



## News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2010 Fourth Quarter and Year-End Results conference call via webcast on Wednesday, February 9, 2011 at 10:00 a.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 9:50 a.m. ET. The teleconference recorded rebroadcast can be accessed at 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826 followed by the # sign.

### ACADIAN TIMBER CORP. REPORTS FOURTH QUARTER RESULTS AND ANNOUNCES DIVIDEND INCREASE

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – February 8, 2011** – Acadian Timber Corp.<sup>1</sup> (“Acadian” or the “Corporation”) (TSX:ADN), today reported financial and operating results<sup>2</sup> for the three month period and year ended December 31, 2010.

For the three months ended December 31, 2010 (the “fourth quarter”), Acadian generated net sales of \$20.5 million on consolidated volumes of 382 thousand m<sup>3</sup>, compared with net sales of \$16.7 million on consolidated volumes of 343 thousand m<sup>3</sup> during the same period last year.

EBITDA for the fourth quarter was \$6.4 million, or 31% of net sales, as compared to EBITDA of \$2.0 million, or 12% of net sales, during the comparable period in 2009. Results in the quarter reflect a higher contribution from the management of the Crown licensed timberlands, improved demand for softwood sawlogs and reduced costs.

For the year ended December 31, 2010, Acadian generated net sales of \$71.0 million as compared to net sales of \$63.4 million in 2009. EBITDA was \$18.0 million or 25% of net sales as compared to EBITDA of \$12.1 million or 19% of net sales in the prior year.

“Despite challenging market conditions, Acadian performed very well in 2010 generating its highest level of EBITDA since 2007,” commented Reid Carter, Chief Executive Officer of Acadian. “Management was able to merchandise effectively and Acadian benefited from a combination of increasing demand for most of our products and higher hardwood pulpplog prices,” added Mr. Carter.

<sup>1</sup> On January 1, 2010, Acadian Timber Income Fund completed a plan of arrangement which allowed for its conversion from an income trust to a corporation. Subsequent to the conversion, Acadian began operating as Acadian Timber Corp. Comparative results for the three month period and year ended December 31, 2009 reflect the results of Acadian Timber Income Fund and results for the three month period and year ended December 31, 2010 reflect the results of Acadian Timber Corp. References to “dividends”, “free cash flow” and “shareholders” reflect distributions, distributable cash from operations and unitholders, respectively, of Acadian Timber Income Fund for the comparative period in 2009.

<sup>2</sup> This news release makes reference to earnings before interest, taxes, depletion, depreciation and amortization (“EBITDA”) and free cash flow. Management believes that EBITDA and free cash flow are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of Acadian’s operating performance. As EBITDA and free cash flow do not have a standardized meaning prescribed by Canadian GAAP, 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 Canadian GAAP, to EBITDA and free cash flow.

## Increase of Acadian's Target Annual Dividend

We are pleased to announce that Acadian's Board of Directors, has reached a decision to increase Acadian's target annual dividend to \$0.825 per share, equivalent to levels prior to last year's dividend cut and consistent with that established at the time of initial public offering.

Acadian generated free cash flow of \$13.6 million with declared dividends of \$3.6 million during the year ended December 31, 2010. A portion of the incremental free cash flow was used to repay \$5.5 million on Acadian's revolving credit facility, drawn primarily to fund last year's corporate conversion, leaving Acadian with a cash balance of \$7.3 million. This strong cash position and improved cash flow, in addition to the anticipated reduction in interest expense related to the terms of our refinanced debt, fully supports the decision to increase the dividend.

The new target dividend will be effective in the first quarter of 2011.

## Review of Operations

### 2010 Financial and Operating Highlights

	<i>Three Months Ended</i>		<i>Year Ended</i>	
	<i>December 31</i>		<i>December 31</i>	
<i>(\$millions except per share information)</i>	<b>2010</b>	2009	<b>2010</b>	2009
Net sales	\$ 20.5	\$ 16.7	\$ 71.0	\$ 63.4
EBITDA	6.4	2.0	18.0	12.1
Free cash flow	5.3	1.3	13.6	8.1
Dividends declared	0.8	1.4	3.6	11.7
Net income <sup>1</sup>	5.4	—	8.8	9.3
Per share – fully diluted				
Net Income <sup>1</sup>	0.32	—	0.53	0.30
Free cash flow	0.32	0.08	0.81	0.49
Dividends declared	0.05	0.08	0.22	0.70
Sales volume (000s m <sup>3</sup> )	381.9	343.0	1,398.7	1,258.3

<sup>1</sup> Net income includes the impact of future income tax recovery, and depreciation and depletion expense, which are non-cash items recorded in each respective period. Net income for the year ended December 31, 2009 only, included the impact of the revaluation of the Class B Interest Liability of a subsidiary.

