



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2015 Fourth Quarter Results conference call via webcast on Thursday, February 11, 2016 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 recorded teleconference rebroadcast can be accessed at 1-855-669-9658 or +1-604-674-8052 and enter passcode 00205.

ACADIAN TIMBER CORP. REPORTS FOURTH QUARTER AND YEAR-END RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – February 10, 2016 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months and full year ended December 31, 2015.

“Acadian’s financial performance remained strong through the fourth quarter”, commented Mark Bishop, Chief Executive Officer of Acadian. “Continued solid demand across our product mix, along with higher selling prices and effective cost control took Adjusted EBITDA to its highest annual level since the company’s inception.”

Net sales for the year ended December 31, 2015 were up 9% compared to 2014 to \$84.4 million on consolidated sales volume of 1,290 thousand m³. The increase in net sales reflects a 9% improvement in the average selling price of all log products and a 31% increase in biomass sales.

Acadian’s Adjusted EBITDA for the year ended December 31, 2015 climbed \$4.6 million from 2014 to \$26.4 million on improved log pricing and a continued focus on cost containment. This strong performance drove Acadian’s payout ratio down to 70% from 78% in the prior year, even with a 12% year-over-year increase in dividends declared.

For the three months ended December 31, 2015 (the “fourth quarter”), Acadian generated net sales of \$21.7 million, \$0.8 million less than in the same period last year. The 3% decrease in net sales is attributable to a 14% decrease in sales volume mostly offset by a 9% higher weighted average log selling price.

Adjusted EBITDA for the fourth quarter was \$7.4 million effectively unchanged from \$7.5 million during the comparable period in 2014 as a result of the improved selling prices noted above,

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.

offset by decreased harvest volume and the impact of the weakening Canadian dollar on the U.S. dollar costs in the Maine operations. Adjusted EBITDA margin in the fourth quarter of 2015 improved to 34% from 33% in the previous year.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Year Ended	
	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	311.4	360.5	1,289.5	1,307.3
Net sales	\$ 21,735	\$ 22,514	\$ 84,422	\$ 77,369
Operating earnings	7,112	7,550	25,608	21,357
Net income	13,765	38,360	13,641	43,238
Adjusted EBITDA	7,412	7,470	26,423	21,801
Free Cash Flow	6,388	6,313	22,012	17,634
Dividends declared	4,182	3,451	15,476	13,804
Payout ratio	65%	55%	70%	78%
Per share – basic and diluted				
Net income	\$ 0.82	2.29	\$ 0.82	2.58
Free Cash Flow	0.38	0.38	1.32	1.05
Dividends declared	0.25	0.21	0.92	0.83

Operating earnings for the quarter decreased \$0.4 million to \$7.1 million as the effect of lower sales volumes was mostly offset by an 11% improvement in the gross margin on log sales. Net income totaled \$13.8 million, or \$0.82 per share, for the fourth quarter down from \$38.4 million or \$2.29 per share from the same period in 2014. The year-over-year decrease primarily reflects smaller non-cash fair value adjustments and no change to the revaluation of roads and land, partially offset by a lower deferred income tax expense. The non-cash fair value and revaluation adjustments in 2014 were unusually large and reflected a significant year-over-year decrease in the discount rates Acadian's independent third-party appraiser used in the financial models that are the primary basis used to estimate the value of the timberlands. In 2015, the discount rates were almost unchanged and the changes in fair value primarily reflect updated long-term harvest plan and log price assumptions.

Acadian's operations ran well during the fourth quarter with some weather-related challenges, but good productivity overall. Harvest volume, excluding biomass, for the fourth quarter was 251 thousand m³, a decrease of 16% from the same period of 2014 as the New Brunswick Timberlands reduced harvest levels to align with target annual allowable harvest levels and the Maine Timberlands were challenged by poorer weather conditions coupled with weak softwood pulp markets. Consolidated sales volume of 311 thousand m³ was down 14% from the fourth quarter of 2014 with decreased sales volume experienced at both the Maine and New Brunswick operations.

