

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2014 Third Quarter Results conference call via webcast on Tuesday, October 28, 2014 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 27, 2014** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended September 27, 2014 (the “third quarter”).

“Acadian’s financial performance improved significantly year-over-year”, commented Reid Carter, Chief Executive Officer of Acadian. “Solid demand for the majority of our products resulted in improved prices which, combined with good summer operating conditions, led to higher net sales and a 50% increase in Adjusted EBITDA.”

For the third quarter, Acadian generated net sales of \$21.6 million on sales volume of 368 thousand m<sup>3</sup>, a \$2.8 million increase compared to the same period in 2013. The increase in net sales year-over-year reflects a 7% increase in sales volume and a 9% increase in the weighted average log selling price with the majority of the increase in this sales volume and selling price occurring in Acadian’s higher margin spruce-fir sawlog sort. On a year-to-date basis, net sales are 4% higher than in the same period last year with a 7% decline in sales volume more than offset by a 10% increase in the weighted average log price.

Adjusted EBITDA of \$5.7 million for the third quarter was \$1.9 million higher than in the third quarter of 2013, while Adjusted EBITDA margin increased to 26%, up 6% from the same period in 2013. Free Cash Flow was \$4.7 million during the third quarter, also an increase of \$1.9 million compared to the prior year. These improvements reflect the log price and volume improvements noted above along with minimal change in overall average per unit variable costs.

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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.

## Financial and Operating Highlights

	Three Months Ended		Nine Months Ended	
	Sept 27 2014	Sept 28 2013	Sept 27 2014	Sept 28 2013
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m <sup>3</sup> )	367.7	343.2	946.8	1,012.9
Net sales	\$ 21,583	\$ 18,759	\$ 54,855	\$ 52,619
Operating earnings	5,545	3,642	13,807	10,823
Net income / (loss)	(557)	3,394	4,878	3,828
Adjusted EBITDA	5,699	3,789	14,331	11,341
Free Cash Flow	4,669	2,812	11,321	8,497
Dividends declared	3,451	3,451	10,353	10,353
Per share (fully diluted)				
Net income / (loss)	(0.03)	0.20	0.29	0.23
Free Cash Flow	0.28	0.17	0.68	0.51
Dividends declared	0.21	0.21	0.62	0.62

Operating earnings for the third quarter, at \$5.5 million, increased \$1.9 million year-over-year, reflecting increased sales volumes and margin improvements stemming from a higher value product mix and stronger pricing. Acadian's net loss for the third quarter was \$0.6 million, or \$0.03 per share, a decrease of \$4.0 million or \$0.23 per share from the same period in 2013, however the majority of the difference is related to non-cash items including a larger fair value adjustment due to the higher harvest volume and a difference of \$5.4 million in the unrealized exchange loss on long-term debt compared to the same period of the prior year.

Acadian's operations ran well during the third quarter with weather conditions typical for the summer season and improved demand for softwood resulting in a 7% increase in total sales volume compared to the same period in the prior year. Acadian's softwood sawlog sales volume for the third quarter increased 14% from the same period in 2013, while sales volumes for hardwood sawlogs and pulpwood increased by 3% and 6%, respectively, and biomass volumes remained almost unchanged.

Acadian's weighted average log selling price for the third quarter increased 9% year-over-year due to higher softwood and hardwood sawlog and hardwood pulpwood prices, a stronger U.S. dollar and a higher value sales mix. While stronger softwood sawlog markets drove an 11% increase in softwood sawlog prices relative to the third quarter of 2013, the higher prices were partially offset by higher cost associated with sales to more distant markets. Prices for hardwood sawlogs and pulpwood improved, each increasing by 9% over the same period last year. Softwood pulpwood pricing has remained stable, however, the number of groundwood pulp customers operating in the region continues to decline. Biomass gross margin was down 20% year-over-year with the majority of the change coming from the New Brunswick operations where a smaller proportion of the volume was sold to the higher margin export markets than in the prior year.

## New Brunswick Timberlands

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

	<b>Three Months Ended September 27, 2014</b>			<b>Three Months Ended September 28, 2013</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>
Softwood	107.6	109.2	\$ 6,281	87.7	90.5	\$ 4,632
Hardwood	108.7	112.3	7,354	106.3	103.3	6,213
Biomass	69.2	69.2	1,544	60.3	60.3	1,364
	<b>285.5</b>	<b>290.7</b>	<b>15,179</b>	<b>254.3</b>	<b>254.1</b>	<b>12,209</b>
Other sales			1,109			1,439
Net sales			\$ 16,288			\$ 13,648
Adjusted EBITDA			\$ 4,510			\$ 2,701
Adjusted EBITDA margin			28%			20%

