



News Release

Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2006 Second Quarter Results conference call via webcast on Friday, August 4, 2006 at 9:30 a.m. ET at www.acadiantimber.com or via teleconference at 1-877-888-4210, toll free in North America. For overseas calls please dial 416-695-5259, at approximately 9:20 a.m. EST. The teleconference taped rebroadcast can be accessed at 1-888-509-0081 or 416-695-5275 and enter passcode 628071.

ACADIAN TIMBER INCOME FUND REPORTS SECOND QUARTER RESULTS

All figures in Canadian dollars unless otherwise noted

Toronto, CANADA – August 4, 2006 – Acadian Timber Income Fund (“Acadian” or “the Fund”) (TSX:ADN.un) today reported operating results for the three-month period ended June 30, 2006 (herein referred to as the “second quarter”).

The results for the second quarter of 2006, a period in the year which is traditionally the weakest as a result of seasonal operating conditions, are in line with expectations. Acadian generated net sales of \$10.9 million and EBITDA of \$0.2 million for the second quarter.

Net sales for the second quarter of the prior year were \$13.2 million with EBITDA of \$1.3 million. The prior year's results benefited from increased harvesting as a result of exceptional operating and market conditions. It is important to note that the comparable periods in the prior year represent the best estimates based on pro forma financial information contained in the Fund's Prospectus dated January 23, 2006.

For the five months ended June 30, 2006 Acadian generated net sales of \$30.3 million and EBITDA of \$7.1 million compared with net sales of \$31.2 million and EBITDA of \$7.3 million for the same period of the prior year. In the current five months, Acadian generated \$5.3 million of cash available for distribution or \$0.32 per unit and distributed \$5.7 million or \$0.35 per unit. Distributions were in line with the monthly distributions anticipated in Acadian's initial public offering. With more positive seasonal operating results anticipated for the second half of 2006, Acadian is well positioned to meet its distribution targets for the remainder of the year.

“Our second quarter results met our expectations based on the seasonality of our business”, commented Reid Carter, President and CEO of Acadian. “The outlook for the balance of the year remains positive. With contracted pricing in place over the balance of the year and a focus on delivering a more favorable species mix, we are well positioned to achieve our financial objectives and deliver stable distributions to unitholders.”

Operating Highlights

2006 Financial and Operating Highlights:

(\$ millions)	Three Months Ended June 30		Five Months Ended June 30	
	2006	2005	2006	2005
Net sales	\$ 10.9	\$ 13.2	\$ 30.3	\$ 31.2
Net income ¹	(0.3)	n/a	4.2	n/a
EBITDA	0.2	1.3	7.1	7.3
Cash available for distribution	(1.0)	n/a	5.3	n/a
Distributions	3.4		5.7	
Per unit – diluted				
Net Income	(0.02)		0.13	
Cash available for distribution	(0.06)		0.32	
Distributions	0.21		0.35	
Sales volume (m ³)	244.8	267.2	585.8	602.0

¹ Proforma 2005 Net Income is not available as assumptions on certain expenses could not be 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 three and five month periods ending June 30, 2006 and 2005, respectively.

	Three Months Ended June 30, 2006			Three Months Ended June 30, 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	24.8	33.1	2.2	45.8	50.9	3.7
Hardwood	86.6	106.8	5.7	56.7	110.1	6.1
Biomass	53.0	53.0	0.9	74.4	74.4	1.8
	164.4	192.9	8.8	176.9	235.4	11.6
Other sales			(0.7)			(0.3)
Net Sales			8.1			11.3
EBITDA			(0.1)			1.0
EBITDA margin			(1)%			9%

¹ Prepared on a proforma basis.

	Five Months Ended June 30, 2006			Five Months Ended June 30, 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	107.9	146.2	9.5	153.6	164.6	10.7
Hardwood	184.3	207.6	11.3	181.8	208.2	11.2
Biomass	109.2	109.2	1.9	134.3	134.4	3.0
	401.4	463.0	22.7	469.7	507.2	24.9
Other sales			0.2			0.2
Net Sales			22.9			25.1
EBITDA			4.9			5.2
EBITDA margin			21%			21%

¹ Prepared on a proforma basis.

New Brunswick Timberlands had only limited operations during the second quarter owing to seasonal operating conditions. Softwood, hardwood and biomass shipments totalled 33 thousand m³, 107 thousand m³ and 53 thousand m³, respectively, a decrease of 35% and 29% for softwood and biomass. Hardwood shipments were relatively flat compared to the same period last year. Sales volume was comprised of approximately 23% sawlogs, 50% pulpwood and 27% biomass.

