



## News Release

Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2006 Third Quarter Results conference call via webcast on Wednesday, November 8, 2006 at 10:00 a.m. ET at [www.acadiantimber.com](http://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 9:50 a.m. EST. The teleconference taped rebroadcast can be accessed at 1-888-509-0081 or 416-695-5275 and enter passcode 633760.

### ACADIAN TIMBER INCOME FUND REPORTS THIRD QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Toronto, CANADA – November 7, 2006** – Acadian Timber Income Fund (“Acadian” or “the Fund”) (TSX:ADN.un) today reported operating results for the three-month period ended September 30, 2006 (the “third quarter”).

Acadian generated net sales of \$19.7 million on a consolidated log sales volume of 371 thousand m<sup>3</sup> in the third quarter of 2006, compared to \$19.1 million on a consolidated log sales volume of 354 thousand m<sup>3</sup> in the same period last year. EBITDA of \$6.0 million for the third quarter was \$1.2 million, or 25%, higher than the same period of last year, resulting in an EBITDA margin of 30%, up from 25% in the third quarter of 2005.

For the eight-months ended September 30, 2006, consolidated log sales volumes were 957 thousand m<sup>3</sup>, effectively unchanged from the same period last year, while net sales were down \$0.3 million or 1%, compared to last year's third quarter. For the eight-months ended September 30, 2006, Acadian generated EBITDA of \$13.1 million, 8% higher than the same period of 2005 resulting in an EBITDA margin of 26%, up from 24% in the same period last year.

“The third quarter typically generates approximately 25% of annual sales and cash flow. Financial and operational results for the third quarter were in line with our expectations, despite the strong Canadian dollar and weak seasonal lumber markets,” said Reid Carter, Chief Executive Officer of Acadian. “With the distributable cash generated to date and existing cash reserves, Acadian is well positioned to meet distributable cash flow targets for the balance of the year.”

Despite the difficult market faced by Acadian's softwood customers, who experienced a 21% decline in lumber prices year over year, prices for Acadian's softwood sawlogs remained flat year over year, demonstrating the stability of timber prices relative to lumber prices and sustainability of Acadian's cash flows.

## Operating Highlights

### 2006 Financial and Operating Highlights:

(\$ millions)	Three-Months Ended September 30		Eight-Months Ended September 30	
	2006	2005 <sup>1</sup>	2006	2005 <sup>1</sup>
Net sales	\$ 19.7	\$ 19.1	\$ 50.0	\$ 50.3
Net income	0.1	n/a	4.3	n/a
EBITDA	6.0	4.8	13.1	12.1
Cash available for distribution	3.6	n/a	8.9	n/a
Distributions declared	3.5		9.2	
Per unit – diluted				
Net Income	0.01		0.23	
Cash available for distribution	0.22		0.54	
Distributions	0.21		0.55	
Sales volume (m <sup>3</sup> )	370.9	354.1	956.7	956.1

<sup>1</sup> Prepared on a proforma basis.

### New Brunswick Timberlands

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

	Three Months Ended Sept. 30, 2006			Three Months Ended Sept. 30, 2005 <sup>1</sup>		
	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m <sup>3</sup> )	(000s m <sup>3</sup> )	(\$ millions)	(000s m <sup>3</sup> )	(000s m <sup>3</sup> )	(\$ millions)
Softwood	101.4	97.6	6.2	96.3	88.7	5.3
Hardwood	122.7	127.8	6.6	144.7	110.9	7.1
Biomass	67.5	67.5	1.4	78.0	78.0	1.6
	291.6	292.9	14.2	319.0	277.6	14.0
Other sales			0.9			0.3
Net Sales			15.1			14.3
EBITDA			4.5			3.4
EBITDA margin			30%			24%

<sup>1</sup> Prepared on a proforma basis.

