Interim Condensed Consolidated Statements of Net Income

(unaudited)

		Three Months Ended		Nine Months Ended	
(CAD thousands, except per share data)	Note	**September 29, 2018**	September 30, 2017[1]	**September 29, 2018**	September 30, 2017[1]
Net sales	*6*	**$ 26,634**	$ 27,238	**$ 75,681**	$ 69,578
Operating costs and expenses					
Cost of sales	*6*	**18,694**	18,287	**51,362**	46,395
Selling, administration and other	*6*	**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 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)**	—
Earnings before income taxes		**7,444**	11,441	**14,101**	22,991
Current income tax expense	*7*	**(575)**	(549)	**(1,844)**	(816)
Deferred income tax expense	*7*	**(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

See accompanying notes to interim condensed consolidated financial statements.

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

Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended		Nine Months Ended	
(CAD thousands)	**September 29, 2018**	September 30, 2017	**September 29, 2018**	September 30, 2017
Net income	**$ 5,949**	$ 9,702	**$ 9,823**	$ 18,471
Other comprehensive (loss) / income				
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)	**3,226**	(9,151)
Comprehensive income	**$ 3,721**	$ 1,927	**$ 13,049**	$ 9,320

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheets

(unaudited)

As at *(CAD thousands)*	Note	**September 29, 2018**	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents		**$ 21,599**	$ 23,951
Accounts receivable and other assets	*5*	**11,745**	11,007
Inventory		**1,474**	1,226
		34,818	36,184
Timber	*10*	**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	*5*	**$ 10,247**	$ 12,476
Dividends payable to shareholders	*9*	**4,727**	4,601
		14,974	17,077
Long-term debt	*2, 3*	**91,178**	90,866
Deferred income tax liability		**84,131**	80,188
Shareholders' equity		**275,146**	274,085
		$ 465,429	$ 462,216

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Equity

(unaudited)

Nine Months Ended September 29, 2018 *(CAD thousands)*	Note	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Shareholders' Equity
Balance as at December 31, 2017		$ 140,067	$ 76,375	$ 33,877	$ 23,766	$ 274,085
Impact of adopting IFRS 9, net of income taxes	2	—	2,066	—	—	2,066
Adjusted opening balance under IFRS 9		140,067	78,441	33,877	23,766	276,151
Changes in period						
Net income		**—**	**9,823**	**—**	**—**	**9,823**
Other comprehensive income		**—**	**—**	**—**	**3,226**	**3,226**
Shareholders' dividends declared	9	**—**	**(14,054)**	**—**	**—**	**(14,054)**
Balance as at September 29, 2018		**$ 140,067**	**$ 74,210**	**$ 33,877**	**$ 26,992**	**$ 275,146**

See accompanying notes to interim condensed consolidated financial statements.

Nine Months Ended September 30, 2017 *(CAD thousands)*	Common Share Capital	Retained Earnings	Revaluation Surplus	Currency Translation	Shareholders' Equity
Balance as at December 31, 2016	$ 140,067	$ 63,960	$ 31,883	$ 31,941	$ 267,851
Changes in period					
Net income	—	18,471	—	—	18,471
Other comprehensive loss	—	—	—	(9,151)	(9,151)
Shareholders' dividends declared	—	(13,803)	—	—	(13,803)
Balance as at September 30, 2017	$ 140,067	$ 68,628	$ 31,883	$ 22,790	$ 263,368

See accompanying notes to interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

(CAD thousands)	Three Months Ended **September 29, 2018**	Three Months Ended September 30, 2017	Nine Months Ended **September 29, 2018**	Nine Months Ended September 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

See accompanying notes to interim consolidated financial statements.

Details of net change in non-cash working capital balances and other:

(CAD thousands)	Three Months Ended **September 29, 2018**	Three Months Ended September 30, 2017	Nine Months Ended **September 29, 2018**	Nine Months Ended September 30, 2017
Accounts receivable and other assets	**$ (5,630)**	$ (6,898)	**$ (738)**	$ (6,224)
Inventory	**(673)**	(131)	**(248)**	786
Accounts payable and accrued liabilities	**4,690**	6,692	**(2,103)**	8,058
Other	**369**	(663)	**1,302**	(1,486)
	$ (1,244)	$ (1,000)	**$ (1,787)**	$ 1,134

Notes to the Interim Condensed Consolidated Financial Statements

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

NOTE 1. GENERAL

Acadian Timber Corp. (the "Company") is governed by the *Canada Business Corporations Act* pursuant to articles of arrangement dated January 1, 2010. The Company 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 Company is located at Suite 1800, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5.

The Company and all of its consolidated operations (collectively, "Acadian"), own and manage approximately 761,000 acres of freehold timberlands in New Brunswick ("NB Timberlands") and approximately 300,000 acres of freehold timberlands in Maine ("Maine Timberlands") 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 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.

