

Affidavit #1 of Hubert Bunce
Sworn August 26, 2010

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No. 500-11-036133-094

SUPERIOR COURT

Commercial Division
(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act,
R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.
and the other Petitioners listed on the motion

Petitioners

and

ERNST & YOUNG INC.

Monitor

and

ATTORNEY GENERAL OF BRITISH COLUMBIA

Respondent on the motion

AFFIDAVIT No. 1 of HUBERT BUNCE

I, Hubert Bunce, of 2080A Labieux Road, in the City of Nanaimo, in the Province of British Columbia, MAKE OATH AND SAY THAT:

1. I am the Section Head, Business and Standards Section, Vancouver Island Region, Ministry of Environment ("MOE"). Since about February, 1995, I have had supervisory conduct on behalf of MOE over Permit PR-01688. As such, I have personal knowledge of the matters hereinafter deposed to, save and except where stated to be based upon information and belief, and where so stated, I verily believe the same to be true. In preparation of this Affidavit, I have reviewed MOE's file. The documents and records contained in the file were made and kept in the usual and ordinary course of MOE's business. It was in the usual and ordinary course of MOE's business to record the statements of fact in the documents or records at the time the fact occurred or within a reasonable time thereafter.

Corporate History

(a) Bowater Canadian Forest Products Inc./Bowater Produits Forestiers Du Canada Inc.

2. On December 19, 1984, Tahsis Company Ltd., a BC company, was continued out to Federal jurisdiction. Attached as Exhibit "1" to my Affidavit is a BC Company Summary for Tahsis Company Ltd. and I believe the facts contained in the Exhibit are true.
3. On January 1, 1985 Tahsis Company Ltd. amalgamated into CIP Inc. Attached as Exhibit "2" to my Affidavit is a true copy of a Federal Corporation Information from Industry Canada and I believe the facts contained in the Exhibit are true.

4. On January 1, 1989, CIP Inc. amalgamated into Canadian Pacific Forest Products Limited/ Produits Forestiers Canadien Pacifique Limitee. Attached as Exhibit "3" to my Affidavit is a true copy of a Certificate of Amalgamation and Articles of Amalgamation received from Industry Canada and I believe the facts contained in the Exhibit are true.
5. On March 21, 1994, Canadian Pacific Forest Products Limited/ Pruduits Forestiers Canadien Pacifique Limitee changed its name to Avenor Inc. Attached as Exhibit "4" to my Affidavit is a true copy of a Certificate of Amendment and Articles of Amendment received from Industry Canada and I believe the facts contained in the Exhibit are true.
6. In 1998, Avenor Inc. changed its name to Bowater Pulp and Paper Canada Inc./ Bowater Pates et Papiers Canada Inc. Attached as Exhibit "5" to my Affidavit is a true copy of a BC Extraprovincial Company Summary and I believe the facts contained in the Exhibit are true.
7. On January 1, 2002 Bowater Pulp and Paper Canada Inc./ Bowater Pates et Papiers Canada Inc. amalgamated into Bowater Canadian Forest Product Inc./ Bowater Produits Forestiers Du Canada Inc. Attached as Exhibit "6" to my Affidavit is a true copy of a Federal Corporation Information from Industry Canada and I believe the facts contained in the Exhibit are true.
8. On January 12, 2007, Bowater Canadian Forest Products Inc./ Bowater Produits Forestiers Du Canada Inc. was continued out to Nova Scotia. Attached as Exhibit "7" to my Affidavit is a true copy of a Federal Corporation Information from Industry Canada and I believe the facts contained in the Exhibit are true. Attached as Exhibit "8" to my Affidavit is a Nova Scotia corporate summary and I believe the facts contained in the Exhibit are true.

9. For simplicity and clarity, in the remainder of my Affidavit I will refer to Bowater Canadian Forest Products Inc./ Bowater Products Forestiers Du Canada Inc. and its corporate predecessor back to, and including Tahsis Company Limited simply as "Bowater".

(b) Western Forest Products Inc.

10. On December 10, 1997, 472138 B.C. Ltd. changed its name to Doman-Western Lumber Ltd. Attached as Exhibit "9" to my Affidavit is a true copy of a copy of a BC Company Summary for Doman-Western Lumber Ltd. and I believe the facts contained in the Exhibit are true.
11. On February 26, 2002, Doman-Western Lumber Ltd. continued out to Federal jurisdiction.
12. On or about September 15, 2004 Doman-Western Lumber Ltd. changed its name to 4018982 Canada Inc. Attached as Exhibit "10" to my Affidavit is a true copy of a Federal Corporation Information summary by Industry Canada and I believe the facts contained in the Exhibit are true.
13. On March 31, 2005, 4018982 Canada Inc. changed its name to WFP Western Lumber Ltd.
14. In May, 2006, WFP Western Lumber Ltd. amalgamated into Western Forest Products Inc.
15. In the remainder of my affidavit I will refer to Western Forest Products Inc. and its predecessors up to and including 4472138 B.C. Ltd., simply as "Western".

