

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2016 Third Quarter Results conference call via webcast on Thursday, October 27, 2016 at 1:00 p.m. ET at [www.acadiantimber.com](http://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 recorded teleconference 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 26, 2016** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended September 24, 2016 (the “third quarter”).

“Acadian’s operations performed well for the third quarter and continue to reflect well balanced softwood sawtimber and hardwood pulpwood markets and stable log pricing in-line with the same quarter in the prior year and up 3% for the year to date”, commented Mark Bishop, Chief Executive Officer of Acadian.

Adjusted EBITDA for the third quarter was \$5.2 million compared to \$6.5 million in the comparable period in 2015 as strength in log selling prices in the New Brunswick market were more than offset by a 12% decline in log sales volumes and lower margin sales mix from the same quarter in the prior year. Reduced log sales reflect a combination of the planned reduction in hardwood harvest levels under Acadian’s forest management plan and reduced softwood sales as regional mill inventories remained at higher than normal levels through the quarter. Less favourable year over year seasonal operability also resulted in reduced harvest volumes of specialty softwood species.

For the first nine months of 2016, Acadian has distributed \$0.75 per share, a payout ratio of 96% which is in line with our long-term target of 95%.

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

## Review of Operations

### Financial and Operating Highlights

	Three Months Ended		Nine Months Ended	
	Sept 24 2016	Sept 26 2015	Sept 24 2016	Sept 26 2015
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m <sup>3</sup> )	<b>351.7</b>	354.2	<b>862.2</b>	978.1
Net sales	<b>\$ 19,342</b>	\$ 22,632	<b>\$ 54,445</b>	\$ 62,687
Net income	<b>2,779</b>	(2,851)	<b>12,951</b>	(124)
Adjusted EBITDA	<b>5,153</b>	6,465	<b>15,498</b>	19,011
Free Cash Flow	<b>4,195</b>	5,245	<b>13,108</b>	15,624
Dividends declared	<b>4,182</b>	3,765	<b>12,548</b>	11,294
Payout ratio	<b>100%</b>	72%	<b>96%</b>	72%
Per share – basic and diluted				
Net income	<b>\$ 0.17</b>	\$ (0.17)	<b>\$ 0.77</b>	\$ (0.01)
Free Cash Flow	<b>0.25</b>	0.31	<b>0.78</b>	0.93
Dividends declared	<b>0.25</b>	0.23	<b>0.75</b>	0.68

For the third quarter, Acadian generated net sales of \$19.3 million compared with net sales of \$22.6 million in the comparative year as a 1% decrease in sales volumes was accompanied by a 14% decrease in the weighted average realized selling price for the quarter due primarily to a higher proportion of biomass sales. Excluding biomass, log sales volumes were down 12% from the prior year. This decrease reflected higher than typical regional spruce fir log inventories and more favourable prior year harvest conditions for pine and cedar stands. Sales volumes also reflected the planned reduction in hardwood harvest volumes under Acadian's forest management plan. Selling prices for most of our non-biomass products were roughly in-line with the prior period. The weighted average log selling price down marginally (3%) compared to the prior year as a result of unfavourable mix due to a relative decrease in hardwood sales volumes. For the nine months ended September 24, 2016, Acadian generated net sales of \$54.4 million on sales volumes of 862 thousand m<sup>3</sup> compared to net sales of \$62.7 million on sales volumes of 978 thousand m<sup>3</sup> in the comparable period of 2015.

Adjusted EBITDA and Adjusted EBITDA margin for the third quarter was \$5.2 million and 27%, respectively, compared to \$6.5 million and 29%, respectively, during the comparable period in 2015. This decrease was largely due to a lower margin sales mix. For the nine months ended September 24, 2016, Adjusted EBITDA was \$15.5 million; \$3.5 million lower than during the same period last year.

Net income totaled \$2.8 million, or \$0.17 per share, for the third quarter, compared to \$(0.17) for the same period in 2015. The increase is primarily due to lower non-cash fair value adjustments to our timberlands as a result of lower harvest volumes. For the nine months ended September 24, 2016, net income was \$13.0 million, or \$0.77 per share, an increase of \$13.0 million over the same period in 2015 primarily as a result of an unrealized foreign exchange gain on long-term debt.

