

Quarterly Report

Northland Power Income Fund

Quarterly Report for the period ended March 31, 2006

FINANCIAL AND OPERATING RESULTS

This report covers
Northland Power Income
Fund's (the "Fund's")
operations for the
period ended
March 31, 2006.

	3 Months Ended Mar. 31	
	2006	2005
FINANCIAL (thousands, except per unit amounts)		
Sales	\$35,792	\$31,875
Net Income	\$15,939	\$16,574
Funds from operations		
before changes in working capital	\$16,307	\$20,899
Distributable cash	\$17,322	\$21,408
Distribution declared to Unitholders	\$14,105	\$12,107
Units Outstanding	61,552	47,958
Average Number of Units Outstanding - basic	50,750	47,936
Average Number of Units Outstanding - diluted	54,143	53,116
Per Unit		
Funds from operations		
before changes in working capital	\$0.3213	\$0.4360
Distributable cash	\$0.3413	\$0.4466
Distribution declared to Unitholders	\$0.2625	\$0.2525
OPERATIONS		
Electricity sales volume (megawatthours)	271,946	272,504
Steam sales volume (thousands of pounds)	402,258	373,806
Fuel consumption (thousands of gigajoules)	2,369	2,554



**NORTHLAND POWER
INCOME FUND**

MANAGEMENT'S DISCUSSION & ANALYSIS

Overview

Northland Power Income Fund (the "Fund") purchased the 50% interest in the Kingston facility that it did not already own on March 23rd for \$128.4 million, including transaction costs, and on March 31st repaid the \$33.5 million balance of the levelization account loan to Ontario Electricity Financial Corporation ("OEFC") under the Kingston facility's power purchase agreement ("PPA"). The Fund issued 11,560,000 trust units on March 23rd pursuant to a subscription receipts offering to fund the acquisition and loan repayment. The first three months of 2006 included a 50% share of the Kingston facility's financial and operating results up to March 22nd and 100% for the remainder of the quarter. The financial results for last year included the one-time impact of the sale of the Panda-Rosemary facility on income earned on the Panda Energy Corporation ("PEC") investment and senior loan.

Strong financial results at Kingston during the quarter helped offset weakness at Iroquois Falls and Mont Miller. Sales at the Kingston facility were up from the same quarter last year due to higher prices received for electricity and natural gas. Production and sales of electricity at Iroquois Falls were reduced from last year during lower-priced off-peak periods by a shortfall in contracted natural gas deliveries due to the bankruptcy of Calpine Canada Natural Gas Partnership ("Calpine"). The Fund's financial results for the first quarter of 2006 included a full quarter of operations from the Mont Miller facility compared to none in the same period of 2005; in the future, Mont Miller is expected to contribute, on average, 8% of the Fund's distributable cash. During the first quarter, Mont Miller's production fell short of expectations due primarily to unusually low local wind speeds compared to prior years.

Consolidated sales of the Fund at \$35.8 million for the quarter were up \$3.9 million from the same period in 2005 due to higher electricity and natural gas sales. Net income at \$15.9 million was down from last year largely due to lower investment income earned at PEC.

The Fund generated distributable cash of \$17.3 million during the quarter ended March 31, 2006; \$4.1 million lower than the prior year (which included \$5.3 million from the Panda-Rosemary sale), or \$1.2 million higher than last year excluding the one-time impact of the Panda-Rosemary sale. Distributable cash exceeded distributions declared to Unitholders by \$3.2 million. Readers should refer to the schedule of Distributable Cash and Distributions to Unitholders in the MD&A for the calculation of distributable cash (a non-GAAP financial measure).

Distributions to Unitholders declared for the quarter totaled \$0.2625 per unit, 4% higher than 2005, with an expected total of \$1.05 to be distributed for the full year.

On March 8, 2006 Standard and Poor's confirmed the Fund's Stability Rating at SR-2 and upgraded the outlook to stable while raising the Fund's distribution profile assessment to moderately conservative.

On April 25, 2006, the Fund completed the acquisition of two operating wind farms in Germany with a total capacity of 21.5 megawatts ("MW"). The price is approximately Euro 16 million (CAD \$23 million) including the retirement of all project debt. The acquisition is being financed with cash on hand and \$5 million drawn under the Fund's acquisition line of credit.

Iroquois Falls Facility

<i>(in thousands of dollars except as indicated)</i>	3 months ended Mar. 31	
	2006	2005
Sales Volume		
Electricity (MWh)	162,888	206,239
Steam (000 lb.)	351,341	326,492
Fuel Consumption (000 GJs)	1,673	1,914
Sales		
Electricity	18,024	18,568
Steam	2,107	1,921
Natural gas	773	81
Emission allowances and credits	210	747
	21,114	21,317
Cost of sales		
Gas consumed	7,484	7,770
Gas re-sold	823	105
	8,307	7,875
Gross profit	12,807	13,442
Plant operating costs	1,523	1,559
Capital expenditures	7	21

The volume of contracted natural gas purchased this quarter was reduced significantly over the prior year as the bankruptcy of Calpine resulted in its discontinuing the long-term contracted supply of gas to the Iroquois Falls plant from early January. As a result, electricity production was significantly reduced during lower-priced off-peak periods of the month (nights, weekends, and statutory holidays). The loss of the Calpine supply resulted in additional unused capacity under the plant's TransCanada Pipeline contract which was partially mitigated by purchasing gas at market prices in Alberta and reselling it delivered in eastern Canada.

