



## News Release

Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2007 Third Quarter Results conference call via webcast on Wednesday, November 7, 2007 at 10:00 a.m. ET at [www.acadiantimber.com](http://www.acadiantimber.com) or via teleconference at 1-800-319-4610, toll free in North America. For overseas calls please dial 604-638-5340, at approximately 9:50 a.m. ET. The teleconference taped rebroadcast can be accessed at 1-800-319-6413 or 604-638-9010 and enter passcode 2825.

### ACADIAN TIMBER INCOME FUND REPORTS THIRD QUARTER 2007 RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Toronto, ONTARIO – November 6, 2007** – Acadian Timber Income Fund (“Acadian” or the “Fund”) (TSX:ADN.UN) today reported financial and operating results<sup>1</sup> for the three and nine-month periods ended September 30, 2007 (the “third quarter”).

Acadian generated net sales of \$16.9 million on a consolidated log sales volume of 323.5 thousand m<sup>3</sup> in the third quarter of 2007 as compared to net sales of \$19.7 million on consolidated log volumes of 370.9 thousand m<sup>3</sup> during the third period of 2006.

EBITDA for the third quarter was \$3.9 million, resulting in an EBITDA margin of 23%, compared to EBITDA of \$6.1 million and an EBITDA margin of 31% for the comparable period of 2006.

For the nine months ended September 30, 2007 Acadian generated net sales of \$57.1 million and EBITDA of \$15.4 million compared with net sales of \$50.0 million and EBITDA of \$13.2 million for the eight months ended September 30, 2006.

“Our results for the quarter were within expectations and were achieved in the context of the difficult market environment currently facing the North American wood products industry,” said Reid Carter, Chief Executive Officer of Acadian. “In particular, results were negatively impacted by a decline in U.S. housing starts coupled with an appreciation of the Canadian dollar, both factors outside of our control. These led to overall lower pricing, demand and wood deliveries in the quarter, especially for softwood sawlogs. On a more encouraging note, demand for pulpwood and biomass remain strong and are helping to offset some of the weakness in other areas.”

“Despite tough market conditions, Acadian’s operations ran well and we were able to sell all our production. We are continuing to focus on factors within our control, such as managing costs, adjusting our harvest profile accordingly and merchandizing our products for maximum value. With 85% of our annual targeted distributions funded in the first nine months of 2007, we are well positioned to meet our distributable cash target for the year.”

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<sup>1</sup> This news release makes reference to earnings before interest, taxes, depletion, depreciation and amortization (“EBITDA”) and distributable cash from operations. Management believes that EBITDA and distributable cash from operations are key performance measures in evaluating the Fund’s operations and are important in enhancing investors’ understanding of the Fund’s operating performance. As EBITDA and distributable cash from operations do not have a standardized meaning prescribed by Canadian GAAP, 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 (loss) and cash flow from operations, as determined in accordance with Canadian GAAP, to EBITDA and distributable cash from operations.

## Review of Operations

### 2007 Financial and Operating Highlights

	Three Months Ended September 30		Period Ended September 30	
	2007	2006 (restated)	2007 <sup>1</sup>	2006 <sup>2</sup> (restated)
<i>(\$ millions except per unit information)</i>				
Net sales	\$ 16.9	\$ 19.7	\$ 57.1	\$ 50.0
Net income (loss) <sup>3</sup>	(4.3)	0.9	(23.9)	5.1
EBITDA	3.9	6.1	15.4	13.2
Distributable cash from operations	2.0	3.7	11.6	9.0
Distributions declared	3.5	3.5	10.3	9.2
Per unit – fully diluted				
Net Income (loss) <sup>3</sup>	(0.36)	0.07	(1.98)	0.28
Cash available for distribution	0.12	0.22	0.70	0.54
Distributions	0.21	0.21	0.62	0.55
Sales volume (000s m <sup>3</sup> )	323.5	370.9	1,073.7	956.7

<sup>1</sup> Period from January 1, 2007 to September 30, 2007.

<sup>2</sup> Period from commencement of operations (January 31, 2006) to September 30, 2006.

<sup>3</sup> Net income (loss) during the period includes the impact of the revaluation of the Class B Interest Liability of a subsidiary and the future income tax expense recorded in each respective period.

