



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2013 First Quarter Results conference call via webcast on Friday, May 10, 2013 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 9, 2013 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended March 30, 2013 (the “first quarter”). Acadian generated net sales of \$18.3 million on sales volume of 339 thousand m³, which represents a \$0.4 million, or 2%, decrease in net sales compared to the same period in 2012.

Historically, Acadian’s first quarter has accounted for more than 40% of annual sales. However, as in the prior year, results for the first quarter were impacted by the vendor managed inventory program (“VMI”) with one of our larger softwood sawlog customers. At the end of the first quarter, Acadian held 54 thousand m³ (March 31, 2012 – 72 thousand m³) of softwood logs in inventory related to this VMI. As purchase commitments are filled under the VMI during the second quarter of 2013, additional sales of approximately \$2.9 million (2012 - \$3.4 million) and Adjusted EBITDA of approximately \$1.6 million (2012 - \$1.5 million) are expected to be realized.

Adjusted EBITDA of \$4.7 million for the first quarter was \$0.1 million lower than in the first quarter of 2012, and Adjusted EBITDA margin at 26% was unchanged from the same period of last year.

“Operating conditions were favourable for the first quarter with harvest volumes coming in slightly ahead of the same period in the prior year and prices for most primary products showing modest improvement” said Reid Carter, Chief Executive Officer of Acadian.

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, 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.

Review of Operations

Financial and Operating Highlights

<i>Three Months Ended</i>		
<i>(\$000s except per share information)</i>		
	March 30, 2013	March 31, 2012
Sales volume (000s m ³)	339.2	351.5
Net sales	\$ 18,252	\$ 18,648
Operating earnings	4,514	4,629
Net income	1,291	4,368
Adjusted EBITDA	4,655	4,770
Free cash flow	3,911	4,035
Dividends declared	3,451	3,451
Per share (fully diluted)		
Net Income	0.08	0.26
Free cash flow	0.23	0.24
Dividends declared	0.21	0.21

Net income totaled \$1.3 million, or \$0.08 per share, for the period ended March 30, 2013, a decrease of \$3.1 million, or \$0.18 per share, compared to the prior year with the change primarily attributable to a \$1.8 million unrealized exchange loss on long-term debt compared to a \$1.8 million gain in the same period of the prior year. Operating earnings for the period at \$4.5 million were almost unchanged compared to the prior year.

Acadian's weighted average selling price across all log products during the first quarter increased 1% year-over-year. Improving prices across most primary products were partially offset by a lower quality product mix due to the proportion of softwood pulpwood increasing to 13% of sales from 7% in the first quarter of 2012 as the current year VMI program excludes softwood pulpwood. Assisted by the implementation of the new pricing mechanism in Acadian's fibre supply agreement in New Brunswick along with a general strengthening of markets, softwood sawlog prices increased 5% over the prior year. While hardwood sawlog markets remain stable, average realized prices for this product decreased by 3% year-over-year as a result of changes in product mix. Prices for softwood pulpwood and hardwood pulpwood, increased by 7% and 1%, respectively, year-over-year. Market conditions for softwood pulpwood continued to improve during the quarter with prices moving up 11% quarter-over-quarter. Biomass markets remained stable, however, realized gross margins decreased 15% year-over-year due to a change in customer mix.

New Brunswick Timberlands

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

	<i>Three Months Ended March 30, 2013</i>			<i>Three Months Ended March 31, 2012</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	156.0	87.0	\$ 4,573	155.5	82.2	\$ 4,161
Hardwood	94.6	97.0	6,055	93.2	114.7	6,985
Biomass	44.9	44.9	819	59.8	59.8	1,120
	295.5	228.9	11,447	308.5	256.7	12,266
Other sales			706			889
Net sales			\$ 12,153			\$ 13,155
Adjusted EBITDA			\$ 2,992			\$ 3,116
Adjusted EBITDA margin			25%			24%

Softwood, hardwood and biomass shipments were 87 thousand m³, 97 thousand m³ and 45 thousand m³, respectively, for the first quarter of 2013. Approximately 27% was sold as sawlogs, 53% as pulpwood and 20% as biomass. This compares to 31% sold as sawlogs, 46% as pulpwood and 23% as biomass in the first quarter of 2012.