Sales for the quarter at \$21.1 million were slightly lower than the same period last year as electricity and emission allowance sales were each down by \$0.5 million while natural gas sales were up.

Total electricity production was down by 43,000 MWh (21%) from the first quarter last year due largely to curtailment of lower-priced off-peak production. However, electricity sales under the Iroquois Falls PPA were down only 2% compared to last year due to an increase in the rates under the PPA and a \$0.2 million retroactive payment received this quarter from OEFC. Low wholesale market electricity prices constrained sales of electricity outside the terms of the PPA.

Steam sales were \$0.2 million higher than last year largely due to an increase in demand. Natural gas was bought and resold during the quarter to mitigate \$0.2 million of fixed transportation costs. Sales of emission allowances and credits generated sales of \$0.2 million this quarter compared to \$0.7 million in the first quarter of 2005.

The cost of sales was up from last year due to an increase in sales of natural gas. The cost of natural gas consumed was down \$0.3 million despite a 15% price increase resulting from the "re-opening" of the price under one gas supply contract that represents approximately 60% of the facility's gas consumption. The impact of the price increase was more than offset by the reduced volume of purchases under the Calpine supply contract. The Calpine supply is subject to a backstop arrangement under another of the Iroquois

Fall's plant's gas supply contracts that provides for replacement of a significant portion of the Calpine volume in the event of a supply default. As of March 31, 2006 the backstop supply had yet to commence and the supplier has not yet acknowledged its contractual obligation under the backstop. The Fund's Manager continues to assist the backstop supplier in its due diligence concerning its backstop obligations. Plant operating costs of \$1.5 million were in line with last year.

Kingston Facility

<i>(in thousands of dollars except as indicated)</i>	3 months ended Mar. 31	
	2006 ⁽¹⁾	2005 [50%]
Sales Volume		
Electricity (MWh)	73,027	66,265
Steam (000 lb.)	50,917	47,314
Fuel consumption (000 GJs)	696	640
Sales		
Electricity	9,378	8,311
Steam	549	367
Natural gas	2,551	1,880
Emission allowances and credits	-	-
	12,478	10,558
Cost of sales		
Gas consumed	4,154	3,913
Gas re-sold	1,089	897
	5,243	4,810
Gross profit	7,235	5,748
Plant operating costs	1,028	848
Capital expenditures	-	91

(1) On March 23, 2006, the Fund purchased the remaining 50% interest in Kingston CoGen Limited Partnership ("KCLP"). Accordingly, the Fund's financial results for the first quarter of 2006 consolidate 50% of the Kingston facility's operations up to March 22 and 100% for the last 9 days. The comments below relate to the operations of the Kingston facility in total, without reference to the Fund's increased ownership interest.

For the first quarter of 2006, the electricity sales volume at the Kingston facility was in line with the same period last year while electricity sales were up due to higher prices received under the facility's PPA. Steam sales were affected by higher demand and an increase in the average selling price while sales of natural gas were up significantly from the first quarter of 2005 due to a higher average selling price combined with a higher volume of gas available for resale. The Manager of the Fund anticipates gas resale margins to be higher than 2005 as a result of higher selling prices locked in by forward sales contract for most of 2006.

The cost of sales was up marginally from last year as the higher variable cost of gas was partially offset by lower fixed transportation tariffs. Plant operating costs were largely in line with the same period last year.

Mont Miller Facility

	3 months ended Mar. 31	
<i>(in thousands of dollars except as indicated)</i>	2006	2005
Sales Volume		
Electricity (MWh)	36,031	-
Sales		
Electricity	2,200	-
	2,200	-
Gross profit	2,200	-
Plant operating costs	515	-
Capital expenditures	-	11,110

During the first quarter of 2006 the Mont Miller facility achieved overall reliability of 96% and a capacity factor of 31%. The reliability of the turbines exceeded the manufacturer's guarantee; one turbine gearbox that failed in late 2005 was replaced in February and a minor electrical issue is expected to be resolved by a planned turbine controller upgrade. Long-term turbine reliability is expected to exceed 97%.

The wind speed was approximately 17% lower than long-term projections during the quarter due to unseasonable weather conditions experienced throughout the Gaspésie region. The output of the facility is expected to meet projections under long-term average weather conditions.

Panda Energy Corporation

	3 months ended Mar. 31	
<i>(in thousands of dollars)</i>	2006	2005
Dividends	270	2,052
Interest income	2,543	4,485
Total investment income	2,813	6,537

The Fund's investment in PEC generated investment income of \$2.8 million this quarter through a combination of interest and dividend payments. Investment income was lower than the same period last year due to the one-time equity distribution and premium received on the senior loan prepayment associated with the sale of the Panda-Rosemary plant in the first quarter of 2005 which totalled \$3.4 million.

