



News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2014 Fourth Quarter Results conference call via webcast on Wednesday, February 11, 2015 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 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826.

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

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – February 10, 2015 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended December 31, 2014 (the “fourth quarter”).

“Acadian had another strong quarter”, said Reid Carter, Chief Executive Officer of Acadian. “Prices for the majority of our products continued to be well above prior years, taking Adjusted EBITDA to its highest level for a fourth quarter since inception of the company.”

For the three months ended December 31, 2014, Acadian generated net sales of \$22.5 million on sales volume of 361 thousand m³, which represents a \$0.7 million, or 3%, increase in net sales compared to the same period in 2013.

A 10% year-over-year increase in the weighted average log selling price drove Adjusted EBITDA for the fourth quarter of 2014 to \$7.5 million, a \$1.3 million increase from the fourth quarter of 2013, while Adjusted EBITDA margin increased to 33% from 28% in the same period of last year.

For the year ended December 31, 2014, Acadian generated net sales of \$77.4 million on sales volume of 1,307 thousand m³ as compared to net sales of \$74.4 million on sales volume of 1,383 thousand m³ in 2013. A 10% increase in the average log selling price along with focused cost containment resulted in Adjusted EBITDA climbing \$4.3 million from 2013 to \$21.8 million.

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.

Acadian continues to focus on profitably growing its business and is well positioned to benefit from Brookfield's broader platform and relationships when sourcing transactions. We are optimistic that Acadian will be in a position to participate in attractive opportunities during 2015.

Increase of Acadian's Target Annual Dividend

We are pleased to announce that Acadian's Board of Directors has reached a decision to increase Acadian's target annual dividend by approximately 9% to \$0.90 per share.

Acadian generated free cash flow of \$17.6 million and paid dividends of \$13.8 million during the year ended December 31, 2014 resulting in a payout ratio of just 78%. This strong cash generation during 2014 built a comfortable level of surplus cash and, along with an expectation of continued strong performance over the next several years, fully supports the decision to increase the dividend.

The new target dividend will be effective in the first quarter of 2015.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Year Ended	
	Dec 31 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	360.5	369.7	1,307.3	1,382.6
Net sales	\$ 22,514	\$ 21,764	\$ 77,369	\$ 74,383
Operating earnings	7,550	5,988	21,357	16,811
Net income	38,360	3,420	43,238	7,248
Adjusted EBITDA	7,470	6,139	21,801	17,480
Free Cash Flow	6,313	5,304	17,634	13,801
Dividends declared	3,451	3,451	13,804	13,804
Per share (fully diluted)				
Net income	2.29	0.20	2.58	0.43
Free cash flow	0.38	0.32	1.05	0.82
Dividends declared	0.21	0.21	0.83	0.83

Operating earnings for the fourth quarter, at \$7.6 million, increased \$1.6 million year-over-year reflecting higher log selling prices with minimal change in operating costs per unit. Net income totaled \$38.4 million, or \$2.29 per share, for the fourth quarter up \$34.9 million or \$2.09 per share from the same period in 2013. The increase is primarily attributable to a non-cash \$53.1 million pre-tax adjustment of the fair value of Acadian's timberlands compared to an adjustment of \$1.6 million in the prior year. This change in fair value reflects the current highly competitive timberlands acquisition environment in North America with evidence from timberlands transactions throughout the year supporting the use of significantly lower discount rates in the financial models used as the primary basis Acadian's independent third-party appraiser uses to estimate the value of timberlands. This fair value adjustment is also responsible for approximately \$13.6 million of the year-over-year increase in income tax expense.

Harvest volume, excluding biomass, for the fourth quarter was 301 thousand m³, a decrease of 6% from the same period of 2013 with the prior year's results being exceptionally strong due to the catch-up from below-normal harvest levels in the first three quarters of that year. Consolidated sales volume of 361 thousand m³ was down less than 3% from the fourth quarter

of 2013 with an increase in sales volume at the Maine operations offset by a decrease in sales volume at Acadian's operations in New Brunswick.

Acadian's weighted average log price for the fourth quarter increased 10% year-over-year with price increases across all products. Stronger softwood sawlog markets resulted in a 12% increase in softwood sawlog prices relative to the fourth quarter of 2013. Prices for hardwood logs in both the New Brunswick and Maine operations improved with selling prices for hardwood sawlogs increasing by 7% and prices for hardwood pulpwood climbing 10% year-over-year. Biomass returns were challenged however, with realized gross margins on this product decreasing 29% year-over-year due to a lower percentage of higher margin export sales in the sales mix.

