

Investors, analysts and other interested parties can access Acadian Timber Corp.'s 2018 Third Quarter Results via conference call or webcast on Thursday November 1, 2018 at 1:00PM ET, please dial 1-866-521-4909 toll free in North America (Canada and the USA), or for overseas calls, please dial 1-647-427-2311 at approximately 12:50PM ET. For those unable to participate, a taped rebroadcast will be available until midnight November 30, 2018. To access this rebroadcast, please dial 1-800-585-8367 or 1-416-621-4642 Conference ID #8389355.

ACADIAN TIMBER CORP. REPORTS THIRD QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Vancouver, BRITISH COLUMBIA – October 31, 2018 – Acadian Timber Corp. (“Acadian” or the “Company”) (TSX:ADN) today reported financial and operating results¹ for the three months ended September 29, 2018 (the “third quarter”).

“Acadian performed well in the third quarter, notably supported by improved sawtimber demand and pricing in Maine” said Mark Bishop, Chief Executive Officer of Acadian. Mr. Bishop further noted that “Operating rates for Acadian’s primary sawmill and pulp and paper customers remained stable suggesting demand and log pricing should remain firm into next year.”

Acadian generated Adjusted EBITDA of \$6.1 million for the three-month period ended September 29, 2018 compared to \$6.7 million in the prior year period. The Company benefited from favourable operating conditions and strong seasonal demand, however log sales volumes decreased 11% over the prior year due to timing of harvest activity. Acadian’s weighted average log selling price increased 6% as prices for most of our products benefited from improved demand. Third quarter net income of \$5.9 million was \$3.8 million lower than the prior year period total of \$9.7 million primarily due to the impact of changes in the foreign exchange revaluation of U.S. dollar denominated long-term debt as well as lower log sales volumes. During the quarter, Free Cash Flow was \$5.1 million versus \$5.3 million in the same period of 2017.

During the first nine months of 2018, we have declared dividends of \$0.84 per share or \$14.1 million compared to \$13.8 million during the same period of 2017, reflecting a 3% increase in our quarterly dividend. This represents a Payout Ratio of 98%, which is slightly above our long-term annual target of 95% but in-line with expectations given the seasonality of our operations. We anticipate that over the long-term we will maintain a Payout Ratio consistent with target levels.

¹ This news release makes reference to Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow and Payout Ratio which are key performance measures in evaluating Acadian’s operations and are important in enhancing investors’ understanding of Acadian’s operating performance. Adjusted EBITDA and Adjusted EBITDA margin are used to evaluate operational performance. Free Cash Flow is used to evaluate Acadian’s ability to generate sustainable cash flows from our operations while Payout Ratio is used to evaluate Acadian’s ability to fund its distribution using Free Cash Flow. Acadian’s management defines Adjusted EBITDA as earnings before interest, taxes, fair value adjustments, recovery of or impairment of land and roads, realized gain/loss on sale of roads and other fixed assets, unrealized exchange gain/loss on debt, depreciation and amortization and Adjusted EBITDA margin as Adjusted EBITDA as a percentage of its total revenue. Free Cash Flow is defined as Adjusted EBITDA less interest paid, current income tax expense, and capital expenditures plus net proceeds from the sale of fixed assets (selling price less gains or losses included in Adjusted EBITDA). Payout Ratio is defined as dividends declared divided by Free Cash Flow. 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, Adjusted EBITDA margin and Free Cash Flow.

Review of Operations

Financial and Operating Highlights

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
<i>(CAD thousands, except per share information)</i>				
Sales volume (000s m ³)	332.0	381.0	983.3	954.4
Net sales ¹	\$ 26,634	\$ 27,238	\$ 75,681	\$ 69,578
Net income	5,949	9,702	9,823	18,471
Adjusted EBITDA	6,059	6,687	17,511	17,339
Adjusted EBITDA margin	23%	25%	23%	25%
Free Cash Flow	5,133	5,302	14,388	14,724
Dividends declared	4,726	4,601	14,054	13,803
Payout Ratio	92%	87%	98%	94%
Per share – basic and diluted				
Net income	\$ 0.36	\$ 0.58	\$ 0.59	\$ 1.10
Free Cash Flow	0.31	0.32	0.86	0.88
Dividends declared	0.2825	0.275	0.84	0.825