As at September 29, 2018, 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. The ultimate parent of the Company is Brookfield Asset Management Inc.

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 2017 annual report, except for the adoption of International Financial Reporting Standards ("IFRS") 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* which were adopted on January 1, 2018 and are disclosed below. These interim condensed consolidated financial statements should be read in conjunction with Acadian's 2017 annual report.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of Acadian on October 31, 2018.

New and Amended Accounting Policies

IFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Retrospective application is required, but comparative information is not compulsory. As a result of the adoption of this standard, the Company recognized a gain of $2.9 million ($2.1 million, net of income taxes), relating to a 2015 modification of Acadian's term facility with the Metropolitan Life Insurance Company, in retained earnings on January 1, 2018. This modification did not result in derecognition of the loan as the revised terms were neither qualitatively nor quantitatively different from the original terms. The effect of applying the IFRS 9 approach decreased long-term debt, increased shareholders' equity by $2.9 million and will increase interest charges by approximately $0.3 million per quarter over the remaining term of the loan, but does not impact the Company's operating cash flows.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

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- 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.

Future Accounting Policies

IFRS 16, *Leases*

IFRS 16, which was issued in January 2016, will replace current lease accounting standards. It proposes to record all leases on the balance sheet with certain limited exceptions. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Limited earlier adoption is permitted. The Company has no material capital or operating lease obligations, and based on the preliminary assessment, the impact of this standard is not expected to be material to the financial statements.

NOTE 3. LONG-TERM DEBT

Long-term debt consists of the following:

As at (CAD thousands)	**September 29, 2018**	December 31, 2017
Term facility, due October 2020	**$ 93,612**	$ 91,156
Less:		
Impact of adopting IFRS 9, net of accretion	**(2,223)**	—
Deferred debt issuance costs	**(211)**	(290)
Total	**$ 91,178**	$ 90,866

Acadian has U.S. dollar-denominated credit facilities with Metropolitan Life Insurance Company, which will mature on October 1, 2020. These credit facilities include a revolving credit facility of 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 3.01%. The Revolving Facility bears interest at floating rates based on the 90-day LIBOR plus applicable margin. Floating interest rates give rise to interest rate risk as earnings and cash flows may be negatively impacted by fluctuations in interest rates.

As at September 29, 2018 and December 31, 2017, Acadian had borrowed US$72.5 million under the Term Facility and $nil under the Revolving Facility; however, US$1.6 million of the Revolving Facility is reserved to support the minimum cash balance requirement of the Term Facility. As security for these facilities, Acadian 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 and granting liens or selling assets without the consent of the lenders. The credit facilities are also subject to the maintenance of a maximum loan-to-value ratio. Acadian is in compliance with all covenants as at September 29, 2018 and December 31, 2017.

The fair value of the Term Facility as at September 29, 2018 is $92.2 million (December 31, 2017 – $90.9 million). The fair value of debt is determined using the discounted cash flow approach and is measured under Level 2 of the fair value hierarchy. Future cash flows are estimated based on the terms under the Term Facility and discounted at a rate reflecting appropriate market fundamentals relating to the debt.

NOTE 4. SHAREHOLDERS' EQUITY

Acadian is authorized to issue an unlimited number of common shares. The common shares have no stated par value. As of March 2, 2017, Acadian implemented a normal course issuer bid that permits the Company to acquire a block of shares if they become available. During the nine months ended September 29, 2018, no purchases were made.

Common shares outstanding as at September 29, 2018 and December 31, 2017 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 the exchange value and recognized in the interim condensed consolidated financial statements. The Company has one significant related party, Brookfield.

As at September 29, 2018, Brookfield owned 7,513,262 common shares, representing approximately 45% of the Company's outstanding shares.

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

a) 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 and nine months ended September 29, 2018 totaled $0.6 million (2017 – $0.6 million) and $1.8 million (2017 – $1.8 million), respectively. As at September 29, 2018, fees of $nil (December 31, 2017 – $nil) remain outstanding.

b) On January 1, 2017, Acadian acquired a 100% equity interest in Katahdin Timberlands LLC, a related company owned by Brookfield, which leased and held parcels of land complementary to Acadian's Maine Timberlands for $1,276 thousand (US$954 thousand). The parcels of land acquired were historically managed by Maine Timberlands on behalf of Brookfield. The acquisition represented an opportunity for Acadian to integrate the acquired parcels into its existing operations and increase income from higher and better use ("HBU") sales.