New Brunswick Timberlands

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

	<i>Three Months Ended December 31, 2014</i>			<i>Three Months Ended December 31, 2013</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	92.9	93.3	\$ 5,306	121.7	119.9	\$ 6,681
Hardwood	109.6	104.9	7,490	115.9	110.0	7,142
Biomass	57.0	57.0	1,310	52.3	52.3	1,658
	259.5	255.2	14,106	289.9	282.2	15,481
Other sales			1,475			1,241
Net sales			\$ 15,581			\$ 16,722
Adjusted EBITDA			\$ 5,424			\$ 5,047
Adjusted EBITDA margin			35%			30%

	<i>Year Ended December 31, 2014</i>			<i>Year Ended December 31, 2013</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	366.6	370.2	\$ 20,711	422.8	421.8	\$ 22,424
Hardwood	404.2	407.0	27,517	406.6	405.9	25,217
Biomass	195.5	195.5	4,163	225.7	225.7	5,040
	966.3	972.7	52,391	1,055.1	1,053.4	52,681
Other sales			3,214			3,350
Net sales			\$ 55,605			\$ 56,031
Adjusted EBITDA			\$ 16,044			\$ 13,683
Adjusted EBITDA margin			29%			24%

Softwood, hardwood and biomass shipments were 93 thousand m³, 105 thousand m³ and 57 thousand m³, respectively, during the fourth quarter. This represents a year-over-year decrease in sales volume of 27 thousand m³ or 10%. Approximately 36% of sales volume was sold as sawlogs, 42% as pulpwood and 22% as biomass in the fourth quarter. This compares to 43% of sales volume sold as sawlogs, 38% as pulpwood and 19% as biomass in the fourth quarter of 2013.

Net sales for the fourth quarter totaled \$15.6 million compared to \$16.7 million for the same period last year with a 7% increase in the average log selling price more than offset by the 10% decrease in sales volume. The weighted average log selling price was \$64.57 per m³ in the fourth quarter of 2014, up \$4.44 per m³ from \$60.13 per m³ in the same period of 2013 with increases across all log products.

Costs for the fourth quarter were \$10.2 million, compared to \$11.7 million in the same period in 2013 due to lower sales volumes. Variable costs per m³ increased just 1% year-over-year.

Adjusted EBITDA for the fourth quarter was \$5.4 million, compared to \$5.0 million in the same period in 2013. Adjusted EBITDA margin increased to 35% from 30% in the prior year reflecting higher log selling prices with minimal change in variable costs per unit.

During the fourth quarter of 2014, NB Timberlands experienced three recordable incidents among employees and none among contractors.

Maine Timberlands

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

	<i>Three Months Ended December 31, 2014</i>			<i>Three Months Ended December 31, 2013</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	63.9	63.5	\$ 4,333	54.4	54.4	\$ 3,228
Hardwood	34.4	32.7	2,430	26.5	26.1	1,698
Biomass	9.1	9.1	83	7.0	7.0	42
	107.4	105.3	6,846	87.9	87.5	4,968
Other sales			87			74
Net sales			\$ 6,933			\$ 5,042
Adjusted EBITDA			\$ 2,367			\$ 1,577
Adjusted EBITDA margin			34%			31%

	<i>Year Ended December 31, 2014</i>			<i>Year Ended December 31, 2013</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	202.0	201.1	\$ 13,382	200.4	200.0	\$ 11,613
Hardwood	104.4	104.3	7,738	87.7	94.1	6,110
Biomass	29.2	29.2	221	35.1	35.1	232
	335.6	334.6	21,341	323.2	329.2	17,955
Other sales			423			397
Net sales			\$ 21,764			\$ 18,352
Adjusted EBITDA			\$ 6,755			\$ 5,276
Adjusted EBITDA margin			31%			29%

Softwood, hardwood and biomass shipments were 64 thousand m³, 33 thousand m³, and 9 thousand m³, respectively, during the fourth quarter. This represents a year-over-year increase in sales volume of 18 thousand m³ or 20%. Approximately 46% of sales volume was sold as sawlogs, 45% as pulpwood and 9% as biomass during the fourth quarter. This compares to 49% of sales volume sold as sawlogs, 43% as pulpwood and 8% as biomass in the fourth quarter of 2013.