Included in the net income for the three month period and year ended December 31, 2010 is a non-cash future income tax recovery of \$1.7 million and \$1.2 million, respectively (2009 – \$0.3 million and \$3.0 million, respectively). The future income tax liability of Acadian is based on differences between the financial reporting and tax bases of assets and liabilities of its subsidiaries, which have been measured using the substantially enacted tax rates and laws that are expected to be in effect at the time the differences are anticipated to reverse.

The year ended December 31, 2009 included a non-cash gain related to the Class B Interest Liability of a subsidiary. On February 3, 2009, an affiliate of Brookfield Asset Management Inc. converted all units representing the Class B Interest Liability into Class A units of Acadian Timber Income Fund on a one-for-one basis. For the year ended December 31, 2009, the revaluation of this interest resulted in a gain of \$4.7 million. The gain was comprised of a \$4.1 million mark-to-market gain plus an additional \$0.6 million foreign exchange gain.

## New Brunswick Timberlands

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

	<i>Three Months Ended December 31, 2010</i>			<i>Three Months Ended December 31, 2009</i>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	95.5	109.5	\$ 5.6	57.4	68.0	\$ 3.8
Hardwood	131.8	136.3	8.3	148.7	143.9	7.6
Biomass	55.2	55.1	0.6	58.8	58.8	1.1
	<b>282.5</b>	<b>300.9</b>	<b>14.5</b>	264.9	270.7	12.5
Other sales			1.9			0.8
Net sales			\$ 16.4			\$ 13.3
EBITDA			\$ 5.6			\$ 2.5
EBITDA margin			34%			19%

	<i>Year Ended December 31, 2010</i>			<i>Year Ended December 31, 2009</i>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	395.4	402.6	\$ 21.0	336.5	328.9	\$ 18.9
Hardwood	447.7	473.6	27.2	444.0	432.7	22.1
Biomass	231.5	231.4	2.9	235.4	235.4	4.5
	<b>1,074.6</b>	<b>1,107.6</b>	<b>51.1</b>	1,015.9	997.0	45.5
Other sales			4.8			3.3
Net sales			\$ 55.9			\$ 48.8
EBITDA			\$ 15.4			\$ 10.8
EBITDA margin			28%			22%

Softwood, hardwood and biomass shipments were 110 thousand m<sup>3</sup>, 136 thousand m<sup>3</sup> and 55 thousand m<sup>3</sup>, respectively, during the fourth quarter, representing an 11% increase in sales volume over the same period in 2009. This increase reflects improved demand for softwood sawlogs relative to the fourth quarter of 2009. Approximately 36% of sales volume was sold as sawlogs, 46% as pulpwood and 18% as biomass in the fourth quarter. This compares to 30% of sales volume sold as sawlogs, 48% as pulpwood and 22% as biomass in the fourth quarter of 2009.

Net sales for the fourth quarter totaled \$16.4 million compared to \$13.3 million for the same period last year. This was primarily the result of the increase in sales volume, a higher value species mix and improved hardwood pulpwood pricing. The increase in other sales was primarily attributed to an increased contribution from our management of Crown licensed timberlands as a result of higher harvesting activity. The weighted average selling price was \$48.10 in the fourth quarter of 2010, compared to \$46.05 in the same period of 2009.

Costs for the fourth quarter were \$10.8 million, comparable to the same period of 2009. Higher sales volumes were offset by lower variable costs per m<sup>3</sup> due to shorter haul distances and deliveries from Acadian's woodyard.

EBITDA for the fourth quarter was \$5.6 million, compared to \$2.5 million in the same period in 2009, while EBITDA margin increased from 19% to 34%.

NB Timberlands experienced one reportable incident among employees and one minor reportable incident among contractors during the fourth quarter. We are pleased to report that there were no reportable environmental incidents during the fourth quarter.