Financial and operating results at the Panda-Brandywine plant for the quarter were marginally lower than last year due to warm winter temperatures resulting in reduced dispatch levels. As a result, there were no weekend operations during the month of January, which according to the Manager of the Panda-Brandywine plant is quite unusual.

Consolidated Results

The following is a discussion of the consolidated financial condition and results of operations of the Fund which should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2006 together with the Fund's 2005 annual report.

First Quarter

Sales at \$35.8 million were up \$3.9 million from the same period last year largely due to the new contribution of sales earned from the Mont Miller wind farm and increased electricity and gas resales at the Kingston facility. The cost of sales was up \$0.9 million from last year commensurate with a higher gas resale cost at both the Iroquois Falls and Kingston facilities.

Plant operating costs increased this quarter due to the inclusion of expenses at the Mont Miller facility. Management and administration costs were up \$2.5 million due largely to the one-time payment of a \$2.0 million fee to the Manager related to the Kingston acquisition in March 2006. Amortization was up \$1.1 million, commensurate with the addition of the Mont Miller facility.

Investment income at \$2.8 million was down from 2005 by \$3.7 million due to the sale of the Panda-Rosemary plant in early 2005. Investment income to be received in 2006 and the first quarter of 2007 on the US dollar PEC investment and loan will be minimally affected by any changes in the value of the Canadian dollar as the Fund holds foreign exchange contracts and options. The accretion expense related solely to the asset retirement obligation at the Mont Miller facility.

Amortization of deferred charges was \$0.7 million lower than 2005 due to the recognition of deferred transaction costs on the PEC senior loan last year, as a result of the principal prepayment on February 8, 2005.

Interest expense at \$2.9 million was \$0.9 million higher than last year. The increase was mainly due to the Mont Miller term loan, as the Mont Miller wind farm was still under construction at this time last year.

The \$4.4 million of future tax income recorded during the quarter is the result of costs relating to the public offering on March 16, 2006 being deductible for tax purposes over the next 5 years by one of the Fund's subsidiaries.

The factors above resulted in net income for the first quarter of 2006 at \$15.9 million being \$0.6 million lower than last year.

Liquidity and Capital Resources

Since December 31, 2005, cash and cash equivalents at \$39.9 million have increased by \$25.5 million due to a combination of \$116.4 million provided by financing activities and \$26.2 million generated by operations being only partially offset by \$117.2 million in cash used for investing activities.

Cash provided by operating activities at \$26.2 million was \$1.7 million higher than the same three-month period of 2005 primarily due to the combination of a \$6.3 million decrease in non-cash working capital related chiefly to the timing of receipts for electricity sales to OEFC, partially offset by net income being \$0.6 million lower due largely to the impact of the Panda-Rosemary sale in 2005 and a \$4.0 million lower adjustment for items not involving cash.

Cash used for investing activities was up \$124.5 million compared to the first quarter of 2005, due to the \$117.8 million net investment to acquire the remaining 50% of the Kingston facility. Investing activities in 2005 were largely affected by the US\$18.9 million prepayment of the senior loan and the associated wind-up and restructuring fees resulting from the Panda-Rosemary sale, as well as the continued construction costs and cash reserve funding related to the Mont Miller facility.

Financing activities provided \$116.4 million and reflected \$166.1 million of proceeds from the subscription receipt offering offset primarily by the retirement of the \$33.5 million KCLP levelization account debt owed to OEFC under the terms of the PPA. In 2005, the proceeds from the senior loan prepayment and the Mont Miller construction and term loan were used to repay a portion of the outstanding balance on the acquisition line of credit and to purchase Mont Miller property, plant and equipment, respectively. Distributions to Unitholders are up from last year, due to an increase in the monthly distributions per unit and the issuance of 560,960 trust units in settlement of the conversion of \$7.0 million of debentures and the issuance of 11,560,000 trust units on March 23, 2006 related primarily to financing of the Kingston acquisition on the same date and the subsequent repayment of Kingston's levelization account with OEFC.

The value of the Fund's assets and liabilities have increased since December 31, 2005, as a result of the Fund acquiring the remaining 50% ownership interest in KCLP on March 23, 2006, including the associated KCLP liabilities. Readers should refer to note 2 to the unaudited consolidated financial statements for further details on the fair market value of assets and liabilities acquired.

Distributions to Unitholders and Distributable Cash

<i>(unaudited, stated in thousands except per unit amounts)</i>	3 Months ended Mar. 31	
	2006	2005
Cash provided by operating activities	\$ 26,238	\$ 24,503
Net change in non-cash working capital balances	(9,931)	(3,604)
Funds from operations before working capital changes ⁽¹⁾	\$ 16,307	\$ 20,899
Capital expenditures	(7)	(11,222)
Add back: expansionary capital expenditures	-	11,110
Receipts of principal on senior loan, excluding prepayment	650	403
Senior loan prepayment fees	-	1,890
Acquisition fee paid to Manager ⁽²⁾	2,040	-
KCLP cash reserve funding	(2)	(254)
KCLP repayment of debt, net ⁽³⁾	(1,641)	(1,396)
Funds set aside for future maintenance	(25)	(22)
Distributable cash ⁽¹⁾	\$ 17,322	\$ 21,408
Distributions declared to Unitholders	\$ 14,105	\$ 12,107
Average number of trust units - basic (thousands of units)	50,750	47,936
Per unit (\$/unit)		
Funds from operations before working capital changes ⁽¹⁾	\$ 0.3213	\$ 0.4360
Distributable cash ⁽¹⁾	\$ 0.3413	\$ 0.4466
Distributions declared to Unitholders	\$ 0.2625	\$ 0.2525

(1) Please refer to the disclosure statement regarding non-GAAP financial measures.