Net sales for the fourth quarter totaled \$6.9 million compared to \$5.0 million for the same period last year as a result of the increased sales volume and a 15% increase in log selling prices. The weighted average log selling price was \$70.32 per m³ in the fourth quarter of 2014, up \$9.06 per m³ from \$61.26 per m³ in the same period of 2013 in Canadian dollar terms. Weighted average log selling prices in U.S. dollar terms increased 6% during the fourth quarter.

Costs for the fourth quarter were \$4.6 million, compared to \$3.5 million during the same period in 2013 reflecting higher sales volume and the foreign exchange impact of the strengthening U.S. dollar on the Maine Timberlands U.S. dollar denominated costs. In U.S. dollar terms, variable costs per unit climbed just 1%.

Adjusted EBITDA for the fourth quarter was \$2.4 million, compared to \$1.6 million for the same period in 2013, while Adjusted EBITDA margin increased from 31% to 34%.

There were no recordable safety incidents among Maine Timberlands employees or contractors during the fourth quarter of 2014.

Market Outlook

The following contains forward-looking statements about Acadian Timber Corp.'s market outlook for 2015. 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.

Despite a disappointing U.S. housing market in 2014, there are several reasons to be optimistic about the housing sector in 2015. U.S. job creation has been very strong with employers adding an average of 246,000 jobs per month in 2014, marking the strongest growth in 15 years. The rate of housing price increases has moderated and mortgage rates have fallen back below four percent with a complimentary easing of credit standards. All of these factors should support increasing rates of household formation in 2015. We believe these demand-side factors, combined with the declining overhang of foreclosure housing stock and the fact that vacancy rates of houses for rent and for sale are now back to normal levels, leaves the U.S. housing market well positioned for recovery. This expectation of a continuously improving U.S. housing market and continued strong exports should keep North American lumber prices well above historical norms encouraging Acadian's key solid wood customers to continue to operate at full capacity. As such, we expect to see ongoing strong demand for softwood sawlogs in the region.

Markets for hardwood sawlogs have been positive and are expected to remain stable and demand and pricing for hardwood pulpwood continues to be very favourable. Despite recent pulp mill closures, Acadian has been successful in selling its softwood pulpwood production and planned efforts to convert a portion of pulp production to softwood at the Old Town and Woodland mills in Maine might provide some relief from current market weakness for this product. Biomass sales have begun to improve as the logistical challenges previously constraining exports from our New Brunswick operations have been relieved.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.225 per share, payable on April 15, 2015 to shareholders of record on March 31, 2015.

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.

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 Asset Management Inc.'s and its affiliates' 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 the Management Information Circular dated May 13, 2014, 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 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013
<i>(CAD thousands)</i>				
Net sales	\$ 22,514	\$ 21,764	\$ 77,369	\$ 74,383
Operating costs and expenses				
Cost of sales	13,180	13,747	49,026	49,514
Selling, administration and other	1,623	2,005	5,969	6,929
Reforestation	35	(111)	482	563
Depreciation and amortization	126	135	535	566
	14,964	15,776	56,012	57,572
Operating earnings	7,550	5,988	21,357	16,811
Interest expense, net	(832)	(764)	(3,203)	(3,032)
Other items				
Fair value adjustments	46,484	1,724	45,979	2,633
Unrealized exchange loss on long-term debt	(3,052)	(2,307)	(7,214)	(5,078)
Gain on sale of timberlands	4	16	119	103
Gain / (loss) on disposal of land, roads and other fixed assets	(210)	—	(210)	—
Gain / (loss) on revaluation of roads and land	6,665	(134)	6,665	(134)
Earnings before income taxes	56,609	4,523	63,493	11,303
Current income tax expense	(471)	(51)	(841)	(51)
Deferred income tax expense	(17,778)	(1,052)	(19,414)	(4,004)
Net income for the period	\$ 38,360	\$ 3,420	\$ 43,238	\$ 7,248
Net income per share – basic and diluted	\$ 2.29	\$ 0.20	\$ 2.58	\$ 0.43

