



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2012 First Quarter Results conference call via webcast on Wednesday, May 2, 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 FIRST QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – May 1, 2012 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 31, 2012 (the “first quarter”). Acadian generated net sales of \$18.6 million on sales volume of 352 thousand m³, which represents a \$3.1 million, or 14%, decrease in net sales compared to the same period in 2011.

Results for the first quarter were impacted by Acadian’s implementation of a short-term vendor managed inventory program (“VMI”) with one of its larger customers. At the end of the first quarter, Acadian held 72 thousand m³ of harvested logs in inventory related to the VMI. As purchase commitments are filled under the VMI during the second quarter of 2012, additional sales of approximately \$3.4 million and Adjusted EBITDA of approximately \$1.5 million are expected to be realized.

Adjusted EBITDA of \$4.8 million for the first quarter was \$2.5 million lower than in the first quarter of 2011, and Adjusted EBITDA margin decreased to 26% from 33% in the same period of last year. This decrease in margin is attributed to a lower contribution from the land management services agreement and significantly lower sales of higher margin spruce-fir sawlogs owing to the sale of these volumes being delayed until the second quarter as a result of the VMI.

“Operating conditions were excellent during January and February followed by exceptionally warm weather in early March causing an early spring break-up disrupting production and sales” said Reid Carter, Chief Executive Officer of Acadian. Mr. Carter further noted that “we were pleased with the results in our Maine operations during the first quarter as strategies to improve contractor availability resulted in harvest levels meeting targets.”

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

<i>Three Months Ended</i>		
<i>(\$000s except per share information)</i>		
	March 31, 2012	March 26, 2011
Net sales	\$ 18,648	\$ 21,756
Adjusted EBITDA	4,770	7,265
Free cash flow	4,035	7,052
Dividends declared	3,451	3,451
Net income	4,368	2,934
Per share (fully diluted)		
Net Income	0.26	0.18
Free cash flow	0.24	0.42
Dividends declared	0.21	0.21
Sales volume (000s m ³)	351.5	426.4

Acadian's weighted average selling price across all products increased 7% year-over-year although this change was largely due to changes in the sales mix and sales to more distant markets. Prices for softwood sawlogs, which represent 38% of net sales, increased 5% year-over-year with this increase in average price primarily related to a greater proportion of sales coming from Acadian's Maine operations where softwood sawlogs attract stronger prices. Prices for hardwood sawlogs, which represent 7% of net sales, increased by 2%. Selling prices for hardwood and softwood pulpwood increased by 6% and 14%, respectively, year-over-year. Biomass markets remained stable with price comparisons having little utility as they are significantly affected by distance from the harvest location.

New Brunswick Timberlands

The tables below summarize operating and financial results for New Brunswick Timberlands:

	<i>Three Months Ended March 31, 2012</i>			<i>Three Months Ended March 26, 2011</i>		
	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)
Softwood	155.5	82.2	\$ 4,161	165.9	156.3	\$ 7,583
Hardwood	93.2	114.7	6,985	137.6	126.6	7,606
Biomass	59.8	59.8	1,120	69.7	69.7	1,163
	308.5	256.7	12,266	373.2	352.6	16,352
Other sales			889			1,579
Net sales			\$ 13,155			\$ 17,931
Adjusted EBITDA			\$ 3,116			\$ 6,355
Adjusted EBITDA margin			24%			35%

Softwood, hardwood and biomass shipments were 82 thousand m³, 115 thousand m³ and 60 thousand m³, respectively, for the first quarter. Approximately 31% was sold as sawlogs, 46% as pulpwood and 23% as biomass. This compares to 40% sold as sawlogs, 40% as pulpwood and 20% as biomass in the first quarter of 2011.

Net sales for the first quarter were \$13.2 million (2011 – \$17.9 million) with an average selling price across all products of \$47.79 per m³ which compares to an average selling price of \$46.37 per m³ during the first quarter of 2011. This year-over-year change in the average selling price

reflects a higher proportion of hardwood pulpwood in the sales mix and improved pricing for this product. Other sales decreased to \$0.9 million from \$1.6 million in the comparable period of 2011 due to decreased harvesting activity on the land Acadian manages on behalf of others.

