



## News Release

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2016 Second Quarter Results conference call via webcast on Thursday, August 4, 2016 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 SECOND QUARTER RESULTS AND CHANGES TO MANAGEMENT TEAM

*All figures in Canadian dollars unless otherwise noted*

**Vancouver, BRITISH COLUMBIA – August 3, 2016** – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results<sup>1</sup> for the three months ended June 25, 2016 (the “second quarter”).

“Constructive housing fundamentals continue to support steady demand for softwood sawtimber in Acadian’s operating region despite current uncertainty regarding the negotiations towards a new U.S.-Canada lumber trade agreement”, commented Mark Bishop, Chief Executive Officer of Acadian. “Pricing for hardwood pulpwood also remains strong, with additional market support coming from structural panel producers”.

Acadian’s operations performed well for the second quarter and continue to benefit from strong New Brunswick markets more than offsetting weaker markets in Maine. Driven primarily by strength in hardwood markets, weighted average log price was up 11% compared to the prior year. While operating conditions were impacted by an extended annual spring thaw, which caused much of the Company’s harvest and hauling infrastructure to be inoperable for a longer than normal period, we anticipate a return to more typical harvest levels for the remainder of the year. Acadian’s payout ratio for first six months of 2016 was 94% in line with our long-term target of 95%.

Adjusted EBITDA for the second quarter was \$3.3 million down from \$3.8 million in the comparable period in 2015 as higher selling prices for our products were more than offset by lower sales volumes as the prior year benefitted from better harvesting conditions due to extended winter weather and a shorter spring thaw period.

<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.

### ***Management Team Changes***

Acadian announced today that Mr. Brian Banfill will be leaving the position of Chief Operating Officer effective August 3, 2016. Mr. Banfill has been a member of the senior management of Acadian since his initial appointment as Chief Financial Officer in 2010. He will continue to be involved in other timberlands businesses managed by Brookfield. As well, after three years as Acadian's Chief Financial Officer, Ms. Erika Reilly will be leaving Acadian to take on new responsibilities within Brookfield Asset Management. "The entire management team would like to thank Mr. Banfill and Ms. Reilly for their hard work, dedication and significant contributions to Acadian and wish them the best in their new endeavors" commented Mr. Bishop. Effective August 3, 2016, Mr. Wyatt Hartley will replace Ms. Reilly as Acadian's Senior Vice-President and Chief Financial Officer. Mr. Hartley has been a key member of Brookfield's infrastructure team for the past six years and has held a number of senior finance roles within the organization. Mr. Hartley is a Chartered Accountant and worked at one of the big four accounting firms prior to joining Brookfield.

## Review of Operations

### Financial and Operating Highlights

	Three Months Ended		Six Months Ended	
	June 25 2016	June 27 2015	June 25 2016	June 27 2015
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m <sup>3</sup> )	208.9	275.9	510.5	623.9
Net sales	\$ 13,656	\$ 15,368	\$ 35,103	\$ 40,055
Operating earnings	3,179	3,532	10,005	12,161
Net income	5,830	5,650	10,172	2,727
Adjusted EBITDA	3,301	3,794	10,345	12,546
Free Cash Flow	2,743	2,833	8,913	10,379
Dividends declared	4,183	3,764	8,366	7,529
Payout ratio	152%	133%	94%	73%
Per share – basic and diluted				
Net income	\$ 0.35	\$ 0.34	\$ 0.61	\$ 0.16
Free Cash Flow	0.16	0.17	0.53	0.62
Dividends declared	0.25	0.23	0.50	0.45

Operating earnings for the period, at \$3.2 million, decreased \$0.3 million year-over-year, reflecting reduced sales volume. Net income totaled \$5.8 million, or \$0.35 per share, for the second quarter, compared to \$0.34 for the same period in 2015, as lower operating earnings and unrealized foreign exchange gain on long-term debt were more than offset by higher non-cash fair value adjustments to our timberlands as a result of lower harvest volumes. For the six months ended June 25, 2016, net income was \$10.2 million, or \$0.61 per share, an increase of \$7.4 million over the first half of 2015 primarily as a result of an unrealized foreign exchange gain on long-term debt.

Acadian traditionally experiences low levels of operating, marketing and selling activity during the second quarter of each year owing to the spring thaw period that causes much of the infrastructure to be temporarily inoperable. Sales volumes for the second quarter of this year were down 24% compared to the same period in the prior year as operations were slower to start-up due to an extended spring thaw compared to prior year, which benefitted from a shorter spring thaw due to extended winter weather.

