Interim Consolidated Statements of Net Income

(unaudited)

Three Months Ended *(CAD thousands)*	Note	**March 29, 2014**	March 30, 2013
Net sales	6	**$ 21,243**	$ 18,252
Operating costs and expenses			
Cost of sales		**13,179**	11,988
Selling, administration and other	6	**1,463**	1,604
Reforestation		**—**	5
Depreciation and amortization		**136**	141
		14,778	13,738
Operating earnings		**6,465**	4,514
Interest expense, net		**(797)**	(739)
Other items			
Fair value adjustments		**(1,190)**	19
Unrealized exchange loss on long-term debt		**(3,096)**	(1,842)
Gain on sale of timberlands	5	**96**	—
Earnings before income taxes		**1,478**	1,952
Current income tax expense	7	**(297)**	—
Deferred income tax expense	7	**(484)**	(661)
Net income		**$ 697**	$ 1,291
Net income per share - basic and diluted		**$ 0.04**	$ 0.08

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

(unaudited)

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

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Balance Sheets

(unaudited)

As at *(CAD thousands)*	Note	**March 29, 2014**	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		**$ 11,039**	$ 8,564
Accounts receivable and other assets	5	**8,154**	7,673
Inventory		**3,098**	1,380
		22,291	17,617
Timber	10	**242,514**	240,143
Land, roads and other fixed assets		**32,730**	32,268
Intangible assets		**6,140**	6,140
		$ 303,675	$ 296,168
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	5	**$ 9,452**	$ 7,680
Dividends payable to shareholders		**3,451**	3,451
		12,903	11,131
Long-term debt	3	**79,648**	76,496
Deferred income tax liability	7	**28,035**	26,348
Shareholders' equity	4	**183,089**	182,193
		$ 303,675	$ 296,168

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in Equity

(unaudited)

Three Months Ended March 29, 2014 (CAD thousands)	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at December 31, 2013	$ 140,067	$ 37,020	$ 1,383	$ 3,294	$ 429	$ 182,193
Changes in period						
Net income	—	697	—	—	—	697
Other comprehensive income/(loss)	—	—	—	3,697	(47)	3,650
Shareholders' dividends declared	—	(3,451)	—	—	—	(3,451)
Balance as at March 29, 2014	$ 140,067	$ 34,266	$ 1,383	$ 6,991	$ 382	$ 183,089

See accompanying notes to interim consolidated financial statements.

Three Months Ended March 30, 2013 (CAD thousands)	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Cash Flow Hedges	Shareholders' Equity
Balance as at December 31, 2012	$ 140,067	$ 43,576	$ 2,598	$ (2,857)	$ 618	$ 184,002
Changes in period						
Net income	—	1,291	—	—	—	1,291
Other comprehensive income/(loss)	—	—	—	2,209	(49)	2,160
Shareholders' dividends declared	—	(3,451)	—	—	—	(3,451)
Balance as at March 30, 2013	$ 140,067	$ 41,416	$ 2,598	$ (648)	$ 569	$ 184,002

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(unaudited)

(CAD thousands)	Note	**March 29, 2014**	March 30, 2013
Cash provided by (used for):			
Operating activities			
Net income		**$ 697**	$ 1,291
Adjustments to net income:			
Deferred income tax expense	7	**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 balances and other		**326**	(154)
		5,829	3,757
Financing activities			
Dividends paid to shareholders	9	**(3,451)**	(3,451)
		(3,451)	(3,451)
Investing activities			
Proceeds from sale of timberlands		**97**	—
		97	—
Increase in cash and cash equivalents during the period		**2,475**	306
Cash and cash equivalents, beginning of period		**8,564**	6,136
Cash and cash equivalents, end of period		**$ 11,039**	$ 6,442

See accompanying notes to interim consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 1. GENERAL

Acadian Timber Corp. (the "Corporation") is governed by the Canada Business Corporation Act pursuant to articles of arrangement dated January 1, 2010. The Corporation is a reporting issuer and its common shares are publicly traded on the Toronto Stock Exchange under the stock symbol "ADN". The principal and head office of the Corporation is located at Suite 1800-1055 West Georgia Street, P.O. Box 11179, Royal Centre, Vancouver, British Columbia, V6E 3R5.

