

Affidavit No. 10
sworn on October 18, 2021

No. S206189
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1057863 B.C.
LTD., NORTHERN RESOURCES NOVA SCOTIA CORPORATION, NORTHERN PULP NOVA
SCOTIA CORPORATION, NORTHERN TIMBER NOVA SCOTIA CORPORATION, 3253527
NOVA SCOTIA LIMITED, 3243722 NOVA SCOTIA LIMITED and NORTHERN PULP NS GP
ULC,

PETITIONERS

AFFIDAVIT

I, Bruce Chapman, business person of Stellarton, Nova Scotia, SWEAR THAT:

I. INTRODUCTION

1. I am the general manager (Northern Pulp) of Paper Excellence Canada Holdings Corporation ("**PEC**") and hold the office of General Manager of the Petitioners other than 105 BC. PEC is a corporation incorporated pursuant to the laws of British Columbia and owns a 30% interest in the Petitioners; the remaining 70% ownership interest in the Petitioners is held by Hervey Investment BV (Netherlands), a company under common control with PEC. In the course of my role and duties with PEC and the Petitioners I have had responsibility for and involvement in the business operations and management of the Petitioners and, as such, I have personal knowledge of the matters sworn to in this Affidavit, except where I state that my knowledge is based on information from others, in which case I set out the source of that information and believe same to be true. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the affidavits I have sworn earlier in the within CCAA Proceedings, including affidavits sworn on June 16, 2020 (the "**First Chapman Affidavit**"), June 23, 2020 (the "**Second Chapman Affidavit**"), June 30, 2020 (the "**Third Chapman Affidavit**"), July 17, 2020 (the

“Fourth Chapman Affidavit”), July 23, 2020 (the **“Fifth Chapman Affidavit”**), July 30, 2020 (the **“Sixth Chapman Affidavit”**), September 18, 2020 (the **“Seventh Chapman Affidavit”**), December 4, 2020 (the **“Eighth Chapman Affidavit”**) and April 13, 2021 (the **“Ninth Chapman Affidavit”**), each of which was filed in these proceedings (the **“CCAA Proceedings”**). Attached hereto and marked as **Exhibit “A”** to this my Affidavit is a listing of various acronyms used in my previous Affidavits and in this Affidavit.

2. On June 19, 2020 (the **“Filing Date”**), the Petitioners sought and obtained an Initial Order in these CCAA Proceedings granting a stay of proceedings for a 10-day period (the **“Stay Period”**). The Stay Period was subsequently extended on numerous occasions, most recently by an order of this Honourable Court granted on April 22, 2021 (the **“April Order”**), pursuant to which the Stay Period was extended until and including October 31, 2021.

3. As described in greater detail in the First Chapman Affidavit, the Petitioners commenced the CCAA Proceedings to, among other things: (i) preserve their material assets by completing a safe and orderly decommission and hibernation of the Mill; and, (ii) pursue alternatives to the Replacement ETF project described in the First Chapman Affidavit (the **“Old Replacement ETF Project”**) for re-starting the Mill. The re-starting of the Mill remains the objective for the Petitioners in these CCAA Proceedings. On August 6, 2020, this Honourable Court granted an order amending and restating the Initial Order (as so amended and restated, the **“ARIO”**) and, among other things, approving an interim financing facility (the **“Interim Financing Facility”**) and associated charge.

4. In connection with their application seeking the April Order, the Petitioners prepared a Gantt chart (the **“Initial Gantt Chart”**) setting forth the anticipated timeline for obtaining required approvals and reaching a settlement with the Province. The Initial Gantt Chart was based on the assumptions described and explained in the Ninth Chapman Affidavit and attached as Exhibit “B” thereto, including the assumptions that: (a) the appropriate approval process would be a Class I EA approval process; (b) engagement in settlement discussions with the Province in order to attempt to resolve disputes with the Province relating to the closure of the Mill (**“Settlement Discussions”**) would be prompt; and (c) a settlement would be reached with the Province by June 30, 2021. Since the issuance of the April Order, Northern Pulp has submitted a project description to the Nova Scotia Minister of Environment and Climate Change (the **“Minister”**) on May 14, 2021 (the **“Project Description”**) for an advanced Replacement ETF project and Mill transformation (the **“Project”**) and received notice on July 16, 2021 from the Minister that the

Project will be required to undergo a Class II environmental assessment. In addition, the Petitioners have not been successful engaging the Province in (i) Settlement Discussions (despite their continuous and repeated requests made of the Province to enter into and actively pursue Settlement Discussions) and (ii) a tolling agreement that would have prolonged the window for the Petitioners to perfect their claims to a later date to allow for the furtherance and focus on the EA process and engagement of the Province in meaningful settlement dialogue, including mediation. As a consequence of the refusal by the Province to enter into any form of settlement dialogue, provide any clear direction as to the gating requirements to commence settlement dialogue, or enter into a tolling agreement, the Petitioners have been left with no option but to take steps to preserve and enforce their legal rights against the Province. In light of these two significant changes in circumstances, the Petitioners have established a revised timeline to reflect the increased time and steps required to complete the Class II EA process for the Project based on the assumption that the Petitioners are able to obtain a terms of reference ("**TOR**") for the Project that provide a reasonable path forward for completion of the EA process in March 2022, and other assumptions as described and set forth herein, a true copy of which timeline is included in the Gantt chart attached hereto and marked as Exhibit "B" to this my Affidavit (the "**Revised Gantt Chart**").

5. In connection with their application seeking the granting of the ARIO, the Petitioners prepared an initial interim financing forecast for the period from June 2020 through June 2022 (the "**Initial Forecast**"). The Initial Forecast was attached as Exhibit "C" to the Fourth Chapman Affidavit. The Petitioners subsequently revised the Interim Forecast, in consultation with the Monitor, for the period from December 2020 through June 2022 (the "**December Forecast**"), as described more fully in the Eighth Chapman Affidavit at paragraphs 6 - 7 and 45 - 76. The December Forecast was attached as Exhibit "B" to the Eighth Chapman Affidavit. The Petitioners subsequently revised the December Forecast, in consultation with the Monitor, for the period from April 2021 through June 2022 (the "**April Forecast**"), as described more fully in the Ninth Chapman Affidavit at paragraphs 7-8 and 59 - 95. The April Forecast was attached as Exhibit "C" to the Ninth Chapman Affidavit. The Petitioners have further revised the April Forecast (such revised forecast being, the "**Revised Forecast**"), in consultation with the Monitor, for the period from October 2021 through April 2022 (the "**October 2021 - April 2022 Projection Period**") to reflect the revised timeline and additional work described in the Revised Gantt Chart during the October 2021 - April 2022 Projection Period. Attached hereto and marked as Exhibit "C" to this my Affidavit, is a true copy of the Revised Forecast. The Revised Forecast projects total aggregate

expenses and associated fees and capitalized interest in the aggregate approximate amount of \$11.3 million until the end of the October 2021 - April 2022 Projection Period. The Revised Forecast is described in further detail under heading “**III. REVISED FORECAST**”, below.

6. The Petitioners expect that these Proceedings will continue over an extended period that continues beyond the end of the October 2021 - April 2022 Projection Period. However, there remains a high degree of uncertainty regarding the EA process for the Project and the resolution of legal disputes with the Province during this extended period. If the Petitioners are able to (i) obtain a reasonable TOR by March 2022 that include clearly defined environmental limits that the Project will be required to meet and successfully complete the EA process and obtain required approvals by August 2024 and (ii) negotiate an acceptable settlement of their legal disputes with the Province prior to the end of December 2024, the Petitioners’ preliminary projections are that total aggregate expenses and associated fees and capitalized interest until the end of 2024 may be in the range of \$85 million. Once the final TOR is received, the Petitioners anticipate that they will be in a position to prepare a reasonable longer term forecast to the end of 2024.

7. The Interim Financing Facility addressed the immediate liquidity crisis that the Petitioners faced in the late summer and early fall of last year and provides the Petitioners with the benefit of further financing to advance the within case. As authorized by the ARIO, the Petitioners have drawn \$15.0 million (plus capitalized interest of \$1.49 million) under the Interim Financing Facility. The Petitioners have not yet required the \$6.0 million further draw authorized in the April Order, due mainly to the deferral of EA expenses resulting from delays in the EA process due to the requirement to complete a Class II Environmental Assessment for the Project, as described herein. If the Stay Period is extended to April, 2022, the Petitioners project that a further draw of \$5.0 million under the Interim Financing Facility will be required in March 2022, which is within the \$6.0 million draw amount authorized in the April Order.

8. Since the issuance of the April Order, the Petitioners have taken a number of actions to advance their contemplated restructuring with the assistance of the Monitor and in consultation with material stakeholders (including the Province), including those referred to above. For ease of reference, I have summarized these actions below:

- (a) BH-ETF - The Petitioners have completed the shutdown and decommissioning of the BH-ETF in compliance with their obligations. The Province has assumed operational control of the ASB and taken over operational control of Northern

Pulp's portion of the solids in the ASB and all of the sludges within the containment cell in accordance with the letter agreement dated March 22, 2021 between the Province and Northern Pulp (the "**Reservation of Rights Agreement**"). The Ministerial Orders have been rescinded and Northern Pulp has withdrawn its Appeal related to such Ministerial Orders;

- (b) Mill Hibernation - The Petitioners have progressed the Mill hibernation activities in consultation with the Nova Scotia Department of Environment and Climate Change ("**NSECC**"). The remaining Mill hibernation activities are described in further detail herein;
- (c) EA Process / Project - The Petitioners have made significant progress in clarifying and advancing the EA process for the Project. On May 28, 2021, Northern Pulp withdrew its previously filed EARD for the Old Replacement ETF Project.

The Petitioners worked with the Standing Ad Hoc Committee to create a vision for the Replacement ETF and Mill that is consistent with community stakeholder concerns and focusing on earning a social license to operate the Mill (the "**Mill Vision**"). Northern Pulp submitted the Project Description to the Minister on May 14, 2021 for the Project that reflected the Mill Vision, a true copy of such Project Description being attached hereto and marked as Exhibit "D" to this my Affidavit. Northern Pulp submitted the Project Description to the Impact Assessment Agency of Canada ("**IAAC**") on May 17, 2021 and obtained confirmation from the IAAC that the Project is not a "designated project" as described in the Physical Activities Regulations (the Regulations) made pursuant to the provisions and process set out in the Impact Assessment Act ("**IAA**") and would not be required to submit a description under the IAA and obtain federal EA approval by the IAAC.

Northern Pulp received a July 16, 2021 notice from the Minister that the Project will be required to undergo a Class II environmental assessment.

The Petitioners have established a revised timeline for completing and filing the Project EARD as set out in the Revised Gantt Chart. The Petitioners have also revised the process for engaging an EA consultant to include additional requirements to complete a Class II EA process for the Project after receiving a July 16, 2021 notice from the Minister that the Project will undergo a Class II

environmental assessment, completed such process and engaged an EA consultant to begin preparing the Project EARD which is expected to be submitted to NSECC by the end of November 2021. The Petitioners anticipate a final TOR to be issued by March 2022 that provides clearly defined environmental limits that the Project will be required to meet and clarity regarding the EA process, including the scope and nature of the scientific studies required. If the Petitioners are able to obtain a TOR that provides a reasonable path forward for completion of the EA process, the Petitioners anticipate that the Minister will issue a decision with respect to the EA approval for the Project in August 2024. The Petitioners have also provided detailed progress reports to assist the Monitor in preparing seven updates provided by the Monitor to the Province since the April Order. Such reports have included: detailed updates and memoranda describing changes to the Initial Gantt Chart; reports on progress made by the Petitioners in reviewing and understanding the EA process requirements with NSECC; updates on the status of filings and EA Class determination for the undertaking; updates to the process for and engagement of an EA consultant and the work to be completed by such EA consultant; progress made on stakeholder engagement and the Transformation Presentations (as defined below); progress on resolving issues related to the Ministerial Orders and withdrawing appeals related to same; work to complete the hibernation of the Mill; and progress on the transfer of operational control of the BH-ETF to the Province;

- (d) Standing Ad Hoc Committee - The Standing *Ad Hoc* Committee has continued to meet with stakeholders to assess further issues and potential solutions to the ongoing issues at the Mill. The Standing *Ad Hoc* Committee issued an interim report on October 15, 2021 (the “**October Standing Ad Hoc Committee Report**”), detailing their activities since the February ELC Report;
- (e) Legal Disputes, Settlement Discussions and Preservation of Legal Rights - The Petitioners have continued to make numerous proactive overtures to the Province in an effort to engage with the Province in Settlement Discussions regarding the outstanding litigation matters and legal disputes. The Petitioners have withdrawn the Appeal and the 2020 Judicial Review Application bringing to an end the pre-filing litigation against the Province, in order to (i) satisfy conditions precedent to and enable discussions with NSECC on the EA process for the

Project, (ii) satisfy certain conditions precedent to engaging in discussions with PLFN and (iii) satisfy conditions precedent to engaging in Settlement Discussions with the Province. The Petitioners have, on various occasions, actively tried to engage the Province in Settlement Discussions. In particular, Messrs. Baarda and/or Guillot have had several conversations and correspondence with Mr. Duff Montgomerie, Deputy Minister, Department of Labour and Advanced Education (including the April 29 Letter, the May 5 Response, the May 28 Letter and the August 27 Letter, each as defined and described in this my Affidavit) and Mr. Peter Hackett, Deputy Minister, Public Works (including the September 21 Response, the October 1 Letter and the October 7 Response, each as defined and described in this my Affidavit) to attempt to engage the Province in Settlement Discussions. Notwithstanding these continuous good faith efforts on the part of the Petitioners, the Province has rejected all settlement overtures and this has left the Petitioners with no option but to commence steps to preserve and enforce their legal rights;

- (f) PLFN Engagement - Northern Pulp has taken steps since the April Order to satisfy certain of PLFN's conditions precedent to re-engaging in discussions, including those described above. The Petitioners have shared the Mill Vision and Project Description with PLFN and offered to engage in detailed discussions with PLFN in connection with the Project and Mill transformation, the EA process for approval of the Project, Settlement Discussions, and the resolution of other concerns expressed by PLFN. In that context, Northern Pulp has also strongly encouraged the Province to engage in a holistic and good faith consultation process with PLFN that encompasses the EA process for the Project, Settlement Discussions, and other concerns raised by PLFN and have advised the Province that Northern Pulp is prepared to participate in such discussions actively and constructively. Northern Pulp has had discussions with PLFN regarding the resolution of PLFN Litigation (as defined herein) and sought confirmation from the Province that it will indemnify and hold Northern Pulp harmless from and against all claims against Northern Pulp pursuant to the PLFN Litigation in an attempt to satisfy one of PLFN's conditions precedent to engaging in discussions with Northern Pulp. The Province has declined to provide such confirmation;
- (g) Interim Financing Term Sheet – The Petitioners have had several discussions with the Monitor and with the Province with respect to amendments to the Interim

Financing Term Sheet. These discussions have included the need for and related timing considerations with respect to (i) amendments to the milestones (given the uncertainty regarding the completion of the EA process and the resolution of legal disputes with the Province), (ii) an increase in the amount of the Interim Financing Facility, and (iii) extensions to the maturity date. The Petitioners have determined that it would be prudent to defer negotiations on these issues until they have a better understanding of the impact of the requirements to be set forth in the TOR since this will be a key component of the discussions between the parties. As a consequence, the Petitioners, have negotiated a further amendment to the Interim Financing Term Sheet with PEC and the Pacific Harbor Group that is limited to extending the first milestone date from October 31, 2021 until April 30, 2022 and revising the purpose section to permit funds to be used to advance the EA process for the Project; and

- (h) Woodlands Operations - The Petitioners have continued their woodlands operations in the ordinary course and project that the woodlands operations will be cash flow positive, on a net basis, during the extended Stay Period.

