



News Release

Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2006 First Quarter Results conference call via webcast on May 5, 2006 at 10:00 a.m. EST at www.acadiantimber.com or via teleconference at 1-877-888-4805, toll free in North America. For overseas calls please dial 416-695-6622, at approximately 9:50 a.m. EST. The teleconference taped rebroadcast can be accessed at 1-888-509-0081 or 416-695-5275 and enter passcode 619560.

ACADIAN TIMBER INCOME FUND REPORTS STRONG FIRST QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Toronto, CANADA – May 5, 2006 – Acadian Timber Income Fund (“Acadian” or “the Fund”) (TSX:ADN.un) today reported strong operating results for the two-month period ended March 31, 2006 (herein referred to as the “first quarter”).

Acadian achieved net sales of \$19.7 million, an increase of 9% over the same period last year, and a 15% increase in EBITDA¹ to \$6.9 million compared with \$6.0 million in the comparable period last year, driven by strong pricing, together with an increase in volume. In addition, Acadian generated \$6.3 million in cash available for distribution or \$0.38 per unit, and declared distributions of \$2.3 million or \$0.14 per unit, consistent with the monthly distributions anticipated at the Fund's initial public offering.

“We are pleased to report strong first quarter results to our unitholders”, commented Reid Carter, President and CEO of Acadian. “However, it is worth noting that the first quarter of the year is traditionally our strongest as harvesting conditions are optimal with the frozen ground offering good access for harvesting equipment”. Over the past two years, on average, Acadian generated 43% of annual EBITDA during the first quarter and 8%, 22% and 27% during the second, third and fourth quarters, respectively. “The first quarter of 2006, which was no exception to this seasonal pattern, exceeded our expectations” said Carter.

¹ EBITDA and cash available for distribution are measures that do not have a standardized meaning prescribed by Canadian generally accepted accounting principles (“GAAP”) and may not be comparable to similar measures presented by other companies. Management believes that the presentation of these measures will enhance an investor's understanding of the Fund's operating performance. A reconciliation of net income and cash flow from operations before changes in working capital as determined in accordance with GAAP has been provided in the Financial Information included in this press release.

Operating Highlights

2006 Financial and Operating Highlights:

(\$ millions)	Two Months ended March 31	
	2006	2005
Net sales	\$ 19.7	\$ 18.0
Net income ¹	4.5	n/a
EBITDA	6.9	6.0
Cash available for distribution	6.3	n/a
Distributions		
Per unit - diluted		
Net Income	0.27	
Cash available for distribution	0.38	
Distributions	0.14	
Sales volume (m ³)	341.0	334.8

¹ Proforma 2005 Net Income is not available as assumptions on certain expenses could not applied to this period on a comparable basis.

New Brunswick Timberlands

The table below sets forth summary operating and financial data for New Brunswick Timberlands for the two month periods ending March 31, 2006 and 2005.

	March 31, 2006			Proforma March 31, 2005 ¹		
	Harvest (000's m ³)	Sales (000's m ³)	Results (\$ millions)	Harvest (000's m ³)	Sales (000's m ³)	Results (\$ millions)
Softwood	83.1	113.1	7.3	107.8	113.7	7.0
Hardwood	97.7	100.8	5.7	125.1	98.1	5.1
Biomass	56.2	56.2	1.0	59.9	60.0	1.2
	237.0	270.1	13.9	292.8	271.8	13.3
Other sales			1.2			0.5
Net Sales			15.1			13.8
EBITDA			5.0			4.2
EBITDA margin			33%			30%

¹ Prepared on a proforma basis.

The New Brunswick Timberlands operations delivered very strong operating results with excellent weather conditions for harvesting and trucking operations during the two-month period. Softwood, hardwood and biomass sales were 113 thousand m³, 101 thousand m³ and 56 thousand m³, respectively, consistent with the same two-month period last year. Approximately 41% of sales volume was sold as sawlogs, 38% as pulpwood and 21% as biomass.