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

During the third quarter of 2018, Acadian generated net sales of \$26.6 million compared to \$27.2 million in the prior year period. Acadian benefited from favourable operating conditions and strong seasonal demand, however, log sales volumes decreased 11% due to timing of harvest activity. The decrease in log sales volumes was partially offset by a 6% increase in weighted average log selling prices, as prices for most of our products benefited from improved demand, and a meaningful improvement in biomass revenues due to stronger export markets. Adjusted EBITDA was \$6.1 million, down from \$6.7 million in the prior year period, and the Adjusted EBITDA margin decreased to 23% from 25% as improved log selling prices were more than offset by the impact of lower sales volumes and higher variable log harvest costs per m³.

Net income was \$5.9 million, or \$0.36 per share, for the third quarter, compared to \$9.7 million, or \$0.58 per share, for the same period in 2017 due to the impact of changes in the foreign exchange revaluation of U.S. dollar denominated long-term debt, as well as lower log sales volumes.

For the nine-month period ended September 29, 2018, Acadian's net sales improved to \$75.7 million from \$69.6 million during the prior year period, primarily attributable to a 3% increase in log sales volumes driven by favourable harvest conditions, particularly for spruce and fir stands. The weighted average log selling price increased 2% compared to the prior year period driven by higher selling prices for our products, partially offset by changes in the sales mix. In addition, gross margin earned from biomass products increased 59% due to stronger export markets. As a result, Adjusted EBITDA improved to \$17.5 million from \$17.3 million during the first nine months of 2017, despite a \$1.1 million decrease in HBU land sales in Maine. Adjusted EBITDA margin decreased to 23% from 25% in the prior year period as the increase in log sales volumes was more than offset by changes in the sales mix and lower HBU land sales in Maine. For the nine-months ended September 29, 2018, net income was \$9.8 million, or \$0.59 per share, which represents a decrease of \$8.6 million over the same period of 2017 primarily due to the impact of changes in the foreign exchange revaluation of U.S. dollar denominated long-term debt.

Segment Performance

New Brunswick Timberlands

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

	Three Months Ended September 29, 2018				Three Months Ended September 30, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	99.5	98.4	39%	\$ 5,417	113.0	115.2	40%	\$ 6,265
Hardwood	105.0	96.8	38%	7,063	99.5	103.2	36%	7,396
Biomass	58.3	58.3	23%	1,848	70.2	70.2	24%	863
	262.8	253.5	100%	14,328	282.7	288.6	100%	14,524
Timber services and other sales ¹				5,792				6,100
Net sales ¹				\$ 20,120				\$ 20,624
Adjusted EBITDA				\$ 4,495				\$ 5,454
Adjusted EBITDA margin ¹				22%				26%

	Nine Months Ended September 29, 2018				Nine Months Ended September 30, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	305.3	309.1	42%	\$ 17,232	276.1	281.1	39%	\$ 15,561
Hardwood	266.2	261.7	36%	20,096	276.8	290.0	40%	22,184
Biomass	162.3	162.3	22%	4,802	154.8	154.8	21%	2,611
	733.8	733.1	100%	42,130	707.7	725.9	100%	40,356
Timber services and other sales ¹				14,027				13,003
Net sales ¹				\$ 56,157				\$ 53,359
Adjusted EBITDA				\$ 12,512				\$ 13,610
Adjusted EBITDA margin ¹				22%				26%

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

Net sales for our New Brunswick Timberlands were \$20.1 million compared to \$20.6 million during the prior year period. Despite continued favourable harvest and demand conditions, year-over-year third quarter log sales volumes declined by 11% due to timing of our harvest activities which reflects strong markets during the first half of 2018 and our commitment to manage New Brunswick Timberlands' annual harvest volumes at sustainable levels. In addition, timber services and other sales decreased 5% compared to the prior year period primarily due to timing of harvest activities.