(2) Fee to the Manager in connection with the acquisition of 50% of KCLP on March 23, 2006.

(3) Excludes \$33.5 million lump-sum repayment of KCLP's levelization account with OEFC.

Funds from operations before working capital changes of \$16.3 million in the first quarter of 2006 were lower than in 2005 by \$4.6 million mainly due to lower net income after adjusting for non-cash charges, resulting in distributable cash at \$17.3 million being lower than the 2005 level by a similar amount.

Non-GAAP Financial Measures

Included in this Management's Discussion & Analysis are references to the Fund's distributable cash and funds from operations before working capital changes, which are not measures under Canadian generally

accepted accounting principles (“GAAP”) and there is no standardized measure of distributable cash and funds from operations before working capital changes. Distributable cash and funds from operations before working capital changes, as presented, may not be comparable to similar measures presented by other income funds. Management believes that these measures are widely accepted financial indicators used by investors to assess the performance of an income trust and its ability to generate cash through operations.

Consolidated Quarterly Results

<i>\$ millions, except</i>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<i>Per unit information</i>	2006	2005	2005	2005	2005	2004	2004	2004
Total sales	35.8	36.7	31.7	27.9	31.9	25.2	20.9	21.4
Net income	15.9	12.2	5.2	10.3	16.6	5.4	1.0	10.1
Distributable cash	17.3	18.2	13.9	12.5	21.4	16.9	10.2	11.2
Distributions	14.1	14.2	12.6	12.2	12.1	12.3	11.9	11.9
<i>Per unit statistics</i>								
Net income - basic	0.314	0.247	0.107	0.216	0.346	0.112	0.021	0.211
Net income - diluted	0.307	0.243	0.107	0.195	0.313	0.102	0.021	0.211
Distributable cash	0.341	0.369	0.285	0.259	0.447	0.353	0.212	0.234
Distributions	0.263	0.288	0.255	0.255	0.253	0.257	0.248	0.248

A significant portion of the Fund’s sales and net income is generated by the Iroquois Falls facility. Iroquois Falls’ sales are seasonal, as OEFC has contracted for more electricity (and pays a higher price) in winter than in summer. In addition, steam sales to Abitibi tend to be higher in winter than summer. This seasonality can be seen in the chart above, as total sales in the first and fourth quarter tend to be higher than sales in the second and third quarter. Seasonality has been dampened somewhat as the financial results for the Kingston facility, in which the Fund invested on December 31, 2002, December 15, 2004 and March 23, 2006, are less seasonal than Iroquois Falls. Net income has generally followed a similar seasonal pattern.

Beginning with the first quarter of 2004, net income includes interest earned on the senior loan receivable from a PEC subsidiary, dividends received from the Fund’s 19% equity interest in PEC (neither of which varies materially by season), and any non-cash foreign exchange adjustments required to restate the US dollar denominated balance of the senior loan to the appropriate quarter-end Canadian dollar equivalent. Net income for the first quarter of 2006 was affected by a non-cash foreign exchange gain in the amount of \$0.2 million. Financial results from the Mont Miller facility are expected to follow a similar seasonal pattern as Iroquois Falls, as the Gaspésie region of Quebec tends to be windier in the winter months compared to the summer months.

Issuance of Securities

During the first quarter of 2006, the Fund successfully raised additional capital through the sale of its securities on March 23, 2006. A summary of the securities issue follows:

	<i>Expected ⁽¹⁾</i>	<i>Actual</i>
March 2006 offering ⁽²⁾		
Proceeds - net of costs	\$ 166,077	\$ 166,077
Acquisition of KCLP	(126,676)	(127,948)
Retirement of debt owed to OEFC	(33,199)	(33,458)
Costs of transaction	(2,520)	(2,520)
	\$ 3,682	\$ 2,151

(1) Per the prospectus dated March 16, 2006.

(2) On March 23, 2006, the Fund issued 11,560,000 subscription receipts at \$15.15 per subscription receipt to raise proceeds of \$166.1 million, net of costs. On the same date, the subscription receipts were converted to trust units; the proceeds from the issue were used by the Fund toward the acquisition of the remaining 50% interest in KCLP and the retirement of KCLP’s outstanding levelization account loan balance with OEFC. The KCLP acquisition cost was approximately \$1.3 million higher than expected due to final adjustments related to the net working capital acquired by the Fund.