Acadian's weighted average log selling price during the second quarter increased 11% year-over-year as stronger prices and higher hardwood log proportion in New Brunswick and the positive impact of the weaker Canadian dollar on U.S. dollar-denominated sales more than offset weaker prices for softwood in the Maine market. Softwood sawlog markets remained relatively stable, with a 1% increase in softwood sawlog prices relative to the second quarter of 2015. Hardwood sawlog markets were strong, with weighted average selling prices increasing 18%, primarily reflecting strong pricing from the New Brunswick operations. Selling prices for hardwood pulpwood increased 6% year-over-year while softwood pulpwood prices decreased 9% year-over-year. Continued strength in hardwood pulpwood markets was partially offset by weaker softwood pulpwood markets in Maine. Biomass markets remained strong, with margins increasing 56% year-over-year, primarily reflecting an increase in proportion of sales to export markets.

## NB Timberlands

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

	<i>Three Months Ended June 25, 2016</i>			<i>Three Months Ended June 27, 2015</i>		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (\$000s)
Softwood	35.4	65.5	\$ 3,588	66.0	103.3	\$ 5,713
Hardwood	49.5	76.6	6,475	86.0	92.3	6,544
Biomass	40.8	40.8	1,561	48.5	48.5	1,146
	125.7	182.9	11,624	200.5	244.1	13,403
Other sales			116			(288)
Net sales			\$ 11,740			\$ 13,115
Adjusted EBITDA			\$ 3,887			\$ 3,472
Adjusted EBITDA margin			33%			26%

	<i>Six Months Ended June 25, 2016</i>			<i>Six Months Ended June 27, 2015</i>		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (\$000s)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (\$000s)
Softwood	146.4	146.0	\$ 7,947	196.1	193.3	\$ 10,640
Hardwood	159.1	166.6	14,034	195.4	199.1	14,582
Biomass	74.1	74.1	2,899	83.2	83.2	2,393
	379.6	386.7	24,880	474.7	475.6	27,615
Other sales			791			795
Net sales			\$ 25,671			\$ 28,410
Adjusted EBITDA			\$ 8,845			\$ 8,765
Adjusted EBITDA margin			34%			31%

Softwood, hardwood and biomass shipments were 66 thousand m<sup>3</sup>, 77 thousand m<sup>3</sup> and 41 thousand m<sup>3</sup>, respectively, during the second quarter. This represents a year-over-year decrease in sales volume of 25%. Harvest volumes in the second quarter of 2016 were impacted by an extended spring thaw and were lower than the same period last year, which had favorable winter operating conditions extending into the second quarter. Approximately 38% of sales volume in the second quarter was sold as sawlogs, 40% as pulpwood and 22% as biomass compared to 41% sold as sawlogs, 39% as pulpwood and 20% as biomass in the second quarter of 2015.

Net sales for the second quarter totaled \$11.7 million compared to \$13.1 million for the same period last year reflecting lower sales volumes, which was partially offset by improved selling prices across all products. The weighted average log selling price was \$70.84 per m<sup>3</sup> in the second quarter of 2016, a 13% increase from \$62.66 per m<sup>3</sup> in the same period of 2015. Net sales for the first six months ended June 25, 2016 were \$25.7 million, a decrease of \$2.7 million compared to the first half of 2015 due to lower sales volumes, which was partially offset by increased selling prices.

Costs for the second quarter were \$7.8 million, compared to \$9.6 million in the same period in 2015, due to lower sales volumes partially offset by a 6% increase in variable costs per m<sup>3</sup> due mainly to longer average haul distances. For the six months ended June 25, 2016, costs were \$16.8 million; \$2.8 million lower than during the first half of 2015, due to lower sales volumes partially offset by a 4% increase in variable costs per m<sup>3</sup> which were largely attributable to longer average haul distances.

Adjusted EBITDA for the second quarter was \$3.9 million, compared to \$3.5 million in the second quarter of 2015 due primarily to the improved pricing discussed above. For the six

months ended June 25, 2016, Adjusted EBITDA was \$8.8 million, in line with the first half of 2015. Adjusted EBITDA margin for the second quarter increased to 33% from 26% in the prior year. and for the first six months of 2016 increased to 34% from 31% in the prior year.

There was one recordable safety incident among employees and four recordable safety incidents among contractors during the second quarter of 2016. While four of the incidents resulted in lost time, the injuries were relatively minor in nature and the individuals have already or are expected to make a full recovery. In June, the New Brunswick operations successfully completed a surveillance audit under the 2015-2019 standard of the Sustainable Forest Initiative® without any non-conformances, which re-affirms our certificate and is a testament of the sustainability of our operations.

