



News Release

Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2007 Second Quarter Results conference call via webcast on Wednesday, August 1, 2007 at 10:00 a.m. ET at 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 2815.

ACADIAN TIMBER INCOME FUND REPORTS SECOND QUARTER 2007 RESULTS

All figures in Canadian dollars unless otherwise noted

Toronto, CANADA – July 31, 2007 – Acadian Timber Income Fund (“Acadian” or the “Fund”) (TSX:ADN.UN) today reported financial and operating results for the three-month period ended June 30, 2007 (the “second quarter”).

Acadian generated net sales of \$13.3 million on a consolidated log sales volume of 267.6 thousand m³ in the second quarter of 2007. Consolidated log volumes in the second quarter of 2006 were 244.8 thousand m³, resulting in net sales of \$10.9 million. This improvement was primarily a result of the attractive species mix sold at the New Brunswick operations and the annual reconciliation of royalty payments related to our management of the Crown licensed timberlands in New Brunswick.

EBITDA for the second quarter was \$1.9 million, resulting in an EBITDA margin of 14%, compared to EBITDA of \$0.2 million and EBITDA margin of 2% for the comparable period of 2006.

For the six months ended June 30, 2007 Acadian generated net sales of \$40.2 million and EBITDA of \$11.5 million compared with net sales of \$30.3 million and EBITDA of \$7.1 million for the five months ended June 30, 2006.

“Acadian generated stronger than expected distributable cash flow in the second quarter. While operating activity for the second quarter of the year is traditionally the weakest, due to seasonal operating conditions, these results are particularly encouraging given the challenging market environment currently facing the North American wood products industry,” said Reid Carter, Chief Executive Officer of Acadian. “Despite significant market-related downtime taken by regional sawmills, Acadian was able to sell all of its production, with the weighted average selling price across all of Acadian’s production increasing by approximately 1% year-over-year.”

Review of Operations

2007 Financial and Operating Highlights

(\$ millions except per unit information)	Three Months Ended June 30		Period Ended June 30	
	2007	2006	2007 ¹	2006 ²
Net sales	\$ 13.3	\$ 10.9	\$ 40.2	\$ 30.3
Net income (loss)	(17.1)	(0.3)	(19.6)	4.2
EBITDA	1.9	0.2	11.5	7.1
Distributable cash from operations	1.2	(1.0)	9.9	5.3
Distributions declared	3.4	3.4	6.8	5.7
Per unit – diluted				
Net Income (loss)	(1.42)	(0.02)	(1.62)	0.13
Cash available for distribution	0.07	(0.06)	0.60	0.32
Distributions	0.21	0.21	0.41	0.35
Sales volume (000s m ³)	267.6	244.8	750.2	585.8

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

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

“Acadian’s financial results for the second quarter of 2007 included a net loss resulting from a combination of a number of non-cash items,” said Joseph Cornacchia, Chief Financial Officer of Acadian. “It is important to realize that these non-cash items do not reflect Acadian’s operating performance. The Fund had a very strong first half of 2007, generating distributable cash from operations of \$9.9 million to date. This represents 72% of our annual targeted distributions in only the first half of the year. Acadian is very well positioned to meet distributable cash flow needs for the remainder of the year.”

Included in the net loss for the second quarter of 2007, is a non-cash loss related to 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.

As a result of the appreciation of Acadian's unit price and the strengthening of the Canadian currency relative to the U.S. dollar, the Fund recorded a \$6.4 million loss during the second quarter of 2007 associated with the revaluation of the Class B Interest Liability. This compares to a \$2.7 million gain in the second quarter of 2006. For the six months ended June 30, 2007 these items resulted in a \$13.4 million loss versus a \$3.6 million gain for the comparable period in 2006. The current year expense is comprised of a \$4.6 million foreign exchange loss and an \$8.8 million mark-to-market loss. This compares to a \$0.9 million foreign exchange loss and a \$4.5 million mark-to-market gain for the comparable period in 2006.

Enactment of the Canadian government’s tax-fairness plan also resulted in the Fund recording a non-cash future tax expense of \$9.8 million during the quarter. This resulted from differences between the financial reporting and tax bases of the assets and liabilities of the Fund’s subsidiaries. This expense and the 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.