Trust Unit and Convertible Unsecured Debenture Information

As at March 31, 2006, the Fund had 61,552,263 trust units outstanding (December 31, 2005 – 49,431,303). During the quarter, a total of \$7.0 million of convertible unsecured debentures were converted into 560,960 trust units and 11,560,000 units were issued for gross proceeds of \$175.1 million. As at May 10, 2006, a total of 62,017,783 units were outstanding due to the conversion of an additional \$5.8 million of convertible unsecured debentures after quarter end.

Critical Accounting Estimates

All of the Fund's significant accounting estimates remain unchanged from December 31, 2005, except that estimates were made with respect to the fair market value of the assets and liabilities acquired in KCLP on March 23, 2006. An external valuation expert was hired by the Manager to assist with the estimation of the fair market value of the assets acquired. The allocation of the purchase price may change upon final determination of the fair value of assets acquired and liabilities assumed and of the tax characteristics of certain of the acquired assets.

Commitments and Contractual Obligations

All of the Fund's obligations remain unchanged from December 31, 2005, except that 100% of KCLP's obligations are now included incorporating the reduced management fee structure resulting from the ownership of 100% of KCLP as of March 23, 2006, and KCLP's levelization account liability to OEFC was cancelled with its repayment on March 31, 2006. The following table summarizes the outstanding contractual obligations of KCLP for the remaining nine months of 2006 and annually thereafter.

<i>(In thousands of dollars)</i>	2006	2007	2008	2009	2010	Thereafter
GE maintenance agreement (Kingston)	199	276	363	3,177	821	10,021
Natural gas transportation, fixed portion	11,602	15,779	16,095	16,417	16,745	109,345
Management fees	577	785	801	817	833	5,439
KCLP debt	10,499	16,472	16,359	16,070	16,633	71,257
	22,877	33,312	33,618	36,481	35,032	196,062

Risks and Uncertainties

Management believes that there have been no significant changes in risks and uncertainties that could affect the Fund's activities or results since the end of 2005.

For information concerning the Fund's risks and uncertainties, please refer to the Fund's most recent annual report, its Annual Information Form, dated March 7, 2006 and its most recent prospectus, dated March 16, 2006, all of which are filed electronically at www.sedar.com.

Management's Responsibility for Financial Information

A rigorous and comprehensive financial governance framework is in place at the Fund and its subsidiaries, and at the Manager. Each year, the Fund's Annual Report contains a statement signed by the Manager's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) outlining management's responsibility for financial information contained in the report. The Fund filed certifications, signed by the CEO and CFO, with the Canadian Securities Administrators in March 2006 when the Annual Report and other annual disclosure documents were filed. In those filings, the Manager's CEO and CFO certified, as required in Canada by Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), the appropriateness of the financial disclosures in the Fund's annual filings and the effectiveness of the Fund's disclosure controls and procedures. The Manager's CEO and CFO certified the appropriateness of the financial disclosures in the Fund's interim filings with securities regulators, including this MD&A and the accompanying unaudited interim consolidated financial statements for the period ended March 31, 2006, and that they have caused disclosure controls and procedures to be designed to provide reasonable assurance that material information related to the Fund is made known to management, particularly during

the period in which the interim filings are being prepared.

As in prior quarters, NPIF Commercial Trust's audit committee reviewed this MD&A, and the attached unaudited interim consolidated financial statements, and its Board of Trustee's approved these documents prior to their release.

Emerging Accounting Pronouncements

Canadian Accounting Standards Board's Strategic Plan

On January 10, 2006, the Canadian Accounting Standards Board (AcSB) ratified a new strategic plan that will significantly affect the way financial reporting will be carried out in Canada. The plan entails converging Canadian generally accepted accounting principles with International Financial Reporting Standards over an expected five-year transitional period. The AcSB will develop and publish a detailed implementation plan for achieving convergence later in 2006. At the end of that period, Canadian GAAP will cease to exist as a separate, distinct basis for financial reporting for public companies.

Financial Instruments

During 2005, the AcSB completed its project on the recognition and measurement of financial instruments by issuing new recommendations dealing with financial instruments and hedging and by introducing the concept of other comprehensive income. Under the new accounting standards, which come into effect in 2007, all financial instruments, including derivatives, must be included on a company's balance sheet and measured at fair value or, in limited circumstances when fair value may not be the most relevant basis, at cost or amortized cost. The standards also specify when gains and losses resulting from changes in fair value are to be recognized in the statement of income and deficit. Existing requirements for hedge accounting are to be extended and clarified. In addition, certain gains and losses will be reported as other comprehensive income.

Outlook

The Fund's overall financial performance for the remainder of 2006 is expected to exceed that for 2005, notwithstanding the loss of the Calpine natural gas supply at the Iroquois Falls facility, as a result of the increased investment in the Kingston facility in March 2006 and repayment of the Kingston facility levelization account, the contribution from the Mont Miller facility, increased contracted electricity rates at Iroquois Falls due to the three-year averaging mechanism in its power purchase agreement, and higher natural gas resale margins at Kingston as a result of the forward sales contracts KCLP entered into in late 2005.

The Manager of the Fund anticipates that the two German wind farms purchased after the end of the quarter will be accretive to the Fund's distributable cash. The acquisition is expected to represent about 4% of the Fund's future distributable cash from its current portfolio and will further diversify the cash flow and asset base of the Fund.