	<b>Nine Months Ended September 27, 2014</b>			<b>Nine Months Ended September 28, 2013</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>
Softwood	273.7	276.9	\$ 15,405	301.1	301.9	\$ 15,743
Hardwood	294.6	302.1	20,027	290.7	295.9	18,075
Biomass	138.5	138.5	2,853	173.4	173.4	3,382
	<b>706.8</b>	<b>717.5</b>	<b>38,285</b>	<b>765.2</b>	<b>771.2</b>	<b>37,200</b>
Other sales			1,739			2,109
Net sales			\$ 40,024			\$ 39,309
Adjusted EBITDA			\$ 10,620			\$ 8,636
Adjusted EBITDA margin			27%			22%

Acadian's New Brunswick Timberlands had a very strong quarter with softwood, hardwood and biomass shipments of 109 thousand m<sup>3</sup>, 112 thousand m<sup>3</sup> and 69 thousand m<sup>3</sup>, respectively, during the third quarter representing a 14% year-over-year increase in sales volume. Approximately 36% of sales volume was sold as sawlogs, 40% as pulpwood and 24% as biomass in the third quarter. This compares to 33% sold as sawlogs, 43% as pulpwood and 24% as biomass in the third quarter of 2013.

Net sales for the third quarter totaled \$16.3 million compared to \$13.6 million for the same period last year reflecting more favourable operating and market conditions. The weighted average log selling price was \$61.55 per m<sup>3</sup> in the third quarter of 2014, a 10% increase from \$55.94 per m<sup>3</sup> in the same period of 2013 as a result of improved selling prices for most products and a higher proportion of sawlogs in the sales mix. Net sales for the nine months ended September 27, 2014 were \$40.0 million, an increase of \$0.7 million over the same period in 2013, with lower sales volumes more than offset by improved pricing.

Costs for the third quarter were \$11.8 million, compared to \$10.9 million in the same period in 2013, due to higher harvest volumes of primary products. Variable costs per m<sup>3</sup> were unchanged from the prior year. For the nine months ended September 27, 2014, costs were \$29.4 million, \$1.3 million lower than during the same period of 2013, due to lower harvest volumes.

Adjusted EBITDA for the third quarter was \$4.5 million, compared to \$2.7 million in the third quarter of 2013 reflecting higher sales volumes and improved prices. The improved prices along with unchanged average per unit variable costs increased Adjusted EBITDA margin to 28% from 20% in the prior year. For the nine months ended September 27, 2014, Adjusted EBITDA was \$10.6 million, an increase of \$2.0 million over the same period of 2013 with the decrease in harvest volume more than offset by improved year-to-date prices.

There was one recordable safety incident among employees and two recordable incidents among our contractors during the third quarter of 2014.

### Maine Timberlands

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

	<b>Three Months Ended September 27, 2014</b>			<b>Three Months Ended September 28, 2013</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>
Softwood	48.9	48.7	\$ 3,343	51.4	51.3	\$ 3,168
Hardwood	24.8	24.6	1,788	25.6	26.0	1,754
Biomass	3.7	3.7	25	11.8	11.8	65
	<b>77.4</b>	<b>77.0</b>	<b>5,156</b>	<b>88.8</b>	<b>89.1</b>	<b>4,987</b>
Other sales			139			124
Net sales			\$ 5,295			\$ 5,111
Adjusted EBITDA			\$ 1,526			\$ 1,456
Adjusted EBITDA margin			29%			28%

	<b>Nine Months Ended September 27, 2014</b>			<b>Nine Months Ended September 28, 2013</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (\$000s)</b>
Softwood	138.1	137.6	\$ 9,049	146.0	145.6	\$ 8,385
Hardwood	70.0	71.6	5,308	61.2	68.0	4,412
Biomass	20.1	20.1	138	28.1	28.1	190
	<b>228.2</b>	<b>229.3</b>	<b>14,495</b>	<b>235.3</b>	<b>241.7</b>	<b>12,987</b>
Other sales			336			323
Net sales			\$ 14,831			\$ 13,310
Adjusted EBITDA			\$ 4,388			\$ 3,699
Adjusted EBITDA margin			30%			28%

Softwood, hardwood and biomass shipments were 49 thousand m<sup>3</sup>, 25 thousand m<sup>3</sup>, and 4 thousand m<sup>3</sup>, respectively, during the third quarter. This represents a year-over-year decrease in total sales volume of 14%, however, the year-over year decrease in primary product volumes was only 5%. Approximately 55% of sales volume was sold as sawlogs, 40% as pulpwood and 5% as biomass during the third quarter. This compares to 51% sold as sawlogs, 36% as pulpwood and 13% as biomass in the third quarter of 2013.

