



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2017 First Quarter Results conference call via webcast on Thursday, May 4, 2017 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 recorded teleconference rebroadcast can be accessed at 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826.

ACADIAN TIMBER CORP. REPORTS STRONG FIRST QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – May 3, 2017 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 25, 2017 (the “first quarter”).

“Acadian generated strong free cash flow during the first quarter resulting in a payout ratio down to 62% inclusive of the impact of our recent 10% dividend increase” said Mark Bishop, Chief Executive Officer of Acadian. “Our operations benefited from favorable winter conditions which supported seasonally strong log production”.

Acadian maintained its momentum and posted strong performance for the three-month period ending March 25, 2017. For the quarter we generated Adjusted EBITDA¹ of \$8.0 million up from \$7.0 million in the prior year, as our operations benefitted from favourable winter harvest conditions driving a 10% increase in harvest volumes compared to the same quarter of 2016. Demand for most of our products continues to be solid, with our average log selling price remaining in line with the end of last year.

During the first quarter of 2017, Acadian generated \$7.4 million of Free Cash Flow¹ and declared dividends of \$4.6 million to our shareholders. This represents a payout ratio of 62%, which is comfortably below our long term annual target of 95% but in-line with expectations given the seasonality of our operations.

¹ This news release makes reference to Adjusted EBITDA, Adjusted EBITDA margin 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 Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). 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, Adjusted EBITDA margin and Free Cash Flow.

Review of Operations

Financial and Operating Highlights

| <i>Three Months Ended</i> <i>(CAD thousands, except per share information)</i> | March 25, 2017 | March 26, 2016 |
|---|-----------------------|----------------|
| Sales volume (000s m ³) | 356.0 | 301.6 |
| Net sales | \$ 23,072 | \$ 21,447 |
| Net income / (loss) | 4,758 | 4,342 |
| Adjusted EBITDA | 8,030 | 7,044 |
| Free Cash Flow | 7,388 | 6,170 |
| Dividends declared | 4,601 | 4,183 |
| Payout ratio | 62% | 68% |
| Per share (fully diluted) | | |
| Net income / (loss) | 0.28 | 0.26 |
| Free Cash Flow | 0.44 | 0.37 |
| Dividends declared | 0.27 | 0.25 |

For the first quarter, Acadian generated net sales of \$23.1 million compared to \$21.4 million in the comparable period of 2016, driven primarily by favourable winter harvest conditions, particularly for spruce and fir stands. Total sales volumes were 18% higher than the same period in the prior year, driven by a 34% increase in softwood sawlog sales volumes. Sales volumes for other non-biomass products were in-line with the same period in the prior year. The increase in sales volumes was partially offset by a 6% decrease in the weighted average log selling price due to a year-on-year decline in the U.S. dollar exchange rate, unfavorable mix and weaker pricing for hardwood products.

Adjusted EBITDA for the first quarter was \$8.0 million compared to \$7.0 million during the comparable period in 2016. Adjusted EBITDA margin for the quarter was 35%, up from 33% in the same period last year, as the decrease in average selling price was more than offset by operating leverage from higher sales volumes and the benefit of higher and better use (HBU) land sales in Maine.

Net income totaled \$4.8 million, or \$0.28 per share, for the first quarter, compared to \$4.3 million, or \$0.26 per share, for the same period in 2016. The increase is primarily due to the aforementioned sales volumes increase and partially offset by higher fair value adjustments due to higher harvest volumes.

Acadian's balance sheet continues to be solid with \$100.5 million of net liquidity as at March 25, 2017, including funds available under Acadian's Revolving Facility and our stand-by equity commitment with Brookfield.

Total dividends declared to shareholders during the three months ended March 25, 2017 were \$4.6 million, or \$0.275 per share, up from \$4.2 million or \$0.25 per share, in 2016.