Acadian's weighted average log price for the fourth quarter increased 9% year-over-year with increases in almost all primary products in local currency terms assisted by the impact of the weaker Canadian dollar on the results from the Maine Timberlands. Stronger markets and the weaker Canadian dollar resulted in a 7% and 11% increase in softwood and hardwood sawlog prices, respectively, relative to 2014. Prices for hardwood pulpwood in New Brunswick remained strong with selling prices increasing by 13% year-over-year, while markets were less robust at the Maine operations with selling prices gaining just 1% year-over-year on a U.S. dollar basis.

Biomass markets were strong, particularly in New Brunswick where the realized margin on this product increased 66% year-over-year.

New Brunswick Timberlands

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

	<i>Three Months Ended December 31, 2015</i>			<i>Three Months Ended December 31, 2014</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	89.4	90.0	\$ 5,252	92.9	93.3	\$ 5,306
Hardwood	88.0	91.0	7,189	109.6	104.9	7,490
Biomass	45.0	45.0	1,572	57.0	57.0	1,310
	222.4	226.0	14,013	259.5	255.2	14,106
Other sales			1,224			1,475
Net sales			\$ 15,237			\$ 15,581
Adjusted EBITDA			\$ 5,540			\$ 5,424
Adjusted EBITDA margin			36%			35%

	<i>Year Ended December 31, 2015</i>			<i>Year Ended December 31, 2014</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	390.3	389.1	\$ 21,802	366.6	370.2	\$ 20,711
Hardwood	403.6	402.2	30,020	404.2	407.0	27,517
Biomass	190.7	190.7	5,561	195.5	195.5	4,163
	984.6	982.0	57,383	966.3	972.7	52,391
Other sales			3,273			3,214
Net sales			\$ 60,656			\$ 55,605
Adjusted EBITDA			\$ 20,256			\$ 16,044
Adjusted EBITDA margin			33%			29%

Softwood, hardwood and biomass shipments were 90 thousand m³, 91 thousand m³ and 45 thousand m³, respectively, during the fourth quarter. This represents a year-over-year decrease in sales volume of 29 thousand m³ or 11%. Approximately 39% of sales volume was sold as sawlogs, 41% as pulpwood and 20% as biomass in the fourth quarter. This compares to 36% of sales volume sold as sawlogs, 42% as pulpwood and 22% as biomass in the fourth quarter of 2014.

Net sales for the fourth quarter totaled \$15.2 million compared to \$15.6 million for the same period last year with a 6% increase in the average log selling price more than offset by the 11% decrease in sales volume as harvest levels were reduced to align with target annual allowable harvest levels. The weighted average log selling price was \$68.73 per m³ in the fourth quarter of 2015, up \$4.16 per m³ from \$64.57 per m³ in the same period of 2014 with increases across nearly all products.

Costs for the fourth quarter were \$9.7 million, compared to \$10.2 million in the same period in 2014 due to lower sales volumes. Variable costs per m³ increased just 1% year-over-year.

Adjusted EBITDA for the fourth quarter was \$5.5 million, almost unchanged from \$5.4 million in the same period in 2014. Adjusted EBITDA margin increased to 36% from 35% in the prior year reflecting higher log selling prices with minimal change in variable costs per unit.

During the fourth quarter of 2015, New Brunswick Timberlands experienced one recordable safety incident among employees and one among contractors.