## NB Timberlands

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

	<i>Three Months Ended Sept 24, 2016</i>				<i>Three Months Ended Sept 26, 2015</i>			
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)
Softwood	97.4	99.2	35%	\$ 5,258	104.8	105.8	38%	\$5,910
Hardwood	98.5	91.2	32%	6,663	120.2	112.1	40%	8,249
Biomass	92.3	92.3	33%	1,660	62.5	62.5	22%	1,596
	<b>288.2</b>	<b>282.7</b>	<b>100%</b>	<b>13,581</b>	<b>287.5</b>	<b>280.4</b>	<b>100%</b>	<b>15,755</b>
Other sales				747				1,254
Net sales				\$ 14,328				\$17,009
Adjusted EBITDA				\$ 4,608				\$5,951
Adjusted EBITDA margin				32%				35%

	<i>Nine Months Ended Sept 24, 2016</i>				<i>Nine Months Ended Sept 26, 2015</i>			
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Sales Mix	Results (\$000s)
Softwood	243.8	245.2	37%	\$ 13,205	300.9	299.1	40%	\$16,550
Hardwood	257.6	257.8	38%	20,697	315.6	311.2	41%	22,831
Biomass	166.4	166.4	25%	4,559	145.7	145.7	19%	3,989
	<b>667.8</b>	<b>669.4</b>	<b>100%</b>	<b>38,461</b>	<b>762.2</b>	<b>756.0</b>	<b>100%</b>	<b>43,370</b>
Other sales				1,538				2,049
Net sales				\$ 39,999				\$45,419
Adjusted EBITDA				\$ 13,453				\$14,716
Adjusted EBITDA margin				34%				32%

### *Three months ended September 24, 2016:*

Net sales totaled \$14.3 million compared to \$17.0 million for the same period last year, reflecting a 13% decrease in log sales volumes and a 4% decrease in the weighted average log selling price. Log sales volumes excluding biomass declined to 190 thousand m<sup>3</sup> from 218 thousand m<sup>3</sup> in the prior year reflects higher than typical regional spruce fir log inventories, more favourable prior year harvest conditions for pine and cedar stands, and the planned reduction in hardwood harvest volumes under Acadian's forest management plan. The weighted average log selling price was \$62.65 per m<sup>3</sup> in the third quarter of 2016, down from \$64.98 per m<sup>3</sup> in the same period of 2015 due primarily to unfavourable mix from a relative decrease in hardwood sales volumes.

Adjusted EBITDA was \$4.6 million, compared to \$6.0 million in the third quarter of 2015 due primarily to the aforementioned decrease in log sales volumes and lower margin sales mix. Adjusted EBITDA margin decreased to 32% from 35% in the same period. Costs were \$9.4 million, compared to \$11.1 million in the same period in 2015, due to lower log sales volumes and a 3% decrease in variable costs per m<sup>3</sup> mainly as a result of shorter hauling distances for softwood products.

### *Safety*

There were two recordable safety incidents among employees and one recordable safety incidents among contractors during the third quarter of 2016. While all of the incidents resulted in lost time, the injuries were relatively minor in nature and the individuals have already or are expected to make a full recovery.

## Maine Timberlands

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

	<i>Three Months Ended Sept 24, 2016</i>				<i>Three Months Ended Sept 26, 2015</i>			
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000 m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>
Softwood	36.3	36.2	53%	\$ 2,878	37.7	37.6	51%	\$ 2,780
Hardwood	29.7	25.6	37%	1,977	34.8	30.9	42%	2,675
Biomass	7.2	7.2	10%	23	5.3	5.3	7%	35
	<b>73.2</b>	<b>69.0</b>	<b>100%</b>	<b>4,878</b>	<b>77.8</b>	<b>73.8</b>	<b>100%</b>	<b>5,490</b>
Other sales				136				133
Net sales				\$ 5,014				\$ 5,623
Adjusted EBITDA				\$ 749				\$ 1,007
Adjusted EBITDA margin				15%				18%