Net sales for the third quarter totaled \$5.3 million compared to \$5.1 million for the same period last year. The modest improvement was the result of improved pricing across all products as well as the positive impact of the stronger U.S. dollar, partially offset by lower sales volume. The weighted average log selling price was \$69.95 per m<sup>3</sup> in the third quarter of 2014, a 10% increase from \$63.59 per m<sup>3</sup> in the same period of 2013 in Canadian dollar terms. The weighted average log selling price in U.S. dollar terms increased 5% year-over-year. Net sales for the nine months ended September 27, 2014 were \$14.8 million, an increase of \$1.5 million over the same period in 2013, due to improved U.S. dollar pricing for most products as well as the positive impact of the stronger U.S. dollar.

Costs for the third quarter were \$3.8 million, compared to \$3.7 million in the same period in 2013 with the impact of lower sales volumes more than offset by increased road construction and maintenance activity and a 4% increase in Canadian dollar-based variable costs per unit. Variable costs per m<sup>3</sup> in U.S. dollar terms decreased 1%. For the nine months ended September 27, 2014, costs were \$10.4 million, \$0.8 million higher than the same period of 2013

with the impact of modestly lower harvest volumes more than offset by the impact of the stronger U.S. dollar on variable per unit costs.

Adjusted EBITDA for the third quarter was \$1.5 million, in line with the same period in 2013, while improved log prices increased Adjusted EBITDA margin to 29% from 28% in the prior year. For the nine months ended September 27, 2014, Adjusted EBITDA was \$4.4 million, an increase of \$0.7 million over the same period in 2013 with a 2% year-over-year improvement in Adjusted EBITDA margin responsible for the majority of the change.

There were no recordable safety incidents among employees and two recordable safety incidents among contractors during the third quarter of 2014.

## **Market Outlook**

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of 2014 and into 2015. Reference should be made to "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 Acadian's most recent Annual Report and Annual Information Form available on our website at [www.acadiantimber.com](http://www.acadiantimber.com) or [www.sedar.com](http://www.sedar.com).

The U.S. market is showing broad improvement in economic conditions including strong real GDP and consumer spending growth with the unemployment rate now below six percent. This strength has had little impact on the housing market to date however, with new and existing home sales remaining disappointing. Household formations are still lagging and most new households are still choosing to rent rather than buy. We believe the market is steadily improving with consumers' net wealth steadily improving and fewer homeowners in distress as indicated by the steady decline over the past few years in delinquency rates, foreclosures and the share of mortgages in a negative equity position. This is expected to support continued increases in housing starts through 2016 and this optimism, along with supply-side challenges and continued strong exports, should keep North American lumber prices well above historical norms, encouraging Acadian's key solid wood customers to continue to operate at full capacity. As such, we expect to see ongoing strong demand for softwood sawlogs in the region.

Markets for hardwood sawlogs have been positive and are expected to remain stable and demand and pricing for hardwood pulpwood continues to be very favourable. While Acadian has been successful in selling its softwood pulpwood production, this market is expected to be increasingly challenged due to the recent closure of several regional mills. Biomass sales have begun to improve as the reduction of logistical challenges previously constraining exports from our NB Timberlands have been relieved.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on January 15, 2015 to shareholders of record on December 31, 2014.

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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 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 in New Brunswick. 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 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 Asset Management Inc.'s and its affiliates' 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 28, 2014 and the Management Information Circular dated May 13, 2014, 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	
	<b>Sept 27</b> <b>2014</b>	Sept 28 2013	<b>Sept 27</b> <b>2014</b>	Sept 28 2013
<i>(CAD thousands)</i>				
Net sales	<b>\$ 21,583</b>	\$ 18,759	<b>\$ 54,855</b>	\$ 52,619
Operating costs and expenses				
Cost of sales	<b>13,987</b>	12,657	<b>35,846</b>	35,767
Selling, administration and other	<b>1,532</b>	1,778	<b>4,346</b>	4,924
Reforestation	<b>382</b>	535	<b>447</b>	674
Depreciation and amortization	<b>137</b>	147	<b>409</b>	431
	<b>16,038</b>	15,117	<b>41,048</b>	41,796
Operating earnings	<b>5,545</b>	3,642	<b>13,807</b>	10,823
Interest expense, net	<b>(801)</b>	(756)	<b>(2,371)</b>	(2,268)
Other items				
Fair value adjustments	<b>(1,110)</b>	(334)	<b>(505)</b>	909
Unrealized exchange gain / (loss) on long-term debt	<b>(3,813)</b>	1,544	<b>(4,162)</b>	(2,771)
Gain on sale of timberlands	<b>17</b>	—	<b>115</b>	87
Earnings before income taxes	<b>(162)</b>	4,096	<b>6,884</b>	6,780
Current income tax expense	<b>(101)</b>	—	<b>(370)</b>	—
Deferred income tax expense	<b>(294)</b>	(702)	<b>(1,636)</b>	(2,952)
Net income / (loss) for the period	<b>\$ (557)</b>	\$ 3,394	<b>\$ 4,878</b>	\$3,828
Net income / (loss) per share – basic and diluted	<b>\$ (0.03)</b>	\$ 0.20	<b>\$ 0.29</b>	\$ 0.23