Management expects that the Fund will distribute \$1.05 per unit for the twelve months ending December 31, 2006.

On behalf of Northland Power Income Fund Management Inc.

"John W. Brace"

John W. Brace
President
May 10, 2006

FORWARD LOOKING STATEMENTS

The above disclosure contains certain forward-looking statements. Although these forward-looking statements are based upon Northland Power Income Fund's Manager's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties including those set out in the management's discussion and analysis section of the Fund's 2005 annual report and in the Fund's Annual Information Form dated March 7, 2006, certain of which are beyond the Manager's control. For this purpose, any statements that are contained herein that are not statements of historical fact may be forward-looking statements. The Fund's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or what benefits, including the amount of distributions, the Fund and Unitholders will derive therefrom.

CERTIFICATION OF INTERIM FILINGS

I, John W. Brace, President of Northland Power Income Fund Management Inc., the Manager of Northland Power Income Fund, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Companies' Annual and Interim Filings) of Northland Power Income Fund (the "issuer") for the interim period ended March 31, 2006;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared.

May 10, 2006

"John W. Brace"

John W. Brace
President
Northland Power Income Fund
Management Inc.

CERTIFICATION OF INTERIM FILINGS

I, Anthony F. Anderson, Chief Financial Officer of Northland Power Income Fund Management Inc., the Manager of Northland Power Income Fund, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Companies' Annual and Interim Filings) of Northland Power Income Fund (the "issuer") for the interim period ended March 31, 2006;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared.

May 10, 2006

"Anthony F. Anderson"

Anthony F. Anderson
Chief Financial Officer
Northland Power Income Fund
Management Inc.

NORTHLAND POWER INCOME FUND

Consolidated Balance Sheets
(unaudited, stated in thousands)

ASSETS

	<i>Mar. 31, 2006</i>	<i>Dec. 31, 2005</i>
Current		
Cash and cash equivalents	\$ 39,935	\$ 14,482
Cash reserves	831	413
Accounts and other receivables	17,086	23,090
Inventories	8,933	5,760
Prepaid expenses	2,260	1,854
Current portion of senior loan receivable	2,871	2,797
Total current assets	71,916	48,396
<hr/>		
Deferred charges	5,257	5,420
Property, plant and equipment, net	585,162	404,233
Investment in Panda Energy Corporation	7,946	7,946
Senior loan receivable	80,957	81,454
Future income tax asset	5,812	1,401
	\$ 757,050	\$ 548,850

LIABILITIES AND UNITHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 9,985	\$ 8,239
Current portion of KCLP debt	7,430	4,488
Current portion Mont Miller term loan	844	808
Distribution payable to Unitholders	5,386	5,685
Total current liabilities	23,645	19,220
<hr/>		
KCLP debt	89,327	62,260
Other long term liabilities [Note 4]	9,325	331
Asset retirement obligation [Note 3]	2,728	2,687
Mont Miller term loan	38,954	39,192
Convertible debentures [Note 5]	39,046	46,058
	203,025	169,748
<hr/>		
Trust Units [Note 5]	660,672	487,583
Deficit	(106,647)	(108,481)
Total Unitholders' equity	554,025	379,102
	\$ 757,050	\$ 548,850

NORTHLAND POWER INCOME FUND
Consolidated Statements of Income and Deficit
(unaudited, stated in thousands except per unit amounts)

	3 Months Ended Mar. 31	
	2006	2005
Sales		
Electricity	\$ 29,602	\$ 26,879
Steam	2,656	2,288
Natural gas	3,324	1,961
Emission allowances	210	747
Total sales	35,792	31,875
Cost of sales	13,550	12,685
Gross profit	22,242	19,190
Expenses		
Plant operating costs	3,066	2,407
Amortization	4,993	3,921
Management and administration costs	3,051	600
Accretion expense [Note 3]	41	-
	11,151	6,928
Investment income	2,813	6,537
Income from operations	13,904	18,799
Foreign exchange	(453)	(593)
Amortization of deferred charges	163	822
Interest income	(222)	(115)
Interest expense and bank fees	2,878	1,932
Income before income taxes	11,538	16,753
Provision for (recovery of) income taxes		
Current	10	4
Future	(4,411)	175
	(4,401)	179
Net income for the period	\$ 15,939	\$ 16,574
Deficit, beginning of period	(108,481)	(101,701)
Distributions declared to Unitholders	(14,105)	(12,107)
Deficit, end of period	\$ (106,647)	\$ (97,234)
Average number of units outstanding - basic	50,750	47,936
Average number of units outstanding - diluted	54,143	53,116
Net income per trust unit- basic	\$ 0.3141	\$ 0.3458
Net income per trust unit - diluted	\$ 0.3074	\$ 0.3130

NORTHLAND POWER INCOME FUND

Consolidated Statements of Cash Flows

(unaudited, stated in thousands except per unit amounts)