The Corporation and all of its consolidated operations, collectively "Acadian", owns and manages approximately 761,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 301,000 acres of freehold timberlands in Maine ("Maine Timberlands") 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 operations are subject to seasonal variations and, as a result, Acadian's operating results vary from quarter to quarter. Harvesting activity can be compromised by inaccessibility to some sites during wet seasons resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year.

The ultimate parent of the Corporation is Brookfield Asset Management Inc. As at March 29, 2014, affiliates of Brookfield Asset Management Inc. (collectively "Brookfield") own 7,513,262 common shares representing approximately 45% of the outstanding common shares of the Company.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies adopted and disclosed in Note 2 of Acadian's 2013 annual report. These interim condensed consolidated financial statements should be read in conjunction with the Acadian's 2013 annual report.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of Acadian on May 12, 2014.

Future Accounting Policies

IFRS 9 Financial Instruments: Classification and Measurement
In November 2009, the IASB issued IFRS 9 as the first part of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement.* IFRS 9 currently prescribes that financial assets are measured at amortized cost or fair value on the basis on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The classification and measurement for financial liabilities remains generally unchanged, however, revisions have been made in the accounting for changes in fair value of a financial liability attributable to changes in the credit risk of that liability. The other phases of this project which are currently under development include impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. Acadian is in the process of assessing the impact of the new standard on its consolidated financial statements in conjunction with the completion of the other phase of this project.

IFRIC 21 Levies
International Financial Reporting Interpretations Committee 21, Levies ("IFRIC 21") is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., International Accounting Standard 12, Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. The adoption of this new interpretation did not result in any changes to the unaudited interim condensed consolidated financial statements.

NOTE 3. DEBT

Debt consisted of the following:

As at (CAD thousands)	March 29, 2014	December 31, 2013
Term facility, due March 2016	$ 80,105	$ 77,013
Less: Deferred debt issuance costs	(457)	(517)
Total	$ 79,648	$ 76,496

In February 2011, Acadian refinanced its Canadian and U.S. dollar denominated loan facilities through the entering into of a first mortgage loan agreement with Metropolitan Life Insurance Company which will mature on March 1, 2016. This agreement established a revolving credit facility of up to US$10.0 million (the "Revolving Facility") for general corporate purposes and a term credit facility of US$72.5 million (the "Term Facility"). The Term Facility bears interest at a fixed rate of 3.97%. The Revolving Facility bears interest at floating rates based on 30 or 90 day LIBOR plus applicable margin.

As at March 29, 2014 and December 31, 2013, Acadian had borrowed US$72.5 million under the Term Facility and $nil under the Revolving Facility.

As collateral for these facilities, Acadian has granted the lenders a security interest over all of its assets. The facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The credit facilities are subject to the maintenance of a maximum ratio of loan-to-appraised value and Acadian was in compliance as of March 29, 2014 and December 31, 2013. In addition, US$2.2 million is reserved under the Revolving Facility to support the minimum cash balance requirement of the Term Facility.

NOTE 4. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value. Common shares outstanding as at March 29, 2014 and December 31, 2013 were 16,731,216.

NOTE 5. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The Company has one significant related party, Brookfield Asset Management Inc., and its affiliates (collectively "Brookfield"). As at March 29, 2014, Brookfield owned 7,513,262 common shares, representing approximately 45% of the outstanding shares of the Company. Acadian is also a related party of Katahdin Timberlands LLC as a result of their common significant shareholder and was a related party of Twin Rivers Paper Company ("Twin Rivers") prior to Brookfield completing the sale of its interest in Twin Rivers on June 10, 2013. References in this report to Twin Rivers refer to transactions and relationships with Brookfield prior to the sale of this interest.