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

	Three Months Ended		Nine Months Ended	
	Sept 27	Sept 28	Sept 27	Sept 28
<i>(CAD thousands)</i>	2014	2013	2014	2013
Net income / (loss)	\$ (557)	\$ 3,394	\$ 4,878	\$ 3,828
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation	4,551	(1,558)	4,970	3,322
Amortization of derivatives designated as hedges	(47)	(47)	(141)	(142)
Comprehensive income	\$ 3,947	\$ 1,789	\$ 9,707	\$ 7,008

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

<i>As at</i> <i>(CAD thousands)</i>	<b>September 27, 2014</b>	December 31, 2013
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 12,899	\$ 8,564
Accounts receivable and other assets	10,223	7,673
Inventory	725	1,380
	<b>23,847</b>	17,617
Timber	<b>245,406</b>	240,143
Land, roads and other fixed assets	<b>32,914</b>	32,268
Intangible assets	<b>6,140</b>	6,140
	<b>\$ 308,307</b>	\$ 296,168
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,902	\$ 7,680
Dividends payable to shareholders	3,451	3,451
	<b>16,353</b>	11,131
Long-term debt	<b>80,835</b>	76,496
Deferred income tax liability	<b>29,572</b>	26,348
Shareholders' equity	<b>181,547</b>	182,193
	<b>\$ 308,307</b>	\$ 296,168

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

	Three Months Ended		Nine Months Ended	
	Sept 27	Sept 28	Sept 27	Sept 28
<i>(CAD thousands)</i>	2014	2013	2014	2013
<b>Cash provided by / (used for):</b>				
<b>Operating activities</b>				
Net income / (loss)	\$ (557)	\$ 3,394	\$ 4,878	\$ 3,828
Adjustments to net income / (loss):				
Deferred income tax expense	294	702	1,636	2,952
Depreciation and amortization	137	147	409	431
Fair value adjustments	1,110	334	505	(909)
Unrealized exchange / (gain) loss on long term debt	3,813	(1,544)	4,162	2,771
Interest expense, net	801	756	2,371	2,268
Interest paid, net	(807)	(760)	(2,386)	(2,282)
Gain on sale of timberlands	(17)	—	(115)	(87)
Net change in non-cash working capital and other	3,759	2,040	3,367	2,570
	8,533	5,069	14,827	11,542
<b>Financing activities</b>				
Borrowings	—	1,649	—	1,649
Dividends paid to shareholders	(3,451)	(3,451)	(10,353)	(10,353)
	(3,451)	(1,802)	(10,353)	(8,704)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(122)	(217)	(255)	(562)
Proceeds from sale of timberlands	17	—	116	87
	(105)	(217)	(139)	(475)
Increase in cash and cash equivalents during the period	4,977	3,050	4,335	2,363
Cash and cash equivalents, beginning of period	7,922	5,449	8,564	6,136
<b>Cash and cash equivalents, end of period</b>	<b>\$12,899</b>	<b>\$ 8,499</b>	<b>\$12,899</b>	<b>\$ 8,499</b>

## Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Nine Months Ended	
	Sept 27 2014	Sept 28 2013	Sept 27 2014	Sept 28 2013
<i>(CAD thousands)</i>				
Net income / (loss)	\$ (557)	\$ 3,394	\$ 4,878	\$ 3,828
Add / (deduct):				
Interest expense, net	801	756	2,371	2,268
Current income tax expense	101	—	370	—
Deferred income tax expense	294	702	1,636	2,952
Depreciation and amortization	137	147	409	431
Fair value adjustments	1,110	334	505	(909)
Unrealized exchange / (gain) loss on long-term debt	3,813	(1,544)	4,162	2,771
<b>Adjusted EBITDA</b>	<b>5,699</b>	<b>3,789</b>	<b>14,331</b>	<b>11,341</b>
Add / (deduct):				
Interest paid on debt, net	(807)	(760)	(2,386)	(2,282)
Additions to timber, land, roads and other fixed assets	(122)	(217)	(255)	(562)
Gain on sale of timberlands	(17)	—	(115)	(87)
Proceeds on sale of timberlands	17	—	116	87
Current income tax expense	(101)	—	(370)	—
<b>Free Cash Flow</b>	<b>\$ 4,669</b>	<b>\$ 2,812</b>	<b>\$11,321</b>	<b>\$ 8,497</b>
<b>Dividends declared</b>	<b>\$ 3,451</b>	<b>\$ 3,451</b>	<b>\$10,353</b>	<b>\$10,353</b>
<b>Payout ratio</b>	<b>74%</b>	<b>123%</b>	<b>91%</b>	<b>122%</b>