	<i>Nine Months Ended Sept 24, 2016</i>				<i>Nine Months Ended Sept 26, 2015</i>			
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Sales Mix</b>	<b>Results (\$000s)</b>
Softwood	113.3	112.7	58%	\$ 8,796	138.3	137.7	62%	\$ 10,692
Hardwood	68.1	64.8	34%	5,259	73.5	71.4	32%	6,125
Biomass	15.3	15.3	8%	76	13.0	13.0	6%	110
	<b>196.7</b>	<b>192.8</b>	<b>100%</b>	<b>14,131</b>	<b>224.8</b>	<b>222.1</b>	<b>100%</b>	<b>16,927</b>
Other sales				315				341
Net sales				\$ 14,446				\$ 17,268
Adjusted EBITDA				\$ 2,863				\$ 5,235
Adjusted EBITDA margin				20%				30%

### *Three months ended September 24, 2016:*

Net sales totaled \$5.0 million compared to \$5.6 million for the same period last year. This decrease reflects a 7% decrease in sales volumes due primarily to lower hardwood pulp sales volumes. The weighted average log selling price in Canadian dollar terms was \$78.56 per m<sup>3</sup>, a 1% decrease from \$79.58 per m<sup>3</sup> in the same period of 2015. The weighted average log selling price in U.S. dollar terms was \$60.24 per m<sup>3</sup>, a decrease of 1% year-over-year as continued weakness in softwood pulp pricing was mostly offset by the benefit of favourable sales mix.

Adjusted EBITDA was \$0.7 million, compared to \$1.0 million in the same period in 2015 due primarily to the aforementioned decrease in sales volumes, while the Adjusted EBITDA margin decreased to 15% from 18% in the prior year. Costs for the third quarter were \$4.3 million, compared to \$4.6 million during the same period in 2015 due primarily to the lower sales volumes. Variable costs per m<sup>3</sup> increased 6% in both Canadian dollar and U.S. dollar terms due primarily to greater hauling distances for hardwood products.

### *Safety*

There were no recordable safety incidents among employees and one lost time among contractors during the third quarter of 2016. In September, the Maine operations successfully completed a surveillance audit under the 2015-2019 standard of the Sustainable Forest Initiative® without any non-conformances and notably with several 'exceeds expectations' determinations, which re-affirms our certificate and is a testament to the sustainability of our operations.

## Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2016. 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](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).

The U.S. economy stands out amidst a weak global economic backdrop, with growth accelerating in the third quarter following a disappointing first half of 2016. Ongoing economic growth reflects firm domestic fundamentals including robust job growth, rising wages, and low energy prices. Consumers are feeling confident as the labour market approaches full employment and solid real wage growth supports rising consumption. As inflation picks-up in the coming months, the Fed is expected to continue its rate hiking cycle. These fundamentals continue to support an on-going gradual recovery in U.S. housing starts and strong residential improvement activity. Consensus expectations continue to call for steady year-over-year improvement in total housing starts for 2016 and 2017 of 7% and 10% respectively. Industry forecasters predict that U.S. sawtimber demand will need to continue to grow at over 5% per year over the next few years to support expanding domestic construction needs.

Benchmark softwood lumber prices improved 12-15% for the third quarter and are expected to improve modestly on a full year-over-year basis. With the expiry of the one-year moratorium on trade filings in mid-October following the end of the 2006 Softwood Lumber Agreement in 2015, the North American lumber pricing environment is again highly uncertain. In the absence of any near term settlement between Canada and the U.S., the U.S. Department of Commerce is expected to initiate a countervailing and anti-dumping investigation which could result in an imposition of duties on Canadian lumber producers as early as the second quarter of 2017. During the prior U.S./Canada softwood lumber dispute Canada's Atlantic lumber producers and Québec border mills experienced lower relative duties than the rest of Canada and we expect treatment of these producers during the current dispute will be materially the same as in the past. This differential treatment is due to the significantly greater proportion of private timberlands in the Atlantic region relative to the rest of Canada as well as a long history of active cross-border log exports within the Northeast region.

Regionally, our most important markets are softwood sawlogs and hardwood pulpwood. Both of these markets are in good balance and are expected to remain near current price and volume levels. Acadian's regional sawmill customers have continued to operate on full shifts, although reflecting favourable summer and early fall logging conditions are now carrying somewhat higher than typical seasonal inventories. Maine sawmills continue to face challenges with demand for softwood sawmill residuals and softwood pulpwood markets remain oversupplied. Hardwood sawlog markets remained strong and steady during the third quarter and are expected to remain near current levels. Hardwood pulp prices declined slightly in the quarter but remain historically very strong. Domestic biomass markets remain stable in New Brunswick but export and Maine markets are experiencing some weakness driven by idled mill and biomass generator capacity.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.25 per share, payable on January 13, 2017 to shareholders of record on December 31, 2016.