New Brunswick Timberlands

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

	Three Months Ended June 30, 2007			Three Months Ended June 30, 2006		
	Harvest (000s m³)	Sales (000s m³)	Results (millions)	Harvest (000s m³)	Sales (000s m³)	Results (millions)
Softwood	32.0	49.4	\$ 3.0	24.8	33.1	\$ 2.2
Hardwood	63.7	96.4	5.5	86.6	106.8	5.7
Biomass	74.4	74.4	1.6	53.0	53.0	0.9
	170.1	220.2	10.1	164.4	192.9	8.8
Other sales			0.9			(0.7)
Net sales			\$ 11.0			\$ 8.1
EBITDA			\$ 2.0			\$ (0.1)
EBITDA margin			18%			(1)%

	Six Months Ended June 30, 2007			Five Months Ended June 30, 2006¹		
	Harvest (000s m³)	Sales (000s m³)	Results (millions)	Harvest (000s m³)	Sales (000s m³)	Results (millions)
Softwood	180.1	182.7	\$ 11.5	102.4	144.5	\$ 9.5
Hardwood	225.9	249.8	13.6	195.7	215.1	11.3
Biomass	145.2	145.2	3.0	103.4	103.4	1.9
	551.2	577.7	28.1	401.5	463.0	22.7
Other sales			2.4			0.2
Net sales			\$ 30.5			\$ 22.9
EBITDA			\$ 8.7			\$ 4.9
EBITDA margin			29%			21%

¹ Period from commencement of operations (January 31, 2006) to June 30, 2006.

NB Timberlands produced solid operating results for this seasonally slow quarter. Softwood, hardwood and biomass shipments were 49 thousand m³, 96 thousand m³ and 74 thousand m³, respectively. This represents an increase of 49% and 40% for softwood and biomass and a reduction of 10% for hardwood versus the second quarter of 2006. Approximately 21% of sales volume was sold as sawlog, 45% as pulpwood and 34% as biomass.

Net sales for the second quarter were \$11.0 million, a 36% increase compared to the second quarter of 2006, due to strong sales of high value "bird's eye" maple, an increase in biomass sales volumes and selling prices and payments associated with the reconciliation of volumes, royalties and overhead costs related to the management of the Crown licensed timberlands. For the six months ended June 30, 2007, net sales increased by \$7.6 million compared to the five month period ended June 30, 2006.

Costs for the second quarter were \$9.0 million, a \$0.8 million increase compared to the second quarter of 2006, which was largely a result of increased harvest volumes. The New Brunswick operation continues to make progress in reducing its costs and improving operating flexibility through increased use of contractors. Contractors accounted for over two thirds of all harvesting activity during the July 1, 2006 to June 30, 2007, period versus only 50% in the prior year period.

EBITDA for the second quarter was \$2.0 million, compared to negative EBITDA of \$0.1 million in the second quarter of 2006. For the six months ended June 30, 2007, EBITDA was \$8.7 million a 78% increase from the comparable five month period in 2006 while EBITDA margin averaged 29% in the 2007, period versus 21% in 2006.

NB Timberlands experienced two minor reportable incidents 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 June 30, 2007			Three Months Ended June 30, 2006		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	28.6	28.5	\$ 1.4	32.1	32.1	\$ 2.0
Hardwood	12.5	13.7	0.6	16.9	16.9	0.8
Biomass	5.2	5.2	0.2	2.9	2.9	—
	46.3	47.4	2.2	51.9	51.9	2.8
Other sales			0.1			—
Net sales			\$ 2.3			\$ 2.8
EBITDA			\$ 0.3			\$ 0.5
EBITDA margin			13%			18%

	Six Months Ended June 30, 2007			Five Months Ended June 30, 2006 ¹		
	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)	Harvest (000s m ³)	Sales (000s m ³)	Results (millions)
Softwood	129.6	129.3	\$ 7.6	88.4	88.4	\$ 5.8
Hardwood	34.2	33.5	1.5	29.0	29.0	1.6
Biomass	9.8	9.8	0.4	5.4	5.4	—
	173.6	172.6	9.5	122.8	122.8	7.4
Other sales			0.2			—
Net sales			\$ 9.7			\$ 7.4
EBITDA			\$ 3.2			\$ 2.6
EBITDA margin			33%			35%

¹ Period from commencement of operations (January 31, 2006) to June 30, 2006.

Maine Timberlands typically has only limited operations during the second quarter owing to seasonal operating conditions. Softwood and hardwood shipments were 29 thousand m³ and 14 thousand m³, respectively, representing a decrease of 11% and 19% from the comparable period in 2006. Biomass shipments of 5 thousand m³ remained relatively modest, although increased by 79% from the comparable quarter in the previous year. Approximately 42% of sales volume was sold as sawlogs, 47% as pulpwood and 11% as biomass.

Net sales for the second quarter were \$2.3 million, a decrease of 18% from the comparable period in 2006, primarily the result of less volume harvested and species mix. For the six months ended June 30, 2007, net sales increased \$2.3 million compared to the five month period ended June 30, 2006.

Costs for the second quarter were \$2.0 million, a decrease of 13% compared to the same period last year. The decrease was attributable to less volume harvested and reduced hauling distances for hardwood pulpwood.