The weighted average log selling price during the quarter was \$63.93 per m³, versus \$62.55 per m³ in the prior year period. Demand for softwood sawlogs and hardwood pulpwood in New Brunswick remained strong with prices increasing 5% and 3%, respectively, however this was partially offset by changes in the sales mix during the period due to higher relative sales volumes of lower-valued softwood pulpwood. Pricing for this product was, however, favourable compared to the prior year period.

Export markets for biomass products strengthened year-over-year resulting in a 50% increase in the gross margin earned compared to the third quarter of 2017 driven by a 157% increase in sales prices, partially offset by a 17% decrease in sales volumes.

Operating costs for the quarter were \$15.8 million, compared to \$15.3 million in the third quarter of 2017 primarily due to a 7% increase in variable log harvest costs per m³, attributable to longer average haul distances and higher fuel costs, partially offset by lower harvest volumes.

Adjusted EBITDA was \$4.5 million during the third quarter of 2018, compared to \$5.5 million in the prior year period, due to lower log sales volumes and higher variable log harvest costs per m³. As a result, the Adjusted EBITDA margin for the quarter decreased to 22% from 26% in the prior year period.

During the nine-month period ended September 29, 2018, net sales totaled \$56.2 million, a \$2.8 million increase compared to the same period last year, reflecting stronger biomass export markets and the timing of timber services. The operations benefited from increases in softwood sawlog and hardwood pulpwood prices of 3% and 2%, respectively, but these gains were offset by the impact of changes in the sales mix. Costs of \$43.9 million were \$4.1 million higher than the prior year due to higher harvest volumes and higher fuel costs. As a result, Adjusted EBITDA was \$12.5 million, a decrease of \$1.1 million compared to Adjusted EBITDA of \$13.6 million in the same period last year, while the Adjusted EBITDA margin decreased to 22% from 26%.

There were no recordable safety incidents among employees and one minor lost time incident among contractors during the third quarter of 2018.

Maine Timberlands

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

	Three Months Ended September 29, 2018				Three Months Ended September 30, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	50.0	50.6	64%	\$ 4,468	35.0	34.9	38%	\$ 2,592
Hardwood	24.7	23.2	30%	1,859	56.8	50.2	54%	3,799
Biomass	4.7	4.7	6%	7	7.3	7.3	8%	11
	79.4	78.5	100%	6,334	99.1	92.4	100%	6,402
Other sales				180				212
Net sales				\$ 6,514				\$ 6,614
Adjusted EBITDA				\$ 1,914				\$ 1,551
Adjusted EBITDA margin				29%				23%

	Nine Months Ended September 29, 2018				Nine Months Ended September 30, 2017			
	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)	Harvest (000s m ³)	Sales (000s m ³)	Sales Mix	Results (\$000s)
Softwood	167.0	167.1	67%	\$ 13,703	114.4	114.0	50%	\$ 8,498
Hardwood	68.1	67.1	27%	5,269	100.0	95.4	42%	7,235
Biomass	16.0	16.0	6%	25	19.1	19.1	8%	29
	251.1	250.2	100%	18,997	233.5	228.5	100%	15,762
Other sales				527				457
Net sales				\$ 19,524				\$16,219
Adjusted EBITDA				\$ 5,947				\$ 4,616
Adjusted EBITDA margin				30%				28%

Net sales totaled \$6.5 million compared to \$6.6 million for the same period last year as a 14% increase in the weighted average log selling price fully offset the 13% decrease in log sales volumes. While harvest and market conditions continued to be favourable during the quarter, harvest activities were adjusted to reflect our commitment to manage Maine Timberlands' annual harvest volumes to sustainable levels.

The weighted average log selling price in Canadian dollar terms was \$85.78 per m³, up from \$75.29 per m³ in the same period of 2017. The weighted average log selling price in U.S. dollar terms was up 9% year-over-year to \$65.64 per m³, reflecting meaningfully improved demand for softwood sawlogs and hardwood pulpwood for which prices increased by 15% and 5%, respectively.

