAD thousands)</i>				
Net sales	\$ 11,723	\$ 12,137	\$ 33,479	\$ 32,595
Operating costs and expenses				
Cost of sales	9,237	9,603	22,224	22,446
Selling, administration and other	1,682	1,547	3,187	3,425
Depreciation and amortization	135	121	272	241
	11,054	11,271	25,683	26,112
Operating earnings	669	866	7,796	6,483
Interest expense, net	(737)	(1,097)	(1,677)	(1,856)
Interest:				
Fair value adjustments	1,235	1,415	(398)	1,427
Unrealized exchange loss on long-term debt	(450)	—	(987)	—
Reforestation	(293)	(46)	(293)	(46)
Gain on sale of timberlands	97	30	98	32
Gain on corporate conversion	—	—	—	21,086
Earnings before income taxes	521	1,168	4,539	27,126
Deferred tax expense	(782)	(603)	(1,866)	(1,481)
Net income (loss) for the period	\$ (261)	\$ 565	\$ 2,673	\$ 25,645
Net income (loss) per share – basic	\$ (0.02)	\$ 0.03	\$ 0.16	\$ 1.53
Net income (loss) per share – diluted	\$ (0.02)	\$ 0.03	\$ 0.16	\$ 1.53

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

	Three Months Ended		Six Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
<i>(CAD thousands)</i>				
Net income (loss)	\$ (261)	\$ 565	\$ 2,673	\$ 25,645
Other comprehensive income (loss)				
Unrealized foreign currency translation income (loss)	704	533	(232)	(900)
Amortization of derivatives designated as hedges	(77)	—	(222)	—
Comprehensive income	\$ 366	\$ 1,098	\$ 2,219	\$ 24,745

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	June 25, 2011	December 31, 2010	January 1, 2010
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 6,546	\$ 7,333	\$ 2,053
Accounts receivable and other assets	7,852	7,252	6,265
Inventory	1,403	990	2,289
Derivative asset	—	1,557	—
Note receivable	—	—	4,001
	15,801	17,132	14,608
Timber	214,725	216,181	216,751
Property, plant and equipment	34,075	34,508	36,275
Investment property	875	875	875
Intangible Assets	6,140	6,140	6,140
Deferred income tax asset	5,906	7,522	—
	\$ 277,522	\$ 282,358	\$ 274,649
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 4,978	\$ 4,483	\$ 4,275
Dividends payable to shareholders	3,451	837	—
Debt	—	73,752	—
	8,429	79,072	4,275
Long-term debt	70,470	—	80,739
Deferred income tax liability	18,972	18,952	34,553
Shareholders' equity	179,651	184,334	155,082
	\$ 277,522	\$ 282,358	\$ 274,649

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

	Three Months Ended		Six Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
<i>(CAD thousands)</i>				
Cash provided by (used for):				
Operating activities				
Net income (loss)	\$ (261)	\$ 565	\$ 2,673	\$25,645
Items not affecting cash:				
Deferred tax expense	782	603	1,866	1,481
Depreciation and amortization	135	121	272	241
Fair value adjustments	(1,235)	(1,415)	398	(1,427)
Unrealized exchange loss on long term debt	450	—	987	—
Interest expense, net	737	1,097	1,677	1,856
Interest paid	(639)	(1,097)	(844)	(1,856)
Gain on sale of timberlands	(97)	(30)	(98)	(32)
Gain on corporate conversion	—	—	—	(21,086)
	(128)	(156)	6,931	4,822
Net change in non-cash working capital balances and other	(1,265)	(2,337)	721	(722)
	(1,393)	(2,493)	7,652	4,100
Financing activities				
Borrowings, net of repayments	—	(1,200)	(3,031)	(3,500)
Deferred financing costs	—	—	(1,205)	—
Dividends paid to shareholders	(3,450)	(836)	(4,287)	(1,115)
	(3,450)	(2,036)	(8,523)	(4,615)
Investing activities				
Additions to timber, property, plant and equipment	(8)	(263)	(16)	(264)
Proceeds from sale of timberlands	99	28	100	30
	91	(235)	84	(234)
Decrease in cash and cash equivalents during the period	(4,752)	(4,764)	(787)	(749)
Cash and cash equivalents, beginning of period	11,298	6,068	7,333	2,053
Cash and cash equivalents, end of period	\$ 6,546	\$ 1,304	\$ 6,546	\$ 1,304

Reconciliation to EBITDA and Free Cash Flow

	Three Months Ended		Six Months Ended	
	June 25, 2011	June 26, 2010	June 25, 2011	June 26, 2010
<i>(CAD thousands)</i>				
Net income (loss) ¹	\$ (261)	\$ 565	\$ 2,673	\$25,645
Add (deduct):				
Interest expense, net	737	1,097	1,677	1,856
Deferred tax expense	782	603	1,866	1,481
Depreciation and amortization	135	121	272	241
Fair value adjustments	(1,235)	(1,415)	398	(1,427)
Unrealized exchange loss on long-term debt	450	—	987	—
Gain on corporate conversion	—	—	—	(21,086)
EBITDA	608	971	7,873	6,710
Add (deduct):				
Interest paid on debt, net	(639)	(1,097)	(844)	(1,856)
Capital expenditures	(8)	(263)	(16)	(264)
Gain on sale of timberlands	(97)	(30)	(98)	(32)
Proceeds on sale of timberlands	99	28	100	30
Free cash flow	\$ (37)	\$ (391)	\$ 7,015	\$ 4,588
Dividends declared	\$ 3,451	\$ 836	\$ 6,902	\$ 1,952

¹ Net income (loss) includes the impact of deferred income tax, depreciation and amortization expense, and fair value adjustments which are non-cash items recorded in each respective period and, for 2010 only, the gain resulting from Acadian's corporate conversion on January 1, 2010.