Net sales totaled \$15.1 million, an increase of 9% compared to \$13.8 million in the same period last year, largely reflecting strong sales volumes and an improved log sales mix.

EBITDA for the quarter ended March 31, 2006 totaled \$5.0 million, an increase of 19% compared to the same period last year. NB Timberlands' EBITDA margin was 33%, compared with an EBITDA margin of 30% for the comparable period last year. The NB Timberlands safety performance was strong with no reportable incidents among employees and contractors.

Maine Timberlands

The table below sets forth summary operating and financial data for Acadian's Maine Timberlands for the two months ended March 31, 2006 and 2005.

	March 31, 2006			Proforma March 31, 2005 ¹		
	Harvest (000's m ³)	Sales (000's m ³)	Results (\$millions)	Harvest (000's m ³)	Sales (000's m ³)	Results (\$millions)
Softwood	56.3	56.3	3.8	52.8	52.8	3.7
Hardwood	12.1	12.1	0.7	9.5	9.5	0.6
Biomass	2.5	2.5	0.1	0.7	0.7	0.0
	70.9	70.9	4.6	63.0	63.0	4.2
Other sales			—			—
Net Sales			4.6			4.2
EBITDA			2.1			1.8
EBITDA margin			46%			43%

¹Prepared on a proforma basis.

The Maine Timberlands achieved very strong operating results with softwood, hardwood and biomass shipments of 56 thousand m³, 12 thousand m³ and 3 thousand m³, respectively. This represents an increase of 7% and 27% for softwood and hardwood and 257% for biomass over the same period last year. Approximately 63% of sales volume was sold as sawlogs, 33% as pulpwood and 4% as biomass.

Net sales totaled \$4.6 million, an increase of 10% compared to \$4.2 million in the same period last year, primarily the result of strong sales volumes.

EBITDA for the two-month period ended March 31, 2006 totaled \$2.1 million, an increase of 17% compared to the same period last year. Maine Timberlands' EBITDA margin was 46%, above its EBITDA margin of 43% for the comparable period last year.

These positive results were achieved despite the operating challenges presented by an unusually mild winter. In addition, the Maine Timberlands operation was able to successfully manage limited trucking capacity in Maine to ensure it did not represent a constraint on its ability to deliver product. The Maine Timberlands safety performance was strong with no reportable incidents.

Market Outlook

The outlook for Acadian's business is very positive. Demand for softwood sawlogs remains very strong. Acadian sells most of its timber on six month and one-year contracts and both the Maine and New Brunswick operations have now largely finalized contract pricing with most of their major customers. Contract prices have increased slightly over Q4 2005 and Q1 2006, particularly for softwood sawlogs. Spruce-fir sawtimber, pine sawlogs and hemlock pulpwood have increased in price, while spruce-fir pulpwood, hardwood pulpwood and hardwood sawlogs have remained stable compared to pricing realized at the end of 2005. The term of the contracts now in place, together with the fact that prices for sales to Fraser Papers are on a six month trailing basis, provide a relatively confident basis for forecasting sales for the remainder of the year.

Hardwood pulpwood, which represents approximately 25% of sales and less than 5% of annual EBITDA, is expected to come under increasing pressure owing to the closure of two mills in Maine and New Hampshire. However, a recent hardwood pulpwood contract

with a regional customer is expected to moderate this expected price decline. Management remains confident that it can access alternative markets for hardwood pulpwood at comparable pricing. Management also believes that incremental improvements in merchandizing higher value sawtimber should allow for a modest increase in sales realizations.

"We are excited about the outlook for Acadian's business and our ability to deliver long term stable distributions to our unit holders. We look forward to building a strong track record of performance", concluded Carter.

Monthly Distribution

As previously announced, Acadian's Board of Trustees declared its monthly distribution of \$0.06875 per unit, payable on May 15, 2006 to unitholders of record on April 28, 2006. This distribution represents an annual yield of 8.25% based on the issue price of \$10.00 per unit.