## Maine Timberlands

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

	<i>Three Months Ended December 31, 2010</i>			<i>Three Months Ended December 31, 2009</i>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	55.7	55.6	\$ 2.9	43.7	43.6	\$ 2.1
Hardwood	17.2	19.1	1.1	21.2	21.2	1.1
Biomass	6.1	6.3	—	7.5	7.5	0.1
	<b>79.0</b>	<b>81.0</b>	<b>4.0</b>	<b>72.4</b>	<b>72.3</b>	<b>3.3</b>
Other sales			<b>0.1</b>			0.1
Net sales			<b>\$ 4.1</b>			<b>\$ 3.4</b>
EBITDA			<b>\$ 1.2</b>			<b>\$ 0.7</b>
EBITDA margin			<b>29%</b>			<b>21%</b>

	<i>Year Ended December 31, 2010</i>			<i>Year Ended December 31, 2009</i>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	208.0	207.6	\$ 10.7	196.0	195.6	\$ 11.7
Hardwood	68.5	68.3	3.8	45.3	44.6	2.2
Biomass	15.1	15.2	0.2	21.1	21.1	0.3
	<b>291.6</b>	<b>291.1</b>	<b>14.7</b>	<b>262.4</b>	<b>261.3</b>	<b>14.2</b>
Other sales			<b>0.4</b>			0.4
Net sales			<b>\$ 15.1</b>			<b>\$ 14.6</b>
EBITDA			<b>\$ 3.9</b>			<b>\$ 4.2</b>
EBITDA margin			<b>26%</b>			<b>29%</b>

Softwood, hardwood and biomass shipments were 56 thousand m<sup>3</sup>, 19 thousand m<sup>3</sup>, and 6 thousand m<sup>3</sup>, respectively, with total sales volume increasing by 12% over the fourth quarter of 2009. The increase in sales volume reflects improved contractor productivity, despite poor weather conditions in the fourth quarter of 2010. Approximately 57% of sales volume was sold as sawlogs, 35% as pulpwood and 8% as biomass during the fourth quarter. This compares to 43% of sales volume sold as sawlogs, 47% as pulpwood and 10% as biomass in the fourth quarter of 2009.

Net sales for the fourth quarter totaled \$4.1 million, compared to \$3.4 million for the same period last year. The year-over-year increase in net sales is a result of higher shipment volumes and a higher value species mix. The weighted average price across all products was \$50.44 in the fourth quarter, compared to \$45.27 in the same period of 2009, reflecting an 11% increase in Canadian dollar terms. Weighted average selling prices increased 15% in U.S. dollar terms during the fourth quarter.

Costs for the fourth quarter were \$2.9 million, compared to \$2.7 million for the same period in 2009. This increase reflects higher sales volumes, offset partially by lower variable costs per m<sup>3</sup> primarily due to the depreciation of the U.S. dollar compared to the Canadian dollar.

EBITDA for the fourth quarter was \$1.2 million, compared to \$0.7 million for the same period in 2009, while EBITDA margin increased from 21% to 29%.

Maine Timberlands had no recordable safety incidents among employees and two minor reportable incidents among contractors during the fourth quarter. We are pleased to report that there were no reportable environmental incidents during the fourth quarter.

## Market and Company Outlook

*The following Market Outlook contains forward-looking statements about Acadian Timber Corp.'s market outlook for fiscal 2011. 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 (MD&A) in our 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 economic outlook for the United States improved substantially in the second half of 2010 as a result of gains in international trade, a strong holiday shopping season and the tax compromise reached between the Obama administration and the Republican leadership which will extend lower tax rates on dividends and capital gains and include a temporary reduction in payroll taxes. Despite this improved outlook, the U.S. housing sector is expected to continue to lag as approximately 2.5 million vacant homes continue to remain an overhang on the market. Consensus forecasts for U.S. housing predict an increase in housing starts to 680,000 units in 2011 up from 590,000 in 2010. The recovery is expected to continue in 2012 with a consensus forecast calling for 900,000 starts.

Acadian continues to benefit from smaller, non-industrial timberland owners withholding timber from the market. However, an ample supply of low cost Crown timber in New Brunswick is expected to continue to put pressure on selling prices for softwood sawlogs. Acadian has also benefited from high harvest levels on Twin Rivers Paper Company's Crown licensed timberlands which are managed by Acadian, resulting in a strong contribution from these management services to Acadian's net income in 2010. This strong Crown land services agreement contribution is expected to continue in 2011 as licensees maintain high harvest levels aimed at utilizing unused harvest volumes from the 2008 – 2009 period.

Markets for hardwood sawlogs and specialty products improved during 2010 and are expected to remain relatively stable through 2011. Acadian's major hardwood pulpwood customers continue to operate and take deliveries, and the recent sale of Domtar's Woodland pulp mill in Baileyville, Maine to International Grand Investment Corporation is expected to ensure a more consistent operating level for this key hardwood pulpwood customer going forward.