New Brunswick Timberlands held 72 thousand m³ of harvested logs in inventory related to the VMI at the end of the first quarter reducing sales and Adjusted EBITDA during the quarter by approximately \$3.4 million and \$1.5 million, respectively. These amounts are expected to be realized in the second quarter as purchase commitments under the VMI are filled.

Costs for the first quarter were \$10.0 million (2011 – \$11.6 million). Variable costs per m³ were 16% higher than the first quarter of 2011 as a result of increased sales of hardwood pulpwood to more distant customers in the United States and higher contractor and fuel costs.

Adjusted EBITDA for the first quarter was \$3.1 million, compared to \$6.4 million in the comparable period of 2011. Adjusted EBITDA margin decreased to 24%, as compared to 35% for the first quarter of 2011, reflecting higher delivered log costs, lower contribution from the land management services agreement and the effect of reduced sales volume on fixed cost absorption.

We are pleased to report that during the first quarter, New Brunswick Timberlands experienced no recordable safety incidents among employees or contractors.

Maine Timberlands

The tables below summarize operating and financial results for Maine Timberlands:

	<i>Three Months Ended March 31, 2012</i>			<i>Three Months Ended March 26, 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	76.0	74.6	\$ 4,208	58.3	58.2	\$ 3,058
Hardwood	19.8	19.6	1,223	10.6	11.1	665
Biomass	0.6	0.6	19	4.5	4.5	44
	96.4	94.8	5,450	73.4	73.8	3,767
Other sales			43			58
Net sales			\$ 5,493			\$ 3,825
Adjusted EBITDA			\$ 1,808			\$ 1,229
Adjusted EBITDA margin			33%			32%

Softwood, hardwood and biomass shipments were 75 thousand m³, 20 thousand m³ and 1 thousand m³, respectively, for the first quarter. Approximately 63% was sold as sawlogs, 36% as pulpwood and 1% as biomass. This compares to 58% sold as sawlogs, 36% as pulpwood and 6% as biomass in the first quarter of 2011.

Net sales for the first quarter were \$5.5 million (2011 – \$3.8 million) with an average selling price across all products of \$57.50 per m³, which compares to an average selling price of \$51.03 per m³ during the first quarter of 2011. This variance in sales price was attributable to higher proportions of softwood sawtimber and hardwood pulpwood and improved prices for hardwood pulpwood. Strategies implemented by Acadian have allowed for improved contractor availability which, together with favourable operating conditions, resulted in increased harvest and sales volumes.

Costs for the first quarter were \$3.7 million (2011 – \$2.6 million). Variable costs per m³ increased 22% in Canadian dollar terms due to changes in contractor rates driven by increases in fuel costs and greater distances from harvest sites to mill delivery locations.

Adjusted EBITDA for the first quarter was \$1.8 million, compared to \$1.2 million in the comparable period of 2011. Adjusted EBITDA margin averaged 33% in the first quarter as compared to 32% during the first quarter of 2011.

We are pleased to report that during the first quarter, 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 the remainder of fiscal 2012. 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 sent mixed signals during the winter months with the February data for construction and new and existing homes sales falling slightly while the results of the homebuilders' survey data and the housing-related question in the consumer confidence survey improved significantly in March. We continue to believe, however, that for US housing to fully recover, the economy must continue to improve with concurrent employment growth and improving consumer confidence and the inventory of unsold homes and homes in foreclosure must decline to more normal levels. Despite these broad economic challenges, most of Acadian's softwood sawmilling customers are maintaining active operations and, as a result, demand for spruce-fir sawlogs continues to be reasonably strong causing our outlook to be cautiously optimistic for the remainder of 2012. Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future.

Markets for hardwood pulpwood remain strong with Acadian's major hardwood pulp customers all operating and actively competing for deliveries suggesting prices will remain stable through year end. Softwood pulpwood markets are increasingly soft as there has been an ample supply of sawmill residuals and too little demand from regional pulp mills. As a result, we expect softwood pulpwood prices to continue to soften through the summer. Softwood pulpwood typically accounts for approximately 7 – 8% of total sales.

Biomass markets continue to face significant market challenges. Cogeneration plants associated with manufacturing facilities are generally in good shape, while stand-alone wood-to-energy plants continue to suffer from 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 price outlook.