Costs for the third quarter of \$5.0 million were \$0.4 million lower compared to the same period in 2017 due to lower log sales volumes and shorter hauling distances, the impacts of which were partially offset by foreign exchange and higher fuel costs.

Adjusted EBITDA for the quarter was \$1.9 million compared to \$1.6 million in the prior year period as the higher weighted average log selling price resulted in the Adjusted EBITDA margin increasing to 29%, from 23% in 2017.

During the nine-month period ended September 29, 2018, net sales totaled \$19.5 million, \$3.3 million higher than the first nine months of 2017, driven by a 12% increase in log sales volumes due to favourable operating conditions and strong demand for softwood sawlogs compared to the previous year. Year-to-date softwood and hardwood harvest levels are in-line with expected harvest levels through the end of 2020 and consistent with our annual harvest profile as per our Sustainable Forestry Initiative® certification. Net sales for the Maine Timberlands also benefited from a 7% increase in the weighted average log selling price, reflecting meaningfully improved demand and prices for softwood sawlogs and hardwood pulpwood. Costs were \$14.3 million, or \$0.9 million higher than the same period of 2017 largely due to higher log sales volumes, partially offset by the benefit of shorter hauling distances. Although HBU land sales fell \$1.1 million year-over-year, Adjusted EBITDA increased \$1.3 million compared to the prior year period to \$5.9 million due to the aforementioned factors. Those factors also caused the Adjusted EBITDA margin to increase to 30% from 28% in the prior year period.

There were no recordable safety incidents among employees or contractors during the third quarter of 2018 at our Maine Timberlands.

Adoption of IFRS 15, *Revenue from contracts with customers*

IFRS 15 supersedes previous revenue standards (IAS 18, Revenue) and related interpretations and it applies to all revenue arising from contracts with customers. On January 1, 2018, the Company adopted IFRS 15 using the full retrospective approach. The adoption of this standard on January 1, 2018 resulted in a change in presentation from net to gross for timber services, which does not impact the Company's operating earnings or net income. As a result of this change in presentation, net sales for the three-month and nine-month periods ended September 30, 2017 increased by \$5.1 million and \$11.7 million, respectively, with a corresponding increase in operating costs and expenses. Net sales are net of discounts and rebates to customers. Revenue is recognized when control passes to the customer, which is generally when timber is delivered to the customer and actual quantities delivered are determined. Sales are governed primarily by contract and in some cases by standard industry terms. Pursuant to the Crown Lands Services Agreement, Acadian provides harvesting, transportation and other services to Crown licensees and sub-licensees. Acadian receives payment for these services which are recognized upon delivery of the timber and when actual quantities delivered are determined.

Market Outlook

The following contains forward-looking information about Acadian Timber Corp.'s market outlook for the remainder of fiscal 2018. Reference should be made to the the section entitled "Cautionary Statement Regarding 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.

Acadian's key markets include softwood sawtimber, hardwood sawtimber and hardwood pulpwood. Northeast North American softwood dimension sawmills represent over one third of Acadian's end-use market and are the primary market for our softwood sawtimber.

Despite current very strong U.S. economic performance, key indicators suggest momentum in the U.S. housing market has slowed over the past few months. Tight construction labour markets and restrictive building regulations have continued to weigh on residential construction growth expectations. However, the primary catalysts to more conservative consensus housing start forecasts compared to the prior quarter have been persistent weak wage growth combined with rising interest rates and escalating negative sentiment on the impact of U.S. trade policy. The most recent forecasts anticipate year-over-year growth in starts ranging from flat to 5% for 2019. As single family starts, the largest lumber consuming segment of U.S. housing starts, are forecast to continue to recover from recent historically low levels, North American sawtimber demand is still expected to post modest year-over-year growth even under more conservative forecasts. The backdrop for housing demand over the medium term remains very positive reflecting continued pent-up demand for housing and improving demographics.