New Brunswick Timberlands

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

| | <i>Three Months Ended March 25, 2017</i> | | | | <i>Three Months Ended March 26, 2016</i> | | | |
|------------------------|--|---------------------------------|--------------|---------------------|--|---------------------------------|--------------|---------------------|
| | Harvest (000s m ³) | Sales (000s m ³) | Sales Mix | Results (\$000s) | Harvest (000s m ³) | Sales (000s m ³) | Sales Mix | Results (\$000s) |
| Softwood | 135.3 | 126.5 | 47% | \$ 7,258 | 111.0 | 80.5 | 40% | \$4,359 |
| Hardwood | 115.3 | 94.7 | 36% | 7,602 | 109.6 | 90.0 | 44% | 7,559 |
| Biomass | 45.3 | 45.3 | 17% | 965 | 33.3 | 33.3 | 16% | 1,338 |
| | 295.9 | 266.5 | 100% | 15,825 | 253.9 | 203.8 | 100% | 13,256 |
| Other sales | | | | 488 | | | | 675 |
| Net sales | | | | \$ 16,313 | | | | \$13,931 |
| Adjusted EBITDA | | | | \$ 6,128 | | | | \$4,958 |
| Adjusted EBITDA margin | | | | 38% | | | | 36% |

Three months ended March 25, 2017:

Net sales totaled \$16.3 million compared to \$13.9 million for the same period last year. Log sales volumes excluding biomass increased 30% to 221 thousand m³ from 170 thousand m³ in the prior year, reflecting more favourable harvest conditions for spruce and fir stands and strong demand for softwood sawlogs. Furthermore, in the prior year, sales volumes for the quarter were lower as our operations carried higher than typical inventories at quarter end due to an inventory management program with one of the operation's major customers that was not in place in the current year.

The weighted average log selling price for the quarter was \$67.18 per m³, down from \$69.87 per m³ in the prior year. Strength in softwood sawlog selling prices, which were up 4% compared to the prior year, was more than offset by the impact of sales mix and weaker pricing for hardwood products.

Strong local demand for biomass products resulted in a 36% increase in sales volumes compared to the same period in the prior year. Overall, the gross margin earned on our biomass products decreased 36% compared to the first quarter of 2016, reflecting lower sales to export markets.

Adjusted EBITDA and costs for the quarter were \$6.1 million and \$10.2 million, respectively, compared to \$5.0 million and \$9.0 million, respectively, in the first quarter of 2016 due primarily to the aforementioned increase in log sales volumes. Adjusted EBITDA margin for the quarter increased to 38% from 36% in the same period in the prior year due to the increase in log sales as well as a 13% reduction in variable costs per m³ due to shorter hauling distances.

Safety

There were no recordable safety incidents among employees and one lost time incident among contractors during the first quarter of 2017.

Maine Timberlands

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

| | <i>Three Months Ended March 25, 2017</i> | | | | <i>Three Months Ended March 26, 2016</i> | | | |
|------------------------|--|--------------------------------------|----------------------|-----------------------------|--|---------------------------------------|----------------------|-----------------------------|
| | Harvest (000s m³) | Sales (000 m³) | Sales Mix | Results (\$000s) | Harvest (000s m³) | Sales (000s m³) | Sales Mix | Results (\$000s) |
| Softwood | 62.8 | 62.6 | 70% | \$ 4,751 | 65.2 | 64.9 | 66% | \$ 5,142 |
| Hardwood | 29.4 | 25.7 | 29% | 1,892 | 29.8 | 27.4 | 28% | 2,298 |
| Biomass | 1.2 | 1.2 | 1% | 2 | 5.5 | 5.5 | 6% | 37 |
| | 93.4 | 89.5 | 100% | 6,645 | 100.5 | 97.8 | 100% | 7,477 |
| Other sales | | | | 114 | | | | 39 |
| Net sales | | | | \$ 6,759 | | | | \$ 7,516 |
| Adjusted EBITDA | | | | \$ 2,156 | | | | \$ 2,281 |
| Adjusted EBITDA margin | | | | 32% | | | | 30% |

Three months ended March 25, 2017:

Net sales totaled \$6.8 million compared to \$7.5 million for the same period last year as log sales volumes decreased to 88 thousand m³ from 92 thousand m³ in the prior year. This decrease is driven primarily by a decrease in the number of operating days in the first quarter of 2017, as compared to the same quarter of 2016. Adjusting for this difference, log sales volumes were in-line with the prior year.

The weighted average log selling price in Canadian dollar terms was \$75.26 per m³, down from \$80.63 per m³ in the same period of 2016. The weighted average log selling price in U.S. dollar terms was \$56.86 per m³, down 3% year-over-year, reflecting a 2% increase in softwood sawlog pricing offset by a 9% decline in hardwood pulp pricing reflecting high customer inventories.

