



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2012 Second Quarter Results conference call via webcast on Wednesday, August 1, 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 SECOND QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – July 31, 2012 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended June 30, 2012 (the “second quarter”).

“Demand for spruce-fir sawlogs continues to be reasonably strong with most of Acadian’s softwood sawmilling customers maintaining active operations”, said Reid Carter, Chief Executive Officer of Acadian. “Markets for hardwood pulpwood are also reasonably strong with Acadian’s major hardwood pulp customers all operating and actively competing for deliveries”.

For the second quarter of 2012, Acadian generated net sales of \$14.3 million on sales volume of 306 thousand m³, which represents a \$2.5 million, or 22%, increase in net sales compared to the same period in 2011. Operating results for the period benefitted from sales carried over from the first quarter of 2012 under the short-term vender managed inventory (“VMI”) program discussed in Acadian’s First Quarter 2012 Interim Report.

Adjusted EBITDA of \$2.2 million for the second quarter of 2012 was \$1.6 million higher than in the second quarter of 2011, while Adjusted EBITDA margin increased to 15% from 5% in the same period of last year.

For the six months ended June 30, 2012, Acadian generated net sales of \$32.9 million on sales volume of 658 thousand m³ as compared to net sales of \$33.5 million on sales volume of 669 thousand m³ in the comparable period of 2011. Adjusted EBITDA of \$7.0 million during the six months ended June 30, 2012 is \$0.9 million lower than the first half of 2011.

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

	Three Months Ended		Six Months Ended	
	June 30 2012	June 25 2011	June 30 2012	June 25 2011
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	306.0	242.7	657.5	669.1
Net sales	\$ 14,257	\$ 11,723	\$ 32,905	\$ 33,479
Adjusted EBITDA	2,196	608	6,966	7,873
Free cash flow	2,087	(37)	6,122	7,015
Dividends declared	3,451	3,451	6,902	6,902
Net income (loss)	575	(261)	4,943	2,673
Per share (fully diluted)				
Net income (loss)	0.03	(0.02)	0.30	0.16
Free cash flow	0.12	—	0.37	0.42
Dividends declared	0.21	0.21	0.41	0.41

Acadian traditionally experiences very low levels of operating, marketing and selling activity during the second quarter of each year owing to spring break-up which causes much of the infrastructure to be temporarily inoperable. However, results for the second quarter of 2012 benefitted from sales carried over from the first quarter under the aforementioned VMI program. As per the terms of this agreement, all purchase commitments were filled during the second quarter generating net sales of \$3.9 million on a sales volume of 84 thousand m³ and Adjusted EBITDA of \$1.7 million, slightly above the indication provided in the First Quarter 2012 Interim Report.

New Brunswick Timberlands

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

	Three Months Ended June 30, 2012			Three Months Ended June 25, 2011		
	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)
Softwood	54.2	130.4	\$ 6,161	88.9	96.3	\$ 5,131
Hardwood	91.9	94.0	5,667	87.6	91.6	5,315
Biomass	46.3	46.3	748	34.2	34.2	472
	192.4	270.7	12,576	210.7	222.1	10,918
Other sales			(184)			(301)
Net sales			\$ 12,392			\$ 10,617
Adjusted EBITDA			\$ 2,485			\$ 1,139
Adjusted EBITDA margin			20%			11%

	Six Months Ended June 30, 2012			Six Months Ended June 25, 2011		
	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Results (\$000s)
Softwood	209.7	212.6	\$ 10,322	254.8	252.6	\$ 12,714
Hardwood	185.1	208.7	12,652	225.2	218.2	12,921
Biomass	106.1	106.1	1,868	103.9	103.9	1,635
	500.9	527.4	24,842	583.9	574.7	27,270
Other sales			705			1,278
Net sales			\$ 25,547			\$ 28,548
Adjusted EBITDA			\$ 5,601			\$ 7,494
Adjusted EBITDA margin			22%			26%

Softwood, hardwood and biomass shipments were 130 thousand m³, 94 thousand m³ and 46 thousand m³, respectively, for the second quarter of 2012. Approximately 39% was sold as sawlogs, 44% as pulpwood and 17% as biomass. This compares to 37% sold as sawlogs, 48% as pulpwood and 15% as biomass in the second quarter of 2011.

Net sales for the second quarter of 2012 were \$12.4 million (2011 – \$10.6 million) with an average selling price across all products of \$46.45 per m³, which compares to an average selling price of \$49.18 per m³ during the second quarter of 2011. This year-over-year decrease in the average selling price reflects a higher proportion of sales made to closer proximity markets. Approximately \$3.9 million of the sales during the second quarter were the result of the completion of purchase commitments under the VMI. Net sales for the first six months ended June 30, 2012 were \$25.5 million, a decrease of \$3.0 million over the first half of 2011 primarily as a result of decreased sales volume.

Costs for the second quarter were \$9.9 million (2011 – \$9.5 million). Variable costs per m³ were 9% lower than the second quarter of 2011 due to decreased hauling costs as a greater proportion of sales were made to closer proximity markets.