9. This Affidavit is sworn in support of an application (the “**Application**”) by the Petitioners seeking an order:

- (a) deeming service of the Application to be good and sufficient and, to the extent necessary, abridging the time for service of the Application, this Affidavit, and the Confidential Chapman Affidavit (as defined hereinafter);
- (b) extending the Stay Period until and including April 30, 2022;
- (c) approving amendments to the Interim Financing Term Sheet described herein to extend the first milestone date from October 31, 2021 until April 30, 2022 and revise the purpose section to permit funds to be used to advance the EA process for the Project; and
- (d) authorizing the use of previously authorized advances from the Interim Financing Facility to fund actions required to be taken by the Petitioners over the course of any extension to the Stay Period to preserve and enforce their legal rights against the Province, as described in this my Affidavit.

II. THE PETITIONERS' ACTIVITIES SINCE APRIL 13, 2021

a. Introduction

10. As described in further detail below, the Petitioners have worked in good faith and with due diligence since the April Order to advance their restructuring, engaged with stakeholders, completed the orderly transfer of responsibility for the BH-ETF to the Province, continued the hibernation of the Mill, advanced the EA process, satisfied conditions precedent to and engaged with PLFN, proactively and repeatedly sought to engage in Settlement Discussions with the Province, including attempting to seek clarity of and satisfy conditions precedent to the engagement in Settlement Discussions with the Province, taken necessary steps to preserve their legal rights and legal claims against the Province (in the light of the Province's refusal to engage in Settlement Discussions), and negotiated amendments to the Interim Financing Term Sheet with their lenders. The following sub-sections of this Affidavit describe such recent activities and other matters in connection with these activities and the restructuring.

b. BH-ETF Shutdown; Transfer of Operational Control for ASB to Province

11. The Minister issued order #MO-60006 on May 28, 2021 (the "**May 2021 Ministerial Order**") that included, among other things, requirements for the transfer of responsibility for the BH-ETF to the Province and monitoring of the pipeline by Northern Pulp to the Province until such time that the Province accepts responsibility for the monitoring. Attached hereto and marked as Exhibit "E" to this my Affidavit, is a true copy of the May 2021 Ministerial Order.

12. The Petitioners have transferred operational control of Northern Pulp's portion of the sludges in the ASB and all of the sludges within the containment cell in accordance with the Reservation of Rights Agreement.

13. The Petitioners have also completed the shutdown and decommissioning of the BH-ETF in compliance with their obligations pursuant to the Ministerial Orders and the May 2021 Ministerial Order, except that NS Lands has not yet replied to requests from Northern Pulp to confirm that it has accepted responsibility for the monitoring of the pipeline or requests to finalize the terms and conditions for the transfer of Northern Pulp's BH-ETF related assets to the Province.

14. The Minister revoked the Ministerial Orders on July 5, 2021. Northern Pulp filed a July 7, 2021 notice discontinuing the Appeal related to such Ministerial Orders.

c. **Mill Hibernation and Maintenance Update**

15. The Petitioners have continued to maintain the Mill and to advance the Mill hibernation process in compliance with their obligations pursuant to the Ministerial Orders (prior to their revocation on July 5, 2021) and the May 2021 Ministerial Order.

16. As described in the Ninth Chapman Affidavit, the Petitioners' Mill maintenance activities are an ongoing and recurring cost. These activities are projected to continue during the extended Stay Period. The Petitioners are on schedule with respect to the majority of Mill hibernation activities and have revised their projections regarding Mill hibernation and maintenance based upon actual expenditures to date and recent developments in the hibernation process. The activities that are required to advance the hibernation process were described in the Ninth Chapman Affidavit, at paragraph 34 thereof. By way of update, such activities include:

- (a) **landfill capping** - The landfill capping process is completed and is anticipated to reduce infiltration of precipitation, in turn reducing wastewater treatment volume and costs over time;
- (b) **Mill inspection rounds** – as described in the Ninth Chapman Affidavit, daily rounds were implemented to monitor the infrastructure at the Mill and ensure surface storm water and landfill leachate is collected for offsite wastewater treatment. This project is anticipated to continue while the Mill is not operating;
- (c) **hibernation of the boilers** - the Mill boiler system must be maintained in hibernation while the Mill is not operating. The Petitioners' boiler hibernation activities are ongoing and deliveries of hibernation materials are projected to continue four times per month. The hibernation activities are on schedule, and are projected to continue in accordance with the budget set out in the Revised Forecast;
- (d) **utilities expenditures** - Northern Pulp requires the continued supply of electricity to the Mill and office facilities, notwithstanding that the Mill is currently in hibernation, in order to enable hibernation and maintenance activities to continue. The Petitioners' utilities expenditures have trended downward and the Petitioners anticipate utilities expenditures during the extension of the Stay Period in accordance with the budget set out in the Revised Forecast; and

- (e) **maintenance and cleaning** - as described in the Ninth Chapman Affidavit, there are a number of maintenance and cleaning projects that are required during ongoing hibernation of the Mill, including industrial cleaning, washroom cleaning and maintenance, and manlift and elevator inspections. These projects have continued on schedule and are projected to continue in accordance with the budget set out in the Revised Forecast.

17. The Petitioners have begun negotiating a renewal of their wastewater treatment contract, which expires on December 31st, 2021. Discussions are proceeding as expected and Northern Pulp expects its permit to be renewed for another year.

d. Environmental Assessment Process and Project Update

18. The Petitioners have committed all necessary resources to, and made significant progress in clarifying and advancing the EA process for the Project. These endeavors demonstrate their commitment and willingness to engage in a process that will lead to the re-start of Mill operations for the benefit of all community stakeholders and in a manner that is wholly consistent with stakeholder and community expectations.

19. The Petitioners have worked with the Standing Ad Hoc Committee to create the Mill Vision that is consistent with community stakeholder concerns and focusing on earning a social license to operate the Mill as an outcome of the EA process. In that regard, PEC issued a news release on July 15, 2021 (the “**NP News Release**”), outlining the Mill Vision. A true copy of the NP News Release is attached hereto and marked as Exhibit “F” to this my Affidavit. In order to further transparency and to encourage community engagement, the Petitioners have also developed and launched a website that details the Mill Vision and a sustainable future in Pictou County focusing on reconciliation, partnerships, community input, engagement, and feedback. The website can be found at www.tomorrowsmill.ca (the “**Northern Pulp Website**”).

20. The Petitioners have also continued to empower the Standing *Ad Hoc* committee to independently and objectively engage in a process to elicit stakeholder input and consider the merits of the Mill Vision and approach by Northern Pulp to re-establish a viable Mill operation, as described below.

21. The Petitioners have held meetings with approximately 39 stakeholder groups to brief them on the “Mill Transformation”. To date, over 1,000 persons have attended at least one

stakeholder session. The Northern Pulp Website includes a link to the most recent Mill Transformation presentation provided to stakeholders (the “**Transformation Presentation**”).

22. The Transformation Presentation specifically addresses the following identified stakeholder concerns:

- (a) environmental issues related to air, water, land and wildlife;
- (b) transparency and trust;
- (c) building relationships with First Nations;
- (d) improving and reducing wastewater, decreasing odor compounds, and a major reduction in visible plumes with the goal of implementing best in class operating process changes at the Mill; and
- (e) the long-term value associated with the resumption of Mill operations, value that extends beyond economic matters so as to include societal and broader stakeholder value, including for the Province.

23. The Petitioners have also continued to engage with NSECC to seek clarity with respect to the EA process for the Project. On May 5, 2021, in order to satisfy a condition precedent of NSECC engaging in discussions with Northern Pulp regarding the previous EARD and Focus Report submitted for the Old Replacement ETF Project, Northern Pulp withdrew the EARD for the Old Replacement ETF Project that was submitted to NSE on January 31, 2019. On June 4, 2021, in order to satisfy an additional condition precedent of NSECC engaging in discussions with Northern Pulp regarding the previous EARD and Focus Report, Northern Pulp withdrew its application for judicial review of the Minister of Environment’s decision to require the submission of an environmental assessment report. Following such withdrawals, the Petitioners engaged in a detailed review of the previous EARD and Focus Report with NSECC in order to better understand how to progress the EA process. Northern Pulp had hoped that executing these withdrawals to satisfy the Province’s conditions precedent would encourage the Province to engage in Settlement Discussions, but to no avail.

24. The Petitioners submitted the Project Description on May 14, 2021 so that NSECC could make a determination regarding the classification of the Project on a timely basis. As described in the Ninth Chapman Affidavit, the classification of the Project would determine certain other

timelines. If the Project had been classified as a Class I project (a modification of an existing infrastructure project), the Minister's decision with respect to the EA approval would have been expected to be issued on or before June 29, 2022, as reflected in the Initial Gantt Chart. However, Northern Pulp received a July 16, 2021 notification from the Minister that the Project will need to undergo a Class II environmental assessment.

25. Notwithstanding the unanticipated requirement of having to undergo a Class II EA environmental process, the Petitioners have nonetheless continued to diligently move forward with the EA process and have established the EA Team. The Petitioners also revised the process for engaging an EA consultant to include additional requirements to complete a Class II EA process for the Project. Upon receiving the July 16, 2021 confirmation from the Minister that the Project will undergo a Class II environmental assessment, the Petitioners requested an updated proposal, negotiated a revised contract with and engaged WSP Canada Inc. ("**WSP**"), a respected and global professional services firm with vast experience in complex environmental assessment processes, as the EA consultant for the Project. To date, WSP has reviewed the previous EARD and Focus Report documentation for the Old Replacement ETF Project, met with the EA branch of NSECC to review the requirements for the Class II EA, commenced development of the Project EARD with the assistance of Northern Pulp in September 2021, and commenced weekly review meetings between Northern Pulp and WSP to track the progress of the Project EARD. The Monitor also attends the weekly meetings between Northern Pulp and WSP. It is anticipated that the Project EARD will be filed with NSECC by the end of November 2021.

26. Northern Pulp submitted the Project Description with the IAAC on May 17, 2021 and obtained confirmation in a letter from the IAAC (the "**IAAC Letter**") that the Project is not a "designated project" as described in the Physical Activities Regulations (the Regulations) made under the process is set out in the IAA. Attached hereto and marked as Exhibit "G" to this my Affidavit is a true copy of the IAAC Letter. The IAAC Letter describes the Minister's powers to designate projects under the IAA and the requirement to obtain approvals from federal agencies in the case of projects on federal lands. The Petitioners will require federal approvals for the Project pursuant to the Fisheries Act and Navigation Protection Act. The Petitioners expect to prepare submissions to seek these approvals once the effluent discharge location for the Project is determined, and expect that much of the work to obtain these approvals will occur contemporaneously with the work to obtain EA approvals from NSECC.

27. The Petitioners have also maintained a continuous dialogue with, and provided detailed progress reports to assist the Monitor in an effort to ensure that the Monitor is fully apprised of all developments and therefore in a position to prepare the seven updates provided by the Monitor to the Province since the April Order. Such reports included:

- (a) detailed updates and memos describing changes to the Initial Gantt Chart;
- (b) reports on progress made by the Petitioners in reviewing and understanding the EA process requirements with NSECC;
- (c) updates on the status of filings and EA Class determination for the undertaking;
- (d) updates to the process for and engagement of an EA consultant and the work to be completed by such EA consultant;
- (e) progress made on stakeholder engagement and the Transformation Presentations (as defined below);
- (f) progress on resolving issues related to the Ministerial Orders and withdrawing appeals related to same; work to complete the hibernation of the Mill; and
- (g) progress on the transfer of operational control of the BH-ETF to the Province.

28. The Petitioners have also kept the Monitor apprised of their efforts to engage in Settlement Discussions with the Province and have encouraged and facilitated interactions between the Monitor and the Province in an ongoing effort to encourage and commence Settlement Discussions between the Petitioners and the Province.

29. The Revised Gantt Chart summarizes the Petitioners' revised working timeline with respect to the EA process for the Project based on the Class II determination and discussions with NSECC they have had to date. If the Petitioners are able to obtain a TOR that provides a reasonable path forward for completion of the EA process with clearly defined environmental limits that the Project will be required to meet, the Petitioners anticipate a decision from the Minister with respect to the EA approval for the Project in August 2024. The Petitioners will also require an Industrial Approval to Construct the Project from NSECC and federal approvals pursuant to the Fisheries Act and Navigation Protection Act. Among other things, the Revised Gantt Chart contemplates the following material dates regarding the major activities required to complete the

EA process (most of which contain various sub-activities, as set out in further detail in the Revised Gantt Chart), exclusive of those steps which have already been completed by the Petitioners:

- (a) the Project EARD is expected to be submitted to NSECC by the end of November 2021;
- (b) the TOR for the Project is expected to be finalized in March 2022. The TOR will provide additional details regarding the EA process for the Project, including the scope and nature of the scientific studies required;
- (c) the Petitioners anticipate that the TOR will provide clearly defined environmental limits that the Project will be required to meet, and will require the Petitioners to prepare: marine geotechnical studies; a receiving water study; effluent characterization; air dispersion modelling; various baseline environmental studies; studies on key marine species; wetland, flora and fauna studies; a PLFN country food survey; and groundwater/surface water studies, all to be substantially completed and included in an environmental assessment report to be filed in March 2024;
- (d) a consultant will be engaged to provide detailed process design to support the EA process; and
- (e) various steps in connection with stakeholder engagement will need be completed, including the following:
 - (i) engagement with the Province regarding the Settlement Discussions with a view to concluding Settlement Discussions by December 31, 2024; and
 - (ii) continued engagement with the PLFN and other First Nations groups. The Petitioners intend to hire a dedicated liaison in November 2021 to assist in building trust and maintaining open lines of communication between the Petitioners and the PLFN, and to facilitate the development of a memorandum of understanding between the Petitioners and the PLFN.

e. **Standing *Ad Hoc* Committee Update**

30. This Honourable Court approved the conversion of the Environmental Liaison Committee into the Standing *Ad Hoc* Committee in the April Order. As described in the Ninth Chapman Affidavit, the Standing *Ad Hoc* Committee's mandate is to assist stakeholders in engaging with and understanding the progress of these CCAA Proceedings; to report to the Monitor and other stakeholders; to make recommendations to Northern Pulp regarding the EA process and the CCAA Proceedings more generally; to advise on both technical and non-technical issues relevant to the EA process generally; and to ensure that otherwise unrepresented stakeholders have a voice in the future plans of the Petitioners.