Net sales were \$8.1million, a 28% decrease compared to the same period last year, largely reflecting lower sales volumes. For the five months ended June 30, 2006, net sales decreased \$2.2 million compared to the same period in 2005.

Costs were \$8.2 million, a 20% decrease compared to the same period last year. This decrease was attributable to lower harvest volumes and reflects the variable cost nature of the business.

EBITDA was (\$0.1) million, compared to \$1.0 million in the same period last year. For the five months ended June 30, 2006, EBITDA and the EBITDA margin were relatively consistent year-over-year.

Operations performed as expected in the second quarter, though external market conditions remained a significant challenge. Fraser Papers' two week closure of its Plaster Rock and Juniper sawmills in the second quarter extended into the first two weeks of the third quarter. Throughout this period, Fraser Papers continued to take log deliveries, resulting in log inventories at these mills currently at above average levels. This will likely place increasing pressure on pricing in the coming quarters. Markets for hardwood sawlogs remain robust while markets for hardwood pulpwood have been more difficult owing the closure of a major customer's pulp and tissue mill.

New Brunswick Timberlands successfully renegotiated a favorable labor agreement with Local 114 during the second quarter. Acadian now has four years left in both of its labor agreements. New Brunswick Timberlands also underwent a complete audit of its ISO and SFI certifications during the second quarter and was recommended for recertification.

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.

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005¹		
	Harvest	Sales	Results	Harvest	Sales	Results
	<i>(000's m³)</i>	<i>(000's m³)</i>	<i>(\$millions)</i>	<i>(000's m³)</i>	<i>(000's m³)</i>	<i>(\$millions)</i>
Softwood	32.1	32.1	2.0	18.3	18.3	1.2
Hardwood	16.9	16.9	0.8	11.5	11.5	0.7
Biomass	2.9	2.9	--	2.0	2.0	--
	51.9	51.9	2.8	31.8	31.8	1.9
Other sales			--			--
Net Sales			2.8			1.9
EBITDA			0.5			0.3
EBITDA margin			18%			16%

¹Prepared on a proforma basis.

	Five Months Ended June 30, 2006			Five Months Ended June 30, 2005¹		
	Harvest	Sales	Results	Harvest	Sales	Results
	<i>(000's m³)</i>	<i>(000's m³)</i>	<i>(\$ millions)</i>	<i>(000's m³)</i>	<i>(000's m³)</i>	<i>(\$ millions)</i>
Softwood	88.4	88.4	5.8	71.1	71.1	4.8
Hardwood	29.0	29.0	1.6	21.0	21.0	1.3
Biomass	5.4	5.4	--	2.7	2.7	--
	122.8	122.8	7.4	94.8	94.8	6.1
Other sales			--			--
Net Sales			7.4			6.1
EBITDA			2.6			2.1
EBITDA margin			35%			34%

¹ Prepared on a proforma basis.

Maine Timberlands produced solid operating results for this seasonally slow quarter with softwood and hardwood shipments of 32 thousand m³ and 17 thousand m³, an increase of 75% and 47%, respectively. Biomass shipments of 3 thousand m³ were relatively consistent compared to the same period last year. The sales volume was comprised of approximately 44% sawlogs, 51% pulpwood and 6% biomass.

Net sales were \$2.8 million, an increase of 47% compared to the same period last year, primarily the result of strong sales volumes. For the five months ended June 30, 2006, net sales increased \$1.3 million compared to the same period in 2005.

Costs totaled \$2.3 million, an increase of 44% compared to the same period last year. The increase was attributable to higher harvest volumes and increased road maintenance and construction costs. Maine Timberlands took advantage of crew availability and favorable weather conditions in April to accomplish early road building. We anticipate this cost will be brought close to plan by year end.

EBITDA in the second quarter was \$0.5 million, an increase of 67% compared to the same period last year. For the five months ended June 30, 2006, EBITDA increased \$0.5 million over the same period in 2005. The EBITDA margin was 18% for the quarter, a 2% improvement over the same period last year. These positive year-over-year results reflect improved operating activity related to an unusually dry April, focused harvesting in more accessible areas, and the use of equipment better able to operate on wet ground.

Market Outlook

Demand for softwood sawlogs remains stable across Acadian's operations, although current weak lumber markets are expected to result in moderate downward pressure on pricing. Despite the possibility of further market-related downtime at Fraser Papers' sawmills, management remains confident that it will sell its production going forward. Current price negotiations between Fraser Papers and its major suppliers are expected to result in a moderate decline, reflecting Fraser Papers current above average inventories and weak lumber pricing. However, this is not expected to impact Acadian's softwood sawlog pricing in the near term as it has been contracted at prices in excess of current market through the balance of the year.