Included in the net loss for the third quarter of 2007, is a non-cash loss related to the revaluation of the Class B Interest Liability of a subsidiary. The settlement obligation of this interest is based on the trading value of Acadian's units at the time of settlement, which requires the liability to be recorded at its fair value at each balance sheet date with the corresponding gain or loss included in the statement of operations. In addition, as this Canadian dollar liability has been issued by a self-sustaining U.S. dollar subsidiary of the Fund, the obligation is required to be converted to U.S. dollars at each reporting period, with the corresponding gain or loss included in the statement of operations. These items resulted in a \$4.1 million loss for the third quarter (2006 – \$0.6 million loss) and a \$17.5 million loss for the nine months ended September 30, 2007 (eight months ended September 30, 2006 – \$3.0 million gain). The year-to-date loss is comprised of an \$8.1 million foreign exchange loss (eight months ended September 30, 2006 – \$0.8 million loss) and a \$9.4 million mark-to-market loss (eight months ended September 30, 2006 – \$3.8 million gain).

Also included in the net loss for the three and nine months ended September 30, 2007 is a non-cash future tax expense of \$0.2 million (2006 – \$nil) and \$10.0 million (eight months ended September 30, 2006 – \$nil), respectively, resulting from differences between the financial reporting and tax bases of the assets and liabilities of the Fund's subsidiaries. This expense and related liability have been determined using the substantially enacted tax rates and laws that are expected to be in effect during the 2011 taxation year, in which the Fund will be impacted by the regulations of Canada's tax fairness plan which was enacted into law on June 22, 2007.

## New Brunswick Timberlands

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

	<b>Three Months Ended September 30, 2007</b>			<b>Three Months Ended September 30, 2006</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>
Softwood	99.0	86.8	\$ 5.5	101.4	97.6	\$ 6.2
Hardwood	97.9	90.8	4.8	122.7	127.8	6.6
Biomass	65.1	65.1	1.4	67.5	67.5	1.4
	<b>262.0</b>	<b>242.7</b>	<b>11.7</b>	<b>291.6</b>	<b>292.9</b>	<b>14.2</b>
Other sales			<b>0.8</b>			<b>0.9</b>
Net sales			\$ <b>12.5</b>			\$ <b>15.1</b>
EBITDA			\$ <b>2.8</b>			\$ <b>4.6</b>
EBITDA margin			<b>22%</b>			<b>30%</b>

	<b>Nine Months Ended September 30, 2007</b>			<b>Eight Months Ended September 30, 2006<sup>1</sup></b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>
Softwood	279.1	269.5	\$ 17.0	203.8	242.1	\$ 15.7
Hardwood	323.8	340.5	18.4	318.4	342.9	18.1
Biomass	210.3	210.3	4.4	170.9	170.9	3.1
	<b>813.2</b>	<b>820.3</b>	<b>39.8</b>	<b>693.1</b>	<b>755.9</b>	<b>36.9</b>
Other sales			<b>3.2</b>			<b>1.1</b>
Net sales			\$ <b>43.0</b>			\$ <b>38.0</b>
EBITDA			\$ <b>11.5</b>			\$ <b>9.5</b>
EBITDA margin			<b>27%</b>			<b>25%</b>

<sup>1</sup> Period from commencement of operations (January 31, 2006) to September 30, 2006.

NB Timberlands' results reflect the overall weakness in market demand for softwood sawlogs. Softwood, hardwood and biomass shipments were 86.8 thousand m<sup>3</sup>, 90.8 thousand m<sup>3</sup> and 65.1 thousand m<sup>3</sup>, respectively. This represents an overall decrease in shipments of 17% compared to the third quarter of 2006. Approximately 34% of sales volume was sold as sawlogs, 39% as pulpwood and 27% as biomass.

Net sales for the third quarter were \$12.5 million; a 17% decrease compared to the third quarter of 2006, largely attributable to the decrease in shipment volumes as regional mills reduced wood deliveries. Weighted average price decreased by 1.0% compared to the third quarter of 2006, supported by a stronger pulpwood market. For the nine months ended September 30, 2007, net sales increased by \$5.0 million compared to the eight month period ended September 30, 2006.