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>	2014	2013	2014	2013
Net income	\$38,360	\$ 3,420	\$43,238	\$ 7,248
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Gain / (loss) on revaluation of roads and land	27,981	(1,215)	27,981	(1,215)
Unrealized foreign currency translation income gain	4,221	2,829	9,192	6,151
Amortization of derivatives designated as cash flow hedges	(46)	(47)	(188)	(189)
Comprehensive income	\$70,516	\$ 4,987	\$80,223	\$11,995

Acadian Timber Corp.
Interim Consolidated Balance Sheets
(unaudited)

<i>As at</i> <i>(CAD thousands)</i>	December 31 2014	December 31 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,660	\$ 8,564
Accounts receivable and other assets	7,351	7,673
Inventory	1,191	1,380
	21,202	17,617
Timber	296,681	240,143
Land, roads and other fixed assets	82,403	32,268
Intangible assets	6,140	6,140
	\$ 406,426	\$ 296,168
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,978	\$ 7,680
Dividends payable to shareholders	3,451	3,451
	10,429	11,131
Long-term debt	83,944	76,496
Deferred income tax liability	63,441	26,348
Shareholders' equity	248,612	182,193
	\$ 406,426	\$ 296,168

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

	Three Months Ended		Year Ended	
	Dec 31 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013
<i>(CAD thousands)</i>				
Cash provided by / (used for):				
Operating activities				
Net income	\$38,360	\$ 3,420	\$43,238	\$ 7,248
Adjustments to net income:				
Deferred income tax expense	17,778	1,052	19,414	4,004
Depreciation and amortization	126	135	535	566
Fair value adjustments	(46,484)	(1,724)	(45,979)	(2,633)
Loss / (gain) on revaluation of roads and land	(6,665)	134	(6,665)	134
Unrealized exchange loss on long term debt	3,052	2,307	7,214	5,078
Interest expense, net	832	764	3,203	3,032
Interest paid, net	(837)	(770)	(3,223)	(3,052)
Gain on sale of timberlands	(4)	(16)	(119)	(103)
Loss on disposal of land, roads and other fixed assets	210	—	210	—
Other, net	417	328	457	219
Net change in non-cash working capital	(3,518)	(467)	(191)	2,212
	3,267	5,163	18,094	16,705
Financing activities				
Repayment of short-term debt	—	(1,649)	—	—
Dividends paid to shareholders	(3,451)	(3,451)	(13,804)	(13,804)
	(3,451)	(5,100)	(13,804)	(13,804)
Investing activities				
Additions to timber, land, roads and other fixed assets	(63)	(14)	(318)	(576)
Proceeds from sale of timberlands	8	16	124	103
	(55)	2	(194)	(473)
Increase / (decrease) in cash and cash equivalents during the period	(239)	65	4,096	2,428
Cash and cash equivalents, beginning of period	12,899	8,499	8,564	6,136
Cash and cash equivalents, end of period	\$12,660	\$ 8,564	\$12,660	\$ 8,564

Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Year Ended	
	Dec 31 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013
<i>(CAD thousands)</i>				
Net income	\$38,360	\$ 3,420	\$43,238	\$ 7,248
Add / (deduct):				
Interest expense, net	832	764	3,203	3,032
Current tax expense	471	51	841	51
Deferred tax expense	17,778	1,052	19,414	4,004
Depreciation and amortization	126	135	535	566
Fair value adjustments	(46,484)	(1,724)	(45,979)	(2,633)
Loss / (gain) on revaluation of roads and land	(6,665)	134	(6,665)	134
Unrealized exchange loss on long-term debt	3,052	2,307	7,214	5,078
Adjusted EBITDA	7,470	6,139	21,801	17,480
Add / (deduct):				
Interest paid on debt, net	(837)	(770)	(3,223)	(3,052)
Additions to timber, land, roads and other fixed assets	(63)	(14)	(318)	(576)
Gain on sale of timberlands	(4)	(16)	(119)	(103)
Loss on disposal of land, roads and other fixed assets	210	—	210	—
Proceeds from sale of timberlands	8	16	124	103
Current income tax expense	(471)	(51)	(841)	(51)
Free Cash Flow	\$ 6,313	\$ 5,304	\$17,634	\$13,801
Dividends declared	\$ 3,451	\$ 3,451	\$13,804	\$13,804
Payout ratio	55%	65%	78%	100%