Maine Timberlands

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

	Three Months Ended December 31, 2015			Three Months Ended December 31, 2014		
	Harvest (000s m³)	Sales (000s m³)	Results (\$000s)	Harvest (000s m³)	Sales (000s m³)	Results (\$000s)
Softwood	50.8	50.4	\$ 3,865	63.9	63.5	\$ 4,333
Hardwood	23.2	26.4	2,387	34.4	32.7	2,430
Biomass	8.6	8.6	59	9.1	9.1	83
	82.6	85.4	6,311	107.4	105.3	6,846
Other sales			187			87
Net sales			\$ 6,498			\$ 6,933
Adjusted EBITDA			\$ 2,315			\$ 2,367
Adjusted EBITDA margin			36%			34%

	Year Ended December 31, 2015			Year Ended December 31, 2014		
	Harvest (000s m³)	Sales (000s m³)	Results (\$000s)	Harvest (000s m³)	Sales (000s m³)	Results (\$000s)
Softwood	189.1	188.1	\$ 14,557	202.0	201.1	\$ 13,382
Hardwood	96.7	97.8	8,512	104.4	104.3	7,738
Biomass	21.6	21.6	169	29.2	29.2	221
	307.4	307.5	23,238	335.6	334.6	21,341
Other sales			528			423
Net sales			\$ 23,766			\$ 21,764
Adjusted EBITDA			\$ 7,550			\$ 6,755
Adjusted EBITDA margin			32%			31%

Softwood, hardwood and biomass shipments were 50 thousand m³, 26 thousand m³, and 9 thousand m³, respectively, during the fourth quarter. This represents a year-over-year decrease in sales volume of 19% reflecting warmer temperatures in 2015 than 2014 that limited access to softwood stands and weaker markets for softwood pulpwood. Approximately 56% of sales volume was sold as sawlogs, 34% as pulpwood and 10% as biomass during the fourth quarter. This compares to 46% of sales volume sold as sawlogs, 45% as pulpwood and 9% as biomass in the fourth quarter of 2014.

Net sales for the fourth quarter totaled \$6.5 million compared to \$6.9 million for the same period last year with the decrease in sales volume mostly offset by a 16% increase in log selling prices. The weighted average log selling price was \$81.52 per m³ in the fourth quarter of 2015, up \$11.20 per m³ from \$70.32 per m³ in the same period of 2014 in Canadian dollar terms. Weighted average log selling prices in U.S. dollar terms decreased 1% during the fourth quarter.

Costs for the fourth quarter were \$4.2 million, compared to \$4.6 million during the same period in 2014 reflecting lower sales volume partially offset by the foreign exchange impact of the weakening of the Canadian dollar on the Maine Timberlands U.S. dollar denominated costs. In U.S. dollar terms, variable costs per unit increased 4% because of longer haul distances.

Adjusted EBITDA for the fourth quarter was \$2.3 million, compared to \$2.4 million for the same period in 2014, while Adjusted EBITDA margin increased from 34% to 36%.

There were no recordable safety incidents among Maine Timberlands employees or contractors during the fourth quarter of 2015.

Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for 2016. 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.

While there are growing expectations of moderately slower global growth in 2016, the foundation for steady U.S. economic growth remains strong. Improving breadth of job growth across the U.S., a steady increase in household formations and meaningful reductions in excess housing inventories point to a continued steady recovery in housing starts. Consensus expectations are for a 15% year-over-year increase for 2016 and a further 10% for 2017. Although the home construction segment is expected to grow meaningfully in 2016, benchmark lumber prices are expected to remain flat reflecting a combination of weak offshore export markets and increased U.S. lumber mill capacity. In addition, the combination of the weak Canadian dollar and removal of softwood lumber duties due to the expiry of the Canada-U.S. Softwood Lumber Agreement is expected to drive continued strong mill utilization rates in Canada.

While we anticipate Acadian's regional sawmill customers will continue to operate at current strong utilization levels through 2016, most are starting the new year with high log inventories which reflect seasonally favorable logging conditions late last year. While we anticipate some ongoing challenges for softwood sawmill residuals in Maine, we expect to see ongoing strong demand for softwood sawlogs in the region, with stable pricing.