Acadian's efforts in addressing upward cost pressures from contractor availability appear to have been reasonably successful during the first quarter and we will continue to work with our contractors, industry associations and the state and provincial governments to secure an adequate skilled workforce.

"Acadian benefits from a strong balance sheet, healthy and diverse markets and a strong operating team that remains committed to continuously improving our financial performance. Owing to the additional softwood sawlog and pulpwood volumes held in the VMI at the end of March, we also expect second quarter sales and related cash flow to be considerably stronger than has historically been the case. These factors give us considerable confidence that Acadian is well positioned to meet its dividend target for 2012 and beyond" concluded Mr. Carter.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on July 13, 2012 to shareholders of record on June 29, 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:

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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, 2012 and the Management Information Circular 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 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.
Consolidated Statements of Net Income
(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 31, 2012	March 26, 2011
Net sales	\$ 18,648	\$ 21,756
Operating costs and expenses		
Cost of sales	12,447	12,987
Selling, administration and other	1,435	1,505
Depreciation and amortization	137	137
	14,019	14,629
Operating earnings	4,629	7,127
Interest expense, net	(715)	(940)
Other items		
Fair value adjustments	(401)	(1,633)
Unrealized exchange gain (loss) on long-term debt	1,769	(537)
Gain on sale of timberlands	4	1
Earnings before income taxes	5,286	4,018
Deferred tax expense	(918)	(1,084)
Net income for the period	\$ 4,368	\$ 2,934
Net income per share – basic and diluted	\$ 0.26	\$ 0.18

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 31, 2012	March 26, 2011
Net income	\$ 4,368	\$ 2,934
Other comprehensive loss:		
Unrealized foreign currency translation loss	(2,072)	(936)
Amortization of derivatives designated as cash flow hedges	(49)	(145)
Comprehensive income	\$ 2,247	\$ 1,853

Acadian Timber Corp.
Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	March 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,484	\$ 4,019
Accounts receivable and other assets	4,117	8,726
Inventory	4,057	2,263
	14,658	15,008
Timber	228,042	231,370
Land, roads and other fixed assets	32,937	33,438
Intangible assets	6,140	6,140
Deferred income tax asset	2,461	3,038
	\$ 284,238	\$ 288,994
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,040	\$ 4,534
Dividends payable to shareholders	3,451	3,451
	6,491	7,985
Long-term debt	71,370	73,079
Deferred income tax liability	21,223	21,572
Shareholders' equity	185,154	186,358
	\$ 284,238	\$ 288,994

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 31, 2012	March 26, 2011
Cash provided by (used for):		
Operating activities		
Net income	\$ 4,368	\$ 2,934
Adjustments to net income:		
Deferred tax expense	918	1,084
Depreciation and amortization	137	137
Fair value adjustments	401	1,633
Unrealized exchange (gain) loss on long-term debt	(1,769)	537
Interest expense, net	715	940
Interest paid, net	(720)	(205)
Gain on sale of timberlands	(4)	(1)
	4,046	7,059
Net change in non-cash working capital balances and other	1,881	1,986
	5,927	9,045
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)	(837)
	(3,451)	(5,073)
Investing activities		
Additions to timber, lands, roads and other fixed assets	(15)	(8)
Proceeds from sale of timberlands	4	1
	(11)	(7)
Increase in cash and cash equivalents during the period	2,465	3,965
Cash and cash equivalents, beginning of period	4,019	7,333
Cash and cash equivalents, end of period	\$ 6,484	\$ 11,298

Reconciliation to Adjusted EBITDA and Free Cash Flow

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 31, 2012	March 26, 2011
Net income	\$ 4,368	\$ 2,934
Add (deduct):		
Interest expense, net	715	940
Deferred tax expense	918	1,084
Depreciation and amortization	137	137
Fair value adjustments	401	1,633
Unrealized exchange (gain) loss on long-term debt	(1,769)	537
Adjusted EBITDA	4,770	7,265
Deduct:		
Interest paid on debt, net	(720)	(205)
Additions to timber, lands, roads and other fixed assets	(15)	(8)
Gain on sale of timberlands	(4)	(1)
Proceeds on sale of timberlands	4	1
Free cash flow	\$ 4,035	\$ 7,052
Dividends declared	\$ 3,451	\$ 3,451