Net sales for the first quarter of 2013 were \$12.2 million (2012 – \$13.2 million) with an average selling price across all log products of \$57.77 per m³, which compares to an average log selling price of \$56.62 per m³ during the first quarter of 2012. This year-over-year increase in the average log selling price reflects higher prices for softwood sawtimber due to improved market conditions and the implementation of a new pricing formula under Acadian's fibre supply agreement with its largest softwood sawlog customer, somewhat offset by a higher proportion of pulpwood in the sales mix.

Costs for the first quarter were \$9.2 million (2012 – \$10.1 million). Variable costs per m³ were almost unchanged from the first quarter of 2012.

Adjusted EBITDA for the first quarter was \$3.0 million, compared to \$3.1 million in the first quarter of 2012 with this modest difference reflecting lower sales volume and an increase in lower margin softwood pulpwood in the sales mix. Harvest volume was consistent with the prior year, however, sales volume decreased as the prior year's volume had benefitted from unusually high sales of hardwood from inventory and the biomass sales volume is lower this year. Other sales decreased to \$0.7 million from \$0.9 million in the comparable period of 2012 due to decreased harvesting activity on the land Acadian manages on behalf of others. Adjusted EBITDA margin was 25%, compared to 24% for the first quarter of 2012.

NB Timberlands experienced one recordable safety incident among contractors and no recordable incidents involving employees during the first quarter of 2013.

Maine Timberlands

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

	<i>Three Months Ended March 30, 2013</i>			<i>Three Months Ended March 31, 2012</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	76.5	76.2	\$ 4,342	76.0	74.6	\$ 4,208
Hardwood	25.7	26.4	1,607	19.8	19.6	1,223
Biomass	7.7	7.7	81	0.6	0.6	19
	109.9	110.3	6,030	96.4	94.8	5,450
Other sales			69			43
Net sales			\$ 6,099			\$ 5,493
Adjusted EBITDA			\$ 2,028			\$ 1,808
Adjusted EBITDA margin			33%			33%

Softwood, hardwood and biomass shipments were 76 thousand m³, 26 thousand m³ and 8 thousand m³, respectively, for the first quarter of 2013. Approximately 56% was sold as sawlogs, 37% as pulpwood and 7% as biomass. This compares to 63% sold as sawlogs, 36% as pulpwood and 1% as biomass in the first quarter of 2012.

Net sales for the first quarter of 2013 were \$6.1 million (2012 – \$5.5 million) with an average selling price across all log products of \$57.95 per m³, compared to the average log selling price of \$57.79 per m³ during the first quarter of 2012. The year-over-year average log selling price was consistent with the prior year as increases in softwood sawtimber prices were offset by decreases in hardwood pulpwood prices.

Costs for the first quarter were \$4.1 million (2012 – \$3.7 million). Variable costs per m³ increased 3% in Canadian dollar terms as a result of a 2% increase in U.S. dollar-based contractor rates and the year-over-year weakening of the Canadian dollar compared to the U.S. dollar.

Adjusted EBITDA for the first quarter was \$2.0 million, compared to \$1.8 million in the first quarter of 2012 primarily as a result of increased sales volume. Adjusted EBITDA margin was 33% in the first quarter of 2013, unchanged from the first quarter of 2012.

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 2013. 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 continues to gain momentum. As of March 2013, seasonally adjusted annualized U.S. housing starts are 47% above year-ago levels at 1,036,000 while permits are up 17% year-over-year. Inventories of new homes available for sale remain near 50-year record lows while household formations, forecast at 1.2 million in 2013, suggest that inventory shortages will persist. According to the Corelogic March 2013 Home Price Index report, U.S. home prices nationwide, including distressed sales, increased 11% on a year-over-year basis. This change represents the biggest year-over-year increase since March 2006 and the 13th consecutive monthly increase in home prices nationally. The S&P/Case-Shiller Home Price 20-City Composite index showed a 9% increase for the 12 months ending February 2013. Mortgage rates remain at record lows, housing affordability is at near-record highs and mortgage underwriting standards are becoming more accommodative. Most importantly, Acadian's key wood products customers have benefited from exceptionally strong lumber and panel prices over the past six months encouraging them to increase production supporting demand and pricing for softwood sawtimber. This improved market dynamic is expected to continue throughout 2013.