Acadian Timber Income Fund 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 765,000 acres of freehold timberlands in New Brunswick, approximately 311,000 acres of freehold timberlands in Maine and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. 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 over 110 regional customers.

Acadian's business strategy is to maximize cash flows from its timberland assets, while enhancing the value of these assets over time and growing its business by acquiring complementary timberland assets in regions in which it operates.

The Fund's units are listed for trading on the Toronto Stock Exchange under the symbol ADN.UN.

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For further information, please visit our website at: www.acadiantimber.com or contact:

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This news release contains forward looking information including "forward looking statements", which can be identified by the use of words, such as "approximately", "deliver", "should" or variations of such words and phrases or that state that certain actions, events or results "may" or "will" be taken, occur or achieved. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward statements. The risks, uncertainties and other factors that could influence actual results are described in the Acadian Timber Income Fund final prospectus and other documents filed with regulatory authorities.

Acadian Timber Income Fund Consolidated Balance Sheet

As at March 31

CAD\$ millions (unaudited)

2006

ASSETS

Current assets:

Cash and cash equivalents	\$	15.2
Accounts receivable and other assets		2.9
Inventory		2.8

20.9

Timberlands, logging roads and fixed assets		229.0
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\$ 249.9

LIABILITIES AND UNITHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$	10.0
Distributions payable to unitholders		0.8

10.8

Long-term debt		79.2
Class B Interest Liability of a subsidiary		45.1
Unitholders' equity		114.8

\$ 249.9

Acadian Timber Income Fund
Consolidated Statement of Operations and Retained Earnings

For the two months ended March 31
CAD\$ millions (unaudited)

2006

Net Sales	\$	19.7
Operating costs and expenses:		
Cost of sales		12.1
Selling, administration and other		0.7
Depreciation and depletion		2.1
		14.9
Operating earnings		4.8
Gain on Class B Interest Liability of a subsidiary		(0.9)
Interest expense;		
Long-term debt		0.6
Class B Interest Liability of a subsidiary		0.6
Earnings before income taxes		4.5
Income taxes		–
Net income for the period		4.5
Retained earnings, beginning of period		–
Unitholders' distributions		(1.7)
Retained earnings, end of period	\$	2.8
Net income per unit - basic		\$0.37
Net income per unit - diluted		\$0.27

Reconciliation to EBITDA and Cash Available For Distribution

Net income for the period	\$	4.5
Add (deduct):		
Non-cash gain on Class B Interest Liability		(0.9)
Depreciation and depletion		2.1
Interest expense on long-term debt		0.6
Distribution on Class B Interest Liability		0.6
EBITDA		6.9
Add (deduct):		
Interest expense on long-term debt		(0.6)
Silviculture and capital expenditures		–
Cash available for distribution	\$	6.3

Acadian Timber Income Fund
Consolidated Statement of Cash Flows

For the two months ended March 31
CAD\$ millions (unaudited)

2006

Cash provided by (used for):

Operating Activities

Net income	\$	4.5
Items not affecting cash:		
Depreciation and depletion		2.1
Gain on Class B Interest Liability of Subsidiary		(0.9)
		5.7
Net change in non-cash working capital balances		5.9
		11.6

Investing Activities

Purchase of New Brunswick Timberlands	(106.8)
Purchase of Maine Timberlands	(7.7)
	(114.5)

Financing Activities

Proceeds on issuance of units, gross	84.5
Proceeds from long-term debt	42.0
Offering costs paid	(7.5)
Distributions paid to unitholders	(0.9)
	118.1

Change in cash and cash equivalents, during the period	15.2
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$ 15.2

Reconciliation to Cash Available For Distribution

Cash flow from Operating Activities before changes	\$	5.7
Add (deduct):		
Distribution on Class B Interest Liability		0.6
Silviculture and capital expenditures		-
Cash available for distribution	\$	6.3