Adjusted EBITDA for the quarter was \$2.2 million, compared to \$2.3 million in the prior year. Costs for the first quarter were \$5.1 million, compared to \$5.3 million during the same period in 2016, due to the decrease in sales volumes and a 5% decrease in variable costs per m³ in Canadian dollar terms. Adjusted EBITDA margin for the quarter increased to 32% from 30% due primarily to the benefit of HBU land sales and the above noted decrease in variable costs per m³.

Safety

There were no recordable safety incidents among employees or contractors during the first quarter of 2017.

Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2017. 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.

Acadian's key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. Northeast North American softwood dimension sawmills represent over one third of Acadian's end-use market and are the primary market for our softwood sawtimber. Economic forecasters continue to call for steady growth in housing starts, with year-over-year improvements averaging over 7% in each of 2017 and 2018. As a result, North American sawtimber demand is expected to grow at over 3% per year over the next few years to support expanding domestic construction needs.

Despite the expectation for steadily improving lumber consumption, the near to medium term outlook for softwood sawtimber pricing remains uncertain in the face of expected punitive duties to be imposed by the U.S. Government on imports of Canadian softwood lumber. Preliminary countervailing duties (CVD) averaging 19.9% were announced last week, and anti-dumping duties (ADD) are scheduled to be announced in late June. Lumber prices jumped significantly through the first quarter in anticipation of high duty levels expected to be applied retroactively. As in past disputes, we have been anticipating relatively high initial combined duties, which are likely to be reduced over time during the litigation period. We anticipate a highly politicized process may obscure visibility on progress towards a negotiated settlement for at least most of 2017.

During past U.S./Canada softwood lumber disputes, Canada's Atlantic lumber producers, along with Québec border mills, experienced lower relative CVD & ADD duties than the rest of Canada and were ultimately exempted in past negotiated settlements 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. However, there is little current visibility as to where final duty determination will land for the region at the end of this year, and in fact whether the region will be exempted from any final settlement as in the past.

Hardwood sawtimber markets, typically oriented to millwork and higher value specialty markets, are expected to remain at healthy current levels throughout the upcoming year. While hardwood pulpwood markets remain historically very strong, we expect seasonally high consumer inventories will continue to impact pricing through mid-year, and in any case, remain vulnerable in the current strong U.S. dollar environment. While continued oversupply of softwood sawmill residuals and softwood pulpwood markets remains a concern, we anticipate regional timberland owners will continue to target reduced pulpwood harvest levels through 2017. Biomass is also an important market for Acadian. We anticipate domestic biomass markets will remain stable in New Brunswick and expect a gradual recovery in export volumes during the second half of the year. Maine's biomass market appears positioned for a gradual recovery as state subsidies and higher natural gas pricing have supported the restart of three previously idled biomass generation facilities.

Additionally, we expect that the Maine recreational real estate market will remain favorable through the year and therefore anticipate conditions will support the sale of additional properties throughout the remainder of 2017.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.275 per share, payable on July 14, 2017 to shareholders of record on June 30, 2017.

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** 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. 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)

| <i>Three Months Ended</i> <i>(CAD thousands, except per share data)</i> | March 25, 2017 | March 26, 2016 |
|--|-----------------------|----------------|
| Net sales | \$ 23,072 | \$ 21,447 |
| Operating costs and expenses | | |
| Cost of sales | 13,947 | 13,086 |
| Selling, administration and other | 1,592 | 1,410 |
| Reforestation | — | — |
| Depreciation and amortization | 78 | 125 |
| | 15,617 | 14,621 |
| Operating earnings | 7,455 | 6,826 |
| Interest expense, net | (747) | (730) |
| Other items | | |
| Fair value adjustments | (1,475) | (771) |
| Unrealized exchange gain on long-term debt | 465 | 4,119 |
| Gain on sale of timberlands | 497 | 93 |
| Earnings before income taxes | 6,195 | 9,537 |
| Current income tax expense | (147) | (155) |
| Deferred income tax expense | (1,290) | (5,040) |
| Net income | 4,758 | 4,342 |
| Net income per share – basic and diluted | \$ 0.28 | \$ 0.26 |

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

| <i>Three Months Ended</i> <i>(CAD thousands)</i> | March 25, 2017 | March 26, 2016 |
|---|-----------------------|----------------|
| Net income | \$ 4,758 | \$ 4,342 |
| Other comprehensive loss | | |
| Item that may be reclassified subsequently to net income: | | |
| Unrealized foreign currency translation income loss | (529) | (5,564) |
| Comprehensive income / (loss) | \$ 4,229 | \$ (1,222) |