"We expect 2011 to present improving, although uncertain, conditions and we're sure that Acadian will continue to demonstrate adeptness in identifying and accessing market opportunities while keeping costs low. We are confident in Acadian's long-term outlook and the quality of our asset base, and we expect that our revised target annual dividend will be supported by steadily improving market conditions" concluded Mr. Carter.

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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, the Corporation is the second largest timberland operator in New Brunswick and Maine.

The Corporation 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. The Corporation 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 over 100 regional customers.

Acadian Timber Corp.'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:

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

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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 the Corporation 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 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, to the extent they remain applicable to the Corporation, discussed under the heading "Risk Factors" in each of the Annual Information Form dated March 26, 2010 and the Management Information Circular dated March 26, 2010 of Acadian Timber Corp., and other filings of the Corporation 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; 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, the economic situation of key customers, and the utilization of the tax basis resulting from the conversion from an income trust to a corporation. 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, the Corporation 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. The Corporation assumes no obligation to update or revise these forward-looking statements to reflect new information, events, circumstances or otherwise, except as required by applicable law.*

**Acadian Timber Corp.**  
**Consolidated Balance Sheets**

<i>As at December 31</i> <i>(CAD millions)</i>	<b>2010</b>	2009
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 7.3	\$ 2.1
Accounts receivable and other assets	7.2	6.2
Derivative asset	1.6	—
Note receivable	—	4.0
Inventory	0.8	1.8
Future income tax asset	2.0	—
	<b>18.9</b>	14.1
Intangible assets	6.1	6.1
Timberlands, logging roads and fixed assets	180.5	190.0
Future income tax asset	12.4	—
	<b>\$ 217.9</b>	<b>\$ 210.2</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4.5	\$ 4.3
Dividends payable to shareholders	0.8	—
Debt	73.8	—
Deferred credit	1.6	—
	<b>80.7</b>	4.3
Deferred credit	17.2	—
Future income tax liability	3.1	13.9
Long-term debt	—	80.7
Shareholders' equity	116.9	111.3
	<b>\$ 217.9</b>	<b>\$ 210.2</b>

**Acadian Timber Corp.**  
**Consolidated Statements of Operations and Deficit**

<i>(CAD millions)</i>	For the Three Months Ended December 31		For the Year Ended December 31	
	<b>2010</b>	2009	<b>2010</b>	2009
Net sales	\$ 20.5	\$ 16.7	\$ 71.0	\$ 63.4
Operating costs and expenses				
Cost of sales	12.2	12.1	46.0	43.3
Selling, administration and other	1.9	2.6	7.0	8.6
Depreciation and depletion	1.7	1.6	6.6	7.1
	<b>15.8</b>	16.3	<b>59.6</b>	59.0
Operating earnings	4.7	0.4	11.4	4.4
Gain on sale of timberlands	—	—	—	(0.6)
Gain on Class B Interest Liability of a subsidiary	—	—	—	(4.7)
Interest:				
Interest expense on debt	1.0	0.7	3.8	3.1
Class B Interest Liability of a subsidiary	—	—	—	0.3
Earnings (loss) before income tax recovery	3.7	(0.3)	7.6	6.3
Future income tax recovery	1.7	0.3	1.2	3.0
<b>Net income for the period</b>	<b>5.4</b>	—	<b>8.8</b>	9.3
Deficit, beginning of period	(22.4)	(21.6)	(23.0)	(20.9)
Shareholders' dividends declared	(0.8)	(1.4)	(3.6)	(11.4)
<b>Deficit, end of period</b>	<b>\$ (17.8)</b>	\$ (23.0)	<b>\$ (17.8)</b>	\$ (23.0)
<b>Net income per share – basic</b>	<b>\$ 0.32</b>	\$ —	<b>\$ 0.53</b>	\$ 0.58
<b>Net income per share – diluted</b>	<b>\$ 0.32</b>	\$ —	<b>\$ 0.53</b>	\$ 0.30



**Acadian Timber Corp.**  
**Consolidated Statement of Comprehensive Income (Loss)**

<i>(CAD millions)</i>	For the Three Months Ended December 31		For the Year Ended December 31	
	<b>2010</b>	2009	<b>2010</b>	2009
Net income	\$ 5.4	\$ —	\$ 8.8	\$ 9.3
<b>Other comprehensive income (loss)</b>				
Unrealized foreign currency translation loss	<b>(0.9)</b>	(1.2)	<b>(1.7)</b>	(6.0)
Fair value gains on derivatives designated as cash flow hedges, net of future income tax expense	<b>1.1</b>	—	<b>1.1</b>	—
Comprehensive income (loss)	\$ <b>5.6</b>	\$ (1.2)	\$ <b>8.2</b>	\$ 3.3