Average Q3 2018 quarterly benchmark Western Spruce-Pine-Fir and Southern Yellow Pine lumber prices declined 20% and 18%, respectively, from the prior quarter, with prices sliding towards average cash-cost levels by early Q4 2018. The significant swing in pricing, which has been well beyond seasonal norms, has been exacerbated by severe weather in the U.S. South that has reduced market demand. Forecasters anticipate that extensive announced market downtime, principally in the high log cost regions of British Columbia and the U.S. Pacific Northwest, coupled with ongoing demand growth, will support continued historically strong lumber pricing through 2019. By extension, Acadian anticipates continued strong support in end use markets for softwood sawtimber pricing through this period.

Hardwood sawtimber markets, typically oriented to millwork and higher value specialty markets, remain well balanced with a continued positive outlook for the foreseeable future. The outlook for global pulp markets remains strong, supported by encouraging demand and pricing dynamics, particularly in the containerboard and tissue segments. Hardwood pulpwood demand in Acadian's operating region remains stable, with well balanced supply conditions continuing to support historically strong pricing. While softwood pulpwood markets, Acadian's smallest product segment by volume and margin, remain under pressure, the recently announced re-start of a pulp mill in Maine during 2019 is expected to be a catalyst for a recovery in softwood pulpwood demand and pricing. In New Brunswick, biomass markets continue to be supported by strong export demand. While the biomass market in Maine remains weak, early-stage initiatives in wood-based liquid biofuels and pellets are progressing as are efforts to tap into biomass export markets.

Quarterly Dividend

Acadian is pleased to announce a dividend of \$0.2825 per share, payable on January 15, 2019 to shareholders of record on December 31, 2018.

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 third 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 timber services relating to approximately 1.3 million acres of Crown licensed timberlands in New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to approximately 85 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:
Jon Syrnyk
Investor Relations
Tel: 604-661-9622
Email: jsyrnyk@acadiantimber.com

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Cautionary Statement Regarding Forward-Looking Information and Statements

This News Release contains forward-looking information and statements 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 forward-looking statements may contain such words as "may," "will," "intend," "should," "suggest," "expect," "believe," "outlook," "forecast," "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; changes in U.S. housing starts; 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, 2018 and the Management Information Circular dated March 28, 2018, 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: forecasts in the housing market; 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 Condensed Consolidated Statements of Net Income
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017 ¹	September 29, 2018	September 30, 2017 ¹
<i>(CAD thousands, except per share data)</i>				
Net sales	\$ 26,634	\$ 27,238	\$ 75,681	\$ 69,578
Operating costs and expenses				
Cost of sales	18,694	18,287	51,362	46,395
Selling, administration and other	2,392	2,530	7,112	7,167
Reforestation	31	96	453	494
Depreciation and amortization	69	78	230	233
	21,186	20,991	59,157	54,289
Operating earnings	5,448	6,247	16,524	15,289
Interest expense, net	(936)	(698)	(2,897)	(2,189)
Other items				
Fair value adjustments	822	(269)	2,088	1,020
Unrealized exchange gain / (loss) on long-term debt	1,568	5,799	(2,371)	7,054
Gain on sale of timberlands	387	362	850	1,817
Gain / (loss) on disposal of roads and other fixed assets	155	—	(93)	—
Earnings before income taxes	7,444	11,441	14,101	22,991
Current income tax expense	(575)	(549)	(1,844)	(816)
Deferred income tax expense	(920)	(1,190)	(2,434)	(3,704)
Net income	\$ 5,949	\$ 9,702	\$ 9,823	\$ 18,471
Net income per share – basic and diluted	\$ 0.36	\$ 0.58	\$ 0.59	\$ 1.10

1. Certain prior year amounts have been reclassified to conform to the current year presentation as a result of adoption of IFRS 15, *Revenue From Contracts with Customers*, on January 1, 2018

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

	Three Months Ended		Nine Months Ended	
	September	September	September	September
<i>(CAD thousands)</i>	29, 2018	30, 2017	29, 2018	30, 2017
Net income	\$ 5,949	\$ 9,702	\$ 9,823	\$ 18,471
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to net income:				
Unrealized foreign currency translation (loss) / gain	(2,228)	(8,144)	3,226	(9,885)
Deferred income tax recovery	—	369	—	734
	(2,228)	(7,775)	3,227	(9,151)
Comprehensive income	\$ 3,721	\$ 1,927	\$ 13,049	\$ 9,320