Costs for the third quarter were \$9.7 million, a \$0.8 million decrease compared to the third quarter of 2006. This decrease is a result of 10% lower harvest volume, as a large component of costs is variable. Variable costs per cubic meter increased 5.2%, however, which is largely associated with longer hauling distances and fuel surcharges.

EBITDA for the third quarter was \$2.8 million, a 39% decrease compared to the third quarter of 2006. EBITDA margins decreased from 30% to 22%. In addition to lower sales volume, this decrease in margin is a result of higher variable costs. For the nine months ended September 30, 2007, EBITDA was \$11.5 million, compared to \$9.5 million for the comparable eight month period in 2006, and EBITDA margin improved slightly.

NB Timberlands experienced one minor reportable incident among employees and two minor reportable incidents among contractors during the quarter.

## Maine Timberlands

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

	Three Months Ended September 30, 2007			Three Months Ended September 30, 2006		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	63.4	63.4	\$ 3.6	57.3	57.3	\$ 3.5
Hardwood	14.1	14.2	0.6	19.8	18.4	0.8
Biomass	3.2	3.2	0.1	2.3	2.3	0.1
	<b>80.7</b>	<b>80.8</b>	<b>4.3</b>	<b>79.4</b>	<b>78.0</b>	<b>4.4</b>
Other sales			0.1			0.2
Net sales			\$ 4.4			\$ 4.6
EBITDA			\$ 1.4			\$ 1.4
EBITDA margin			32%			30%

	Nine Months Ended September 30, 2007			Eight Months Ended September 30, 2006 <sup>1</sup>		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	193.0	192.7	\$ 11.2	145.7	145.7	\$ 9.3
Hardwood	48.3	47.7	2.1	48.8	47.4	2.4
Biomass	13.0	13.0	0.5	7.7	7.7	0.1
	<b>254.3</b>	<b>253.4</b>	<b>13.8</b>	<b>202.2</b>	<b>200.8</b>	<b>11.8</b>
Other sales			0.3			0.2
Net sales			\$ 14.1			\$ 12.0
EBITDA			\$ 4.6			\$ 4.0
EBITDA margin			33%			33%

<sup>1</sup> Period from commencement of operations (January 31, 2006) to September 30, 2006.

Maine Timberlands experienced excellent operating conditions during the third quarter. Softwood, hardwood and biomass shipments were 63.4 thousand m<sup>3</sup>, 14.2 thousand m<sup>3</sup> and 3.2 thousand m<sup>3</sup>, respectively. This represents an overall increase in shipments of 4% compared to the third quarter of 2006. Approximately 56% of shipment volume was sold as sawlogs, 40% as pulpwood and 4% as biomass.

Net sales for the third quarter were \$4.4 million; a decrease of 4% from the comparable period in 2006. This decrease primarily reflects the strengthening of the Canadian dollar relative to the US dollar as the weighted average price actually increased 0.6% in US dollar terms. For the nine months ended September 30, 2007, net sales increased \$2.1 million compared to the eight month period ended September 30, 2006.

Total costs for the third quarter were \$3.0 million, a decrease of 6% as compared to the same period last year. Unit costs in Canadian dollars declined by 3.8% owing to the strengthening Canadian dollar.

Maine Timberlands completed two sales of small land parcels, which were inoperable for timber, but attractive for and valued more highly for development due to their lakefront or riverfront location. These sales contributed \$0.3 million to EBITDA and \$0.4 million to distributable cash from operations this quarter.

EBITDA for the third quarter was \$1.4 million, which remains unchanged compared to the three months ended September 30, 2006 as a result of the \$0.3 million gain on the sale of land. For the nine months ended September 30, 2007, EBITDA increased \$0.6 million compared to the eight months ended September 30, 2006, while EBITDA margin remained consistent at 33%.

Acadian's Maine Timberlands operated safely with no incidents in the third quarter of 2007.

