



## News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2014 First Quarter Results conference call via webcast on Tuesday, May 13, 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 FIRST QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – May 12, 2014** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended March 29, 2014 (the “first quarter”).

“Acadian’s operations ran well this quarter with favorable winter operating conditions extending through the end of the quarter”, said Reid Carter, Chief Executive Officer of Acadian. “Recent announcements of capital investments and additional operating shifts in the region are expected to result in continued strong demand for softwood sawlogs going forward.”

For the first quarter, Acadian generated net sales of \$21.2 million on sales volume of 350 thousand m<sup>3</sup> which represents a \$3.0 million, or 16%, increase in net sales compared to the same period in 2013. Strong market demand, the strengthening of the U.S. dollar and the discontinuation of the vendor managed inventory (“VMI”) program in our New Brunswick operation drove this improved performance.

Adjusted EBITDA of \$6.7 million for the first quarter was \$2.0 million higher than in the first quarter of 2013, while Adjusted EBITDA margin increased to 32% from 26% in the same period of last year.

Acadian continues to actively pursue business development opportunities in support of Acadian’s global growth strategy. After a prolonged period of limited investment opportunities, management is currently seeing an increasing number of owners willing to test the market and is optimistic that Acadian will be in a position to participate in attractive opportunities during 2014.

<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

<i>Three Months Ended</i> <i>(CAD thousands, except per share information)</i>	<b>March 29, 2014</b>	March 30, 2013
Sales volume (000s m <sup>3</sup> )	<b>350.2</b>	339.2
Net sales	<b>\$ 21,243</b>	\$ 18,252
Operating earnings	<b>6,465</b>	4,514
Net income	<b>697</b>	1,291
Adjusted EBITDA	<b>6,697</b>	4,655
Free Cash Flow	<b>5,600</b>	3,911
Dividends declared	<b>3,451</b>	3,451
Per share (fully diluted)		
Net income	<b>0.04</b>	0.08
Free Cash Flow	<b>0.33</b>	0.23
Dividends declared	<b>0.21</b>	0.21

Operating earnings for the period, at \$6.5 million, increased \$2.0 million year-over-year reflecting improved log selling prices and sales volumes. Net income totaled \$0.7 million, or \$0.04 per share, for the first quarter, a decrease of \$0.6 million or \$0.04 per share from the same period in 2013. The decrease in net income primarily reflects a higher non-cash fair value adjustment to timber and an increased unrealized exchange loss on long-term debt.

Acadian's operations ran well during the first quarter with favorable winter operating conditions extending through the end of the quarter. Harvest volume for the first quarter, excluding biomass, was 349 thousand m<sup>3</sup>, in line with the same period in the prior year. Sales volume of 350 thousand m<sup>3</sup> was up 3% from the first quarter of 2013, with the increase coming from Acadian's operations in New Brunswick.

Acadian's weighted average log price for the first quarter of 2014 increased 9% year-over-year reflecting increased prices across most products and changes in product mix. Stronger softwood sawlog markets and the strengthening of the U.S. dollar resulted in a 7% increase in the weighted average softwood sawlog price relative to the first quarter of 2013. Most of this benefit came from the Maine operations. Hardwood sawlog markets improved for both the New Brunswick and Maine operations with weighted average selling prices increasing by 16%. Prices for softwood and hardwood pulpwood decreased 7% and increased 10%, respectively, year-over-year. While market conditions for hardwood pulpwood continued to be strong, softwood pulpwood markets were challenged during the quarter due to a limited customer base. Biomass markets remained stable, however, realized gross margins on this product decreased 23% year-over-year due to fewer export customers.

## New Brunswick Timberlands

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

	<b>Three Months Ended March 29, 2014</b>			<b>Three Months Ended March 30, 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	120.6	100.1	\$ 5,379	156.0	87.0	\$ 4,573
Hardwood	123.9	115.7	7,759	94.6	97.0	6,055
Biomass	29.3	29.3	646	44.9	44.9	819
	<b>273.8</b>	<b>245.1</b>	<b>13,784</b>	<b>295.5</b>	<b>228.9</b>	<b>11,447</b>
Other sales			662			706
Net sales			\$ 14,446			\$ 12,153
Adjusted EBITDA			\$ 4,458			\$ 2,992
Adjusted EBITDA margin			31%			25%

Softwood, hardwood and biomass shipments were 100 thousand m<sup>3</sup>, 116 thousand m<sup>3</sup> and 29 thousand m<sup>3</sup>, respectively, during the first quarter. This represents a year-over-year increase in sales volume of 7%. Approximately 38% of sales volume was sold as sawlogs, 50% as pulpwood and 12% as biomass in the first quarter. This compares to 27% sold as sawlogs, 53% as pulpwood and 20% as biomass in the first quarter of 2013.