EBITDA for the second quarter was \$0.3 million, a decrease of \$0.2 compared to the three months ended June 30, 2006. EBITDA margin was 13% for the quarter, which represented a decline of 5% from the comparable period in 2006. For the six months ended June 30, 2007, EBITDA increased \$0.6 million compared to the five months ended June 30, 2006.

Acadian's Maine operations experienced one minor incident which did not result in lost time.

Market Overview

Acadian's regional marketplace experienced capacity changes during the second quarter of 2007. The decline in U.S. housing starts put downward pressure on demand for softwood and hardwood sawlogs with closures at UPM Kymmene's Miramichi paper mill and Weyerhaeuser's Miramichi OSB mill in New Brunswick and at furniture manufacturer Moosehead Manufacturing in Northern Maine. The market saw a capacity increase, however, with the restart of the Old Town pulp mill in Maine in early June. Furthermore, there is potential for additional capacity increases should the recent announcements for the construction of several pellet plants materialize into full operations.

Although Acadian's operations were restricted during the quarter due to seasonal factors, operations ran well with variable costs down \$1.08 per m³ year-over-year. External market conditions posed the most significant challenge as regional sawmills took market-related curtailments. Fraser Papers took a total of 23 weeks of downtime at its New Brunswick and Maine sawmills during the second quarter, however, continued to take log deliveries. Markets for hardwood sawlogs continue to be reasonable although downtime in the region has resulted in reduced demand. Markets for hardwood and softwood pulpwood remain relatively strong.

Despite significant market-related downtime taken by regional sawmills, Acadian has been able to sell all of its production. The weighted average selling price in the Maine operations declined by an average of 8% in the second quarter of 2007 versus 2006, in Canadian dollar terms, due to a combination of changes in market pricing, species mix, and the appreciation of the Canadian dollar against the U.S. dollar. The weighted average selling price in the New Brunswick operations increased by 5% in the second quarter of 2007, versus 2006, primarily due to changes in species mix, with this increase driven by sales of high value hardwood sawlogs and strong softwood and hardwood pulpwood pricing.

Canadian Government Tax Fairness Plan

On October 31, 2007, 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 determine the extent to which the proposed 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 the Fund as they develop.

Other

On June 1, 2007, Fraser Papers announced that it had filed with the Canadian securities regulatory authorities a notice of intention to convert and distribute up to all of their units in Acadian under National Instrument 45-102 Resale of Securities, subject to required approvals of the Toronto Stock Exchange.

Monthly Distribution

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

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 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
Interim Consolidated Balance Sheet
(unaudited)

<i>CAD\$ millions</i>	As at June 30, 2007	As at December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6.5	\$ 7.7
Accounts receivable and other assets	6.4	4.1
Inventory	1.8	3.0
	14.7	14.8
Intangible Assets	6.1	6.1
Timberlands, logging roads and fixed assets	206.8	219.1
	\$ 227.6	\$ 240.0
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4.6	\$ 7.6
Distributions payable to unitholders	0.8	0.8
	5.4	8.4
Future income tax liability	9.8	—
Long-term debt	76.0	79.3
Class B Interest Liability of a subsidiary	50.5	41.7
Unitholders' equity	85.9	110.6
	\$ 227.6	\$ 240.0

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

<i>CAD\$ millions</i>	For the Three Months Ended June 30		For the Period Ended June 30	
	2007	2006	2007	2006 ¹
Net income (loss)	\$ (17.1)	\$ (0.3)	\$ (19.6)	\$ 4.2
Other comprehensive income				
Unrealized foreign currency translation gains	—	—	(0.1)	—
Other comprehensive income	—	—	(0.1)	—
Comprehensive income (loss)	\$ (17.1)	\$ (0.3)	\$ (19.7)	\$ 4.2

¹ Period from commencement of operations (January 31, 2006) to June 30, 2006.