	<i>3 Months Ended Mar. 31</i>	
	<i>2006</i>	<i>2005</i>
Operating activities		
Net income for the period	\$ 15,939	\$ 16,574
Items not involving cash:		
Amortization	4,993	3,921
Amortization of deferred charges	163	822
Foreign exchange	(453)	(593)
Accretion expense [Note 3]	41	-
Other long term liabilities [Note 4]	35	-
Future income taxes	(4,411)	175
	16,307	20,899
Net change in non-cash working capital balances related to operations	9,931	3,604
Cash provided by operating activities	26,238	24,503
Investing activities		
Cash reserves funding	(2)	(16,859)
Investment in KCLP [Note 2]	(117,798)	-
Receipts of principal on senior loan	650	23,931
Net change in non-cash working capital balances related to Mont Miller	-	9,676
Deferred charges	-	1,839
Purchase of property, plant and equipment	(7)	(11,222)
Cash (used in) provided by investing activities	(117,157)	7,365
Financing activities		
Proceeds from (repayment of) Mont Miller term loan	(202)	17,000
Prospectus receipts, net [Note 5]	166,077	-
KCLP repayments of debt, net	(35,099)	(1,396)
Credit facility decrease	-	(28,500)
Distributions to Unitholders	(14,404)	(12,463)
Cash (used in) provided by financing activities	116,372	(25,359)
Net change in cash and cash equivalents	25,453	6,509
Cash and cash equivalents, beginning of the period	14,482	18,617
Cash and cash equivalents, end of period	\$ 39,935	\$ 25,126
PER UNIT		
Distributions declared to Unitholders	\$ 0.2625	\$ 0.2525

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all figures in notes are stated in thousands of dollars, except as indicated)

1. Accounting Policies

These consolidated financial statements include the accounts of the Fund and all its subsidiaries. The Fund's consolidated financial statements include 50% of Kingston CoGen Limited Partnership's ("KCLP") results up to March 22, 2006 and 100% thereafter. All inter-company transactions have been eliminated.

The Fund's investment in Panda Energy Corporation ("PEC") is accounted for under the cost method.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to interim financial reporting. These unaudited interim consolidated financial statements follow the same accounting principles and methods of application as the annual consolidated financial statements as at December 31, 2005. The interim consolidated financial statements should be read in conjunction with the Fund's annual consolidated financial statements included in the 2005 annual report.

2. Kingston CoGen Limited Partnership

On March 23, 2006, the Fund acquired the remaining 50% interest in KCLP for \$127.9 million plus \$0.5 million in transaction costs. The acquisition of KCLP has been accounted for using the step-by-step purchase method. On March 23, 2006, the Fund issued 11,560,000 subscription receipts at \$15.15 each for net proceeds of \$166.1 million to fund the acquisition. The consideration paid by the Fund has been allocated on a preliminary basis to net assets acquired as follows:

Working capital	16,580
Property, plant and equipment	52,422
Contracts	133,493
Debt	(65,108)
Other long-term liabilities	(8,959)
<hr/>	
Total purchase price	128,428
Less: cash acquired in KCLP	(10,630)
<hr/>	
Total cash purchase price	117,798

Other long-term liabilities consist of \$0.4 million of unearned discounts and deferred credits related to the long-term contractual services agreement KCLP has with General Electric for its gas turbine and \$8.6 million related to 50% of the fair market value of the interest rate swaps KCLP entered into with two commercial banks that effectively fix the interest rate of the KCLP credit facility over the life of the contractual services agreement.

As part of the transaction, the Manager earned a fee of \$2.0 million which is included in the Fund's consolidated statement of income and deficit and will earn an incremental management fee of \$0.3 million per annum. As a result of changes to the management fee structure, KCLP would have had a net savings in fees of approximately \$1.7 million in 2005 had the transaction occurred at the beginning of 2005. The Manager of the Fund expects these savings to increase over time.

Subsequent to the acquisition of the remaining 50% of KCLP, the \$33.5 million that KCLP owed to Ontario Electricity Financial Corporation ("OEFC") through its levelization account was repaid. After this repayment, KCLP had \$96.8 million owing on a term loan and senior secured note as at

March 31, 2006.

The purchase price allocation may change upon final determination of the fair value of assets acquired and liabilities assumed and of the tax characteristics of certain of the acquired assets.

3. Mont Miller Asset Retirement Obligation

The Fund's Mont Miller facility was constructed on land leased from the Government of Quebec for a 25-year period with an option to extend the leases for an additional 15 years. Upon the expiration of the leases, the leased land must be returned to its original condition and all turbines dismantled. The majority of the costs are expected to be incurred in approximately 40 years once the original leases and 15-year extensions have expired.

The Fund has estimated the fair value of its total asset retirement obligations for the Mont Miller facility to be \$2.7 million, based on a total future liability of \$28.4 million. The Fund's credit adjusted discount rate of 6.15% and an inflation rate of 2.50% were used to calculate the fair value of the asset retirement obligations. These asset retirement obligations relate solely to the Mont Miller facility, as the Fund expects to use its other installed assets for an indefinite period. Revisions to the Fund's asset retirement obligations will be made if new information is received.