The Gold River Wood Waste Land Fill

16. Permit PR-01688 (the "Permit") was first issued to Bowater (then called Tahsis Company Ltd.) on July 17, 1973 and authorized the discharge of refuse (dredged material) from the docks and log handling facilities at the Gold River Pulp Mill near Gold River, British Columbia to the "ground on British Columbia Hydro right-of-way approximately 1.5 miles north of the Gold River Pulp Mill. The nature or characteristics of the refuse which may be discharged was dredged material – silt, sand, bark and small branches". Attached as Exhibit "11" to my Affidavit is a true copy of the Permit and letter of transmittal.
17. On March 14, 1989 Bowater (then Canadian Forest Products Limited) applied to amend the Permit to authorize the discharge of "wood-waste, dredged material, rocks, silt, sand, bark and small branches". Attached as Exhibit "12" to my Affidavit is a true copy of the March 14, 1989 application to amend the Permit.
18. However, that Permit amendment was not pursued. Disposal of dredgate at the site had ceased in or about 1988. Data obtained from 1991 dredging samples indicated that there was strong evidence that a portion of the dredgate discharged to the site contained low levels of dioxins/furans, polycyclic aromatic hydrocarbons and heavy metals. These concentrations were below levels considered by MOE to create a hazard to the surrounding environment or population. Due to pressures from local First Nations groups, the Permittee voluntarily discontinued landfilling of the dredgate at the Permit site.
19. In 1992, another, different permit (Permit – PR 11337) was issued to the Permittee Bowater (then Canadian Forest Products Limited) to dispose of the marine dredgate at a new location. (I am advised by Elizabeth J. Rowbotham, counsel for Her Majesty the

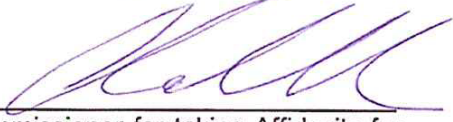
Queen for right of British Columbia; and do verily believe that the property associated with Permit-PR11337 is not the subject matter of the present Motion in response to which this affidavit is sworn.)

20. In light of the changes to the materials disposed of at the site, the name changes of the Permittee, and an increase in the area of the permitted site, it was recommended the Permit be amended. Attached as Exhibit "13" to my Affidavit is a true copy of a Technical Report (Major) prepared by R. Wagner, Environmental Protection Technician Air and Industrial Section, MOE, dated April 1, 1993. Mr. Wagner is currently located in Kamloops. I have spoken with Mr. Wagner and he advised me, and I believe, that the facts in the Exhibit are a true representation of his understanding of the facts at the material time.
21. On May 6, 1993 the Permit was amended. The amended Permit authorized Bowater (then Canadian Pacific Forest Products Limited/Products Forestries Canadian Pacific Limited) to discharge refuse from a dryland log sorting operation at the Gold River Pulp Mill to property located at Lot 216 and Lot 217, Nootka Land District (hereinafter the "Site"), comprising the Highway 28 Property referred to in the motion. The Site included the area previously set out in the initial Permit. The Permit authorized the discharge of industrial refuse comprised of woodwaste, soil and gravel to a maximum amount of 10,000 cubic meters/yr. Attached as Exhibit "14" to my Affidavit is a true copy of the May 6, 1993 amended Permit.
22. The properties comprising the Site were, and are, owned by Bowater. Attached as Exhibit "15" to my Affidavit is a true copy of BC Online searches of the British Columbia Land Titles office for Lots 216 and 217, Nootka Land District.

23. By License Agreement dated December 10, 1997, Bowater (then Avenor Inc.) licensed use of the Site to Western (then 472138 B.C. Ltd.) and agreed to assign the Permit to Western. Attached as Exhibit "16" to my Affidavit is a true copy of the license agreement dated December 10, 1997 between Avenor Inc. and 472138 B.C. Ltd.
24. On August 19, 2008 I visited the Site for the sole purpose of assessing compliance with the Permit. No further visits or inspections or inspections in respect of Permit compliance have been made since that date.
25. On January 20, 2009, I sent a letter to the Permittee, Western, reminding the Permittee that the Permit requires that waste at the landfill does not remain uncovered for greater than 30 days and that constant compliance with all of the conditions of the Permit was imperative. I did not send a copy of my January 20, 2009 letter to Bowater as they are no longer the Permittee. Consequently, the content of the letter did not pertain to Bowater. Attached as Exhibit "17" to my Affidavit is a true copy of my letter to Western dated January 20, 2009, with attached site inspection ('Dryland Sort Checklist') and pictures of the Site (the wood waste land fill area). I have not included in Exhibit 17 the sample results and pictures relating to the log sort as the log sort is located elsewhere and I am advised by Ms. Rowbotham, and do believe, that the property associated with the log sort area is not the subject matter of the present Motion in response to which this affidavit is sworn.
26. Although Bowater is no longer the named Permittee under the Permit, Bowater may nevertheless be a responsible person under the *Environmental Management Act*, S.B.C. 2003 and regulations with respect of the Site.

27. Apart from the Technical Report referred to in paragraph 20 above and appended as Exhibit 13 to my Affidavit, I have no additional information on the condition of the Site or the soil or groundwater underlying or adjacent to the Site.
28. Pursuant to section 47(4)(b), *Environmental Management Act*, it is no defence to any claim for the costs of remediation that activities which caused the contamination were authorized by permit.

SWORN BEFORE ME at the City of
Nanaimo, in the Province of British
Columbia, this 26th day of August, 2010.


A Commissioner for taking Affidavits for
British Columbia and a Notary Public in
the Province of British Columbia


Hubert Bunce

CHELSEA D. WILSON
Print Commissioner & Notary Public
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Title

Phone Number

NO ADVICE
REQUESTED OR
GIVEN