**Acadian Timber Corp.**  
**Consolidated Statements of Cash Flows**

<i>(CAD millions)</i>	For the Three Months Ended December 31		For the Year Ended December 31	
	<b>2010</b>	2009	<b>2010</b>	2009
<b>Cash provided by (used for):</b>				
<b>Operating activities</b>				
Net income	\$ 5.4	\$ —	\$ 8.8	\$ 9.3
Items not affecting cash:				
Future income tax recovery	(1.7)	(0.3)	(1.2)	(3.0)
Depreciation and depletion	1.7	1.6	6.6	7.1
Gain on sale of timberlands	—	—	—	(0.6)
Gain on Class B Interest Liability of a subsidiary	—	—	—	(4.7)
	<b>5.4</b>	1.3	<b>14.2</b>	8.1
Net change in non-cash working capital balances and other	<b>0.9</b>	(0.8)	—	(4.0)
	<b>6.3</b>	0.5	<b>14.2</b>	4.1
<b>Investing activities</b>				
Proceeds from sale of timberlands	—	—	—	0.6
Additions to timberlands, logging roads and fixed assets	(0.1)	—	(0.4)	(0.8)
Silviculture expenditures	—	—	(0.2)	(0.1)
Issuance of note receivable	—	(4.0)	—	(4.0)
	<b>(0.1)</b>	(4.0)	<b>(0.6)</b>	(4.3)
<b>Financing activities</b>				
Dividends paid to shareholders	(0.8)	(2.2)	(2.8)	(12.2)
Deferred financing costs	(0.1)	—	(0.1)	—
Borrowing (repayment) from (of) revolving credit facility	(1.0)	5.5	(5.5)	5.5
	<b>(1.9)</b>	3.3	<b>(8.4)</b>	(6.7)
Increase (decrease) in cash and cash equivalents during the period	<b>4.3</b>	(0.2)	<b>5.2</b>	(6.9)
Cash and cash equivalents, beginning of period	<b>3.0</b>	2.3	<b>2.1</b>	9.0
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7.3</b>	\$ 2.1	<b>\$ 7.3</b>	\$ 2.1
<b>Cash interest paid</b>	<b>\$ 1.0</b>	\$ 0.7	<b>\$ 3.8</b>	\$ 3.4

**Acadian Timber Corp.**  
**Reconciliation to EBITDA and Free Cash Flow**

<i>(CAD millions)</i>	For the Three Months Ended December 31		For the Year Ended December 31	
	2010	2009	2010	2009
Net income <sup>1</sup>	\$ 5.4	\$ —	\$ 8.8	\$ 9.3
Add (deduct)				
Interest expense on debt	1.0	0.7	3.8	3.1
Distribution on Class B Interest Liability of a subsidiary	—	—	—	0.3
Future income tax recovery	(1.7)	(0.3)	(1.2)	(3.0)
Depreciation and depletion	1.7	1.6	6.6	7.1
Gain on Class B Interest Liability of a subsidiary	—	—	—	(4.7)
<b>EBITDA</b>	<b>6.4</b>	<b>2.0</b>	<b>18.0</b>	<b>12.1</b>
Add (deduct)				
Interest expense on debt	(1.0)	(0.7)	(3.8)	(3.1)
Silviculture and capital expenditures	(0.1)	—	(0.6)	(0.5)
Gain on sale of timberlands	—	—	—	(0.6)
Proceeds from sale of timberlands	—	—	—	0.6
Acquisition of timberlands	—	—	—	(0.4)
<b>Free cash flow</b>	<b>\$ 5.3</b>	<b>\$ 1.3</b>	<b>\$ 13.6</b>	<b>\$ 8.1</b>
<b>Dividends declared</b>	<b>\$ 0.8</b>	<b>\$ 1.4</b>	<b>\$ 3.6</b>	<b>\$ 11.7</b>

<sup>1</sup> Net income includes the impact of future income tax recovery, and depreciation and depletion expense, which are non-cash items recorded in each respective period. Net income for the year ended December 31, 2009 only, included the impact of the revaluation of the Class B Interest Liability of a subsidiary.