31. Since the April Order, the Standing *Ad Hoc* Committee has met regularly (weekly or bi-weekly) and has engaged in, inter alia, the following activities:

- (a) developed sub-committees to effectively carry out its objectives pursuant to its terms of reference;
- (b) attended Transformation Presentations by the Petitioners, as described above, and provided recommendations for improvements to the Transformation Presentations;
- (c) held various discussions with critical stakeholder groups and explored various communication opportunities to share and promote transparent information sharing associated with Mill undertakings and the Transformation Presentation; and
- (d) developed an active website at www.elc4ns.ca designed to inform the stakeholders and the public of relevant information.

32. On October 15, 2021, after meeting with various stakeholder group, and receiving numerous presentations to better understand the various sides of the community's view on the Mill Vision, the Standing *Ad Hoc* Committee issued the October Standing *Ad Hoc* Committee Report providing an update on their activities since the February ELC Report. Attached hereto and marked as Exhibit "H" to this my Affidavit is a true copy of the October Standing *Ad Hoc* Committee Report. Among other things, the October Standing *Ad Hoc* Committee Report stated that:

The ELC believes it is important that stakeholders and rights holders understand the future economic impact that the business operation of the Mill will have on the Province of NS, the local municipalities, businesses, and individuals and families. With all the attention given to the EA process, the impact on the financial affairs of Nova Scotians seems to be overlooked as an important consideration in the data gathering to assess the reopening plan. NP is a significant source of economic activity in rural NS, areas where it is common to have higher unemployment. NP is in a unique position to partner with the entire forestry sector, including sawmills and harvesters...

The ELC remains committed to seeking out and receiving all feedback from the community...

The ELC will complete a stakeholder analysis and establish what motivates each group, creating a profile and action plan based on those items. In addition, the ELC will determine how these groups would like to receive information and in what form they would like to communicate with such as newsletters, reports (weekly, monthly), email, online platforms, social media, phone calls, or directly in person or group meetings.

33. The Petitioners and PEC are continuing to review the October Standing *Ad Hoc* Committee Report, with a view to ensuring that their stakeholders' concerns will continue to be appropriately addressed over the course of the Petitioners' restructuring.

f. Litigation and Settlement Discussions Update

34. The Ninth Chapman Affidavit stated that the Petitioners wished to re-engage in Settlement Discussions in order to attempt to resolve disputes with the Province relating to the closure of the Mill and in order to allow for the re-start of operations. The stated goal of the Petitioners was to conclude such Settlement Discussions by June 30, 2021.

35. The Ninth Chapman Affidavit also stated that "potential limitations issues may necessitate the filing of "placeholder" actions if a satisfactory settlement is not reached in the near term, and the Petitioners and the Province are unable to agree to a tolling agreement or similar arrangement."

36. With respect to the position of the Province to Settlement Discussions, the April 20, 2021 submissions by counsel to the Province in these CCAA Proceedings (the “**Province’s April 2021 Submissions**”) stated that:

“while the Province is not opposed to such resolution, such a process cannot begin until the Petitioners have registered a proper project description and have been able to successfully re-engage with PLFN as a necessary prelude to providing the Province with a proper opportunity to fulfil its duty to consult with PLFN in relation to any such resolution. Further, such steps towards resolution also require that the Petitioners have advanced the EA Process to a credible stage. The six month extension of the stay will allow the Petitioners the opportunity to demonstrate that they have advanced the EA Process. Without such steps, there can be no meaningful settlement discussions between the Province and the Petitioners.”

37. As part of the Petitioner’s diligent efforts to engage in Settlement Discussions, Brian Baarda, advisor to PEC, requested a meeting with the Province to discuss (i) efforts of the Petitioners to engage NSE in advancing the EA process and the reasonableness of the Initial Gantt Chart, (ii) the conditions to re-engaging in Settlement Discussions set forth in the Province’s Submissions and (iii) the consequences of delays in re-engaging in Settlement Discussions. These matters were addressed in an April 29, 2021 letter from Mr. Baarda to Duff Montgomerie, Deputy Minister, Department of Labour and Advanced Education (the “**April 29 Letter**”). A true copy of the April 29 Letter is attached hereto and marked as Exhibit “I” to this my Affidavit.

38. Mr. Montgomerie’s May 5, 2021 response to the April 29 Letter (the “**May 5 Response**”) stated that until the Province had a chance to review the Project Description, it would be unable to evaluate whether it is necessary to discharge its duty to consult with the First Nations in connection with its potential decisions regarding the Project and, if so, what the content of that duty to consult entails. The May 5 Response indicated that the Province would revisit Mr. Baarda’s request for a meeting at the end of June 2021. A true copy of the May 5 Response is attached hereto and marked as Exhibit “J” to this my Affidavit.

39. Mr. Jean-Francois Guillot, Vice President, Operations – East, PEC, responded to the May 5 Response in a May 28, 2021 letter to Mr. Montgomerie (the “**May 28 Letter**”) requesting an urgent meeting take place to discuss a settlement of the claims for Indemnified Losses (as defined below) while the Mill remains closed and to mitigate the continued costs while promoting the

Project and transforming the overall Mill operation consistent with the Mill Vision. A true copy of the May 28 Letter is attached hereto and marked as Exhibit "K" to this my Affidavit.

40. The May 28 Letter provided a detailed update on Northern Pulp's efforts to engage NSECC in advancing the EA process and the reasonableness of the timeline in the Initial Gantt Chart. The May 28 Letter also discussed the financial factors that are key elements of the Settlement Discussions, concerns raised by lenders, and the consequences of delays in initiating Settlement Discussions. The May 28 Letter made it explicitly clear that the ability of Northern Pulp to continue efforts to meet the timeline to complete the EA process and obtain approvals was contingent on tangible and early progress being made in Settlement Discussions, and that it was now obvious to Northern Pulp that the timing set out within the Initial Gantt Chart could not be satisfied due to the Province's desire to delay the commencement of Settlement Discussions to no earlier than the end of June 2021, as outlined in the May 5 Response. The May 28 Letter also requested that materials filed by the Province in future CCAA Proceedings fairly reflect the efforts of Northern Pulp to commence Settlement Discussions and not elicit the timing differential between the Initial Gantt Chart and the ultimate commencement of Settlement Discussion negotiations as a rationale for seeking alternative relief before the Court.

41. The May 28 Letter also stated that Northern Pulp and the other Petitioners have suffered losses and incurred liabilities and costs as a direct or indirect result of the construction, location, or existence of the BH-ETF ("**Indemnified Losses**") for which the Province is liable under the Indemnity Agreement dated December 31, 1995 between the Province and Scott Maritimes Limited (the "**Indemnity**") and will continue to suffer and incur Indemnified Losses unless and until such Indemnified Losses are mitigated by a successful re-starting of the Mill. Northern Pulp specifically noted that such Indemnified Losses would exceed \$400 million as at such date.

42. Mr. Guillot did not receive a response to the May 28 letter, and sent another letter to Mr. Montgomerie on August 27, 2021 (the "**August 27 Letter**"): (a) providing a further update on (i) efforts to advance the EA process and the Project to a credible stage and (ii) efforts to engage with PLFN, each as required in the Province's Submissions; (b) providing an update on Indemnified Losses; (c) noting concerns expressed by lenders with respect to delays in Settlement Discussions; (d) requesting a response to the PLFN Indemnity Letter (as defined below); and (e) requesting an urgent meeting to discuss terms for seeking mediation to further Settlement Discussions. A true copy of the August 27 Letter is attached hereto and marked as Exhibit "L" to this my Affidavit.

43. The August 27 Letter stated that Northern Pulp and affiliates have suffered Indemnified Losses in excess of \$100 million for the period up to June 30, 2021, that Northern Pulp and affiliates will continue to suffer and incur very significant Indemnified Losses unless and until such Indemnified Losses are mitigated by a successful re-starting of the Mill, and that such Indemnified Losses were now expected to exceed \$450 million in aggregate (excluding the PLFN Litigation (as defined below)). The April 29 Letter, the May 28 Letter and the August 27 Letter reflect the good faith desire and diligent efforts on the part of the Petitioners to engage with the Province and begin and progress the important process of achieving some common ground or a tangible basis from which to achieve a full and final settlement of all controversies between the Petitioners and the Province. For that purpose, the Petitioners have suggested that a mediation process may be appropriate and have also offered to enter into a tolling agreement with the Province in an effort to provide time to discuss and negotiate. However, and much to the disappointment of the Petitioners, the Province has effectively rejected all the Petitioner's settlement overtures and all the specific suggestions for mediation and tolling made by the Petitioners.

44. Peter Hackett, Deputy Minister, Public Works, provided a response to the August 27 Letter in a letter dated September 21, 2021 (the "**September 21 Response**"). A true copy of the September 21 Response is attached hereto and marked as Exhibit "M" to this my Affidavit.

45. The September 21 Response stated that any claims arising out of the enactment of the BHA are a separate cause of action falling within the jurisdiction of Nova Scotia Courts, that the Province will oppose any attempt to have court-ordered mediation arising from the BHA within the CCAA Proceedings and that any milestones should not contain a timeline for resolving claims arising from the enactment of the BHA.

46. The September 21 Response does not address the conditions precedent to Settlement Discussions identified in the Province's April 2021 Submissions or the substantial efforts and progress of the Petitioners in satisfying such conditions summarized in this my Affidavit and the letters referred to above. Instead, the September 21 Response states that:

"while the Province has advised it is not opposed to the idea of alternative dispute resolution relating to these claims, such discussions would be premature at this time. A claim has yet to be filed. Any claim filed would have to be evaluated in conjunction with the Boat Harbour Act, together with the evidence supporting each allegation before the Province would consider entering into an alternative dispute resolution process."

47. The September 21 Response also states that “we have considered your request for a Tolling Agreement but wish to proceed under the current limitation period.”

48. The September 21 Response acknowledges the PLFN Litigation but states that until the causes of action set forth in the PLFN Litigation and supporting evidence has been considered, the Province is not in a position to provide the guarantees requested in the PLFN Indemnity Letter (as defined below).

49. Mr. Hackett stated in the September 21 Response that the Province was hopeful that Paper Excellence/Northern Pulp would focus its efforts on pursuing the necessary regulatory approvals required to restructure when the Province took the significant step of entering into the Reservation of Rights Agreement and states:

In recent months, however, instead of focusing its efforts on registering its project processes under way, the Company has focused its efforts on complicating matters by seeking to blend separate and independent causes of action related to the enactment of the *Boat Harbour Act* within the CCAA process. As noted earlier, the Province will defend any attempt to formally blend these proceedings. They are parallel legal proceedings which must remain separate and distinct processes.

...

Any intentional delays on your part in seeking the necessary approvals, i.e., failing to register your project description, or attempting to tie the registration of your project or its progress within the EA to your demand for the Province to enter settlement discussions, cannot, in our opinion, be viewed as making good faith efforts to restructure your organization within the CCAA process and we are prepared to advance this position before the Court, if necessary

50. The Monitor’s summary of such activities in its seventh report filed with this Court on September 21, 2021 (the “**Monitor’s Seventh Report**”) states:

The Monitor understands that the Petitioners need to pivot and reconsider the next steps given the protracted timeline that flows from the Class 2 Designation versus the anticipated timeline of a Class 1 EA. The Petitioners are continuing to work in good faith to develop these plans with the assistance of the EA consultant.

... the Monitor is of the view that the Petitioners' actions and progress to date demonstrate a good faith commitment and willingness to engage with the Province with the goal of engaging in settlement discussions and resuming operations at the Mill in a manner that is consistent with community and stakeholder expectations.

51. Mr. Guillot replied to the September 21 Response in an October 1, 2021 letter to Mr. Hackett on (the “**October 1 Letter**”), confirming that Northern Pulp intends to move the EA process forward notwithstanding the lack of progress in Settlement Discussions, highlighting inconsistencies between the Province’s position in the September 21 Response and the views of the Monitor set forth in the Monitor’s Seventh Report, commenting on the changes in the approach to Settlement Discussions set forth in the September 21 Response from those of the previous government, with the resulting requirement that the Petitioners are required to take steps to preserve their legal rights. The October 1 Letter states:

We were previously advised by Duff Montgomerie in a May 5, 2021, letter that the Province would revisit our request for a meeting to discuss re-engaging in settlement discussions at the end of June 2021. Mr. Montgomerie also advised Mr. Baarda on many occasions that the filing of any action by Northern Pulp would result in no further settlement discussions between the Province and Northern Pulp. Therefore, your request to proceed under the current limitation period which requires us to commence legal proceedings in order to preserve our legal rights is a change from our preferred approach described in Monitor’s Report and in our correspondence and discussions with Mr. Montgomerie.

A true copy of the October 1 Letter is attached hereto and marked as Exhibit “N” to this my Affidavit.

52. Because of the failure of the Province to accept the Petitioners’ repeated requests to enter into Settlement Discussions, the Petitioners have literally been left with no option but to, and indeed have been forced to, take steps to preserve their legal rights. The unwillingness of the Province to engage in Settlement Discussions, to agree to some form of mediation, or to enter into a tolling agreement that extends limitation periods means that the Petitioners are compelled to exercise their legal rights or remedies, failing which their claims against the Province will become statute-barred under the provisions of the *Limitations of Action Act* (Nova Scotia). Indeed, the Petitioners have been advised that certain legal proceedings against the Province must be commenced by December 15, 2021 or thereafter may become statute-barred.

53. On October 1, 2021, Northern Pulp, Northern Resources, NPNS GP, NPNS GP ULC, NPNS LP, 105 BC, PEC and Hervey sent a letter to Honourable Kim Masland, Minister, Public Works (the “**Indemnity Demand Letter**”) demanding that the Province (i) indemnify such parties for losses suffered and/or liabilities and costs incurred by such Parties with respect to or as a direct or indirect result of the construction, location or existence of the Facility or the past operation of the Facility by the Province for which the Province is liable under the Indemnity and

Acknowledgement Agreement (“**Indemnified Costs**”) and confirm their intention and agreement to do so; and (ii) without prejudice to all other Indemnified Costs that have been or may be incurred, pay the Company for and on behalf of such parties \$102 million in Indemnified Costs suffered or incurred up to June 30, 2021. A true copy of the Indemnity Demand Letter is attached hereto and marked as Exhibit “O” to this my Affidavit.