A summary of the significant related party transactions is provided below.

a) Upon inception, Acadian became party to fibre supply agreements whereby Acadian agreed to provide fibre to Twin Rivers for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Twin Rivers. Total sales to Twin Rivers during the three months ended March 30, 2013 totaled $4.7 million, which represented 20% of Acadian's consolidated total sales.

b) Upon inception, Acadian entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three months ended March 29, 2014 totaled $0.6 million (2013 – $0.6 million). As at March 29, 2014, fees of $0.6 million (2013 – $nil) remain outstanding.

c) Maine Timberlands sold 4.13 acres of land for net proceeds of $97 thousand to Katahdin Timberlands LLC during the three months ended March 29, 2014 (2013 – $nil).

Further to the related party transactions noted above, the total net payable due to related parties as at March 29, 2014 is $557 thousand (December 31, 2013 net receivable due from related parties – $65 thousand).

NOTE 6. SEGMENTED INFORMATION

Acadian's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. Acadian has two reporting segments, the NB Timberlands and Maine Timberlands. Net sales, net income, assets and liabilities by reportable segments are as follows:

Three Months Ended March 29, 2014 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 10,055	$ 5,379	$ 4,676	$ —
Hardwood	9,750	7,759	1,991	—
Biomass	707	646	61	—
Other	731	662	69	—
Total net sales	21,243	14,446	6,797	—
Operating costs	(14,642)	(9,988)	(4,416)	(238)
Reforestation	—	—	—	—
Depreciation and amortization	(136)	(49)	(87)	—
Operating earnings (loss)	6,465	4,409	2,294	(238)
Gain on sale of timberlands	96	—	96	—
Fair value adjustments	(1,190)	(232)	(958)	—
Earnings (loss) before the under noted	5,371	4,177	1,432	(238)
Unrealized exchange gain on long-term debt	(3,096)			
Interest expense, net	(797)			
Current income tax expense	(297)			
Deferred income tax expense	(484)			
Net income	$ 697			

As at March 29, 2014 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timber, land, roads and other fixed assets and intangible assets	$281,384	$160,029	$121,355	$ —
Total assets	303,675	172,527	126,876	4,272
Total liabilities	$120,586	$ 6,930	$ 25,230	$ 88,426

Three Months Ended March 30, 2013 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 8,915	$ 4,573	$ 4,342	$ —
Hardwood	7,662	6,055	1,607	—
Biomass	900	819	81	—
Other	775	706	69	—
Total net sales	18,252	12,153	6,099	—
Operating costs	(13,593)	(9,162)	(4,065)	(366)
Reforestation	(5)	—	(5)	—
Depreciation and amortization	(141)	(64)	(77)	—
Operating earnings (loss)	4,514	2,927	1,952	(366)
Fair value adjustments	19	548	(529)	—
Earnings (loss) before the under noted	4,533	3,475	1,423	(366)
Unrealized exchange gain on long-term debt	(1,842)			
Interest expense, net	(739)			
Deferred income tax expense	(661)			
Net income	$ 1,291			

As at March 30, 2013 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timber, land, roads and other fixed assets and intangible assets	$ 271,791	$ 157,545	$ 114,246	$ —
Total assets	288,455	169,116	119,033	306
Total liabilities	$ 104,453	$ 3,885	$ 23,966	$ 76,602

During the three months ended March 29, 2014 approximately 34% of total sales were originated with customers domiciled in the U.S. and the balance in Canada (2013 – 34%). During the same period, approximately 25% of total sales (2013 – 26%) were denominated in U.S. dollars.

Acadian outsources much of its harvesting, transportation and other services which comprise the majority of Acadian's cost of sales. For the three months ended March 29, 2014, Acadian's top three suppliers accounted for approximately 18%, 13% and 11%, respectively, of Acadian's total harvesting and delivery costs (2013 – 17%, 16% and 9%, respectively).

Acadian sells its products to many forest product companies in North America. For the three-month period ended March 29, 2014, sales to the largest and next largest customer accounted for 29% and 9%, respectively (2013 – 20% and 12%, respectively).