Further to the related party transactions noted above, the total net receivables due from related parties as at September 29, 2018 is $55 thousand (December 31, 2017 – $49 thousand) and net payables due to related parties is $94 thousand (December 31, 2017 – $500 thousand). Acadian also has a U.S. $50 million stand-by-equity commitment with Brookfield. In September 2017, Brookfield agreed to extend the stand-by equity commitment to July 2019.

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 operating segments, the NB Timberlands and Maine Timberlands. Timber sales are recognized upon harvest and delivery of the softwood and hardwood timber or biomass to the customer and timber services are recognized when the service provided to the customer has been completed. Net sales, net income, assets and liabilities by reportable segments are as follows:

Three Months Ended September 29, 2018 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 9,885	$ 5,417	$ 4,468	$ —
Hardwood	8,922	7,063	1,859	—
Biomass	1,855	1,848	7	—
Timber services and other sales	5,972	5,792	180	—
Total net sales	26,634	20,120	6,514	—
Operating costs	(21,086)	(15,857)	(4,879)	(350)
Reforestation	(31)	81	(112)	—
Depreciation and amortization	(69)	(41)	(28)	—
Operating earnings / (loss)	5,448	4,303	1,495	(350)
Gain on sale of timberlands	387	—	387	—
Gain on disposal of roads and other fixed assets	155	151	4	—
Fair value adjustments and other	822	1,291	(350)	(119)
Earnings / (loss) before the undernoted	6,812	5,745	1,536	(469)
Unrealized exchange gain on long-term debt	1,568			
Interest expense, net	(936)			
Earnings before income taxes	7,444			
Current income tax expense	(575)			
Deferred income tax expense	(920)			
Net income	$ 5,949			

As at September 29, 2018 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timber, land, roads and other fixed assets and intangible assets	$ 430,611	$ 284,142	$ 146,469	$ —
Total assets	465,429	300,058	150,953	14,418
Total liabilities	190,283	8,482	26,656	155,145

Three Months Ended September 30, 2017 *(CAD thousands)* (Note 2)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 8,857	$ 6,265	$ 2,592	$ —
Hardwood	11,195	7,396	3,799	—
Biomass	874	863	11	—
Timber services and other sales[1]	6,312	6,100	212	—
Total net sales[1]	27,238	20,624	6,614	—
Operating costs[1]	(20,817)	(15,143)	(5,356)	(318)
Reforestation	(96)	(47)	(49)	—
Depreciation and amortization	(78)	(46)	(32)	—
Operating earnings / (loss)	6,247	5,388	1,177	(318)
Gain on sale of timberlands	362	—	362	—
Fair value adjustments and other	(269)	147	(416)	—
Earnings / (loss) before the undernoted	6,340	5,535	1,123	(318)
Unrealized exchange gain on long-term debt	5,799			
Interest expense, net	(698)			
Earnings before income taxes	11,441			
Current income tax expense	(549)			
Deferred income tax expense	(1,190)			
Net income	$ 9,702			

As at September 30, 2017 *(CAD thousands)*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Timber, land, roads and other fixed assets and intangible assets	$ 416,837	$ 267,627	$ 149,210	$ —
Total assets	451,653	283,895	158,509	9,249
Total liabilities	$ 188,285	$ 10,534	$ 32,942	$ 144,809

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

Nine Months Ended September 29, 2018 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	**$ 30,935**	**$ 17,232**	**$ 13,703**	**$ —**
Hardwood	**25,365**	**20,096**	**5,269**	**—**
Biomass	**4,827**	**4,802**	**25**	**—**
Timber services and other sales	**14,554**	**14,027**	**527**	
Total net sales	**75,681**	**56,157**	**19,524**	**—**
Operating costs	**(58,474)**	**(43,471)**	**(14,054)**	**(949)**
Reforestation	**(453)**	**(323)**	**(130)**	
Depreciation and amortization	**(230)**	**(141)**	**(89)**	**—**
Operating earnings / (loss)	**16,524**	**12,222**	**5,251**	**(949)**
Gain on sale of timberlands	**850**	**—**	**850**	**—**
(Loss) / gain on disposal of roads and other fixed assets	**(93)**	**151**	**(244)**	
Fair value adjustments and other	**2,088**	**2,922**	**(1,120)**	**286**
Earnings / (loss) before the undernoted	**19,369**	**15,295**	**4,737**	**(663)**
Unrealized exchange loss on long-term debt	**(2,371)**			
Interest expense, net	**(2,897)**			
Earnings before income taxes	**14,101**			
Current income tax expense	**(1,844)**			
Deferred income tax expense	**(2,434)**			
Net income	**$ 9,823**			