54. Mr. Hackett provided a response to the October 1 Letter in a letter dated October 7, 2021 (the “**October 7 Response**”). A true copy of the October 7 Response is attached hereto and marked as Exhibit “P” to this my Affidavit. The October 7 Response states that the Province is unable to respond to request for indemnification in the Indemnity Demand Letter until the supporting evidence has been provided and considered.

55. On October 14, 2021, counsel to Northern Pulp, Northern Resources, NPNS GP, NPNS GP ULC, NPNS LP, Northern Timber, NTNS GP, NTNS LP, 105 BC, PEC and Hervey (collectively, the “**Intended Plaintiffs**”) provided two months notice to the Attorney General of Nova Scotia, as they are required to do pursuant to the *Proceedings against the Crown Act* (the “**Notice of Intended Action**”) that the Intended Plaintiffs intend to institute legal proceedings (the “**Legal Proceedings**”) in the Supreme Court of Nova Scotia at Halifax against the Attorney General of Nova Scotia representing Her Majesty the Queen in Right of the Province of Nova Scotia after the expiration of two months from the service of the Notice of Intended Action upon the Attorney General of Nova Scotia to assert claims and causes of action that the Intended Plaintiffs may have against the Province which may arise in contract, tort, by statute, in equity or otherwise. A true copy of the Notice of Intended Action is attached hereto and marked as Exhibit “Q” to this my Affidavit.

56. The Petitioners intend to continue to make efforts while time permits to seek a tolling agreement with the Province that extends limitation periods, permits the parties to engage in Settlement Discussions or participate in other alternative dispute resolution procedures and avoids the need for the Petitioners to pursue the Legal Proceedings to preserve and enforce their legal rights. However, this would require a significant change in the position of the Province and, accordingly, should the Province maintain its current position, the Petitioners will commence Legal Proceedings to preserve and enforce their legal rights. The resolution of the Legal Proceedings through settlement prior to December 31, 2024 is therefore a critical component of the Petitioners’ plan to re-start the Mill. The Petitioners reject any assertion by the Province that

their efforts to resolve Legal Proceedings through settlement or otherwise, “complicate” matters or are not to be considered in these CCAA Proceedings.

g. PLFN Engagement

57. Northern Pulp has taken steps since the April Order to satisfy certain of PLFN’s conditions precedent to re-engaging in discussions, specifically:

- (a) withdrawing the EARD for the Old Replacement ETF Project ;
- (b) withdrawing its application for judicial review of the Minister of Environment’s decision to require the submission of an environmental assessment report; and
- (c) addressing requests to resolve the PLFN Litigation (as defined below).

58. The Petitioners have also shared the Mill Vision and Project Description with PLFN and offered to engage in detailed discussions with PLFN in connection with the Project and Mill transformation, the EA process for approval of the Project, Settlement Discussions, and the resolution of other concerns expressed by PLFN.

59. Petitioners are also prepared through the EA process to engage in discussions with the PLFN to identify meaningful partner relationships that will promote employment, entrepreneurship, skills training and education, health and welfare, environmental sustainability practices, and other community benefits for current and future generations of members of PLFN.

60. In addition to the efforts summarized above, Northern Pulp has reviewed with the Nova Scotia Office of L’Nu Affairs the role of proponents in Crown consultation with the Mi’kmaq of Nova Scotia and is prepared to assist the Province in satisfying its consultation obligations for the Project.

61. Northern Pulp has strongly encouraged the Province to engage in a holistic and good faith consultation process with PLFN that encompasses the EA process for the Project, Settlement Discussions, and other concerns raised by PLFN, and the Petitioners are prepared to participate in such discussions actively and constructively.

62. PLFN commenced an action (the “**PLFN Litigation**”) against the Attorney General of Nova Scotia, representing the Province, Northern Pulp, Neenah Paper Company of Canada, Kimberley-Clarke Inc., Kimberly Clark Nova Scotia Incorporated and Attorney General of Nova Scotia,

representing Her Majesty the Queen in right of Canada, pursuant to a Notice of Action and Statement of Claim dated September 9, 2010 which was amended on August 29, 2012 and February 15, 2019 (the “**PLFN Statement of Claim**”). A true copy of the PLFN Statement of Claim is attached hereto and marked as Exhibit “R” to this my Affidavit.

63. PLFN through its counsel, Brian Hebert, communicated to counsel to the Petitioners in May 2021 that Northern Pulp or its owners should pay some portion of the damages sought in the PLFN Litigation arising from the use of Boat Harbour and its adverse impacts on PLFN since 2008, and inquired whether Northern Pulp was interested in settling the PLFN Litigation through an advance from its debtor-in-possession financing.

64. Northern Pulp sought confirmation in an August 27, 2021 letter to the Hon. Lloyd Hines, Minister, Transportation and Active Transit that the Province will indemnify and hold Northern Pulp harmless from and against all claims, actions and causes of action of PLFN against Northern Pulp pursuant to the PLFN Litigation (the “**PLFN Indemnity Letter**”) in an effort to satisfy another condition precedent to PLFN engaging in discussions. A true copy of the PLFN Indemnity Letter is attached hereto and marked as Exhibit “S” to this my Affidavit. As noted above, the September 21 Response states that the Province is not in a position to provide the confirmation requested in the PLFN Indemnity Letter.

h. Interim Financing Term Sheet

65. The Interim Financing Term Sheet (as amended to extend the first milestone date from June 30, 2021 until October 31, 2021) requires that, by not later than October 31, 2021, the Petitioners shall have provided evidence satisfactory to the Interim Lenders (acting reasonably) that there is no existing or anticipated matter, event or circumstances that would reasonably be expected to have a material adverse effect on the ability of the Petitioners to, on or before June 30, 2022: (i) obtain all material regulatory approvals required to commence construction of a Replacement ETF; (ii) enter into an agreement with the Province to compensate the Petitioners for losses associated with the shutdown of the BH-ETF, hibernation of the Mill and cessation of operations and share the costs associated with obtaining approvals for and construction of the Replacement ETF; and, (iii) obtain financing for the Replacement ETF.

66. As described above in this my Affidavit, the Revised Gantt Chart summarizes the Petitioners’ revised working timeline with respect to the EA process for the Project based on the Class II determination and discussions with NSECC they have had to date.

67. The Revised Forecast projects total aggregate expenses and associated fees and capitalized interest in the aggregate amount of \$22.3 million until the end of the October 2021 - April 2022 Projection Period.

68. As described above in this my Affidavit, the Petitioners have not been successful in engaging the Province in Settlement Discussions or reaching agreement to enter into a tolling agreement with the Province to extend limitation periods and avoid the need to commence litigation. As a result, the Petitioners have been required to send the Indemnity Demand Letter and the Notice of Intended Action, and will likely be required to initiate a lawsuit against the Province in order to preserve, protect and enforce their legal rights. The requirement to take protracted steps to preserve and enforce legal rights adds a great deal of uncertainty to the ability of the Petitioners to reach a settlement with the Province that will permit the Mill to re-start in a timely manner once the required environmental approvals are received. The Monitor's Seventh Report states that:

If a resolution is not reached in the near future, it is likely that statute of limitations issues will result in the Petitioners filing of legal proceedings in order to preserve their legal rights. Litigation is likely to be costly and could span a number of years. A lengthy litigation period will have a significant adverse impact on the viability of a new Mill.

69. As stated above, the resolution of the Legal Proceedings through settlement prior to December 31, 2024 is a critical component of the Petitioners' plan to re-start the Mill. If the Legal Proceedings are not resolved by settlement prior to December 31, 2024 to permit the re-start of the Mill, the Interim Lenders will be required to seek a final decision to be issued in such Legal Proceedings and extend these Proceedings accordingly. The Petitioners reject any assertion by the Province that any milestones should not contain a timeline for resolving claims arising from the enactment of the BHA.

70. As described above in this my Affidavit, the Petitioners have had several discussions with the Monitor and with the Province with respect to amendments to the Interim Financing Term Sheet. These discussions have included the need for and related timing considerations with respect to (i) amendments to the milestones (given the uncertainty regarding the completion of the EA process and the resolution of legal disputes with the Province), (ii) an increase in the amount of the Interim Financing Facility and (iii) extensions to the maturity date. The Petitioners have determined that it would be prudent to defer negotiations on these issues until they have a better understanding of the impact of the requirements to be set forth in the TOR since this will

be a key component of the discussions between the parties. As a consequence, the Petitioners, have negotiated a further amendment to the Interim Financing Term Sheet with PEC and the Pacific Harbor Group that is limited to extending the first milestone date from October 31, 2021 until April 30, 2022 and revising the purpose section to permit funds to be used to advance the EA process for the Project.

71. The amendment to the Interim Financing Term Sheet is conditional upon, *inter alia*, the approval of this Honourable Court. Attached hereto and marked as Exhibit “T” to this my Affidavit, is a true copy of the amendment to the Interim Financing Term Sheet.

i. **Woodland Activities**

72. The Petitioners’ woodland activities are cash-flow positive and are projected to remain cash-flow positive, on a net basis, during the Stay Period. The Petitioners’ woodland activities were described in detail in the Eighth Chapman Affidavit, at paragraphs 30 through 35 thereof. The Petitioners have continued their woodland operations in the ordinary course, on the same basis as set out in the Eighth Chapman Affidavit. As part of their ongoing woodlands operations, the Petitioners support the full implementation of the recommendations set out in the Lahey Report. The Petitioners are working toward implementing the Lahey Report recommendations in their operations on Crown tenures.

j. **Subordinated Interim Financing Facility Term Sheet**

73. On September 25, 2020 this Honourable Court granted an order, among other things, approving a subordinated interim financing facility (the “**Subordinated Interim Financing Facility**”) and associated charge. The April Order approved an amendment to the Subordinated Interim Financing Facility Term Sheet to increase the Subordinated Interim Financing Facility up to the maximum amount of \$8,900,000 and add the Satisfactory Progress Condition to the conditions precedent, and approved the use of advances under the Subordinated Interim Financing Facility to make Special Pension Payments. Since the April order, the Petitioners have paid approximately \$0.587 million in respect of Employee and Retiree Obligations, including in respect of severance and salary continuance, and \$342,267 in respect of 2020 Special Pension payments. During the Stay Period, the Petitioners anticipate making additional payments in satisfaction of their severance and salary continuation obligations, in the total amount of approximately \$578,547.

74. As noted in the Ninth Chapman Affidavit, payment of the Post-2020 Special Pension Payments under the Subordinated Interim Financing Facility is subject to the Satisfactory Progress Condition that the Subordinated Lender has provided written notice to Northern Pulp that is satisfied that the Petitioners have made satisfactory progress in Settlement Discussions. The Subordinated Lender has not provided written notice to Northern Pulp that is satisfied that the Petitioners have made satisfactory progress in Settlement Discussions. As a result of the aforementioned considerations, the Petitioners do not anticipate making any Post-2020 Special Pension Payments during the extension of the Stay Period.

III. REVISED FORECAST

a. Introduction

75. The Revised Forecast shows the projected interim financing requirements of the Petitioners during the October 2021 - April 2022 Projection Period. The Petitioners now anticipate that these Proceedings will continue over an extended period. Financial projections are by their nature subject to various assumptions and a degree of uncertainty. The Revised Forecast is based on assumptions regarding the preparation and submission of the Project EARD by the end of November 2021 and the issuance of a final TOR that provides clearly defined environmental limits that the Project will be required to meet and clarity regarding the EA process by March 2022, and taking preliminary steps to commence Legal Proceedings. As of today, the Petitioners have not made any further draws under the Interim Financing Facility, beyond the initial advance of \$15 million. As noted above, if the Stay Period is extended to April, 2022, the Petitioners anticipate that a further draw of \$5 million will be required under the Interim Financing Facility in March 2022 from the amount authorized in the April Order.

76. A detailed description of the sections of the Revised Forecast is below. The Revised Forecast currently projects aggregate Interim Financing Facility draws, fees, and capitalized interest during the October 2021 - April 2022 Projection Period in the amount of approximately \$11.3 million.

b. Ongoing Employee Obligations

77. The Petitioners employed 3 full-time hourly employees at the Mill; 9 seasonal hourly employees at the nursery; and 13 salaried employees as of October 1, 2021. For the October 2021 - April 2022 Projection Period, the Petitioners' typical monthly payroll obligations with

respect to current employees total approximately \$195,000 at present (including payroll obligations in respect of the EA Team), in any given month. During the October 2021 - April 2022 Projection Period, the Petitioners anticipate a total spend of approximately \$1.346 million in respect of salary, benefits, and human resources costs, including:

- (a) approximately \$1.346 million in aggregate salary and hourly payroll obligations, which consists of (A) approximately \$582,000 in active salary payroll; (B) approximately \$291,000 in EA salaried payroll; and, (C) approximately \$140,000 in active hourly payroll;
- (b) approximately \$84,000 in active benefits payments for current employees; and
- (c) approximately \$249,000 in aggregate human resources operations costs, which includes security; janitorial services; training (both professional development and regulatory training); actuarial support for the Petitioners' pension plans; events; food purchases; required employee travel; certain labour and employment-related legal fees; and other miscellaneous human resources expenses.

c. Employee and Retiree Obligations

78. The Petitioners anticipate paying approximately \$579,000 in satisfaction of Employee and Retiree Obligations during the October 2021 - April 2022 Projection Period, to be funded solely from the Subordinated Interim Financing Facility. The Petitioners anticipate making a further draw under the Subordinated Interim Financing Facility in the amount of \$500,000 in March 2022.

79. During the October 2021 - April 2022 Projection Period, the Petitioners anticipate total Employee and Retiree Obligations in the amount of approximately \$579,000, consisting of: (i) salary continuance payments of approximately \$164,000; (ii) total hourly severance payments in the amount of approximately \$31,000; (iii) total retiree benefits in the amount of approximately \$350,000; and, (iv) total retiree pay in the amount of approximately \$192,000.

d. Financial Expenses

80. As described in the Fourth Chapman Affidavit at paragraph 63, the Petitioners' financial expenses include (i) travel and property insurance premiums; (ii) information technology costs, including software, cell phone, land line, and internet services; (iii) audit fees; (iv) property taxes; and (v) certain management fees under the PEC Management Services Agreement, which are

provided on a cost recovery basis in respect of the administration, financial reporting, environmental oversight, investment strategy, marketing and sales, product export and procurement, and other business functions of the Petitioners. The financial expenses exclude principal and interest payments owed to PEC and the Province, and also exclude certain management fees under the PEC Management Services Agreement.