NOTE 7. INCOME TAXES

The major components of income tax recognized in profit or loss are as follows:

Three Months Ended (CAD thousands)	March 29, 2014	March 30, 2013
Income tax expense		
Income tax at statutory rate	$ 399	$ 488
Foreign tax rate differential	187	213
Permanent differences	88	(106)
Benefit of previously unrecognized tax attributes	118	65
Other	(11)	1
Total income tax expense	$ 781	$ 661

As at (CAD thousands)	March 29, 2014	December 31, 2013
Deferred income tax asset	$ —	$ —
Deferred income tax liability	(28,035)	(26,348)
Total net deferred income tax liability	$ (28,035)	$ (26,348)

NOTE 8. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution pension plans covering substantially all employees. During the three months ended March 29, 2014, contributions recorded as expenses amounted to $68 thousand (2013 – $68 thousand).

NOTE 9. DIVIDENDS TO SHAREHOLDERS

Acadian pays quarterly dividends to the extent determined prudent by the Board of Directors.

Total dividends declared for the three months ended March 29, 2014 were $3.5 million (2013 – $3.5 million) or $0.21 per share (2013 – $0.21 per share).

NOTE 10. TIMBER

(CAD thousands)	
Fair Value at December 31, 2012	**$ 230,686**
Gains arising from growth	21,130
Decrease arising from harvest	(21,006)
Gain from fair value price changes	2,544
Foreign exchange	6,789
Balance at December 31, 2013	**$ 240,143**
Gains arising from growth	5,354
Decrease arising from harvest	(7,116)
Foreign exchange	4,133
Balance at March 29, 2014	**$ 242,514**

Board and Management

BOARD OF DIRECTORS

J. W. Bud Bird, O.C.
Chairman and
Chief Executive Officer,
Bird Holdings Ltd. and
Bird Lands Limited

Reid Carter
President and
Chief Executive Officer
of Acadian and Managing
Partner of the Manager

David Mann
Legal Counsel
Cox & Palmer

Samuel J.B. Pollock
Senior Managing Partner
Brookfield Asset
Management Inc.

Saul Shulman
Chief Executive Officer
MLG Management Inc.

MANAGEMENT

Acadian Timber Corp.'s
Manager:
Brookfield Timberlands
Management LP

Reid Carter
President and
Chief Executive Officer
of Acadian and Managing
Partner of the Manager

Brian Banfill
Chief Operating Officer
of Acadian and Senior Vice
President of the Manager

Erika Reilly
Chief Financial Officer
of Acadian and Senior Vice
President of the Manager

Marcia McKeague
Vice President,
Maine Woodland
Operations

Luc Ouellet
Vice President,
NB Woodland Operations

Corporate and Shareholder Information

HEAD OFFICE OF THE MANAGER

Brookfield Timberlands Management LP
(wholly-owned subsidiary of Brookfield Asset Management Inc.)
Suite 1800 – 1055 West Georgia Street, PO Box 11179, Royal Centre
Vancouver, B.C. V6E 3R5
Please direct your inquiries to:
Robert Lee
Investor Relations and Communications
t. 604.661.9607 f. 604.687.3419
e. rlee@acadiantimber.com

TRANSFER AGENT AND REGISTRAR

Shareholder inquiries relating to dividends, address changes and shareholder account information should be directed to the Corporation's transfer agent:

CST Trust Company
P.O. Box 700 Postal Station B
Montreal, QC H3B 3K3
t. 1-800-387-0825 (toll free in North America)
f. 1-888-249-6189
e. inquiries@canstockta.com
www.canstockta.com

SHARE INFORMATION

Toronto Stock Exchange: ADN
Fully Diluted Shares Outstanding (March 29, 2014): 16,731,216
Targeted 2014 Quarterly Dividend: $0.20625 per share
Record Date: Last business day of each quarter
Payment Date: On or about the 15th day of each subsequent month

www.acadiantimber.com

This management discussion and analysis ("MD&A") 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 MD&A, 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 MD&A includes statements made in sections entitled "Dividend Policy of the Company," "Liquidity and Capital Resources" and "Market Outlook" and without limitation 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 MD&A. All forward-looking statements in this MD&A 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. 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 MD&A 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 MD&A are made as of the date of this MD&A, and should not be relied upon as representing Acadian's views as of any date subsequent to the date of this MD&A. 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.

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