Nine Months Ended September 30, 2017 (CAD thousands)	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 24,059	$ 15,561	$ 8,498	$ —
Hardwood	29,419	22,184	7,235	—
Biomass	2,640	2,611	29	—
Timber services and other sales[1]	13,460	13,003	457	—
Total net sales	69,578	53,359	16,219	—
Operating costs	(53,562)	(39,356)	(13,319)	(887)
Reforestation	(494)	(413)	(81)	—
Depreciation and amortization	(233)	(135)	(98)	—
Operating earnings / (loss)	15,289	13,455	2,721	(887)
Gain on sale of timberlands	1,817	—	1,817	—
Fair value adjustments and other	1,020	1,134	(114)	—
Earnings / (loss) before the undernoted	18,126	14,589	4,424	(887)
Unrealized exchange gain on long-term debt	7,054			
Interest expense, net	(2,189)			
Earnings before income taxes	22,991			
Current income tax expense	(816)			
Deferred income tax expense	(3,704)			
Net income	$ 18,471			

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

During the three months ended September 29, 2018, approximately 33% of total sales (2017 – 44%) were originated with customers domiciled in the U.S. and the balance in Canada. During the same period, approximately 31% of total sales (2017 – 31%) 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 September 29, 2018, Acadian's top three suppliers accounted for approximately 16%, 13% and 9%, respectively, of Acadian's total harvesting and delivery costs (2017 – 18%, 16% and 9%, respectively).

Acadian sells its products to many forest product companies in North America. For the three months ended September 29, 2018, sales to the largest and next largest customer accounted for 20% and 13%, respectively, of Acadian's total net sales (2017 – 18% and 9%, respectively).

NOTE 7. INCOME TAXES

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

	Three months ended		Nine months ended	
(CAD thousands)	**September 29, 2018**	September 30, 2017	**September 29, 2018**	September 30, 2017
Income tax expense				
Income tax at statutory rate	**$ 2,158**	$ 3,318	**$ 4,089**	$ 6,667
Foreign tax rate differential	**(16)**	122	**(47)**	486
Permanent differences	**(372)**	(1,243)	**(23)**	(2,314)
Benefit arising from previously unrecognized tax attributes	**(256)**	(448)	**298**	(266)
Other	**(19)**	(10)	**(39)**	(53)
Total income tax expense	**$ 1,495**	$ 1,739	**$ 4,278**	$ 4,520

NOTE 8. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution pension plans covering substantially all employees. During the three- and nine-month periods ended September 29, 2018, contributions recorded as expenses amounted to $66 thousand (2017 – $69 thousand) and $186 thousand (2017 – $185 thousand), respectively.

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 September 29, 2018 were $4.7 million (2017 – $4.6 million) or $0.2825 per share (2017 – $0.275 per share). For the nine months ended September 29, 2018, total dividends declared were $14.1 million (2017 – $12.6 million) or $0.84 per share (2017 – $0.825 per share).

NOTE 10. TIMBER

(CAD thousands)	
Fair value at December 31, 2016	$ 328,477
Additions	490
Disposals	(59)
Gains arising from growth	28,239
Reduction arising from harvest	(26,429)
Gain from fair value price and other changes	7,963
Foreign exchange	(7,802)
Balance at December 31, 2017	$ 330,879
Disposals	(16)
Gains arising from growth	23,270
Reduction arising from harvest	(21,712)
Foreign exchange	2,864
Balance at September 29, 2018	**$ 335,285**

Board and Management

BOARD OF DIRECTORS

Phil Brown
Executive Managing Director of Partner Recruitment
Momentum Search Group

Reid Carter
Managing Partner
Brookfield Asset Management Inc.

Malcom Cockwell*
Managing Director
Haliburton Forest
**Appointed May 7, 2018*

Bruce Robertson*
Vice President
The Woodbridge Company Limited
**Appointed February 14, 2018*

Saul Shulman
Chief Executive Officer
MLG Management Inc.

Ben Vaughan
Senior Managing Partner
Brookfield Asset Management Inc.

MANAGEMENT

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

Mark Bishop
President and Chief Executive Officer of Acadian and Managing Director of the Manager

Mabel Wong
Chief Financial Officer of Acadian and Managing Director of the Manager

Luc Ouellet
Senior Vice President, Operations

Marcia McKeague
Vice President, Maine 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:
Jon Syrnyk
Investor Relations and Communications
t. 604.661.9622 f. 604.687.3419
e. jsyrnyk@acadiantimber.com

TRANSFER AGENT AND REGISTRAR

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

AST Trust Company (Canada)
P.O. Box 4229, Station A
Toronto, ON M5W 0G1
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 (September 29, 2018): 16,731,216
Targeted 2018 Quarterly Dividend: $0.2825 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 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 MD&A, 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 is included in the Letter to Shareholders which precedes this MD&A and includes statements made in this MD&A in sections entitled "Dividend Policy of the Company,"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; changes in US 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 the Annual Report dated February 20, 2018 and 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 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.