81. The total projected spend during the October 2021 - April 2022 Projection Period in respect of financial expenses is approximately \$1.6 million, consisting of (i) approximately \$335,000 in property tax payable during the October 2021 - April 2022 Projection Period; (ii) approximately \$1.2 million in respect of PEC administrative services; (iii) approximately \$5,000 in pension audit costs; (iv) approximately \$25,000 in information technology costs; and (v) approximately \$178,000 in travel or property insurance premiums payable during the October 2021 - April 2022 Projection Period. The travel and property insurance premiums will come due during the October 2021 - April 2022 Projection Period in accordance with the terms of the underlying policies.

e. Woodlands Operations

82. The Petitioners anticipate that the woodlands operations will remain cash flow positive during the October 2021 - April 2022 Projection Period. Specifically, during the October 2021 - April 2022 Projection Period, the Petitioners project total receipts from woodlands operations in the amount of approximately \$3.13 million, with associated disbursements in the amount of approximately \$2.79 million.

83. The woodlands operations income includes the net income of (i) the Northern Pulp nursery; (ii) Northern Timber's operations; and (iii) Northern Pulp's woodlands operations.

84. The Northern Pulp nursery income consists of receipts from seedling sales. The nursery expenses include wages and benefits; mileage allowance for nursery employees, electricity and fuel costs; general operation expenses; maintenance costs; seedling (inventory) costs; equipment leasing costs; and property tax. During the October 2021 - April 2022 Projection Period, the net operating income (loss) for the nursery is projected to be approximately \$(288,000), inclusive of the aforementioned receipts and disbursements.

85. The Northern Timber woodland operations include receipts from camp leases; windmill and tower site receipts; mineral exploration receipts; and rock quarry receipts. Northern Timber's

expenses during the October 2021 - April 2022 Projection Period are limited to property taxes. During the October 2021 - April 2022 Projection Period, the net operating income for Northern Timber's operations is projected to be approximately \$90,000, inclusive of the aforementioned receipts and disbursements.

86. The Northern Pulp woodlands operations include receipts from stumpage revenue; road expense rebates; silviculture rebates; and, contract services revenue. The Petitioners do not anticipate any material amount of pulpwood sale revenues during the October 2021 - April 2022 Projection Period. The Northern Pulp woodlands operations expenses include, *inter alia*, salary and wages; Crown stumpage fees incurred to maintain licenses in respect of Crown lands; road construction fees; silviculture expenses; various audit and certification costs; employee-related expenses (including mileage expenses); operational expenses (including phone service, internet, and software expenses); drone and satellite imaging for use in operations; equipment maintenance and repair costs; and accounting, software, and information technology costs. During the October 2021 - April 2022 Projection Period, the net operating income for Northern Pulp's woodlands operations is projected to be approximately \$536,000, inclusive of the aforementioned receipts and disbursements.

f. Mill Operations and Maintenance

87. During the October 2021 - April 2022 Projection Period, operating and maintenance costs are anticipated to total approximately \$728,000, consisting of: (i) approximately \$386,400 in utilities costs (electricity purchases); and, (ii) approximately \$341,550 million in Mill closure and maintenance activities.

88. The Mill maintenance activities include industrial cleaning; snow clearing (anticipated to end in April 2022); boiler hibernation costs (inclusive of additional winter transportation costs through April 2022, with costs anticipated to decrease thereafter); manlift and elevator inspections; landfill capping; washroom cleaning and maintenance; and miscellaneous other maintenance in respect of the Mill and Northern Pulp's property.

89. The major operations and maintenance expenditures that the Petitioners expect will occur during the October 2021 - April 2022 Projection Period are electricity purchases (in the amount of \$386,400 including HST). The balance of the anticipated expenditures relate to the other miscellaneous maintenance activities.

g. Technical and Environmental Costs (Environmental Assessment; BH-ETF Update)

90. The technical and environmental costs during the April 2021 - June 2022 Projection Period consist of: (i) Environmental Assessment costs; and (ii) Mill wastewater operations costs.

91. In the Eighth Chapman Affidavit, at paragraph 66, I testified that Environmental Assessment costs would first be incurred in December 2020, with a subsequent month-over-month increase in April 2021. Due to the revised timeline set out in the Revised Gantt Chart and described above, the Petitioners anticipate that they will begin to incur substantial EA costs in May 2022. The Revised Forecast now projects total Environmental Assessment costs during the October 2021 - April 2022 Projection Period in the amount of approximately \$700,000, consisting of costs related to the engagement of the EA consultant, the expanded Class II EA process and additional engineering support during the October 2021 - April 2022 Projection Period.

92. The Revised Forecast projects technical and environmental costs of \$1.361 million for treatment of wastewater and regulatory testing during the October 2021 - April 2022 Projection Period, which reflects actual fees incurred to date and the trends in connection with such fees, and the extension of such trends over the October 2021 - April 2022 Projection Period.

93. Waste Water Operations in the Revised Forecast during the October 2021 - April 2022 Projection Period are anticipated to total approximately \$1.361 million (inclusive of HST), consisting of approximately: (i) \$61,000 in respect of groundwater and surface water testing at the Mill site; and (iii) \$1.3 million in respect of wastewater disposal and treatment. These costs primarily relate to the requirements of the May 2021 Ministerial Order.

h. Administration Costs

94. The professional fee and administration costs in the Revised Forecast have increased from the April Forecast to reflect the extrapolation of spending trends to date in these CCAA Proceedings throughout the October 2021 - April 2022 Projection Period based on actual costs to date and the requirement to commence Legal Proceedings to preserve and enforce legal rights of the Petitioners against the Province.

95. Non-restructuring professional fees include (i) legal fees in respect of corporate counsel (including regarding the EA process, costs to preserve and enforce legal rights of the Petitioners

against the Province), environmental matters, and collective bargaining agreement expenses; (ii) public relations and government relations fees; (iii) polling fees; and (iv) consulting fees. The Petitioners anticipate spending approximately \$2.28 million on non-restructuring professional fees during the October 2021 - April 2022 Projection Period, including \$450,000 to take steps to commence Legal Proceedings to preserve and enforce legal rights of the Petitioners against the Province. PEC and Hervey are included as Intended Plaintiffs in the Notice of Intended Action but are not Petitioners. PEC has paid the costs incurred to date in connection with preserving and enforcing the legal rights of the Intended Plaintiffs described in the Notice of Intended Action, and will pay 20% of the aggregate costs of preserving and enforcing the legal rights of the Intended Plaintiffs against the Province during the October 2021 - April 2022 Projection Period (and such 20% is not included in the Revised Forecast). The Interim Financing Term Sheet approved by the Court anticipated that advances under the Interim Financing Facility would be used in part for “the evaluation, settlement or progression of claims and other legal remedies that may be available to the Borrowers”. When the CCAA Proceedings originally commenced, the litigation budget for the initial Stay Period through December 2020 estimated that \$1.2 million of ‘litigation preservation costs’ would be spent (including litigation in respect of the Ministerial Orders and consideration of other litigation against Province. The litigation preservation costs funded to date by the Interim Financing Facility have been mitigated as a result of the proactive steps taken by Northern Pulp to withdraw the appeal of the Ministerial Orders and the judicial review application to (i) satisfy conditions precedent to and enable discussions with NSECC on the EA process for the Project, (ii) satisfy certain conditions precedent to engaging in discussions with PLFN and (iii) satisfy conditions precedent to engaging in Settlement Discussions with the Province. Litigation preservation costs have also been mitigated as a result of PEC paying the legal costs incurred to date in connection with steps taken to preserve and enforce the legal rights of the Intended Plaintiffs described in the Notice of Intended Action.

96. Restructuring professional fees include: (i) the Monitor’s fees; (ii) the Petitioners’ counsel’s fees; and (iii) the Monitor’s counsel’s fees. The Petitioners anticipate spending approximately \$1.38 million on restructuring professional fees during the October 2021 - April 2022 Projection Period.

i. HST Receipts

97. The Petitioners project total HST rebate receipts in the amount of approximately \$722,000 during the October 2021 - April 2022 Projection Period.

j. Summary of Operating and Restructuring Disbursements During Stay Period

98. In sum, the net operating disbursements in the Revised Forecast during the October 2021 - April 2022 Projection Period total approximately \$11.3 million, while total collections are forecast to be approximately \$3.9 million. The operating disbursements during the October 2021 - April 2022 Projection Period are anticipated to include:

- (a) utility payments in the amount of approximately \$386,400;
- (b) property taxes & finance costs in the amount of approximately \$372,088;
- (c) Mill closure activities in the amount of approximately \$341,550;
- (d) wastewater disposal in the amount of approximately \$1.30 million;
- (e) environmental testing in the amount of approximately \$60,000;
- (f) EA costs in the amount of approximately \$695,750, with the majority of such costs to be incurred in April 2022;
- (g) non-restructuring professional fees in the amount of approximately \$2.273 million;
- (h) salary and benefits and human resources costs in the total amount of approximately \$1.346 million;
- (i) payments to PEC for administrative services in the amount of approximately \$1.19 million;
- (j) woodlands costs in the amount of approximately \$2.8 million;
- (k) miscellaneous expenditures in the amount of approximately \$177,000; and
- (l) a contingency amount of \$350,000


99. The Petitioners' operating receipts during the October 2021 - April 2022 Projection Period are anticipated to include: (i) woodlands collections in the aggregate amount of approximately \$3.13 million; and, (ii) HST receipts in the amount of approximately \$722,000.

100. As a result, the Petitioners' net operating cash flow during the October 2021 - April 2022 Projection Period is projected to be a loss of approximately \$7.4 million.

101. In addition, the Petitioners anticipate restructuring disbursements during the October 2021 - April 2022 Projection Period of approximately \$1.7 million, consisting of: (i) KERP payments in the total amount of \$246,592; and, (ii) professional restructuring fees in the amount of approximately \$1.38 million.

102. As the Participants had an opening cash balance of approximately \$6.2 million at October 1, 2021, their projected ending cash balance (inclusive of operating and restructuring disbursements and the proposed additional draw of \$5 million in March 2022) as of April 30, 2022 is \$2.2 million.

103. I swear this Affidavit for the purposes identified at paragraph 9 of this Affidavit, and not for any other or improper purpose.

SWORN BEFORE ME at the Regional)
Municipality of Halifax in the Province of)
Nova Scotia, this 18th day of October,)
2021)
)
A COMMISSIONER FOR OATHS)
in and for the Province of Nova Scotia)



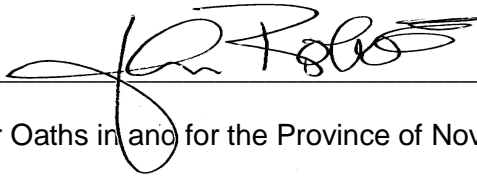
BRUCE CHAPMAN

JOHN ROBERTS
Partner
McInnes Cooper
1969 Upper Water Street, Suite 1300
Halifax, NS B3J 3R7
Tel: 902 444-8677

This is Exhibit "A" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. R. F. 2021", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

INDEX OF ACRONYMS

“**105 BC**” means 1057863 B.C. Ltd.;

“**ARIO**” means the Amended and Restated Initial Order issued on August 6, 2020;

“**ASB**” means the Aerated Stabilization Basin;

“**BH-ETF**” means the existing Boat Harbour Effluent Treatment Facility;

“**Dillon**” means Dillon Consulting Limited;

“**EARD**” means the Environmental Assessment Registration Document with respect to the original Replacement ETF;

“**ELC**” means the Environmental Liaison Committee (previously the Community Liaison Committee; to be reconstituted as the Standing *Ad Hoc* Committee);

“**EY**” or “**Monitor**” means Ernst & Young Inc.;

“**Hervey**” means Hervey Investment BV (Netherlands);

“**KSH**” means KSH Solutions Inc.;

“**LP’s**” means Northern Timber Nova Scotia LP and Northern Pulp NS LP;

“**Northern Pulp**” means Northern Pulp Nova Scotia Corporation;

“**Northern Resources**” means Northern Resources Nova Scotia Corporation;

“**Northern Timber**” means Northern Timber Nova Scotia Corporation;

“**NPNS GP**” means 3253527 Nova Scotia Limited;

“**NPNS GP ULC**” means Northern Pulp NS GP ULC;

“**NPNS LP**” means Northern Pulp NS LP;

“**NS**” or “**Province**” means the Province of Nova Scotia;

“**NS Lands**” means Nova Scotia Lands Inc.;

“**NSE**” means Nova Scotia Environment;

“**NTNS GP**” means 3243722 Nova Scotia Limited;

“**NTNS LP**” means Northern Timber Nova Scotia LP;

“**PEC**” means Paper Excellence Canada Holdings;

“**PLFN**” means Pictou Landing First Nation;

“Stantec” means Stantec Consulting Ltd.;

“TIR” means Department of Transportation and Infrastructure Renewal;

“UNIFOR” means Unifor Local 440 and Unifor Local 440-1;

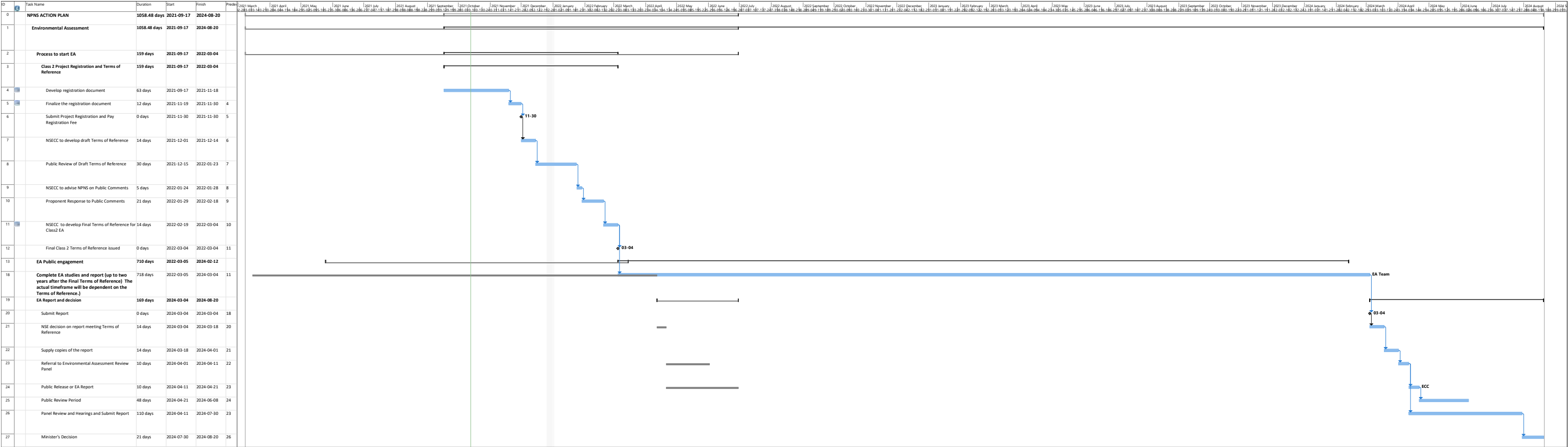
This is Exhibit "B" referred to in the Affidavit of




Bruce Chapman

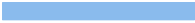





















sworn before me this 18th day of October, 2021.