Markets for hardwood pulpwood continue to be reasonably strong with Acadian's major hardwood pulp customers all operating and actively competing for deliveries suggesting prices will remain relatively stable in 2013. Global demand trends for market pulp appear to be positive with relatively balanced inventories and these markets are expected to tighten in the near-term as demand continues to improve and supply is restricted owing to seasonal maintenance. Demand for hardwood pulpwood in Acadian's operating region is further supported by the current strong OSB demand and prices as these operations rely on the aspen component of our hardwood pulpwood.

Markets for hardwood sawlogs remain stable and appear to have a similar outlook for the foreseeable future. Prices for softwood pulpwood recovered on a year-over-year basis as demand came back into better balance, but the market for this product remains fragile. Acadian continues to be able to sell all of its biomass with a stable outlook for customer-level prices.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on July 15, 2013 to shareholders of record on June 28, 2013.

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, 2013 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.
Interim Consolidated Statements of Net Income
(unaudited)

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 30, 2013	March 31, 2012
Net sales	\$ 18,252	\$ 18,648
Operating costs and expenses		
Cost of sales	11,988	12,447
Selling, administration and other	1,604	1,435
Reforestation	5	—
Depreciation and amortization	141	137
	13,738	14,019
Operating earnings	4,514	4,629
Interest expense, net	(739)	(715)
Other items		
Fair value adjustments	19	(401)
Unrealized exchange gain (loss) on long-term debt	(1,842)	1,769
Gain on sale of timberlands	—	4
Earnings before income taxes	1,952	5,286
Deferred tax expense	(661)	(918)
Net income for the period	\$ 1,291	\$ 4,368
Net income per share – basic and diluted	\$ 0.08	\$ 0.26

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 30, 2013	March 31, 2012
Net income	\$ 1,291	\$ 4,368
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income	2,209	
Unrealized foreign currency translation gain (loss)		(2,072)
Amortization of derivatives designated as cash flow hedges	(49)	(49)
Comprehensive income	\$ 3,451	\$ 2,247

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	March 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 6,442	\$ 6,136
Accounts receivable and other assets	5,534	6,619
Inventory	4,571	1,651
	16,547	14,406
Timber	232,080	230,686
Land, roads and other fixed assets	33,571	33,307
Intangible assets	6,140	6,140
Deferred income tax asset	117	696
	\$ 288,455	\$ 285,235
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,207	\$ 4,685
Dividends payable to shareholders	3,451	3,451
	8,658	8,136
Long-term debt	73,077	71,173
Deferred income tax liability	22,718	21,924
Shareholders' equity	184,002	184,002
	\$ 288,455	\$ 285,235

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

Three Months Ended
(CAD thousands)

March 30, 2013 **March 31, 2012**

Cash provided by (used for):

Operating activities

Net income	\$ 1,291	\$ 4,368
Adjustments to net income:		
Deferred tax expense	661	918
Depreciation and amortization	141	137
Fair value adjustments	(19)	401
Unrealized exchange (gain) loss on long-term debt	1,842	(1,769)
Interest expense, net	739	715
Interest paid, net	(744)	(720)
Gain on sale of timberlands	—	(4)
Net change in non-cash working capital balances and other	(154)	1,881
	3,757	5,927

Financing activities

Dividends paid to shareholders	(3,451)	(3,451)
	(3,451)	(3,451)

Investing activities

Additions to timber, lands, roads and other fixed assets	—	(15)
Proceeds from sale of timberlands	—	4
	—	(11)

Increase in cash and cash equivalents during the period	306	2,465
Cash and cash equivalents, beginning of period	6,136	4,019

Cash and cash equivalents, end of period	\$ 6,442	\$ 6,484
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Reconciliation of Net Income to Adjusted EBITDA and Free Cash Flow

<i>Three Months Ended</i> <i>(CAD thousands)</i>	March 30, 2013	March 31, 2012
Net income	\$ 1,291	\$ 4,368
Add (deduct):		
Interest expense, net	739	715
Deferred tax expense	661	918
Depreciation and amortization	141	137
Fair value adjustments	(19)	401
Unrealized exchange (gain) loss on long-term debt	1,842	(1,769)
Adjusted EBITDA	4,655	4,770
Add (deduct):		
Interest paid on debt, net	(744)	(720)
Additions to timber, lands, roads and other fixed assets	—	(15)
Gain on sale of timberlands	—	(4)
Proceeds on sale of timberlands	—	4
Free cash flow	\$ 3,911	\$ 4,035
Dividends declared	\$ 3,451	\$ 3,451
Payout ratio	88%	86%