	Eight-Months Ended Sept. 30, 2006			Eight-Months Ended Sept. 30, 2005 <sup>1</sup>		
	Harvest	Sales	Results	Harvest	Sales	Results
	(000s m <sup>3</sup> )	(000s m <sup>3</sup> )	(\$ millions)	(000s m <sup>3</sup> )	(000s m <sup>3</sup> )	(\$ millions)
Softwood	203.8	242.1	15.7	249.9	253.3	16.0
Hardwood	318.4	342.9	18.1	326.5	319.1	18.3
Biomass	170.9	170.9	3.1	212.3	212.4	4.6
	693.1	755.9	36.9	788.7	784.8	38.9
Other sales			1.1			0.5
Net Sales			38.0			39.4
EBITDA			9.4			8.6
EBITDA margin			25%			22%

<sup>1</sup> Prepared on a proforma basis

Softwood, hardwood and biomass shipments were 98 thousand m<sup>3</sup>, 128 thousand m<sup>3</sup> and 68 thousand m<sup>3</sup>, respectively, an increase of 10% and 15% for softwood and hardwood and a decline of 13% for biomass compared to the same quarter in 2005. Approximately 35% of sales

volumes were sold as sawlogs, 42% as pulpwood and 23% as biomass in the third quarter of 2006.

Net sales for the third quarter were \$15.1 million, up 6% from the same period of last year, which largely reflects the higher spruce-fir sawlog sales volumes. For the eight-months ended September 30, 2006, net sales decreased \$1.4 million, or 4%, compared to the same period in 2005 due to lower volumes sold in the second quarter of 2006.

Costs for the third quarter were \$10.6 million, a 3% decrease compared to the same period last year. This decrease was attributable to lower harvest volumes, reflecting the variable cost nature of the business.

EBITDA for the third quarter was \$4.5 million, compared to \$3.4 million in the same period last year. For the eight-months ended September 30, 2006, EBITDA was up 9% while EBITDA margin of 25% increased from 22% in 2005, reflecting improved pricing for softwood sawlogs and pulpwood and increased softwood sawlog volumes.

Operations performed well in the third quarter while external market conditions continued to be the most significant challenge. Hardwood pulpwood demand decreased during the third quarter mainly due to higher inventories at the facilities and pressure increased on softwood and hardwood sawlogs pricing towards the end of the quarter. Silviculture operations were completed as per plan.

#### *Maine Timberlands*

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

	<b><i>Three-Months Ended Sept. 30, 2006</i></b>			<b><i>Three-Months Ended Sept. 30, 2005<sup>1</sup></i></b>		
	<b><i>Harvest</i></b>	<b><i>Sales</i></b>	<b><i>Results</i></b>	<b><i>Harvest</i></b>	<b><i>Sales</i></b>	<b><i>Results</i></b>
	<b><i>(000s m<sup>3</sup>)</i></b>	<b><i>(000s m<sup>3</sup>)</i></b>	<b><i>(\$ millions)</i></b>	<b><i>(000s m<sup>3</sup>)</i></b>	<b><i>(000s m<sup>3</sup>)</i></b>	<b><i>(\$ millions)</i></b>
Softwood	<b>57.3</b>	<b>57.3</b>	<b>3.5</b>	54.5	54.5	3.9
Hardwood	<b>19.8</b>	<b>18.4</b>	<b>0.8</b>	18.5	18.5	0.9
Biomass	<b>2.3</b>	<b>2.3</b>	<b>0.1</b>	3.5	3.5	—
	<b>79.4</b>	<b>78.0</b>	<b>4.4</b>	76.5	76.5	4.8
Other sales			<b>0.2</b>			—
Net Sales			<b>4.6</b>			4.8
EBITDA			<b>1.4</b>			1.4
EBITDA margin			<b>30%</b>			29%

<sup>1</sup> Prepared on a proforma basis

	<b>Eight-Months Ended Sept. 30, 2006</b>			<b>Eight-Months Ended Sept. 30, 2005<sup>1</sup></b>		
	<b>Harvest</b>	<b>Sales</b>	<b>Results</b>	<b>Harvest</b>	<b>Sales</b>	<b>Results</b>
	<i>(000s m<sup>3</sup>)</i>	<i>(000s m<sup>3</sup>)</i>	<i>(\$ millions)</i>	<i>(000s m<sup>3</sup>)</i>	<i>(000s m<sup>3</sup>)</i>	<i>(\$ millions)</i>
Softwood	145.7	145.7	9.3	125.6	125.6	8.7
Hardwood	48.8	47.4	2.4	39.5	39.5	2.2
Biomass	7.7	7.7	0.1	6.2	6.2	—
	<b>202.2</b>	<b>200.8</b>	<b>11.8</b>	171.3	171.3	10.9
Other sales			<b>0.2</b>			—
Net Sales			<b>12.0</b>			10.9
EBITDA			<b>4.0</b>			3.5
EBITDA margin			<b>33%</b>			32%