Adjusted EBITDA for the second quarter was \$2.5 million, compared to \$1.1 million in the comparable period of 2011 as NB Timberlands realized approximately \$1.7 million in Adjusted EBITDA from the completion of purchase commitments under the VMI. Adjusted EBITDA margin increased to 20%, as compared to 11% for the second quarter of 2011, reflecting the effect of increased sales volume on fixed cost absorption.

NB Timberlands experienced no recordable safety incidents among contractors and one minor recordable incident involving an employee during the second quarter of 2012.

Maine Timberlands

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

	<i>Three Months Ended June 30, 2012</i>			<i>Three Months Ended June 25, 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	20.4	21.6	\$ 1,176	11.7	11.8	\$ 627
Hardwood	8.4	9.3	550	5.8	6.7	380
Biomass	4.4	4.4	34	2.1	2.1	13
	33.2	35.3	1,760	19.6	20.6	1,020
Other sales			105			86
Net sales			\$ 1,865			\$ 1,106
Adjusted EBITDA			\$ (7)			\$ (148)
Adjusted EBITDA margin			– %			(13)%

	<i>Six Months Ended June 30, 2012</i>			<i>Six Months Ended June 25, 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	96.4	96.2	\$ 5,384	70.0	70.0	\$ 3,685
Hardwood	28.2	28.9	1,773	16.4	17.8	1,045
Biomass	5.0	5.0	53	6.6	6.6	57
	129.6	130.1	7,210	93.0	94.4	4,787
Other sales			148			144
Net sales			\$ 7,358			\$ 4,931
Adjusted EBITDA			\$ 1,801			\$ 1,081
Adjusted EBITDA margin			24%			22%

Softwood, hardwood and biomass shipments were 22 thousand m³, 9 thousand m³ and 4 thousand m³, respectively, for the second quarter of 2012. Approximately 52% was sold as sawlogs, 35% as pulpwood and 13% as biomass. This compares to 50% sold as sawlogs, 40% as pulpwood and 10% as biomass in the second quarter of 2011.

Net sales for the second quarter of 2012 were \$1.9 million (2011 – \$1.1 million) with an average selling price across all products of \$49.90 per m³, comparable to the average selling price of \$49.61 per m³ during the second quarter of 2011. Strategies implemented by Acadian have allowed for improved contractor availability which, together with favourable operating conditions, resulted in increased sales volume. Net sales for the first six months ended June 30, 2012 were \$7.4 million, an increase of \$2.4 million over the first half of 2011.

Costs for the second quarter were \$1.9 million (2011 – \$1.3 million). Variable costs per m³ increased 7% in Canadian dollar terms due to changes in contractor rates driven by increases in fuel costs and greater distances from the harvest site to mill delivery locations.

Adjusted EBITDA for the second quarter was nil, compared to negative \$0.1 million in the comparable period of 2011. Adjusted EBITDA margin was 0% in the second quarter of 2012 as compared to negative 13% during the second quarter of 2011.

We are pleased to report that during the second quarter of 2012, 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 appears to be gradually gaining momentum. Milder than usual weather in the Northeast and Midwest during the seasonally slow winter months, modest gains in employment, increased household formations and resurgent demand for apartments has led to a significant improvement in new construction and sales during the first six months of 2012. Single-family starts are 20% ahead of their year-ago pace through June with multi-family starts up an impressive 45%. As well, the inventory of existing homes for sale declined by 20% year-over-year in June and home prices have firmed up. We believe the first half of 2012 has been a promising start to the recovery of the U.S. housing market, but we continue to expect this recovery to be gradual with normalization of home inventories and recovery of new home construction to trend levels not expected before 2014-2015.

Our outlook for the remainder of 2012 and into 2013 remains cautiously optimistic as demand for spruce-fir sawlogs continues to be reasonably strong with most of Acadian's softwood sawmilling customers maintaining active operations and markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future. Markets for hardwood pulpwood are also reasonably strong with Acadian's major hardwood pulp customers all operating and actively competing for deliveries suggesting prices will remain stable through the remainder of 2012. Softwood pulpwood markets, however, have become increasingly soft as there has been an ample supply of sawmill residuals and too little demand from regional pulp mills due to mill closures. This is particularly true in our New Brunswick operations where the provincial government has responded to the oversupply situation by allowing Crown licensees to leave softwood pulpwood in the woods as an interim solution until markets improve. We expect

markets for softwood pulpwood will be very challenging through the summer and expect prices to continue to soften. However, this will not significantly affect Acadian's financial performance as softwood pulpwood typically accounts for only 7 – 8% of total sales and an even smaller proportion of cash flows.

Biomass markets continue to face significant market challenges. Cogeneration plants associated with manufacturing facilities are generally in good shape, but 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.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on October 15, 2012 to shareholders of record on September 28, 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.