## **Market Overview**

Acadian was able to sell all of its production in the third quarter with the weighted average selling price across Acadian's total production declining by 2.4% in the three months ended September 30, 2007 as compared to the same period in 2006. Despite this relative stability in our average selling price, the decline in U.S. housing starts has begun to significantly impact markets for softwood timber in Acadian's operating region and throughout North America. Softwood sawlog markets are the most challenging, with the average selling price for spruce-fir sawlogs declining by 4.0% year-over-year. The weighted average selling price in the New Brunswick operations declined by 1.0% in the third quarter of 2007, with slight reductions in softwood and hardwood sawlog prices largely offset by stronger pricing for softwood and hardwood pulp logs and biomass. The weighted average selling price in the Maine operations declined by an average of 8.2%, in Canadian dollar terms, in the third quarter of 2007 versus 2006. This decline was due to a combination of changes in market pricing, species mix and, most significantly, the appreciation of the Canadian dollar against the U.S. dollar, which strengthened by 7.2% year-over-year. The greatest decline was in the selling price of hardwood sawlogs which were down 21% from the third quarter of 2006 followed by spruce-fir sawlogs which were down 8.7%, while biomass prices were up 17.4%.

External market conditions continued to pose the most significant challenge as many regional softwood sawmills took market-related curtailments. Fraser Papers operated all of its sawmills throughout the third quarter with only one week of reduced shifting at the Plaster Rock mill. However, softwood sawlog pricing came under increasing pressure late in the quarter. Markets for hardwood sawlogs continue to be reasonable in New Brunswick's markets while the Maine operations experienced softer market conditions. Markets for hardwood and softwood pulpwood remain strong with some regional mills buying softwood studwood for pulp owing to softwood pulp log shortages.

## **Restatement of Comparative Results**

The 2006 comparative consolidated financial results of the Fund have been amended to reduce the depletion expense of our Maine & New Brunswick operations by \$0.7 million and cost of sales by \$0.1 million for the three and eight month periods ended September 30, 2006. This adjustment increases net income by \$0.8 million, EBITDA by \$0.1 million, and distributable cash from operations by \$0.1 million for the three and eight-month periods ended September 30, 2006. This amendment does not have an impact on the consolidated financial results of the Fund for the eleven month period ended December 31, 2006, the two month period ended March 31, 2006 or for the three and six month periods ended June 30, 2006.

## **Canadian Government Tax Fairness Plan**

On October 31, 2006, the Canadian government announced proposed changes to Canada's taxation system designed to level the playing field between trusts and corporations. These proposed changes were enacted into law on June 22, 2007. Based on the information that the government has provided, it appears that Acadian would be considered a specified investment flow through vehicle, which would result in Acadian being impacted by this incremental tax beginning in 2011.

The Fund continues to feel that it is too early to fully determine the extent to which the legislation will ultimately impact Acadian. The Fund's management and Board of Trustees will continue to monitor and analyze the situation and its implications to Acadian as they develop.

## Other

Pursuant to the conversion and sale of Class B LP units by Fraser Papers during the quarter, Acadian currently has 12,064,423 Class A units and 4,507,030 Class B units of a subsidiary outstanding.

## Monthly Distribution

As previously announced, Acadian's Board of Trustees declared its monthly distribution of \$0.06875 per unit, payable on November 15, 2007 to unitholders of record on October 31, 2007.

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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 1.1 million acres of freehold timberlands in New Brunswick and 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 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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## Forward-Looking Statements

*This News Release contains forward-looking information and other "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund, 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 statements use such words as "may," "will," "intend," "should," "expect," "believe," "outlook," "predict," "remain," "anticipate," "estimate," "potential," "continue" or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this News Release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, 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; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; and other risks and factors discussed under Risk Factors in Acadian's Final Prospectus and other filings with securities regulatory authorities. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this News Release, and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.*

**Acadian Timber Income Fund**  
**Interim Consolidated Balance Sheet**

<i>CAD millions</i>	<b>As at September 30, 2007</b>	<b>As at December 31, 2006</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3.1	\$ 7.7
Accounts receivable and other assets	10.0	4.1
Inventory	2.3	3.0
	<b>15.4</b>	<b>14.8</b>
Intangible Assets	6.1	6.1
Timberlands, logging roads and fixed assets	200.5	219.1
	<b>\$ 222.0</b>	<b>\$ 240.0</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6.9	\$ 7.6
Distributions payable to unitholders	0.8	0.8
	<b>7.7</b>	<b>8.4</b>
Future income tax liability	10.0	—
Long-term debt	73.6	79.3
Class B Interest Liability of a subsidiary	51.1	41.7
Unitholders' equity	79.6	110.6
	<b>\$ 222.0</b>	<b>\$ 240.0</b>