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

<i>As at</i> <i>(CAD thousands)</i>	September 29, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 21,599	\$ 23,951
Accounts receivable and other assets	11,745	11,007
Inventory	1,474	1,226
	34,818	36,184
Timber	335,285	330,879
Land, roads and other fixed assets	89,186	89,013
Intangible assets	6,140	6,140
	\$ 465,429	\$ 462,216
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,247	\$ 12,476
Dividends payable to shareholders	4,727	4,601
	14,974	17,077
Long-term debt	91,178	90,866
Deferred income tax liability	84,131	80,188
Shareholders' equity	275,146	274,085
	\$ 465,429	\$ 462,216

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

	Three Months Ended		Nine Months Ended	
	September	September	September	September
<i>(CAD thousands)</i>	29, 2018	30, 2017	29, 2018	30, 2017
Cash and cash equivalents provided by / (used for):				
Operating activities				
Net income	\$ 5,949	\$ 9,702	\$ 9,823	\$ 18,471
Adjustments to net income:				
Deferred income tax expense	920	1,190	2,434	3,704
Depreciation and amortization	69	78	230	233
Fair value adjustments and other	(822)	269	(2,088)	(1,020)
Unrealized exchange (gain) / loss on long term debt	(1,568)	(5,799)	2,371	(7,054)
Gain on sale of timberlands	(387)	(362)	(850)	(1,817)
(Gain) / loss on disposal of roads and other fixed assets	(155)	—	93	—
Net change in non-cash working capital balances and other	(1,244)	(1,000)	(1,787)	1,134
	2,762	4,078	10,226	13,651
Financing activities				
Dividends paid to shareholders	(4,726)	(4,601)	(13,928)	(13,385)
	(4,726)	(4,601)	(13,928)	(13,385)
Investing activities				
Additions to timber, land, roads and other fixed assets	(159)	(225)	(190)	(843)
Acquisition of Katahdin Timberlands LLC	—	—	—	(1,276)
Proceeds from sale of timberlands	469	382	966	2,476
Proceeds from sale of roads and other fixed assets	387	—	574	—
	697	157	1,350	357
(Decrease) / increase in cash and cash equivalents during the period	(1,267)	(366)	(2,352)	623
Cash and cash equivalents, beginning of period	22,866	20,643	23,951	19,654
Cash and cash equivalents, end of period	\$ 21,599	\$ 20,277	\$ 21,599	\$ 20,277

Reconciliations to Adjusted EBITDA and Free Cash Flow

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
<i>(CAD thousands)</i>				
Net income	\$ 5,949	\$ 9,702	\$ 9,823	\$ 18,471
Add / (deduct):				
Interest expense, net	936	698	2,897	2,189
Current income tax expense	575	549	1,844	816
Deferred income tax expense	920	1,190	2,434	3,704
Depreciation and amortization	69	78	230	233
Fair value adjustments and other	(822)	269	(2,088)	(1,020)
Unrealized exchange (gain) / loss on long-term debt	(1,568)	(5,799)	2,371	(7,054)
Adjusted EBITDA	\$ 6,059	\$ 6,687	\$ 17,511	\$ 17,339
Add / (deduct):				
Interest paid on debt, net	(648)	(671)	(2,014)	(2,109)
Additions to timber, land, roads and other fixed assets	(17)	(185)	(48)	(349)
Gain on sale of timberlands	(387)	(362)	(850)	(1,817)
(Gain) / loss on disposal of roads and other fixed assets	(155)	—	93	—
Proceeds on sale of timberlands	469	382	966	2,476
Proceeds on sale of roads and other fixed assets	387	—	574	—
Current income tax expense	(575)	(549)	(1,844)	(816)
Free Cash Flow	\$ 5,133	\$ 5,302	\$ 14,388	\$ 14,724
Dividends declared	\$ 4,726	\$ 4,601	\$ 14,054	\$ 13,803
Payout Ratio	92%	87%	98%	94%