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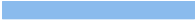





















A Commissioner for Oaths in and for the Province of Nova Scotia



ID		Task Name	Duration	Start	Finish
0		NPNS ACTION PLAN	1058.48 days	2021-09-17	2024-08-20
1		Environmental Assessment	1058.48 days	2021-09-17	2024-08-20
2		Process to start EA	159 days	2021-09-17	2022-03-04
3		Class 2 Project Registration and Terms of Reference	159 days	2021-09-17	2022-03-04
4		Develop registration document	63 days	2021-09-17	2021-11-18
5		Finalize the registration document	12 days	2021-11-19	2021-11-30
6		Submit Project Registration and Pay Registration Fee	0 days	2021-11-30	2021-11-30
7		NSECC to develop draft Terms of Reference	14 days	2021-12-01	2021-12-14
8		Public Review of Draft Terms of Reference	30 days	2021-12-15	2022-01-23
9		NSECC to advise NPNS on Public Comments	5 days	2022-01-24	2022-01-28
10		Proponent Response to Public Comments	21 days	2022-01-29	2022-02-18
11		NSECC to develop Final Terms of Reference for Class2 EA	14 days	2022-02-19	2022-03-04
12		Final Class 2 Terms of Reference issued	0 days	2022-03-04	2022-03-04
13		EA Public engagement	710 days	2022-03-05	2024-02-12
18		Complete EA studies and report (up to two years after the Final Terms of Reference) The	718 days	2022-03-05	2024-03-04
19		EA Report and decision	169 days	2024-03-04	2024-08-20
20		Submit Report	0 days	2024-03-04	2024-03-04
21		NSE decision on report meeting Terms of Reference	14 days	2024-03-04	2024-03-18
22		Supply copies of the report	14 days	2024-03-18	2024-04-01
23		Referral to Environmental Assessment Review Panel	10 days	2024-04-01	2024-04-11
24		Public Release or EA Report	10 days	2024-04-11	2024-04-21
25		Public Review Period	48 days	2024-04-21	2024-06-08

Project: NPNS ACTION PLAN Date: 2021-10-13	Task		Manual Summary	
	Split		Start-only	
	Milestone		Finish-only	
	Summary		External Tasks	
	Project Summary		External Milestone	
	Inactive Task		Deadline	
	Inactive Milestone		Baseline	
	Inactive Summary		Baseline Milestone	
	Manual Task		Baseline Summary	
	Duration-only		Progress	
	Manual Summary Rollup		Manual Progress	

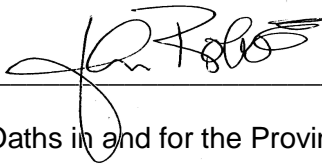
ID		Task Name	Duration	Start	Finish
26		Panel Review and Hearings and Submit Report	110 days	2024-04-11	2024-07-30
27		Minister's Decision	21 days	2024-07-30	2024-08-20

<div>Project: NPNS ACTION PLAN</div> <div>Date: 2021-10-13</div>	Task		Manual Summary	
	Split		Start-only	
	Milestone		Finish-only	
	Summary		External Tasks	
	Project Summary		External Milestone	
	Inactive Task		Deadline	
	Inactive Milestone		Baseline	
	Inactive Summary		Baseline Milestone	
	Manual Task		Baseline Summary	
	Duration-only		Progress	
	Manual Summary Rollup		Manual Progress	

This is Exhibit "C" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. R. F. 8/10", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

Highlights

Budget reflects a 6 month Stay, Requiring a \$6 Million DIP Draw

Woodlands Operations is Cash Positive for the Stay period. Contributing \$275,000 to the mill operations

Waste Water Disposal Costs for the period will be \$3.1 Million (Includes \$1 Million for Landfill Capping)

Environmental Assessment costs will be \$7.2 Million

HR Costs of \$1.39 Million (Excl Payroll Costs not Covered under DIP)

PEC Management Fees, Administration, Taxes and Insurance will be \$2.9 Million

Professional Fees and Consulting will be \$4.3 Million (\$1.8 Million for CCAA, \$1 Million for EA External Communications & ELC Operations)

Budget updated till December 31st, 2021

DIP Draw of \$6M will last till October 31st, 2021

Northern Pulp Group of Companies
CCAA Cash Flow Forecast
For the Period October 1st, 2021 to April 30th, 2022

All figures in Canadian dollars

Month

	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	Forecast Total
Beginning Cash	6,274,211	5,401,100	3,926,375	2,547,465	1,421,459	493,912	4,277,693	6,274,211
Receipts								
Woodlands Collections	900,708	379,708	479,708	372,556	522,556	371,746	105,000	3,131,982
Other AR Collections	-	-	-	-	-	-	-	-
HST	103,187	51,271	141,178	141,788	79,061	80,754	125,071	722,310
Total Collections	1,003,895	430,979	620,886	514,344	601,617	452,500	230,071	3,854,292
Operating Disbursements								
Utilities	55,200	55,200	55,200	55,200	55,200	55,200	55,200	386,400
Finance Costs - Property Taxes / Insurance	170,548	4,715	4,715	4,715	4,715	10,465	172,215	372,088
Mill Closure Activities	41,400	47,150	52,900	52,900	52,900	47,150	47,150	341,550
Waste Water Disposal	132,308	286,580	286,580	126,937	118,082	174,248	236,222	1,360,956
Environmental Assessment	-	88,550	88,550	88,550	56,925	56,925	316,250	695,750
Non-restructuring Professional Fees	265,650	334,650	334,650	334,650	334,650	334,650	334,650	2,273,550
Salary and Benefits & HR Costs	183,943	211,546	201,569	178,360	184,110	173,278	212,927	1,345,732
PEC Administrative Services	165,600	165,600	165,600	172,500	172,500	172,500	172,500	1,186,800
Wood Costs	557,058	406,414	504,732	132,145	302,283	396,502	494,337	2,793,471
Miscellaneous Expenditures	25,300	25,300	25,300	25,300	25,300	25,300	25,300	177,100
Contingency	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
Total Operating Disbursements	1,647,005	1,675,704	1,769,796	1,221,257	1,356,665	1,496,218	2,116,750	11,283,396
NET OPERATING CASH FLOW	(643,110)	(1,244,726)	(1,148,910)	(706,913)	(755,048)	(1,043,718)	(1,886,679)	(7,429,104)
Restructuring Disbursements								
DIP Lender cost	-	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-	-
- Fees	-	-	-	-	-	-	-	-
- KERP	-	-	-	(246,592)	-	-	-	(246,592)
Professional Fees - Restructuring	(230,000)	(230,000)	(230,000)	(172,500)	(172,500)	(172,500)	(172,500)	(1,380,000)
Total Restructuring Disbursements	(230,000)	(230,000)	(230,000)	(419,092)	(172,500)	(172,500)	(172,500)	(1,626,592)
NET MONTHLY CASH FLOW	(873,110)	(1,474,726)	(1,378,910)	(1,126,005)	(927,548)	(1,216,218)	(2,059,179)	(9,055,696)
Ending Cash Balance	5,401,100	3,926,375	2,547,465	1,421,459	493,912	(722,307)	2,218,514	(2,781,486)
DIP DRAW	-	-	-	-	-	5,000,000	-	5,000,000
Ending cash after DIP	5,401,100	3,926,375	2,547,465	1,421,459	493,912	4,277,693	2,218,514	2,218,514

This budget excludes all cost of disposal of the ASB Solids. Discussion with NS Gov has them taking over the responsibility of this process

All figures in Canadian dollars

Month

	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	Forecast Total
Beginning Cash	660,571	571,674	482,777	393,880	302,207	232,542	665,620	660,571
Operating Disbursements								
Pension Funding	-	-	-	-	-	-	-	-
Severance and Salary Continuation	88,897	88,897	88,897	91,673	69,666	66,922	83,595	578,547
Total Operating Disbursements	88,897	88,897	88,897	91,673	69,666	66,922	83,595	578,547
NET OPERATING CASH FLOW	(88,897)	(88,897)	(88,897)	(91,673)	(69,666)	(66,922)	(83,595)	(578,547)
Restructuring Disbursements								
DIP Lender cost	-	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-	-
- Fees	-	-	-	-	-	-	-	-
Total Restructuring Disbursements	-	-	-	-	-	-	-	-
NET WEEKLY CASH FLOW	(88,897)	(88,897)	(88,897)	(91,673)	(69,666)	(66,922)	(83,595)	(578,547)
Ending Cash Balance	571,674	482,777	393,880	302,207	232,542	165,620	582,024	82,024
DIP DRAW	-	-	-	-	-	500,000	-	500,000
Ending cash after DIP	571,674	482,777	393,880	302,207	232,542	665,620	582,024	582,024

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Woodlands Operations Earnings (Income)	-\$343,650	\$26,706	\$25,024	-\$240,411	-\$220,273	\$24,756	\$389,337
Operations & Maintenance	\$96,600	\$102,350	\$108,100	\$108,100	\$108,100	\$102,350	\$102,350
Waste Water Operations Costs	\$132,308	\$286,580	\$286,580	\$126,937	\$118,082	\$174,248	\$236,222
BH Decommission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Environmental Assessment Costs	\$0	\$88,550	\$88,550	\$88,550	\$56,925	\$56,925	\$316,250
Payroll & HR	\$183,943	\$211,546	\$201,569	\$424,952	\$184,110	\$173,278	\$212,927
Insurance, Taxes and Finance costs	\$361,448	\$195,615	\$195,615	\$202,515	\$202,515	\$208,265	\$370,015
Restructuring Professional Fees	\$230,000	\$230,000	\$230,000	\$172,500	\$172,500	\$172,500	\$172,500
Professional Fees	\$265,650	\$334,650	\$334,650	\$334,650	\$334,650	\$334,650	\$334,650

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Environmental Protection							
Hibernation Costs *	\$280,543	\$313,896	\$309,669	\$533,052	\$292,210	\$275,628	\$315,277
Environmental Protection & Compliance	\$132,308	\$286,580	\$286,580	\$126,937	\$118,082	\$174,248	\$236,222
Environmental Assessment	\$0	\$88,550	\$88,550	\$88,550	\$56,925	\$56,925	\$316,250
Environmental Assessment Professional Cos	\$240,650	\$309,650	\$309,650	\$309,650	\$309,650	\$309,650	\$309,650
Sub-total	\$653,500	\$998,676	\$994,449	\$1,058,189	\$776,867	\$816,451	\$1,177,398
DIP Professional Fees	\$230,000	\$230,000	\$230,000	\$172,500	\$172,500	\$172,500	\$172,500
Other Professional Fees	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other (Woodlands (Income) & Misc Operati	\$17,797	\$222,321	\$220,639	-\$37,896	-\$17,758	\$233,021	\$759,352
Fees Arranger and the Lenders pursuant							
Total Monthly Costs	\$926,297	\$1,475,997	\$1,470,088	\$1,217,793	\$956,609	\$1,246,972	\$2,134,250
Cumulative Costs	\$926,297	\$2,402,294	\$3,872,382	\$5,090,175	\$6,046,785	\$7,293,757	\$9,428,007

DIP Interest Payments

DIP Value	\$16,490,804	\$16,490,804	\$16,901,944	\$16,901,944	\$16,901,944	\$17,318,704	\$22,318,704
DIP Borrowed	\$0	\$0	\$0	\$0	\$0	\$5,000,000	\$0
DIP Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest is Capitalized	\$0	\$411,141	\$0	\$0	\$416,760	\$0	\$0
Standby fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beg Cash	\$6,274,211	\$5,347,913	\$3,871,917	\$2,401,829	\$1,184,035	\$5,227,426	\$3,980,454
Ending Cash	\$5,347,913	\$3,871,917	\$2,401,829	\$1,184,035	\$227,426	\$3,980,454	\$1,846,204

This budget excludes all cost of disposal of the ASB Solids. Discussion with NS Gov have them taking over the

Activity	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	CHK
Woodlands Operations	-\$343,650.16	\$26,705.92	\$25,024.39	-\$240,411.04	-\$220,272.84	\$24,756.19	\$389,336.67	\$ -
Operations & Maintenance	\$96,600.00	\$102,350.00	\$108,100.00	\$108,100.00	\$108,100.00	\$102,350.00	\$102,350.00	\$ -
Finance	\$336,147.50	\$170,315.00	\$170,315.00	\$177,215.00	\$177,215.00	\$182,965.00	\$344,715.00	\$ -
Admin	\$25,300.00	\$25,300.00	\$25,300.00	\$25,300.00	\$25,300.00	\$25,300.00	\$25,300.00	\$ -
Professional Fees	\$495,650.00	\$564,650.00	\$564,650.00	\$507,150.00	\$507,150.00	\$507,150.00	\$507,150.00	\$ -
Total Operations Cost	\$610,047.34	\$889,320.92	\$893,389.39	\$577,353.96	\$597,492.16	\$842,521.19	\$1,368,851.67	
Environmental Assessment	\$ -	\$ 88,550.00	\$ 88,550.00	\$ 88,550.00	\$ 56,925.00	\$ 56,925.00	\$ 316,250.00	\$ -
Environmental Cleanup and Ongoing BH & Treatment costs	\$ 132,307.50	\$ 286,580.00	\$ 286,580.00	\$ 126,937.00	\$ 118,082.00	\$ 174,248.00	\$ 236,221.50	\$ -
Total Environment Cost	\$132,307.50	\$375,130.00	\$375,130.00	\$215,487.00	\$175,007.00	\$231,173.00	\$552,471.50	
Payroll & HR	\$ 183,942.62	\$ 211,545.70	\$ 201,568.57	\$ 178,360.00	\$ 184,110.00	\$ 173,278.00	\$ 212,926.64	\$ -
Total Payroll Cost	\$183,942.62	\$211,545.70	\$201,568.57	\$178,360.00	\$184,110.00	\$173,278.00	\$212,926.64	
	<u>\$926,297.46</u>	<u>\$1,475,996.62</u>	<u>\$1,470,087.96</u>	<u>\$971,200.95</u>	<u>\$956,609.16</u>	<u>\$1,246,972.19</u>	<u>\$2,134,249.81</u>	
Cumulative Costing	<u>\$926,297.46</u>	<u>\$2,402,294.08</u>	<u>\$3,872,382.03</u>	<u>\$4,843,582.99</u>	<u>\$5,800,192.15</u>	<u>\$7,047,164.34</u>	<u>\$9,181,414.15</u>	