### *Maine Timberlands*

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

	<i>Three Months Ended June 25, 2016</i>			<i>Three Months Ended June 27, 2015</i>		
	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>
Softwood	11.8	11.6	\$ 776	14.2	14.1	\$ 976
Hardwood	8.6	11.8	984	8.8	13.2	1,123
Biomass	2.6	2.6	16	4.5	4.5	33
	<b>23.0</b>	<b>26.0</b>	<b>1,776</b>	<b>27.5</b>	<b>31.8</b>	<b>2,132</b>
Other sales			140			121
Net sales			\$ 1,916			\$ 2,253
Adjusted EBITDA			\$ (167)			\$ 376
Adjusted EBITDA margin			(9%)			17%

	<i>Six Months Ended June 25, 2016</i>			<i>Six Months Ended June 27, 2015</i>		
	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>	<i>Harvest (000s m<sup>3</sup>)</i>	<i>Sales (000s m<sup>3</sup>)</i>	<i>Results (\$000s)</i>
Softwood	77.0	76.5	\$ 5,918	100.6	100.1	\$ 7,912
Hardwood	38.4	39.2	3,282	38.7	40.5	3,450
Biomass	8.1	8.1	53	7.7	7.7	75
	<b>123.5</b>	<b>123.8</b>	<b>9,253</b>	<b>147.0</b>	<b>148.3</b>	<b>11,437</b>
Other sales			179			208
Net sales			\$ 9,432			\$ 11,645
Adjusted EBITDA			\$ 2,114			\$ 4,228
Adjusted EBITDA margin			22%			36%

Softwood, hardwood and biomass shipments were 12 thousand m<sup>3</sup>, 12 thousand m<sup>3</sup>, and 3 thousand m<sup>3</sup>, respectively, during the second quarter. This represents a year-over-year decrease in sales volume of 18% due to an extended spring thaw and challenging market conditions for softwood pulpwood. Approximately 46% of sales volume was sold as sawlogs, 44% as pulpwood and 10% as biomass during the second quarter compared to 34% sold as sawlogs, 52% as pulpwood and 14% as biomass in the second quarter of 2015.

Net sales for the second quarter totaled \$1.9 million compared to \$2.3 million for the same period last year, as reduced sales volumes across all products and weaker U.S. dollar selling prices were partially offset by the positive impact of the stronger U.S. dollar. The weighted average log selling price was \$74.97 per m<sup>3</sup> in the second quarter of 2016, a 3% decrease from \$76.98 per m<sup>3</sup> in the same period of 2015 in Canadian dollar terms. The weighted average log selling price in U.S. dollar terms was \$58.19 per m<sup>3</sup>, a decrease of 7% year-over-year due

primarily to a weaker market for softwood pulpwood. Net sales for the first six months ended June 25, 2016 were \$9.4 million, a decrease of \$2.2 million over the first half of 2015 with reduced sales volumes partially offset by the positive impact of the stronger U.S. dollar.

Costs for the second quarter were \$2.1 million, in line with the same period in 2015 as the impact of the lower sales volumes were offset by the negative impact of the stronger U.S. dollar. Variable costs per m<sup>3</sup> increased 6% in Canadian dollar terms but remained stable in U.S. dollar terms. For the six months ended June 25, 2016, costs were \$7.4 million, in line with the first half of 2015 as the impact of the lower sales volumes were offset by the negative impact of the stronger U.S. dollar.

Adjusted EBITDA for the second quarter was \$(0.2) million, compared to \$0.4 million in the same period in 2015 due primarily to lower sales volumes. For the six months ended June 25, 2016, Adjusted EBITDA was \$2.1 million, a decrease of \$2.1 million compared to the first half of 2015. Adjusted EBITDA margin for the second quarter decreased to (9)% from 17% in the prior year and for the first six months of 2016 decreased to 22% from 36% in the prior year.

There were no recordable safety incidents among employees and contractors during the second quarter of 2016.

## Market Outlook

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

U.S. economic growth has been somewhat uneven over the first half of the year, but the economy continues to expand led principally by consumer spending. Wage growth is accelerating as the labor market continues to move toward full recovery with employment openings remaining close to record highs. Reflecting post-Brexit related volatility, elevated downside risks to the global economies and strengthening U.S. dollar, expectations for the current low interest rate environment have been extended. These fundamentals continue to support an on-going gradual recovery in U.S. housing starts and strong residential improvement activity. Consensus expectations continue to call for a 10% year-over-year improvement in total housing starts for 2016 and over 12% for 2017. Industry forecasters predict that U.S. lumber and sawtimber demand will need to continue to grow at over 5% per year over the next few years to support expanding domestic construction needs.