**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Comprehensive Income (Loss)**

<i>CAD millions</i>	For the Three Months Ended September 30		For the Period Ended September 30	
	<b>2007</b>	2006	<b>2007<sup>1</sup></b>	2006 <sup>2</sup>
Net income (loss)	<b>\$ (4.3)</b>	\$ 0.9	<b>\$ (23.9)</b>	\$ 5.1
<b>Other comprehensive income</b>				
Unrealized foreign currency translation gains	<b>0.5</b>	—	<b>0.4</b>	—
Other comprehensive income	<b>0.5</b>	—	<b>0.4</b>	—
Comprehensive income (loss)	<b>\$ (3.8)</b>	\$ 0.9	<b>\$ (23.5)</b>	\$ 5.1

<sup>1</sup> Period from January 1, 2007 to September 30, 2007.

<sup>2</sup> Period from commencement of operations (January 31, 2006) to September 30, 2006.



**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Operations and Retained Earnings (Deficit)**

<i>CAD millions</i>	For the Three Months Ended September 30		For the Period Ended September 30	
	<b>2007</b>	2006 (restated)	<b>2007<sup>1</sup></b>	2006 <sup>2</sup> (restated)
Net sales	\$ 16.9	\$ 19.7	\$ 57.1	\$ 50.0
Operating costs and expenses				
Cost of sales	11.5	12.5	36.9	33.2
Selling, administration and other	1.8	1.1	5.1	3.6
Depreciation and depletion	2.1	2.6	6.4	5.9
	15.4	16.2	48.4	42.7
Operating earnings	1.5	3.5	8.7	7.3
Gain on sale of timberlands	(0.3)	—	(0.3)	—
Loss (gain) on Class B Interest Liability of a subsidiary	4.1	0.6	17.5	(3.0)
Interest:				
Interest income	(0.1)	—	(0.3)	—
Interest expense on long-term debt	0.9	1.1	2.9	2.7
Class B Interest Liability of a subsidiary	1.0	0.9	2.8	2.5
Earnings (loss) before income taxes	(4.1)	0.9	(13.9)	5.1
Future income taxes	(0.2)	—	(10.0)	—
<b>Net income (loss) for the period</b>	<b>(4.3)</b>	0.9	<b>(23.9)</b>	5.1
Retained earnings (deficit), end of period	(25.8)	0.1	(1.2)	—
Unitholders' distributions	(2.5)	(2.6)	(7.5)	(6.7)
<b>Retained earnings (deficit), beginning of period</b>	<b>\$ (32.6)</b>	\$ (1.6)	<b>\$ (32.6)</b>	\$ (1.6)
<b>Net income (loss) per unit – basic</b>	<b>\$ (0.36)</b>	\$ 0.07	<b>\$ (1.98)</b>	\$ 0.42
<b>Net income (loss) per unit – diluted</b>	<b>\$ (0.36)</b>	\$ 0.07	<b>\$ (1.98)</b>	\$ 0.28

<sup>1</sup> Period from January 1, 2007 to September 30, 2007.

<sup>2</sup> Period from commencement of operations (January 31, 2006) to September 30, 2006.