Markets for hardwood sawlogs are expected to remain at current favorable levels, while demand and pricing for hardwood pulpwood may experience moderation at least in the near term as the region adapts to announced mill closures in Maine and transitions to alternative markets driven by new capital investment. Softwood pulpwood markets are expected to remain Acadian's most challenging for 2016, however this segment continues to represent a minor proportion of operating earnings. The long term outlook for biomass markets remains generally positive although near term headwinds are expected due to reduced natural gas pricing and lower regional biomass plant operating rates in Maine.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.25 per share, payable on April 15, 2016 to shareholders of record on March 31, 2016.

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 100 regional customers.

Acadian's business strategy is to maximize cash flows from its existing timberland assets while growing our business by acquiring assets on a value basis and utilizing our operations-oriented approach to drive improved performance.

Acadian's shares are listed for trading on the Toronto Stock Exchange under the symbol ADN.

For further information, please visit our website at www.acadiantimber.com or contact:

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Forward-Looking Statements

This News Release contains forward-looking information within the meaning of applicable Canadian securities laws that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Acadian Timber Corp. and its subsidiaries (collectively, "Acadian"), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such statements may contain such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue," "plan," "could," "might," "project," "targeting" or the negative of these terms or other similar terminology. Forward-looking information in this News Release includes, without limitation, statements made in the section entitled "Market Outlook" and other statements regarding management's beliefs, intentions, results, performance, goals, achievements, future events, plans and objectives, business strategy, growth strategy and prospects, access to capital, liquidity and trading volumes, dividends, taxes, capital expenditures, projected costs, market trends and similar statements concerning anticipated future events, results, achievements, circumstances, performance or expectations that are not historical facts. These statements, which reflect management's current expectations regarding future events and operating performance, are based on information currently available to management and speak only as of the date of this News Release. All forward-looking statements in this News Release are qualified by these cautionary statements. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, should not be unduly relied upon, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; changes in Canadian income tax law; economic situation of key customers; Brookfield'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 24, 2015 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; 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

	Three Months Ended		Year Ended	
	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
<i>(CAD thousands)</i>				
Net sales	\$21,735	\$22,514	\$84,422	\$77,369
Operating costs and expenses				
Cost of sales	12,629	13,180	51,197	49,026
Selling, administration and other	1,763	1,623	6,390	5,969
Reforestation	97	35	712	482
Depreciation and amortization	134	126	515	535
	14,623	14,964	58,814	56,012
Operating earnings	7,112	7,550	25,608	21,357
Interest expense, net	(779)	(832)	(3,364)	(3,203)
Other items				
Fair value adjustments	15,098	46,484	13,168	45,979
Unrealized exchange loss on long-term debt	(3,822)	(3,052)	(16,095)	(7,214)
Gain on sale of timberlands	166	4	306	119
Loss on disposal of land, roads and other fixed assets	—	(210)	(6)	(210)
Gain on revaluation of roads and land	—	6,665	—	6,665
Earnings before income taxes	17,775	56,609	19,617	63,493
Current income tax expense	(207)	(471)	(562)	(841)
Deferred income tax expense	(3,803)	(17,778)	(5,414)	(19,414)
Net income	\$13,765	\$38,360	\$13,641	\$43,238
Net income per share – basic and diluted	\$0.82	\$2.29	\$0.82	\$2.58

Acadian Timber Corp.
Interim Consolidated Statements of Comprehensive Income

	Three Months Ended		Year Ended	
	Dec 31	Dec 31	Dec 31	Dec 31
<i>(CAD thousands)</i>	2015	2014	2015	2014
Net income	\$13,765	\$38,360	\$13,641	\$43,238
Other comprehensive income				
Items that may be reclassified subsequently to net income:				
(Loss) / gain on revaluation of roads and land	(3,173)	27,981	(3,173)	27,981
Unrealized foreign currency translation income	5,305	4,221	23,683	9,192
Amortization of derivatives designated as cash flow hedges	—	(46)	(241)	(188)
Comprehensive income	\$15,897	\$70,516	\$ 33,910	\$80,223