Acadian's New Brunswick Timberlands operations are expected to have a considerably more favourable species mix for the remainder of 2006 with higher margin softwood expected to account for over 50% of harvest volumes versus only 32% during the first five months of this year.

Monthly Distribution

As previously announced, Acadian's Board of Trustees declared its monthly distribution of \$0.06875 per unit, payable on August 15, 2006 to unitholders of record on July 31, 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 June 30
CAD\$ millions (unaudited)

2006

ASSETS

Current assets:

Cash and cash equivalents	\$	3.3
Accounts receivable and other assets		5.5
Inventory		2.1

10.9

Timberlands, logging roads and fixed assets		224.7
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\$ 235.6

LIABILITIES AND UNITHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$	4.7
Distributions payable to unitholders		0.8

5.5

Long-term debt		77.7
Class B Interest Liability of a subsidiary		40.6
Unitholders' equity		111.8

\$ 235.6

Acadian Timber Income Fund

Consolidated Statement of Operations and Retained Earnings

<i>For the period ended June 30, 2006</i> <i>CAD\$ millions (unaudited)</i>	<i>Three Months</i> <i>Ended</i>	<i>Five Months</i> <i>Ended</i>
Net Sales	\$ 10.9	\$ 30.3
Operating costs and expenses:		
Cost of sales	9.2	20.7
Selling, administration and other	1.5	2.5
Depreciation and depletion	1.2	3.3
	11.9	26.5
Operating earnings (loss)	(1.0)	3.8
Gain on Class B Interest Liability of a subsidiary	2.7	3.6
Interest expense;		
Long-term debt	(1.0)	(1.6)
Class B Interest Liability of a subsidiary	(1.0)	(1.6)
Earnings (loss) before income taxes	(0.3)	4.2
Income taxes	–	–
Net income (loss) for the period	(0.3)	4.2
Retained earnings, beginning of period	2.8	–
Unitholders' distributions	(2.4)	(4.1)
Retained earnings, end of period	\$ 0.1	\$ 0.1
Net income per unit - basic	\$ (0.02)	\$ 0.35
Net income per unit - diluted	\$ (0.02)	\$ 0.13

Reconciliation to EBITDA and Cash Available For Distribution

<i>For the period ended June 30, 2006</i> <i>CAD\$ millions (unaudited)</i>	<i>Three Months</i> <i>Ended</i>	<i>Five Months</i> <i>Ended</i>
Net income (loss) for the period	\$ (0.3)	\$ 4.2
Add (deduct):		
Non-cash gain on Class B Interest Liability	(2.7)	(3.6)
Depreciation and depletion	1.2	3.3
Interest expense on long-term debt	1.0	1.6
Distribution on Class B Interest Liability	1.0	1.6
EBITDA	0.2	7.1
Add (deduct):		
Interest expense on long-term debt	1.0	(1.6)
Silviculture and capital expenditures	(0.2)	(0.2)
Cash available for distribution	\$ (1.0)	\$ 5.3

Acadian Timber Income Fund
Consolidated Statement of Cash Flows

<i>For the period ended June 30</i> <i>CAD\$ millions (unaudited)</i>	Three Months Ended	<i>Five Months</i> <i>Ended</i>
Cash provided by (used for):		
Operating Activities		
Net income (loss)	\$ (0.3)	\$ 4.2
Items not affecting cash:		
Depreciation and depletion	1.2	3.3
Gain on Class B Interest Liability of Subsidiary	(2.7)	(3.6)
	(1.8)	3.9
Net change in non-cash working capital balances	(7.2)	(1.3)
	(9.0)	2.6
Investing Activities		
Purchase of New Brunswick Timberlands	–	(106.8)
Purchase of Maine Timberlands	–	(7.7)
Silviculture Expenditures	(0.2)	(0.2)
	(0.2)	(114.7)
Financing Activities		
Proceeds on issuance of units, gross	–	84.5
Proceeds from long-term debt	–	42.0
Offering costs paid	(0.3)	(7.8)
Distributions paid to unitholders	(2.4)	(3.3)
	(2.7)	115.4
Change in cash and cash equivalents, during the period	(11.9)	3.3
Cash and cash equivalents, beginning of period	15.2	–
Cash and cash equivalents, end of period	\$ 3.3	\$ 3.3

Reconciliation to Cash Available For Distribution

<i>For the period ended June 30</i> <i>CAD\$ millions (unaudited)</i>	Three Months Ended	<i>Five Months</i> <i>Ended</i>
Cash flow from Operating Activities before changes	\$ (1.8)	\$ 3.9
Add (deduct):		
Distribution on Class B Interest Liability	1.0	1.6
Silviculture and capital expenditures	(0.2)	(0.2)
Cash available for distribution	\$ (1.0)	\$ 5.3