Activity	Reason for Activity	Vendor	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Northern Pulp Woodlands									
Stumpage Revenue			-\$347,207.71	-\$347,207.71	-\$347,207.71	-\$357,556.04	-\$357,556.04	-\$356,746.30	\$0.00
Road Expense Rebate			-\$25,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Silviculture Rebate			-\$275,000.00	\$0.00	-\$100,000.00	\$0.00	-\$150,000.00	\$0.00	-\$75,000.00
Contract Services Revenue			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pulpwood Sale Revenue			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Salary & Wages		Employees	\$ 84,359.94	\$ 84,360.00	\$ 84,359.94	\$ 61,351.00	\$ 61,351.00	\$ 61,351.00	\$ 61,351.00
Contract Labour		Various		\$ -		\$ 11,667.00	\$ 11,667.00	\$ 11,667.00	\$ 11,667.00
Crown Stumpage	Maintain Crown License	Department of Lands & Forestry	\$ -	\$ -	\$ 150,000.00	\$ -	\$ -	\$ 250,000.00	\$ -

Road construction	Maintain roads/block access	Various	\$ 90,000.00	\$ 85,000.00	\$ 25,000.00	\$ 30,000.00	\$ 5,000.00	\$ -	\$ -
Silviculture	Improve forest land	Various	\$ 268,750.00	\$ 175,000.00	\$ 216,000.00	\$ -	\$ 116,250.00	\$ -	\$ 41,250.00
SFI Certification	Maintain certification	SFI Forestry	\$ -	\$ 3,600.00	\$ -	\$ -	\$ 3,600.00	\$ -	\$ 2,550.00
SFI Audit	Required for certification		\$ 27,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mileage	Employee Mileage	Employees	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
ESRI			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remsoft			\$ -	\$ -	\$ -	\$ 6,600.00	\$ -	\$ -	\$ -
LIMS			\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Drone Deploy	On the ground planning tool	Drone Deploy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NS Gov't Fees	Licences, renewals, permits	NS Govt	\$ 125.00	\$ 1,625.00	\$ 1,625.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00
Satellite Imagery	Capture harvest block area	Spot LLC	\$ 160.00	\$ 160.00	\$ 160.00	\$ 440.00	\$ 160.00	\$ 160.00	\$ 160.00
Property Online	Property Information	NS Government	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00	\$ 115.00
Satellite Imagery	Capture harvest block area	Sentinel Hub	\$ 2,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cell			\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Land Line and Internet			\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
ATV/Snowmobile	Maintenance/Repairs	Adventure Motors/Others	\$ -	\$ 500.00	\$ -	\$ -	\$ -	\$ 250.00	\$ -
Veeam Backups			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
vmWare			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Next Cloud			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dameware			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IT-ONX Renewal Contract(Nov-Oct)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Membership	Stakeholder Engagement	Forest NS	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00	\$ -	\$ -
Membership	Stakeholder Engagement	CWF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Fees	Contracts, forestry issues	Various	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
RPF Dues	Employee Professional fees	RPF Association of NS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000.00	\$ -
Office Supplies		Various	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 1,500.00	\$ 13,500.00	\$ 1,500.00	\$ 1,500.00
AON (UAV Liability)(Aeronautic Act or Transport Act) (Jan-Dec)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SAP	Accounting		\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
IT Support	Server maintenance & operations		\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
NPNS Woodlands Expense (Income)			-\$154,697.76	\$23,152.29	\$50,052.24	-\$228,258.04	-\$275,288.04	-\$12,078.30	\$61,218.00
Northern Pulp Nursery									
Seedling Sales			-\$221,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Wages & Benefits			\$ 18,409.42	\$ 16,981.63	\$ 4,550.15	\$ -	\$ 2,693.21	\$ 25,412.50	\$ 49,605.84
Mileage & Travel			\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00
Electricity & Fuel			\$ 1,000.00	\$ 2,250.00	\$ 1,600.00	\$ 1,900.00	\$ 1,500.00	\$ 2,900.00	\$ 7,400.00
General Operating			\$ 3,547.00	\$ 16,222.00	\$ 722.00	\$ 347.00	\$ 722.00	\$ 1,922.00	\$ 36,678.55
Maintenance			\$ 1,500.00	\$ -	\$ -	\$ -	\$ 3,200.00	\$ 11,500.00	\$ 22,600.00
Seedling Costs			\$ 250.00	\$ -	\$ -	\$ -	\$ 61,300.00	\$ 9,500.00	\$ 197,750.00
Truck lease			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property tax			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NPNS Nursery Expense (Income)			-\$195,693.58	\$36,053.63	\$7,472.15	\$2,847.00	\$70,015.21	\$51,834.50	\$314,634.39
Northern Timber									
NT Camp Leases									

NT Windmills & Tower Sites			\$0.00	\$0.00	\$0.00	\$0.00	-\$15,000.00	-\$15,000.00	-\$30,000.00
NT Mineral Exploration			-\$32,500.00	-\$32,500.00	-\$32,500.00	-\$15,000.00	\$0.00	\$0.00	\$0.00
NT Rock Quarries									
Property Tax		HRM	\$ 39,241.18						\$ 39,202.02
Property Tax		East Hants							\$ 4,282.26
Property Tax		Pictou							
Property Tax		Cumberland							
Property Tax		St. Mary's							
Property Tax		Colchester							
NTNS Operations Expense (Income)			\$6,741.18	-\$32,500.00	-\$32,500.00	-\$15,000.00	-\$15,000.00	-\$15,000.00	\$13,484.28
Total Woodlands (Income)			-\$900,707.71	-\$379,707.71	-\$479,707.71	-\$372,556.04	-\$522,556.04	-\$371,746.30	-\$105,000.00
Total Woodlands Expense			\$557,057.54	\$406,413.63	\$504,732.09	\$132,145.00	\$302,283.21	\$396,502.50	\$494,336.67
Total Woodlands Expense (Income)			-\$343,650.16	\$26,705.92	\$25,024.39	-\$240,411.04	-\$220,272.84	\$24,756.19	\$389,336.67
Excludes									
Loan Payments		Government of Nova Scotia	\$ 428,291.34	\$ 428,291.34	\$ 428,291.34	\$ 428,291.34	\$ 428,291.34	\$ 428,291.34	\$ 428,291.34
			\$84,641.18	\$454,997.26	\$453,315.73	\$187,880.30	\$208,018.50	\$453,047.53	\$817,628.01

Woodlands Loss (Income)	
2022	-\$46,591.02
2023	\$0.00
2024	\$0.00

Activity	Reason for Activity	Vendor	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Industrial Cleaning	Balance of tank cleaning and Wood Yard vacuum truck work	Various	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Snow Clearing		Blaine MacLaine	\$ -	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 5,000	\$ 5,000
Buy Electricity	Leachate pumps, office heating and lights, etc.	NS Power	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000
Hibernation of Boilers	4 skids per month - Winter has more cost to Delivery and Unloading	Air Liquide	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Manlift and Elevator Monthly inspections		TBD	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Landfill Capping	Adding Capping to Areas that Settle and Hydroseeding and fixing up areas after Winter	TBD	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Other Maintenance Costs	\$10,000 for other	TBD	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Washrooms		Alantra	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Operations Costs			\$ 84,000.00	\$ 89,000.00	\$ 94,000.00	\$ 94,000.00	\$ 94,000.00	\$ 89,000.00	\$ 89,000.00
	Cash Cost (incl HST)		\$ 96,600.00	\$ 102,350.00	\$ 108,100.00	\$ 108,100.00	\$ 108,100.00	\$ 102,350.00	\$ 102,350.00

Activity	Reason for Activity	Vendor	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
GW / SW Testing - Mill Site	As required by Ministerial Order	Dillon	\$ 5,050.00			\$ 5,050.00			\$ 5,050.00
Effluent Testing	As required by Ministerial Order	Bureau Veritas Lab	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Ambient Air Maintenance/Calibration	As required by Ministerial Order	Ferro Environmental				\$ 2,650.00			
Ditching around Canso	Waste Water Treatment								
Waste Water Treatment			\$ 105,000.00	\$ 244,200.00	\$ 244,200.00	\$ 97,680.00	\$ 97,680.00	\$ 146,520.00	\$ 195,360.00
Environmental Insurance	As required by Ministerial Order								
Mill Waste Water Operations Costs			\$ 115,050.00	\$ 249,200.00	\$ 249,200.00	\$ 110,380.00	\$ 102,680.00	\$ 151,520.00	\$ 205,410.00
	Cash Cost (incl HST)		\$ 132,307.50	\$ 286,580.00	\$ 286,580.00	\$ 126,937.00	\$ 118,082.00	\$ 174,248.00	\$ 236,221.50
Environmental Assessment									
EARD and Terms of Reference	EA Process	WSP		\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 25,000.00	\$ 25,000.00	
Marine Geotech	EA Process								
Marine Ice Scour	EA Process								
Marine Pipeline Design	EA Process	Makai							
Land based Pipeline Design	EA Process	Wood							
Receiving Water Study (RWS)	EA Process	Stantec							\$75,000
Baseline Marine Conditions	EA Process	Stantec							
Effluent Characterization	EA Process	Stantec							\$50,000
Air Dispersion Modelling	EA Process	Stantec							
Baseline Fish Tissue Testing	EA Process	EcoMetrix							
Baseline Phytoplankton/Zooplankton	EA Process	EcoMetrix							
Baseline Benthic and Sediment	EA Process	EcoMetrix							
Toxicity Testing on Key Marine Species	EA Process	Toxicity Testing							
Wetland Studies	EA Process	Dillon							
Flora/Fauna Studies	EA Process	Dillon							
ETF Detailed Design Engineering	EA Process	KSH Engineering		\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$100,000
PLFN Country Food Survey	EA Process	TBD							
HHRA	EA Process	EcoMetrix							
GW/SW Testing	EA Process	Dillon							
Report Writing	EA Process	TBD							\$25,000
EA Review Panel Support	EA Process	WSP							
Contingency - 10%	EA Process		\$ -	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 4,500.00	\$ 4,500.00	\$ 25,000.00
Environmental Assessment Costs			\$ -	\$ 77,000.00	\$ 77,000.00	\$ 77,000.00	\$ 49,500.00	\$ 49,500.00	\$ 275,000.00
	Cash Cost (incl HST)		\$ -	\$ 88,550.00	\$ 88,550.00	\$ 88,550.00	\$ 56,925.00	\$ 56,925.00	\$ 316,250.00

Activity	Reason for Activity	Vendor	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Security	keep property secure	Maritech	\$ 17,000.00	\$ 17,000.00	\$ 17,000.00	\$ 17,000.00	\$ 17,000.00	\$ 17,000.00	\$ 17,000.00
Janitorial	keep premises cleaned	Maritech	\$ 4,000.00	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
training	Professional development and regulatory	TBD	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Pension	Actuary support for pension plans	Willis Towers Watson	\$ 5,000.00		\$ 5,000.00		\$ 5,000.00		\$ 5,000.00
Legal Fees	Human Rights Complaint	McInnes Cooper		\$ 8,000.00	\$ 8,000.00				
Misc expense			\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Memberships & Dues	Keep Designations	TBD			\$ 2,500.00				
Events	Employee Moral and appreciation	TBD	\$ 500.00		\$ 3,000.00				\$ 4,000.00
Food Purchases	Water/coffee/Meals	TBD	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Travel	meetings at Head office			\$ 3,000.00					
HR Operations Costs			\$ 30,000.00	\$ 34,800.00	\$ 42,300.00	\$ 23,800.00	\$ 28,800.00	\$ 23,800.00	\$ 32,800.00
Cash Cost (incl HST)			\$ 34,500.00	\$ 40,020.00	\$ 48,645.00	\$ 27,370.00	\$ 33,120.00	\$ 27,370.00	\$ 37,720.00
Salary Payroll	Maintenance of Operational Strategy		\$ 81,798.69	\$ 81,798.69	\$ 81,798.69	\$ 84,252.65	\$ 84,252.65	\$ 84,252.65	\$ 84,252.65
Salary EA Comm	Maintenance of Operational Strategy		\$ 40,899.34	\$ 40,899.34	\$ 40,899.34	\$ 42,126.32	\$ 42,126.32	\$ 42,126.32	\$ 42,126.32
Hourly Payroll	Maintenance of Operational Strategy		\$ 18,148.06	\$ 35,445.66	\$ 16,843.54	\$ 11,229.02	\$ 11,229.02	\$ 11,229.02	\$ 35,445.66
Hourly Severance	Hibernation Costs					\$ 4,818.55			\$ 25,881.59
Salary Continuance	Maintenance of Operational Strategy		\$ 33,985.93	\$ 33,985.93	\$ 33,985.93	\$ 31,342.89	\$ 14,754.72	\$ 12,010.72	\$ 2,802.50
Retiree pay			\$ 4,911.16	\$ 4,911.16	\$ 4,911.16	\$ 4,911.16	\$ 4,911.16	\$ 4,911.16	\$ 4,911.16
KERP						\$ 246,592.49			
DB Pension	Maintenance of Operational Strategy								
Benefits (Active)	Maintenance of Operational Strategy		\$ 8,596.52	\$ 13,382.00	\$ 13,382.00	\$ 13,382.00	\$ 13,382.00	\$ 8,300.00	\$ 13,382.00
Benefits (retire)	Maintenance of Operational Strategy		\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Main Sub-DIP Funding			\$ 149,442.62	\$ 171,525.70	\$ 152,923.57	\$ 150,990.00	\$ 150,990.00	\$ 145,908.00	\$ 175,206.64
PEC Payroll DIP Funding			\$ 88,897.09	\$ 88,897.09	\$ 88,897.09	\$ 91,672.60	\$ 69,665.88	\$ 66,921.88	\$ 83,595.26

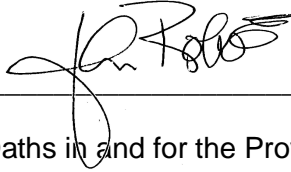
ASSUMPTIONS:

Activity	Reason for Activity	Vendor	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Insurance									
SSQ Insurance (Travel Accident) (May to April)									
AON (Property) (Jun to Jun)									
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IT Costs	Office 365, Phone Conference and IT Costs			\$ 4,100.00	\$ 4,100.00	\$ 4,100.00	\$ 4,100.00	\$ 4,100.00	\$ 4,100.00
Pension Audits		GT						\$ 5,000.00	
PE Management Fee			\$ 144,000.00	\$ 144,000.00	\$ 144,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00
Property Tax		Munc of Pictou	\$ 167,500.00						\$ 167,500.00
			\$ 167,500.00	\$ 148,100.00	\$ 148,100.00	\$ 154,100.00	\$ 154,100.00	\$ 159,100.00	\$ 321,600.00
Finance Costs			\$ 314,150.00	\$ 148,100.00	\$ 148,100.00	\$ 154,100.00	\$ 154,100.00	\$ 159,100.00	\$ 321,600.00
	Cash Cost (incl HST)		\$ 336,147.50	\$ 170,315.00	\$ 170,315.00	\$ 177,215.00	\$ 177,215.00	\$ 182,965.00	\$ 344,715.00

This is Exhibit "D" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. R. F. 18/10/21", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia



**NORTHERN PULP NOVA SCOTIA CORPORATION
ABERCROMBIE POINT, NOVA SCOTIA**



Project Description

**Effluent Treatment Project
Part of an Overall Mill Transformation**

May 14, 2021

Northern Pulp Nova Scotia Corporation
P.O. Box 549, Station Main, 260 Granton Abercrombie Branch Road
New Glasgow, NS B2H 5C6

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1.0 INTRODUCTION

Northern Pulp Nova Scotia Corporation (herein referred to as “**Northern Pulp**”, or the “**Company**”) produces high-quality northern bleached elemental chlorine-free (“**ECF**”) kraft market pulp (“**Kraft Pulp**”) at Abercrombie Point in the Municipality of Pictou County, Nova Scotia (the “**Mill**”). The Kraft Pulp is used to make a variety of products from tissue and paper towels to fine writing paper. The Mill, capable of producing over 280,000 tonnes of ECF Kraft Pulp per year, ceased production on January 12, 2020 and is being maintained in a hibernated state, pending resumption of Mill operations.