Benchmark softwood lumber prices improved over 10% for the second quarter and are expected to improve modestly on a full year-over-year basis. Uncertainty over the lumber pricing environment remains heightened with the Canada-U.S. softwood lumber dispute moving towards the end of the "cooling-off" period in October 2016 and paving the way for potential imposition of countervailing duties. While the timing, and ultimately the terms of any settlement of this latest dispute are unclear, there is no evidence to suggest treatment of Canada's maritime lumber producers during the current dispute will be materially different from past experience where the region experienced lower relative countervailing and anti-dumping duties than the rest of Canada during the litigation period, followed by export tax and quota exemption during the 2006 Softwood Lumber Agreement. This differential treatment is due primarily to the significantly greater proportion of their log supply sourced from private lands in the Atlantic region relative to the rest of Canada.

Almost all regional sawmills continue to operate on full shifts and appear to be carrying inventories at typical seasonal levels. While softwood sawlog markets for New Brunswick remain steady, Maine sawmills continue to face challenges with demand for softwood sawmill residuals. Hardwood sawlog markets remained strong and steady during the second quarter and are expected to remain near current levels. Strength in hardwood pulpwood pricing has persisted, although Acadian is experiencing longer average haul distances to maintain supply levels, resulting in modest margin impact. Biomass markets remain stable in New Brunswick, with Acadian able to benefit from ongoing growth in export markets. Maine biomass markets are still in transition following the idled pulp mill and biomass generator capacity over the past year. However, markets have seen some stabilization following recent state sponsored assistance which saw the re-start of a portion of the previously idled biomass generation capacity.

## Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.25 per share, payable on October 15, 2016 to shareholders of record on September 30, 2016.

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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 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](http://www.acadiantimber.com) or contact:

Tracy Steele

Investor Relations and Communications

Tel: 604-661-9621

Email: [tsteele@acadiantimber.com](mailto:tsteele@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 30, 2016 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)**

	Three Months Ended		Six Months Ended	
	June 25 2016	June 27 2015	June 25 2016	June 27 2015
<i>(CAD thousands)</i>				
Net sales	<b>\$ 13,656</b>	\$ 15,368	<b>\$ 35,103</b>	\$ 40,055
Operating costs and expenses				
Cost of sales	<b>8,561</b>	10,241	<b>21,647</b>	24,584
Selling, administration and other	<b>1,660</b>	1,291	<b>3,070</b>	2,883
Reforestation	<b>134</b>	177	<b>134</b>	177
Depreciation and amortization	<b>122</b>	127	<b>247</b>	250
	<b>10,477</b>	11,836	<b>25,098</b>	27,894
Operating earnings	<b>3,179</b>	3,532	<b>10,005</b>	12,161
Interest expense, net	<b>(723)</b>	(893)	<b>(1,453)</b>	(1,781)
Other items				
Fair value adjustments	<b>2,674</b>	1,308	<b>1,903</b>	(1,138)
Unrealized exchange gain / (loss) on long-term debt	<b>1,935</b>	2,631	<b>6,054</b>	(5,105)
Gain on sale of timberlands	—	127	<b>93</b>	127
Gain on disposal of land, roads and other fixed assets	—	8	—	8
Earnings before income taxes	<b>7,065</b>	6,713	<b>16,602</b>	4,272
Current income tax recovery / (expense)	<b>154</b>	47	<b>(1)</b>	(223)
Deferred income tax expense	<b>(1,389)</b>	(1,110)	<b>(6,429)</b>	(1,322)
Net income	<b>\$ 5,830</b>	\$ 5,650	<b>\$ 10,172</b>	\$ 2,727
Net income per share – basic and diluted	<b>\$ 0.35</b>	\$ 0.34	<b>\$ 0.61</b>	\$ 0.16

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

	Three Months Ended		Six Months Ended	
	<b>June 25 2016</b>	June 27 2015	<b>June 25 2016</b>	June 27 2015
<i>(CAD thousands)</i>				
Net income	<b>\$ 5,830</b>	\$ 5,650	<b>\$ 10,172</b>	\$ 2,727
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation income / (loss)	<b>(2,758)</b>	(4,066)	<b>(8,322)</b>	7,478
Amortization of derivatives designated as cash flow hedges	—	(49)	—	(95)
Comprehensive income	<b>\$ 3,072</b>	\$ 1,535	<b>\$ 1,850</b>	\$10,110

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

*As at*  
*(CAD thousands)*

**June 25, 2016**      December 31, 2015

**ASSETS**

Current Assets

Cash and cash equivalents	<b>\$ 18,783</b>	\$ 17,716
Accounts receivable and other assets	<b>6,860</b>	7,973
Inventory	<b>849</b>	1,391