- 30 -

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 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, 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; 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. 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		Six Months Ended	
	June 30 2012	June 25 2011	June 30 2012	June 25 2011
<i>(CAD thousands)</i>				
Net sales	\$ 14,257	\$ 11,723	\$ 32,905	\$ 33,479
Operating costs and expenses				
Cost of sales	10,378	9,237	22,825	22,224
Selling, administration and other	1,536	1,682	2,971	3,187
Reforestation	162	293	162	293
Depreciation and amortization	136	135	273	272
	12,212	11,347	26,231	25,976
Operating earnings	2,045	376	6,674	7,503
Interest expense, net	(743)	(737)	(1,458)	(1,677)
Other items:				
Fair value adjustments	808	1,235	407	(398)
Unrealized exchange gain (loss) on long-term debt	(1,399)	(450)	370	(987)
Gain on sale of timberlands	15	97	19	98
Earnings before income taxes	726	521	6,012	4,539
Deferred tax expense	(151)	(782)	(1,069)	(1,866)
Net income (loss) for the period	\$ 575	\$ (261)	\$ 4,943	\$ 2,673
Net income (loss) per share – basic and diluted	\$ 0.03	\$ (0.02)	\$ 0.30	\$ 0.16

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

	Three Months Ended		Six Months Ended	
	June 30	June 25	June 30	June 25
<i>(CAD thousands)</i>	2012	2011	2012	2011
Net income (loss)	\$ 575	\$ (261)	\$ 4,943	\$ 2,673
Other comprehensive income (loss)				
Unrealized foreign currency translation income (loss)	1,655	704	(417)	(232)
Amortization of derivatives designated as hedges	(49)	(77)	(98)	(222)
Comprehensive income	\$ 2,181	\$ 366	\$ 4,428	\$ 2,219

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	June 30 2012	December 31 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,128	\$ 4,019
Accounts receivable and other assets	7,112	8,726
Inventory	936	2,263
	14,176	15,008
Timber	231,830	231,370
Land, roads and other fixed assets	33,193	33,438
Intangible Assets	6,140	6,140
Deferred income tax asset	2,140	3,038
	\$ 287,479	\$ 288,994
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,740	\$ 4,534
Dividends payable to shareholders	3,451	3,451
	9,191	7,985
Long-term debt	72,832	73,079
Deferred income tax liability	21,572	21,572
Shareholders' equity	183,884	186,358
	\$ 287,479	\$ 288,994

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

	Three Months Ended		Six Months Ended	
	June 30	June 25	June 30	June 25
<i>(CAD thousands)</i>	2012	2011	2012	2011
Cash provided by (used for):				
Operating activities				
Net income (loss)	\$ 575	\$ (261)	\$ 4,943	\$ 2,673
Items not affecting cash:				
Deferred tax expense	151	782	1,069	1,866
Depreciation and amortization	136	135	273	272
Fair value adjustments	(808)	(1,235)	(407)	398
Unrealized exchange (gain) loss on long term debt	1,399	450	(370)	987
Interest expense, net	743	737	1,458	1,677
Interest paid, net	(16)	(639)	(736)	(844)
Gain on sale of timberlands	(15)	(97)	(19)	(98)
	2,165	(128)	6,211	6,931
Net change in non-cash working capital and other	1,008	(1,264)	2,889	721
	3,173	(1,392)	9,100	7,652
Financing activities				
Borrowings 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)	(3,451)	(6,902)	(4,287)
	(3,451)	(3,451)	(6,902)	(8,523)
Investing activities				
Additions to timber, property, plant and equipment	(95)	(8)	(110)	(16)
Proceeds from sale of timberlands	17	99	21	100
	(78)	91	(89)	84
Increase (decrease) in cash and cash equivalents during the period	(356)	(4,752)	2,109	(787)
Cash and cash equivalents, beginning of period	6,484	11,298	4,019	7,333
Cash and cash equivalents, end of period	\$ 6,128	\$ 6,546	\$ 6,128	\$ 6,546

Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Six Months Ended	
	June 30 2012	June 25 2011	June 30 2012	June 25 2011
<i>(CAD thousands)</i>				
Net income (loss)	\$ 575	\$ (261)	\$ 4,943	\$ 2,673
Add (deduct):				
Interest expense, net	743	737	1,458	1,677
Deferred tax expense	151	782	1,069	1,866
Depreciation and amortization	136	135	273	272
Fair value adjustments	(808)	(1,235)	(407)	398
Unrealized exchange (gain) loss on long-term debt	1,399	450	(370)	987
Adjusted EBITDA	2,196	608	6,966	7,873
Add (deduct):				
Interest paid on debt, net	(16)	(639)	(736)	(844)
Capital expenditures	(95)	(8)	(110)	(16)
Gain on sale of timberlands	(15)	(97)	(19)	(98)
Proceeds on sale of timberlands	17	99	21	100
Free cash flow	\$ 2,087	\$ (37)	\$ 6,122	\$ 7,015
Dividends declared	\$ 3,451	\$ 3,451	\$ 6,902	\$ 6,902