<sup>1</sup> Prepared on a proforma basis

Maine Timberlands produced solid operating results in the third quarter with softwood and hardwood shipments of 57 thousand m<sup>3</sup> and 18 thousand m<sup>3</sup>, respectively, consistent with results in the same period in 2005. Approximately 56% of shipment volume was sold as sawlogs, 41% as pulpwood and 3% as biomass in the third quarter of 2006.

Net sales for the third quarter were \$4.6 million, down 4% from the same period in 2005. For the eight-months ended September 30, 2006, net sales of \$12.0 million were up 10% over the same period in 2005 due to higher volumes sold in the second quarter of 2006.

Cost for the third quarter were \$3.2 million, a decrease of 6% compared to the same period of 2005. This decrease was attributable primarily to the change in exchange rates. For the eight-months ended September 30, 2006, costs were \$0.6 million higher due to higher harvest volumes and timing of road construction and maintenance costs.

EBITDA for the third quarter was \$1.4 million, which was consistent with the same period last year. For the eight-months ended September 30, 2006, EBITDA of \$4.0 million was up 14% over the same period in 2005. EBITDA margin was 30% for the third quarter, compared to an EBITDA margin of 29% for the same period in 2005, largely reflecting higher sales volumes in 2006.

The Maine Timberland's third quarter focused on production and silvicultural activities with silvicultural work and expenses now completed for the year.

## Market Overview

Consistent with the significant decline in lumber prices over the past six months, softwood sawlog markets came under pressure during the third quarter, resulting in a modest price decline. Partially offsetting this decline, prices for softwood pulpwood showed a moderate increase quarter over quarter due to a fibre shortage in the region. Prices for hemlock, pine and cedar softwood sawlogs and hardwood pulp were relatively unchanged from the previous quarter, while markets for hardwood sawlogs remained firm. Biomass prices were strong during the third quarter and customer inventories remain low resulting in improved margins.

Lumber and panel customers in Acadian's broader operating region continued to experience difficult market conditions during the third quarter. Weak lumber prices, the strong Canadian dollar and over-supplied dimension lumber and structural panel markets resulted in market-

related closures and reduced production at several regional sawmills, including Fraser Papers' Plaster Rock and Juniper sawmills. Despite the current weak market conditions, Acadian has not had difficulties selling its log volumes.

## **Other**

On October 31st, Canada's Finance Minister, James Flaherty, announced proposed changes to Canada's taxation system designed to level the playing field between trusts and corporations. At this time, it is too early to determine the extent to which the proposed legislation will affect Acadian. We will review the detailed legislation when it becomes available and in the meantime, continue to build the business to create long term sustainable value for unitholders.

## **Monthly Distribution**

As previously announced, Acadian's Board of Trustees declared its monthly distribution of \$0.06875 per unit, payable on November 15, 2006 to unitholders of record on October 31, 2006. This distribution represents an annual yield of 8.25% based on the issue price of \$10.00 per unit.

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**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.

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](http://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 September 30  
CAD\$ millions (unaudited)*

**2006**

**ASSETS**

Current assets:

Cash and cash equivalents	\$	6.6
Accounts receivable and other assets		5.3
Inventory		2.3

**14.2**

Timberlands, logging roads and fixed assets		<b>222.4</b>
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**\$ 236.6**

**LIABILITIES AND UNITHOLDERS' EQUITY**

Current liabilities:

Accounts payable and accrued liabilities	\$	7.9
Distributions payable to unitholders		0.8

**8.7**

Long-term debt		77.7
Class B Interest Liability of a subsidiary		41.2
Unitholders' equity		109.0