The following table reconciles the Fund's total asset retirement obligations activity for the three-month period ended March 31, 2006:

Balance at December 31, 2005	2,687
Accretion expense	41
Balance at March 31, 2006	2,728

4. Other Long-term Liabilities

Other long-term liabilities consist of the following:

	As at Mar. 31, 2006	As at Dec. 31, 2005
KCLP obligations related to GE agreement	732	331
Fair market value of KCLP interest rate swaps	8,593	-
	9,325	331

5. Trust Units and Convertible Unsecured Subordinated Debentures

On March 23, 2006, the Fund issued 11,560,000 subscription receipts, at \$15.15 per subscription receipt to raise proceeds of \$166.1 million, net of the underwriters' fee and costs of \$0.3 million. In accordance with the Subscription Receipt Agreement pursuant to which the subscription receipts were issued, the gross proceeds from the offering were deposited with a subscription receipt agent to be held in escrow. On the same date the conditions to the release of the escrowed funds were satisfied and, accordingly, trust units of the Fund were issued to the holders of the subscription receipt on a one-for-one basis. The proceeds from the issue were used by the Fund towards the investment in KCLP (see note 2).

On August 26, 2004, the Fund closed an offering of 65,000 6.50% convertible unsecured subordinated debentures due June 30, 2011 (the "Convertible Debentures") at a price of \$1,000 per Convertible Debenture. Interest is paid semi-annually in arrears on June 30 and December 31 in each year. The Convertible Debentures are convertible into fully paid units of the Fund at the option of the holder at a conversion price of \$12.50 per unit and are redeemable by the Fund on or following June 30, 2007 provided that the trading price of the Fund's units reaches certain levels.

The Fund may at its option satisfy its obligation to pay the redemption price or the principal amount of the Convertible Debentures in trust units of the Fund. At the time of issue, the Fund determined that the value of the embedded holder option was minimal and as a result the entire amount of the Convertible Debentures has been classified as a liability.

Since December 31, 2005, a total of \$7.0 million of convertible unsecured debentures have been converted into 560,960 trust units as follows:

<i>(stated in thousands of dollars, except for units)</i>	Number of Units	Amount
Outstanding as of December 31, 2005	49,431,303	487,583
Q1 conversion of unsecured subordinated debentures	560,960	7,012
March 23, 2006 issue, net of underwriter's fee	11,560,000	166,377
Cost of issue		(300)
	61,552,263	660,672

The dilutive effect of the convertible unsecured debentures is as follows:

	2006	2005
Weighted average number of units outstanding, basic	50,749,725	47,936,246
Effect of dilutive securities:		
Convertible unsecured subordinated debentures	3,393,773	5,179,697
Weighted average number of units outstanding, diluted	54,143,498	53,115,943

6. Segmented Information

The Fund indirectly owns interests in two cogeneration facilities located in Ontario and a wind power facility in Quebec. It also has a 19% equity interest in PEC and a senior loan to Panda Interfunding Corporation ("PIC"), which are included with the Fund's corporate operating income for reporting purposes. These assets represent the Fund's reportable segments at March 31, 2006.

The Fund analyzes the performance of its operating segments based on operating income. Income for each segment is measured on the same basis as that of the Fund. Significant information for each segment is as follows:

For the 3 months ended,	Iroquois		Mont		Total
March 31, 2006:	Falls	Kingston ⁽¹⁾	Miller	Corporate	
Revenue	21,114	12,478	2,200	-	35,792
Amortization	2,358	1,526	1,109	-	4,993
Operating income	8,601	4,551	445	307	13,904
Interest expense, net	(9)	1,406	615	644	2,656
As at March 31, 2006:					
Property, plant & equipment, net	199,963	291,889	93,310	-	585,162
Senior loan and investment in PEC	-	-	-	91,774	91,774
For the 3 months ended,					
March 31, 2005:					
Revenue	21,317	10,558	-	-	31,875
Amortization	2,356	1,565	-	-	3,921
Operating income	9,300	3,207	-	6,292	18,799
Interest expense, net	17	1,508	-	292	1,817
As at December 31, 2005:					
Property, plant & equipment, net	202,314	107,500	94,419	-	404,233
Senior loan and investment in PEC	-	-	-	92,197	92,197

(1) See Note 2 regarding additional 50% investment in KCLP on March 23, 2006.

Corporate operating income for the three months ended March 31, 2006 includes \$2.8 million (2005

– \$6.5 million) of interest and dividends from the senior loan receivable and investment in PEC.

As at March 31, 2006 all of the Fund's assets and sales were located in Canada with the exception of the investments in and income from PEC and PIC, which relate to entities in the United States.

7. Comparative Figures

Certain amounts in the comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 consolidated interim financial statements.

8. Subsequent Event

On April 25, 2006, the Fund completed the acquisition of two operating wind farms in Germany with a total capacity of 21.5 MW. The price is approximately Euro 16 million (CAD \$23 million) including the retirement of all project debt. The acquisition is being financed with cash on hand and \$5 million of the Fund's acquisition line.

NORTHLAND POWER INCOME FUND

TRUSTEE

Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Corporate Services

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Equity Services

TRUST UNITS AND DEBENTURES

The trust units and convertible debentures are listed on the Toronto Stock Exchange and trade under the symbols NPI.UN and NPI.DB respectively.

BANK

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