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

<i>CAD\$ millions</i>	For the Three Months Ended June 30		For the Period Ended June 30	
	2007	2006	2007¹	2006 ²
Net sales	\$ 13.3	\$ 10.9	\$ 40.2	\$ 30.3
Operating costs and expenses				
Cost of sales	9.8	9.2	25.4	20.7
Selling, administration and other	1.6	1.5	3.3	2.5
Depreciation and depletion	1.0	1.2	4.3	3.3
	12.4	11.9	33.0	26.5
Operating earnings	0.9	(1.0)	7.2	3.8
Loss (gain) on Class B Interest Liability of a subsidiary	6.4	(2.7)	13.4	(3.6)
Interest:				
Interest income	(0.1)	—	(0.2)	—
Interest expense on long-term debt	1.0	1.0	2.0	1.6
Class B Interest Liability of a subsidiary	0.9	1.0	1.8	1.6
Earnings (loss) before income taxes	(7.3)	(0.3)	(9.8)	4.2
Future income taxes	(9.8)	—	(9.8)	—
Net income (loss) for the period	(17.1)	(0.3)	(19.6)	4.2
Retained earnings (deficit), end of period	(6.2)	2.8	(1.2)	—
Unitholders' distributions	(2.5)	(2.4)	(5.0)	(4.1)
Retained earnings (deficit), beginning of period	\$ (25.8)	\$ 0.1	\$ (25.8)	\$ 0.1
Net income (loss) per unit – basic	\$ (1.42)	\$ (0.02)	\$ (1.62)	\$ 0.35
Net income (loss) per unit – diluted	\$ (1.42)	\$ (0.02)	\$ (1.62)	\$ 0.13

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

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

Reconciliation to EBITDA and Distributable Cash from Operations

<i>CAD\$ millions</i>	For the Three Months Ended June 30		For the Period Ended June 30	
	2007	2006	2007 ¹	2006 ²
Net income (loss)	\$ (17.1)	\$ (0.3)	\$ (19.6)	\$ 4.2
Add (deduct):				
Non-cash loss (gain) on Class B Interest Liability of a subsidiary	6.4	(2.7)	13.4	(3.6)
Depreciation and depletion	1.0	1.2	4.3	3.3
Interest income	(0.1)	—	(0.2)	—
Interest expense	1.0	1.0	2.0	1.6
Distribution on Class B Interest Liability of a subsidiary	0.9	1.0	1.8	1.6
Future income tax expense	9.8	—	9.8	—
EBITDA	1.9	0.2	11.5	7.1
Add (deduct):				
Interest income	0.1	—	0.2	—
Interest expense on long-term debt	(1.0)	(1.0)	(2.0)	(1.6)
Silviculture and capital expenditure	(0.1)	(0.2)	(0.1)	(0.2)
Proceeds from sale of timberlands, logging roads and fixed assets	0.3	—	0.3	—
Distributable cash from operations	\$ 1.2	\$ (1.0)	\$ 9.9	\$ 5.3

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

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

Acadian Timber Income Fund
Consolidated Statement of Cash Flows
(unaudited)

CAD\$ millions	For the Three Months Ended June 30		For the Period Ended June 30	
	2007	2006	2007 ¹	2006 ²
Cash provided by (used for):				
Net income (loss)	\$ (17.1)	\$ (0.3)	\$ (19.6)	\$ 4.2
Items not affecting cash:				
Future income taxes	9.8	—	9.8	—
Depreciation and depletion	1.0	1.2	4.3	3.3
Loss (gain) on Class B Interest Liability of a subsidiary	6.4	(2.7)	13.4	(3.6)
	0.1	(1.8)	7.9	3.9
Net change in non-cash working capital balances and other	(4.6)	(7.2)	(4.3)	(1.3)
	(4.5)	(9.0)	3.6	2.6
Investing activities				
Purchase of New Brunswick Timberlands	—	—	—	(106.8)
Purchase of Maine Timberlands	—	—	—	(7.7)
Sale of timberlands, logging roads and fixed assets	0.3	—	0.3	—
Silviculture expenditures	(0.1)	(0.2)	(0.1)	(0.2)
	0.2	(0.2)	0.2	(114.5)
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	(2.5)	(2.4)	(5.0)	(3.3)
	(2.5)	(2.7)	(5.0)	115.4
Increase (decrease) in cash and cash equivalents during the period	(6.8)	(11.9)	(1.2)	3.3
Cash and cash equivalents, beginning of period	13.3	15.2	7.7	—
Cash and cash equivalents, end of period	\$ 6.5	\$ 3.3	\$ 6.5	\$ 3.3

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

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

Reconciliation to Distributable Cash from Operations

<i>CAD\$ millions</i>	For the Three Months Ended June 30		For the Period Ended June 30	
	2007	2006	2007 ¹	2006 ²
Cash flow from operating activities	\$ (4.5)	\$ (9.0)	\$ 3.6	\$ 2.6
Add (deduct):				
Change in non-cash working capital balance and other	4.6	7.2	4.3	1.3
Distribution on Class B Interest Liability of a subsidiary	0.9	1.0	1.8	1.6
Silviculture and capital expenditures	(0.1)	(0.2)	(0.1)	(0.2)
Proceeds from sale of timberlands, logging roads and fixed assets	0.3	—	0.3	—
Distributable cash from operations	\$ 1.2	\$ (1.0)	\$ 9.9	\$ 5.3
Distributions declared	\$ 3.4	\$ 3.4	\$ 6.8	\$ 5.7

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

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