**\$ 236.6**

## Acadian Timber Income Fund Consolidated Statement of Operations and Deficit

<i>For the period ended September 30, 2006 CAD\$ millions (unaudited)</i>	<i>Three-Months Ended</i>	<i>Eight-Months Ended</i>
Net Sales	\$ 19.7	\$ 50.0
Operating costs and expenses:		
Cost of sales	12.6	33.3
Selling, administration and other	1.1	3.6
Depreciation and depletion	3.3	6.6
	17.0	43.5
Operating earnings	2.7	6.5
Gain (loss) on Class B Interest Liability of a subsidiary	(0.6)	3.0
Interest expense;		
Long-term debt	(1.1)	(2.7)
Class B Interest Liability of a subsidiary	(0.9)	(2.5)
Earnings before income taxes	0.1	4.3
Income taxes	—	—
<b>Net income for the period</b>	<b>0.1</b>	<b>4.3</b>
Retained earnings, beginning of period	0.1	—
Unitholders' distributions	(2.6)	(6.7)
<b>Deficit, end of period</b>	<b>\$ (2.4)</b>	<b>\$ (2.4)</b>
<b>Net income per unit – basic</b>	<b>\$ 0.01</b>	<b>\$ 0.36</b>
<b>Net income per unit – diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.23</b>

## Reconciliation to EBITDA and Cash Available For Distribution

<i>For the period ended September 30, 2006 CAD\$ millions (unaudited)</i>	<i>Three-Months Ended</i>	<i>Eight-Months Ended</i>
Net income for the period	\$ 0.1	\$ 4.3
Add (deduct):		
Non-cash gain (loss) on Class B Interest Liability of a subsidiary	0.6	(3.0)
Depreciation and depletion	3.3	6.6
Interest expense on long-term debt	1.1	2.7
Distribution on Class B Interest Liability of a subsidiary	0.9	2.5
<b>EBITDA</b>	<b>6.0</b>	<b>13.1</b>
Add (deduct):		
Interest expense on long-term debt	(1.1)	(2.7)
Silviculture and capital expenditures	(1.3)	(1.5)
<b>Cash available for distribution</b>	<b>\$ 3.6</b>	<b>\$ 8.9</b>

## Acadian Timber Income Fund Consolidated Statement of Cash Flows

<i>For the period ended September 30, 2006 CAD\$ millions (unaudited)</i>	<b>Three-Months Ended</b>	<b>Five-Months Ended</b>
Cash provided by (used for):		
<b>Operating Activities</b>		
Net income	\$ 0.1	\$ 4.3
Items not affecting cash:		
Depreciation and depletion	3.3	6.6
(Gain) loss on Class B Interest Liability of subsidiary	0.6	(0.3)
	<b>4.0</b>	<b>7.9</b>
Net change in non-cash working capital balances	<b>3.2</b>	<b>3.0</b>
	<b>7.2</b>	<b>10.9</b>
<b>Investing Activities</b>		
Purchase of New Brunswick Timberlands	—	(106.8)
Purchase of Maine Timberlands	—	(7.5)
Addition to Timberlands, logging roads and fixed assets	(0.6)	(0.6)
Silviculture expenditures	(0.7)	(0.9)
	<b>(1.3)</b>	<b>(115.8)</b>
<b>Financing Activities</b>		
Proceeds on issuance of units, gross	—	84.5
Proceeds from long-term debt	—	42.0
Offering costs paid	—	(9.1)
Distributions paid to unitholders	(2.6)	(5.9)
	<b>(2.6)</b>	<b>111.5</b>
Increase in cash and cash equivalents, during the period	<b>3.3</b>	<b>6.6</b>
Cash and cash equivalents, beginning of period	<b>3.3</b>	<b>—</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 6.6</b>	<b>\$ 6.6</b>

### Reconciliation to Cash Available For Distribution

<i>For the period ended September 30 CAD\$ millions (unaudited)</i>	<b>Three-Months Ended</b>	<b>Five-Months Ended</b>
Cash flow from operating activities before non-cash working capital balances	\$ 4.0	\$ 7.9
Add (deduct):		
Distribution on Class B Interest Liability of a subsidiary	0.9	2.5
Silviculture and capital expenditures	(1.3)	(1.5)
<b>Cash available for distribution</b>	<b>\$ 3.6</b>	<b>\$ 8.9</b>