**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Cash Flows**

<i>CAD millions</i>	For the Three Months Ended September 30		For the Period Ended September 30	
	<b>2007</b>	2006 (restated)	<b>2007<sup>1</sup></b>	2006 <sup>2</sup> (restated)
Cash provided by (used for):				
<b>Operating activities</b>				
Net income (loss)	\$ (4.3)	\$ 0.9	\$ (23.9)	\$ 5.1
Items not affecting cash:				
Future income taxes	0.2	—	10.0	—
Depreciation and depletion	2.1	2.6	6.4	5.9
Gain on sale of timberlands	(0.3)	—	(0.3)	—
Loss (gain) on Class B Interest Liability of a subsidiary	4.1	0.6	17.5	(3.0)
	1.8	4.1	9.7	8.0
Net change in non-cash working capital balances and other	(1.9)	3.1	(5.9)	2.9
	(0.1)	7.2	3.8	10.9
<b>Investing activities</b>				
Purchase of New Brunswick Timberlands	—	—	—	(106.8)
Purchase of Maine Timberlands	—	—	—	(7.5)
Sale of timberlands, logging roads and fixed assets	0.4	—	0.4	—
Additions to timberlands, logging roads and fixed assets	(0.6)	(0.6)	(0.6)	(0.6)
Silviculture expenditures	(0.6)	(0.7)	(0.7)	(0.9)
	(0.8)	(1.3)	(0.9)	(115.8)
<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	(2.5)	(2.6)	(7.5)	(5.9)
	(2.5)	(2.6)	(7.5)	111.5
Increase (decrease) in cash and cash equivalents during the period	(3.4)	3.3	(4.6)	6.6
Cash and cash equivalents, beginning of period	6.5	3.3	7.7	—
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3.1</b>	<b>\$ 6.6</b>	<b>\$ 3.1</b>	<b>\$ 6.6</b>

1 Period from January 1, 2007 to September 30, 2007.

2 Period from commencement of operations (January 31, 2006) to September 30, 2006.

## Reconciliation to EBITDA and Distributable Cash from Operations

<i>CAD millions</i>	For the Three Months Ended September 30		For the Period Ended September 30	
	2007	2006 (restated)	2007 <sup>1</sup>	2006 <sup>2</sup> (restated)
Net income (loss)	\$ (4.3)	\$ 0.9	\$ (23.9)	\$ 5.1
Add (deduct):				
Non-cash loss (gain) on Class B Interest Liability of a subsidiary	4.1	0.6	17.5	(3.0)
Depreciation and depletion	2.1	2.6	6.4	5.9
Interest income	(0.1)	—	(0.3)	—
Interest expense on long-term debt	0.9	1.1	2.9	2.7
Distribution on Class B Interest Liability of a subsidiary	1.0	0.9	2.8	2.5
Future income tax expense	0.2	—	10.0	—
<b>EBITDA</b>	<b>3.9</b>	<b>6.1</b>	<b>15.4</b>	<b>13.2</b>
Add (deduct):				
Interest income	0.1	—	0.3	—
Interest expense on long-term debt	(0.9)	(1.1)	(2.9)	(2.7)
Silviculture and capital expenditure	(1.2)	(1.3)	(1.3)	(1.5)
Non-cash gain on sale of timberlands	(0.3)	—	(0.3)	—
Proceeds from sale of timberlands, logging roads and fixed assets	0.4	—	0.4	—
<b>Distributable cash from operations</b>	<b>\$ 2.0</b>	<b>\$ 3.7</b>	<b>\$ 11.6</b>	<b>\$ 9.0</b>

1 Period from January 1, 2007 to September 30, 2007.

2 Period from commencement of operations (January 31, 2006) to September 30, 2006.

## Reconciliation to Distributable Cash from Operations

<i>CAD\$ millions</i>	For the Three Months Ended September 30		For the Period Ended September 30	
	<b>2007</b>	2006 (restated)	<b>2007<sup>1</sup></b>	2006 <sup>2</sup> (restated)
Cash flow from operating activities	\$ (0.1)	\$ 7.2	\$ 3.8	\$ 10.9
Add (deduct):				
Capital adjustments:				
Proceeds from sales of timberlands, logging roads and fixed assets	0.4	—	0.4	—
Other adjustments:				
Change in non-cash working capital balances and other	1.9	(3.1)	5.9	(2.9)
Distribution on Class B Interest Liability of a subsidiary	1.0	0.9	2.8	2.5
Silviculture and capital expenditures	(1.2)	(1.3)	(1.3)	(1.5)
Distributable cash from operations	\$ 2.0	\$ 3.7	\$ 11.6	\$ 9.0
<b>Distributions declared</b>	\$ 3.5	\$ 3.5	\$ 10.3	\$ 9.2

<sup>1</sup> Period from January 1, 2007 to September 30, 2007.

<sup>2</sup> Period from commencement of operations (January 31, 2006) to September 30, 2006.