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

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

*Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our operations-oriented approach to drive improved performance.*

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

For further information, please visit our website at [www.acadiantimber.com](http://www.acadiantimber.com) or contact:

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## **Forward-Looking Statements**

*This News Release contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements made in the section entitled "Market Outlook" and other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield's ability to source and secure potential investment opportunities; the availability of potential acquisitions that suit Acadian's growth profile; and other risks and factors discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 30, 2016 and other filings of Acadian made with securities regulatory authorities, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking information is based on various material factors or assumptions, which are based on information currently available to Acadian. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: anticipated financial performance; anticipated market conditions; business prospects; the economic situation of key customers; strategies; regulatory developments; exchange rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the ability to obtain financing on acceptable terms. Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, Acadian cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this News Release are made as of the date of this News Release, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this News Release. Acadian assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as may be required by applicable law.*

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

	Three Months Ended		Nine Months Ended	
	Sept 24 2016	Sept 26 2015	Sept 24 2016	Sept 26 2015
<i>(CAD thousands)</i>				
Net sales	<b>\$ 19,342</b>	\$ 22,632	<b>\$ 54,445</b>	\$ 62,687
Operating costs and expenses				
Cost of sales	<b>12,380</b>	13,984	<b>34,027</b>	38,568
Selling, administration and other	<b>1,460</b>	1,744	<b>4,530</b>	4,627
Reforestation	<b>430</b>	438	<b>564</b>	615
Depreciation and amortization	<b>124</b>	131	<b>371</b>	381
	<b>14,394</b>	16,297	<b>39,492</b>	44,191
Operating earnings	<b>4,948</b>	6,335	<b>14,953</b>	18,496
Interest expense, net	<b>(733)</b>	(804)	<b>(2,186)</b>	(2,585)
Other items				
Fair value adjustments	<b>333</b>	(792)	<b>2,236</b>	(1,930)
Unrealized exchange (loss) / gain on long-term debt	<b>(921)</b>	(7,168)	<b>5,133</b>	(12,273)
Gain on sale of timberlands	<b>81</b>	13	<b>174</b>	140
Loss on disposal of land, roads and other fixed assets	<b>—</b>	(14)	<b>—</b>	(6)
Earnings / (loss) before income taxes	<b>3,708</b>	(2,430)	<b>20,310</b>	1,842
Current income tax expense	<b>(7)</b>	(132)	<b>(8)</b>	(355)
Deferred income tax expense	<b>(922)</b>	(289)	<b>(7,351)</b>	(1,611)
Net income / (loss)	<b>\$ 2,779</b>	\$ (2,851)	<b>\$ 12,951</b>	\$ (124)
Net income / (loss) per share – basic and diluted	<b>\$ 0.17</b>	\$ (0.17)	<b>\$ 0.77</b>	\$ (0.01)



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

	Three Months Ended		Nine Months Ended	
	<b>Sept 24</b>	Sept 26	<b>Sept 24</b>	Sept 26
<i>(CAD thousands)</i>	<b>2016</b>	2015	<b>2016</b>	2015
Net income / (loss)	<b>\$ 2,779</b>	\$ (2,851)	<b>\$ 12,951</b>	\$ (124)
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation gain / (loss)	<b>1,176</b>	10,899	<b>(7,146)</b>	18,378
Amortization of derivatives designated as cash flow hedges	<b>—</b>	(145)	<b>—</b>	(241)
Comprehensive income	<b>\$ 3,955</b>	\$ 7,903	<b>\$ 5,805</b>	\$ 18,013