Net sales for the first quarter totaled \$14.4 million compared to \$12.2 million for the same period last year, reflecting the positive impact of not operating under the VMI program that resulted in the deferral of softwood sawlog sales into the second quarter in 2013. Net sales also benefited from increases in selling prices across most products and a more favourable product mix. The weighted average log selling price was \$60.88 per m<sup>3</sup> in the first quarter, a 5% increase from \$57.77 per m<sup>3</sup> in the same period of 2013.

Costs for the first quarter were \$10.0 million, compared to \$9.2 million in the same period in 2013, due to 1% higher variable costs per m<sup>3</sup> resulting primarily from higher hardwood harvest volumes.

Adjusted EBITDA for the first quarter was \$4.5 million, compared to \$3.0 million in the first quarter of 2013 reflecting improved market demand for most products and the impact of the VMI program in 2013. Adjusted EBITDA margin increased to 31% from 25% in the prior year.

During the first quarter of 2014, NB Timberlands experienced no recordable incidents among employees and one reportable incident among contractors.

## Maine Timberlands

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

	<b>Three Months Ended March 29, 2014</b>			<b>Three Months Ended March 30, 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	71.6	71.3	\$ 4,676	76.5	76.2	\$ 4,342
Hardwood	32.5	27.1	1,991	25.7	26.4	1,607
Biomass	6.7	6.7	61	7.7	7.7	81
	<b>110.8</b>	<b>105.1</b>	<b>6,728</b>	109.9	110.3	6,030
Other sales			69			69
Net sales			\$ 6,797			\$ 6,099
Adjusted EBITDA			\$ 2,477			\$ 2,028
Adjusted EBITDA margin			36%			33%

Softwood, hardwood and biomass shipments were 71 thousand m<sup>3</sup>, 27 thousand m<sup>3</sup>, and 7 thousand m<sup>3</sup>, respectively, during the first quarter. This represents a year-over-year decrease in sales volume of 5%. Approximately 55% of sales volume was sold as sawlogs, 39% as pulpwood and 6% as biomass during the first quarter. This compares to 56% sold as sawlogs, 37% as pulpwood and 7% as biomass in the first quarter of 2013.

Net sales for the first quarter totaled \$6.8 million compared to \$6.1 million for the same period last year. The improvement was the result of improved pricing across most products and the positive impact of foreign exchange movements. The weighted average log selling price was \$67.75 per m<sup>3</sup> in the first quarter, a 17% increase from \$57.95 per m<sup>3</sup> in the same period of 2013 in Canadian dollar terms. Weighted average log selling prices in U.S. dollar terms increased 7% year-over-year.

Costs for the first quarter were \$4.3 million, compared to \$4.1 million during the same period in 2013. This increase primarily reflects adverse foreign exchange movements during the year as variable costs per m<sup>3</sup> increased 11% in Canadian dollar terms compared to 2% in U.S. dollar terms.

Adjusted EBITDA for the first quarter was \$2.5 million, compared to \$2.0 million for the same period in 2013, while Adjusted EBITDA margin increased from 33% to 36%.

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

## Market Outlook

The following Market Outlook contains forward-looking statements about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2014. 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](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).

The U.S. housing market has struggled in 2014 despite significant increases in pent up demand. While severe winter weather is almost certainly behind much of the slowdown, underlying demand remains weak as traditional buyers continue to defer home purchases while they wait for employment conditions to strengthen further. Although the current housing outlook is uncertain, almost all industry watchers are forecasting year-over-year increases in total housing starts of approximately 15% in 2014 with increases of the same magnitude forecast for 2015.

Meanwhile, Acadian's key solid wood customers continue to operate at high levels and, following the New Brunswick government's announcement of its Forestry Plan in mid-March, there have been announcements of significant capital investments and additional operating shifts at Irving's St. Leonard and Kedgwick sawmills and Twin Rivers' Plaster Rock sawmill. This is in addition to last summer's announcement of Irving's new sawmill in Portage, Maine. As a result, we expect to see continued strong demand for softwood sawlogs in the region.