Acadian Timber Corp.
Interim Consolidated Balance Sheets

<i>As at</i> <i>(CAD thousands)</i>	December 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 17,716	\$ 12,660
Accounts receivable and other assets	7,973	7,351
Inventory	1,391	1,191
	27,080	21,202
Timber	333,732	296,681
Land, roads and other fixed assets	82,826	82,403
Intangible assets	6,140	6,140
	\$ 449,778	\$ 406,426
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 4,399	\$ 6,978
Dividends payable to shareholders	4,183	3,451
	8,582	10,429
Long-term debt	99,819	83,944
Deferred income tax liability	74,331	63,441
Shareholders' equity	267,046	248,612
	\$ 449,778	\$ 406,426

Acadian Timber Corp.
Interim Consolidated Statements of Cash Flows

	Three Months Ended		Year Ended	
	Dec 31	Dec 31	Dec 31	Dec 31
<i>(CAD thousands)</i>	2015	2014	2015	2014
Cash provided by / (used for):				
Operating activities				
Net income	\$13,765	\$38,360	\$13,641	\$43,238
Adjustments to net income:				
Deferred income tax expense	3,803	17,778	5,414	19,414
Depreciation and amortization	134	126	515	535
Fair value adjustments	(15,098)	(46,484)	(13,168)	(45,979)
Gain on revaluation of roads and land	—	(6,665)	—	(6,665)
Unrealized exchange loss on long term debt	3,822	3,052	16,095	7,214
Interest expense, net	779	832	3,364	3,203
Interest paid, net	(755)	(837)	(3,463)	(3,223)
Gain on sale of timberlands	(166)	(4)	(306)	(119)
Loss on disposal of land, roads and other fixed assets	—	210	6	210
Other, net	916	417	1,691	457
Net change in non-cash working capital	(1,782)	(3,518)	(3,401)	(191)
	5,418	3,267	20,388	18,094
Financing activities				
Deferred financing costs	(54)	—	(502)	—
Dividends paid to shareholders	(3,764)	(3,451)	(14,744)	(13,804)
	(3,818)	(3,451)	(15,246)	(13,804)
Investing activities				
Additions to timber, land, roads and other fixed assets	(64)	(63)	(405)	(318)
Proceeds from sale of timberlands	168	8	319	124
	104	(55)	(86)	(194)
Increase in cash and cash equivalents during the period	1,704	(239)	5,056	4,096
Cash and cash equivalents, beginning of period	16,012	12,899	12,660	8,564
Cash and cash equivalents, end of period	\$17,716	\$12,660	\$17,716	\$12,660

Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Year Ended	
	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
<i>(CAD thousands)</i>				
Net income	\$13,765	\$38,360	\$13,641	\$43,238
Add / (deduct):				
Interest expense, net	779	832	3,364	3,203
Current income tax expense	207	471	562	841
Deferred income tax expense	3,803	17,778	5,414	19,414
Depreciation and amortization	134	126	515	535
Fair value adjustments	(15,098)	(46,484)	(13,168)	(45,979)
Gain on revaluation of roads and land	—	(6,665)	—	(6,665)
Unrealized exchange loss on long-term debt	3,822	3,052	16,095	7,214
Adjusted EBITDA	7,412	7,470	26,423	21,801
Add / (deduct):				
Interest paid on debt, net	(755)	(837)	(3,463)	(3,223)
Additions to timber, land, roads and other fixed assets	(64)	(63)	(405)	(318)
Gain on sale of timberlands	(166)	(4)	(306)	(119)
Loss on disposal of land, roads and other fixed assets	—	210	6	210
Proceeds from sale of timberlands	168	8	319	124
Current income tax expense	(207)	(471)	(562)	(841)
Free Cash Flow	\$6,388	\$6,313	\$22,012	\$17,634
Dividends declared	\$4,182	\$3,451	\$15,476	\$13,804
Payout ratio	65%	55%	70%	78%