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

As at
(CAD thousands) March 25, 2017 December 31, 2016

ASSETS

Current Assets

| | | |
|--------------------------------------|-----------|-----------|
| Cash and cash equivalents | \$ 22,435 | \$ 19,654 |
| Accounts receivable and other assets | 12,957 | 6,952 |
| Inventory | 4,067 | 2,149 |

| | | |
|--|---------------|--------|
| | 39,459 | 28,755 |
|--|---------------|--------|

| | | |
|------------------------------------|---------|---------|
| Timber | 325,684 | 328,477 |
| Land, roads and other fixed assets | 91,944 | 91,206 |
| Intangible assets | 6,140 | 6,140 |

| | | |
|--|-------------------|------------|
| | \$ 463,227 | \$ 454,578 |
|--|-------------------|------------|

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

| | | |
|--|-----------|----------|
| Accounts payable and accrued liabilities | \$ 11,549 | \$ 3,529 |
| Dividends payable to shareholders | 4,601 | 4,183 |

| | | |
|--|---------------|-------|
| | 16,150 | 7,712 |
|--|---------------|-------|

| | | |
|-------------------------------|---------|---------|
| Long-term debt | 96,628 | 97,066 |
| Deferred income tax liability | 82,970 | 81,949 |
| Shareholders' equity | 267,479 | 267,851 |

| | | |
|--|-------------------|------------|
| | \$ 463,227 | \$ 454,578 |
|--|-------------------|------------|

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

| <i>Three Months Ended</i> <i>(CAD thousands)</i> | March 25, 2017 | March 26, 2016 |
|---|-----------------------|------------------|
| Cash provided by / (used for): | | |
| Operating activities | | |
| Net income | \$ 4,758 | \$ 4,342 |
| Adjustments to net income: | | |
| Deferred income tax expense | 1,290 | 5,040 |
| Depreciation and amortization | 78 | 125 |
| Fair value adjustments | 1,475 | 771 |
| Unrealized exchange gain on long-term debt | (465) | (4,119) |
| Interest expense, net | 747 | 730 |
| Interest paid, net | (721) | (704) |
| Gain on sale of timberlands | (497) | (93) |
| Other, net | 793 | 1,035 |
| Net change in non-cash working capital | 59 | (250) |
| | 7,517 | 6,877 |
| Financing activities | | |
| Dividends paid to shareholders | (4,183) | (4,183) |
| | (4,183) | (4,183) |
| Investing activities | | |
| Additions to timber, land, roads and other fixed assets | (114) | (17) |
| Acquisition of Katahdin Timberlands LLC | (1,276) | — |
| Proceeds from sale of timberlands | 837 | 95 |
| | (553) | 78 |
| Increase in cash and cash equivalents during the period | 2,781 | 2,772 |
| Cash and cash equivalents, beginning of period | 19,654 | 17,716 |
| Cash and cash equivalents, end of period | \$ 22,435 | \$ 20,488 |

Reconciliations to Adjusted EBITDA and Free Cash Flow

| <i>Three Months Ended</i> <i>(CAD thousands)</i> | March 25, 2017 | March 26, 2016 |
|---|-----------------------|----------------|
| Net income | \$ 4,758 | \$ 4,342 |
| Add / (deduct): | | |
| Interest expense, net | 747 | 730 |
| Current income tax expense | 147 | 155 |
| Deferred income tax expense | 1,290 | 5,040 |
| Depreciation and amortization | 78 | 125 |
| Fair value adjustments | 1,475 | 771 |
| Unrealized exchange gain on long-term debt | (465) | (4,119) |
| Adjusted EBITDA | 8,030 | 7,044 |
| Add / (deduct): | | |
| Interest paid on debt, net | (721) | (704) |
| Gain on sale of timberlands | (497) | (93) |
| Proceeds from sale of timberlands | 837 | 95 |
| Additions to timber, land, roads and other fixed assets | (114) | (17) |
| Current income tax expense | (147) | (155) |
| Free cash flow | \$ 7,388 | \$ 6,170 |
| Dividends declared | \$ 4,601 | \$ 4,183 |
| Payout ratio | 62% | 68% |