In addition to our positive outlook for softwood sawlogs, markets for hardwood sawlogs have been positive and are expected to remain stable while demand and pricing for hardwood pulpwood continues to be strong. While Acadian has been successful in selling its softwood pulpwood production, this market continues to be challenging owing to the closure of regional groundwood mills. Fortunately, this product represents only a small portion of Acadian's sales and an even lower proportion of our operating earnings. Biomass markets are mixed owing to a slowdown in export markets, with demand and pricing expected to remain reasonable offering modest margins.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.20625 per share, payable on July 15, 2014 to shareholders of record on June 30, 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.*

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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](mailto:rlee@acadiantimber.com)

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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's 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 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)**

<i>Three Months Ended</i> <i>(CAD thousands)</i>	<b>March 29, 2014</b>	March 30, 2013
Net sales	<b>\$ 21,243</b>	\$ 18,252
Operating costs and expenses		
Cost of sales	<b>13,179</b>	11,988
Selling, administration and other	<b>1,463</b>	1,604
Reforestation	—	5
Depreciation and amortization	<b>136</b>	141
	<b>14,778</b>	13,738
Operating earnings	<b>6,465</b>	4,514
Interest expense, net	<b>(797)</b>	(739)
Other items		
Fair value adjustments	<b>(1,190)</b>	19
Unrealized exchange loss on long-term debt	<b>(3,096)</b>	(1,842)
Gain on sale of timberlands	<b>96</b>	—
Earnings before income taxes	<b>1,478</b>	1,952
Current income tax expense	<b>(297)</b>	—
Deferred income tax expense	<b>(484)</b>	(661)
Net income	<b>\$ 697</b>	\$ 1,291
Net income per share – basic and diluted	<b>\$ 0.04</b>	\$ 0.08

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	<b>March 29, 2014</b>	March 30, 2013
Net income	<b>\$ 697</b>	\$ 1,291
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income:		
Unrealized foreign currency translation income	<b>3,697</b>	2,209
Amortization of derivatives designated as hedges	<b>(47)</b>	(49)
Comprehensive income	<b>\$ 4,347</b>	\$ 3,451

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

<i>As at</i> <i>(CAD thousands)</i>	<b>March 29, 2014</b>	December 31, 2013
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 11,039	\$ 8,564
Accounts receivable and other assets	8,154	7,673
Inventory	3,098	1,380
	<b>22,291</b>	17,617
Timber	242,514	240,143
Land, roads and other fixed assets	32,730	32,268
Intangible assets	6,140	6,140
	<b>\$ 303,675</b>	\$ 296,168
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,452	\$ 7,680
Dividends payable to shareholders	3,451	3,451
	<b>12,903</b>	11,131
Long-term debt	79,648	76,496
Deferred income tax liability	28,035	26,348
Shareholders' equity	183,089	182,193
	<b>\$ 303,675</b>	\$ 296,168

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

<i>Three Months Ended</i> <i>(CAD thousands)</i>	<b>March 29, 2014</b>	March 30, 2013
Cash provided by (used for):		
<b>Operating activities</b>		
Net income	\$ 697	\$ 1,291
Adjustments to net income:		
Deferred income tax expense	484	661
Depreciation and amortization	136	141
Fair value adjustments	1,190	(19)
Unrealized exchange loss on long-term debt	3,096	1,842
Interest expense, net	797	739
Interest paid, net	(801)	(744)
Gain on sale of timberlands	(96)	—
Net change in non-cash working capital and other	326	(154)
	<b>5,829</b>	<b>3,757</b>
<b>Financing activities</b>		
Dividends paid to shareholders	(3,451)	(3,451)
	<b>(3,451)</b>	<b>(3,451)</b>
<b>Investing activities</b>		
Proceeds from sale of timberlands	97	—
	<b>97</b>	<b>—</b>
Increase in cash and cash equivalents during the period	2,475	306
Cash and cash equivalents, beginning of period	8,564	6,136
<b>Cash and cash equivalents, end of period</b>	<b>\$ 11,039</b>	<b>\$ 6,442</b>

## Reconciliations to Adjusted EBITDA and Free Cash Flow

<i>Three Months Ended</i> <i>(CAD thousands)</i>	<b>March 29, 2014</b>	March 30, 2013
Net income	<b>\$ 697</b>	\$ 1,291
Add (deduct):		
Interest expense, net	<b>797</b>	739
Current income tax expense	<b>297</b>	—
Deferred income tax expense	<b>484</b>	661
Depreciation and amortization	<b>136</b>	141
Fair value adjustments	<b>1,190</b>	(19)
Unrealized exchange loss on long-term debt	<b>3,096</b>	1,842
<b>Adjusted EBITDA</b>	<b>6,697</b>	4,655
Add (deduct):		
Interest paid on debt, net	<b>(801)</b>	(744)
Gain on sale of timberlands	<b>(96)</b>	—
Proceeds from sale of timberlands	<b>97</b>	—
Current income tax expense	<b>(297)</b>	—
<b>Free cash flow</b>	<b>\$ 5,600</b>	\$ 3,911
<b>Dividends declared</b>	<b>\$ 3,451</b>	\$ 3,451
<b>Payout ratio</b>	<b>62%</b>	88%