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	<b>26,492</b>	27,080
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Timber	<b>327,320</b>	333,732
Land, roads and other fixed assets	<b>80,675</b>	82,826
Intangible assets	<b>6,140</b>	6,140

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	<b>\$ 440,627</b>	\$ 449,778
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**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities

Accounts payable and accrued liabilities	<b>\$ 4,250</b>	\$ 4,399
Dividends payable to shareholders	<b>4,183</b>	4,183

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	<b>8,433</b>	8,582
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Long-term debt	<b>93,816</b>	99,819
Deferred income tax liability	<b>77,848</b>	74,331
Shareholders' equity	<b>260,530</b>	267,046

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	<b>\$ 440,627</b>	\$ 449,778
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**Acadian Timber Corp.**  
**Interim Consolidated Statements of Cash Flows**  
**(unaudited)**

	Three Months Ended		Six Months Ended	
	June 25	June 27	June 25	June 27
<i>(CAD thousands)</i>	2016	2015	2016	2015
<b>Cash provided by / (used for):</b>				
<b>Operating activities</b>				
Net income	\$ 5,830	\$ 5,650	\$ 10,172	\$ 2,727
Adjustments to net income:				
Deferred income tax expense	1,389	1,110	6,429	1,322
Depreciation and amortization	122	127	247	250
Fair value adjustments	(2,674)	(1,308)	(1,903)	1,138
Unrealized exchange (gain) / loss on long term debt	(1,935)	(2,631)	(6,054)	5,105
Interest expense, net	723	893	1,453	1,781
Interest paid, net	(695)	(899)	(1,399)	(1,792)
Gain on sale of timberlands	—	(127)	(93)	(127)
Gain on disposal of land, roads and other fixed assets	—	(8)	—	(8)
Other, net	(2,021)	(361)	(986)	243
Net change in non-cash working capital	1,756	345	1,506	(485)
	2,495	2,791	9,372	10,154
<b>Financing activities</b>				
Dividends paid to shareholders	(4,183)	(3,764)	(8,366)	(7,215)
	(4,183)	(3,764)	(8,366)	(7,215)
<b>Investing activities</b>				
Additions to timber, land, roads and other fixed assets	(17)	(111)	(34)	(154)
Proceeds from sale of timberlands	—	129	95	129
Proceeds from sale of land, roads and other fixed assets	—	8	—	8
	(17)	26	61	(17)
Increase / (decrease) in cash and cash equivalents during the period	(1,705)	(947)	1,067	2,922
Cash and cash equivalents, beginning of period	20,488	16,529	17,716	12,660
<b>Cash and cash equivalents, end of period</b>	<b>\$ 18,783</b>	<b>\$15,582</b>	<b>\$ 18,783</b>	<b>\$15,582</b>

## Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Six Months Ended	
	June 25 2016	June 27 2015	June 25 2016	June 27 2015
<i>(CAD thousands)</i>				
Net income	\$ 5,830	\$ 5,650	\$ 10,172	\$ 2,727
Add / (deduct):				
Interest expense, net	723	893	1,453	1,781
Current income tax (recovery) / expense	(154)	(47)	1	223
Deferred income tax expense	1,389	1,110	6,429	1,322
Depreciation and amortization	122	127	247	250
Fair value adjustments	(2,674)	(1,308)	(1,903)	1,138
Unrealized exchange (gain) / loss on long-term debt	(1,935)	(2,631)	(6,054)	5,105
<b>Adjusted EBITDA</b>	<b>3,301</b>	<b>3,794</b>	<b>10,345</b>	<b>12,546</b>
Add / (deduct):				
Interest paid on debt, net	(695)	(899)	(1,399)	(1,792)
Additions to timber, land, roads and other fixed assets	(17)	(111)	(34)	(154)
Gain on sale of timberlands	—	(127)	(93)	(127)
Gain on disposal of land, roads and other fixed assets	—	(8)	—	(8)
Proceeds from sale of timberlands	—	129	95	129
Proceeds from sale of land, roads and other fixed assets	—	8	—	8
Current income tax expense / (recovery)	154	47	(1)	(223)
<b>Free Cash Flow</b>	<b>\$ 2,743</b>	<b>\$ 2,833</b>	<b>\$ 8,913</b>	<b>\$10,379</b>
<b>Dividends declared</b>	<b>\$ 4,183</b>	<b>\$ 3,764</b>	<b>\$ 8,366</b>	<b>\$ 7,529</b>
<b>Payout ratio</b>	<b>152%</b>	<b>133%</b>	<b>94%</b>	<b>73%</b>