



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2012 Third Quarter Results conference call via webcast on Wednesday, October 31, 2012 at 1:00 p.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 12:50 p.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 THIRD QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – October 30, 2012 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended September 29, 2012 (the “third quarter”).

“The markets for softwood and hardwood sawlogs and hardwood pulpwood were relatively stable during the third quarter”, said Reid Carter, Chief Executive Officer of Acadian. “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.”

Acadian generated net sales of \$17.5 million during the third quarter of 2012. While the sales volume during the quarter fell to 319 thousand m³ from 341 thousand m³ in the same quarter of 2011, a 3% year-over-year increase in the weighted average selling price across all log products kept net sales consistent with the third quarter of 2011.

Adjusted EBITDA of \$4.4 million for the third quarter of 2012 was \$0.6 million higher than in the third quarter of 2011, while Adjusted EBITDA margin increased to 25% from 22% in the same period of last year.

For the nine months ended September 29, 2012, Acadian generated net sales of \$50.4 million on sales volume of 976 thousand m³ as compared to net sales of \$51.0 million on sales volume of 1,010 thousand m³ 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 the comparable period of 2011.

¹ This news release makes reference to Adjusted EBITDA and free cash flow which are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of Acadian’s operating performance. Acadian’s management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, 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. As a result, we have provided in this news release reconciliations of net income, as determined in accordance with IFRS, to Adjusted EBITDA and free cash flow.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Nine Months Ended	
	Sept 29 2012	Sept 24 2011	Sept 29 2012	Sept 24 2011
<i>(CAD thousands, except per share information)</i>				
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
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
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

Acadian benefited from strong demand from local customers and higher realized selling prices for its two main products, softwood sawlogs and hardwood pulpwood. The majority of the softwood sawlog price increase was attributable to increased prices in Maine where customer inventories remain low.

New Brunswick Timberlands

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

	Three Months Ended September 29, 2012			Three Months Ended September 24, 2011		
	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	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 m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	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 the higher percentage of sawtimber in the sales mix, 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

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

	<i>Three Months Ended September 29, 2012</i>			<i>Three Months Ended September 24, 2011</i>		
	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (\$000s)</i>
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%

	<i>Nine Months Ended September 29, 2012</i>			<i>Nine Months Ended September 24, 2011</i>		
	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m³)</i>	<i>Sales (000s m³)</i>	<i>Results (\$000s)</i>
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.

Market Outlook

The following Market Outlook contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2012 and 2013. 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.

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.

Acadian's 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.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on January 15, 2013 to shareholders of record on December 31, 2012.

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 approximately 90 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:
Robert Lee
Investor Relations and Communications
Tel: 604-661-9607
Email: rlee@acadiantimber.com

Forward-Looking Statements

This News Release contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements made in 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, costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements which reflect management's current expectations regarding future events and operating performance are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; 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, 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 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 News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian 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.

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

	Three Months Ended		Nine Months Ended	
	Sept 29 2012	Sept 24 2011	Sept 29 2012	Sept 24 2011
<i>(CAD thousands)</i>				
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	(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

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

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

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	September 29 2012	December 31 2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,381	\$ 4,019
Accounts receivable and other assets	8,737	8,726
Inventory	1,343	2,263
	16,461	15,008
Timber	228,498	231,370
Land, roads and other fixed assets	32,613	33,438
Investment property	39	—
Intangible asset	6,140	6,140
Deferred income tax asset	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	70,494	73,079
Deferred income tax liability	20,971	21,572
Shareholders' equity	182,560	186,358
	\$ 285,252	\$ 288,994

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

	Three Months Ended		Nine Months Ended	
	Sept 29	Sept 24	Sept 29	Sept 24
<i>(CAD thousands)</i>	2012	2011	2012	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	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 and other	172	1,457	3,061	2,179
	3,765	4,640	12,865	12,293
Financing activities				
Borrowing on term facility	—	—	—	70,608
Repayment of bank term credit facility and term loan	—	—	—	(73,639)
Deferred financing costs	—	—	—	(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, property, plant 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

Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Nine Months Ended	
	Sept 29 2012	Sept 24 2011	Sept 29 2012	Sept 24 2011
<i>(CAD thousands)</i>				
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%