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

<i>As at</i> <i>(CAD thousands)</i>	<b>September 24, 2016</b>	December 31, 2015
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 19,797	\$ 17,716
Accounts receivable and other assets	10,470	7,973
Inventory	1,497	1,391
	<b>31,764</b>	27,080
Timber	<b>328,641</b>	333,732
Land, roads and other fixed assets	<b>81,091</b>	82,826
Intangible assets	<b>6,140</b>	6,140
	<b>\$ 447,636</b>	\$ 449,778
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,095	\$ 4,399
Dividends payable to shareholders	4,183	4,183
	<b>13,278</b>	8,582
Long-term debt	<b>94,762</b>	99,819
Deferred income tax liability	<b>79,293</b>	74,331
Shareholders' equity	<b>260,303</b>	267,046
	<b>\$ 447,636</b>	\$ 449,778

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

	Three Months Ended		Nine Months Ended	
	Sept 24	Sept 26	Sept 24	Sept 26
<i>(CAD thousands)</i>	2016	2015	2016	2015
<b>Cash provided by / (used for):</b>				
<b>Operating activities</b>				
Net income / (loss)	\$ 2,779	\$ (2,851)	\$ 12,951	\$ (124)
Adjustments to net income / (loss):				
Deferred income tax expense	922	289	7,351	1,611
Depreciation and amortization	124	131	371	381
Fair value adjustments	(333)	792	(2,236)	1,930
Unrealized exchange loss / (gain) on long term debt	921	7,168	(5,133)	12,273
Interest expense, net	733	804	2,186	2,585
Interest paid, net	(708)	(916)	(2,107)	(2,708)
Gain on sale of timberlands	(81)	(13)	(174)	(140)
Loss on disposal of land, roads and other fixed assets	—	14	—	6
Other, net	416	532	(570)	775
Net change in non-cash working capital	585	(1,134)	2,091	(1,619)
	5,358	4,816	14,730	14,970
<b>Financing activities</b>				
Deferred financing costs	—	(448)	—	(448)
Dividends paid to shareholders	(4,182)	(3,765)	(12,548)	(10,980)
	(4,182)	(4,213)	(12,548)	(11,428)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(245)	(187)	(279)	(341)
Proceeds from sale of timberlands	83	14	178	143
Proceeds from sale of land, roads and other fixed assets	—	—	—	8
	(162)	(173)	(101)	(190)
Increase in cash and cash equivalents during the period	1,014	430	2,081	3,352
Cash and cash equivalents, beginning of period	18,783	15,582	17,716	12,660
<b>Cash and cash equivalents, end of period</b>	<b>\$ 19,797</b>	<b>\$ 16,012</b>	<b>\$ 19,797</b>	<b>\$ 16,012</b>

## Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Nine Months Ended	
	Sept 24 2016	Sept 26 2015	Sept 24 2016	Sept 26 2015
<i>(CAD thousands)</i>				
Net income / (loss)	\$ 2,779	\$ (2,851)	\$ 12,951	\$ (124)
Add / (deduct):				
Interest expense, net	733	804	2,186	2,585
Current income tax expense	7	132	8	355
Deferred income tax expense	922	289	7,351	1,611
Depreciation and amortization	124	131	371	381
Fair value adjustments	(333)	792	(2,236)	1,930
Unrealized exchange loss / (gain) on long-term debt	921	7,168	(5,133)	12,273
<b>Adjusted EBITDA</b>	<b>5,153</b>	<b>6,465</b>	<b>15,498</b>	<b>19,011</b>
Add / (deduct):				
Interest paid on debt, net	(708)	(916)	(2,107)	(2,708)
Additions to timber, land, roads and other fixed assets	(245)	(187)	(279)	(341)
Gain on sale of timberlands	(81)	(13)	(174)	(140)
Loss on disposal of land, roads and other fixed assets	—	14	—	6
Proceeds from sale of timberlands	83	14	178	143
Proceeds from sale of land, roads and other fixed assets	—	—	—	8
Current income tax expense	(7)	(132)	(8)	(355)
<b>Free Cash Flow</b>	<b>\$ 4,195</b>	<b>\$ 5,245</b>	<b>\$ 13,108</b>	<b>\$ 15,624</b>
<b>Dividends declared</b>	<b>\$ 4,182</b>	<b>\$ 3,765</b>	<b>\$ 12,548</b>	<b>\$ 11,294</b>
<b>Payout ratio</b>	<b>100%</b>	<b>72%</b>	<b>96%</b>	<b>72%</b>