Northern Pulp has adopted a new, innovative and transformative approach and process to re-position its operations, re-develop the Effluent Treatment Facility (“**ETF**”) (herein referred to as the “**Project**”) and perform a transformation of the overall Mill operation to become an “Environmentally Best in Class” Canadian operation. The Project, defined as the advanced ETF, spill basin and power boiler precipitator, as well as associated in-Mill transformation work, will be located on the Mill site at Abercrombie Point.

2.0 SUMMARY

The Mill had been in operation since 1967 until its recent hibernation in January 2020. The Mill was originally built by Scott Maritimes Limited and changed ownership many times over the years prior to its acquisition by Atlas Blue Wolf in 2008, through Northern Pulp. In 2011, Paper Excellence Corporation (“**PEC**”), a leading global manufacturer of pulp and paper products, acquired ownership of Northern Pulp. PEC recognized that the core fundamentals of a successful kraft mill were in place and recognized the social and community impacts associated with the Mill.

Since 2011, PEC has spent more than \$118 million towards capital improvements, including \$70 million towards efforts and projects to (i) reduce effluent flow; (ii) reduce odourous emissions, particulate, and greenhouse gas emissions; and (iii) improve air quality monitoring. In addition to the PEC direct financial investments, Northern Pulp has contributed to the community by maintaining active employment of over 300 people, created more than 2,679 jobs in Nova Scotia, spent more than \$279 million annually and supporting a supply chain of 1,379 companies through mill and woodlands operations.

Notwithstanding individual investments that have improved the Mill's production, reduced its environmental impact, and contributed to the economic sustainability of the community and its stakeholders, it is clear that a holistic transformation of Northern Pulp's Mill operations and processes is required.

Tomorrow's Mill operations and process - from community engagement to forestry practices to addressing odour, air, and water emissions - must be better than the Mill of yesterday.

Since hibernating the Mill in January 2020, Northern Pulp has thoroughly reviewed findings and stakeholder input on the previously proposed replacement effluent treatment facility project as described in the environmental assessment registration document submitted on January 31, 2019 (the “**2019 Project**”). This Project and associated transformation work, outlined herein and in Appendix A, was developed with the learnings from the 2019 Project and input from the ELC (as defined below).

A significant part of Northern Pulp's community engagement has been through the formation and engagement with an independent Environmental Liaison Committee (the “**ELC**”). The voluntary ELC consists of 14 concerned citizens, including *inter alia*, academics, fishers, former Northern Pulp employees, a Mill retiree, business owners and operators, forestry workers, among others. The mandate of the ELC is to:

- Attempt to identify, review, and prioritize potential environmental, forestry, marine, and community engagement issues and solutions related to Northern Pulp's operations;
- Consider Northern Pulp's commitment to building long-term, mutually beneficial relationships with stakeholders and rightsholders when proposing potential solutions related to Northern Pulp's operations;
- Reach a consensus on the issues and potential solutions related to Northern Pulp's operations; and
- Present findings to Northern Pulp for further action related to the Company's operations.

The ELC has met more than 20 times since holding its first meeting in October 2020. Several of the meetings focused on the concerns of local residents regarding the impact of the Mill on the local community. The ELC generated a list of issues, questions, and grievances related to the Mill's actual or perceived impact on air quality, water quality and usage, the thermal impact of the effluent on Pictou Harbour and/or the Northumberland Strait, as well as on solid waste disposal.

The ELC grouped all identified factors into six main areas:

1. Lack of Community Trust and Leadership;
2. Effluent Treatment Facility;
3. Odour;
4. Air Quality;
5. Forestry Practices; and
6. Community Involvement.

Northern Pulp engaged KSH Solutions Inc. (“**KSH**”), a major international pulp and paper consultant located in Montreal, Quebec, to work with the ELC to develop technical solutions to address related community issues and transform the Mill into a “Best in Class” operation.

The *Path to the Future* Report prepared by KSH and attached as Appendix A

incorporates Best Available Technology (“BAT”) as well as solutions supported by Natural Resources Canada, and those operated by other PEC affiliates including Meadow Lake Mechanical Pulp Inc. (“**Meadow Lake**”).

The proposed changes to the Mill operations and process, outlined herein, are designed to transform operations based on BAT, adopting technology and practices currently operating separately in a variety of mills world-wide. Together, these improvements will transform the Mill into a Best-in-Class operation and in some cases the first of its kind in Canada. The proposed elements of the transformation are described in detail in the enclosed *Path to the Future* Report attached as Appendix A.

Importantly, Northern Pulp recognizes that to succeed, a Best-in-Class Mill must be operated by an organization with a Best-in-Class culture. With the assistance of the ELC, Northern Pulp has developed a new vision guided by operating principles that will deliver on the promises we are making to our neighbours, employees, suppliers, and all Nova Scotians. The vision below provides an overview of Northern Pulp's planned operation:



2.1 Operational Trust and Transparency

2.1.1 BUILDING RELATIONSHIPS

Northern Pulp recognizes that building relationships based on trust and transparency takes time and significant effort. The Company is committed to transforming its

approaches and processes, to invest in its societal license to operate, and to build relationships based on trust and transparency, including:

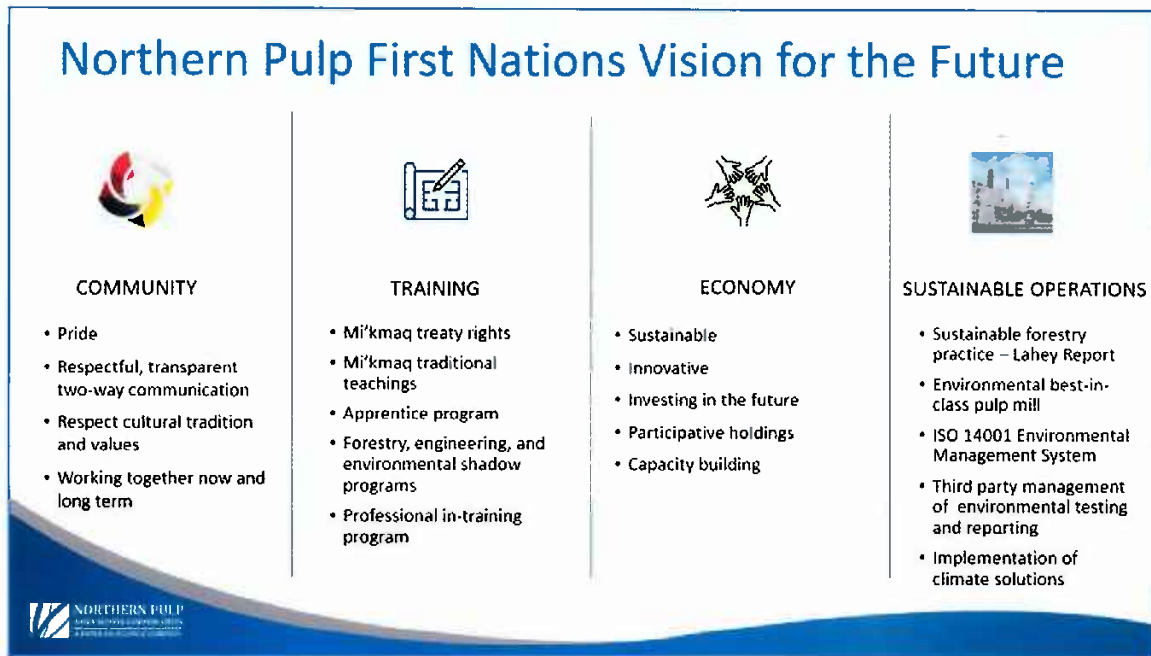
1. The implementation of an ISO 14001 Environmental Management System. This internationally recognized management system maps a management framework for effective environmental management. Northern Pulp will be audited regularly for compliance and these results will be publicly available;
2. A real-time environmental performance dashboard will be publicly accessible on Northern Pulp's website. Public input will be welcomed on the inclusion of additional environmental information and data to promote transparency;
3. An independent third party will be retained to schedule and conduct environmental testing mandated by regulatory permits. Test results will be posted on the Northern Pulp website and released contemporaneously to: (i) Nova Scotia Environment and Climate Change; and (ii) Environment and Climate Change Canada;
4. Cameras will be installed on-site and livestreamed so the community can view equipment installation;
5. The Northern Pulp website will contain up-to-date information and research conducted during the Environmental Assessment Process, including frequently asked questions and answers; and
6. During operations, an annual environmental update meeting will be held for the public to review the environmental performance of the operation, discuss upcoming projects, and answer questions about Northern Pulp's operations including forestry.

2.1.2 FIRST NATIONS ENGAGEMENT

Relationships between Northern Pulp and Pictou Landing First Nations have been strained over the years (dating back to 2008), and similarly with prior owners / operators of the Mill dating back to 1967. We are committed to following mutually agreed principles to guide any future business activities with Pictou Landing First Nations and with all First Nations to:

- Listen, learn and respect First Nations beliefs, traditions and values.
- Work with integrity and in direct communication and collaboration.
- Find respectful ways to move forward together with valuable guidance from First Nations.

Additionally, the Northern Pulp vision of engaging with First Nations communities in Nova Scotia is principled on and committed to as follows:



2.2 Mill Transformation Work

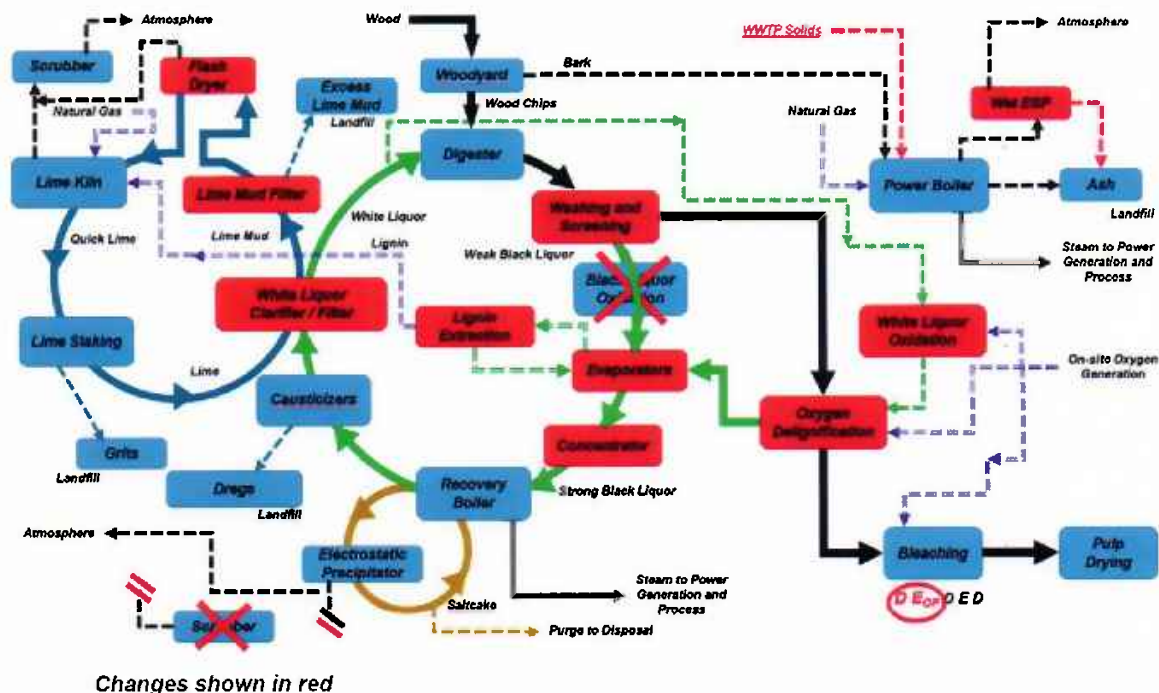
2.2.1 ADDRESS WASTEWATER TREATMENT CONCERNS

A series of internal Mill transformations (as shown in Figure 2.1) will result in a significant decrease of biochemical oxygen demand (“**BOD**”), chemical oxygen demand (“**COD**”), and organochlorine compounds entering the effluent treatment system:

1. The implementation of two-stage oxygen delignification, which will reduce the need for bleaching chemicals by close to 50%. Oxygen delignification is one of the most significant and well-proven pulp bleaching processes for ECF bleached pulp production and has been in commercial use since 1990. The addition of oxygen delignification requires significant modifications to the Mill operations to support the removal of lignin. These are:
 - a. Expansion of lime production to produce the liquor for cooking of woodchips. A drying chamber using the exhaust air will dry the material before it enters the lime kiln. This will also reduce the natural gas use in this area by 83% or approximately 6,500 m³ per day;
 - b. Construction of a new clarifier and repurposing of other clarifiers to provide a higher quality of lime and liquor to cook wood chips; and

- c. Construction of a lignin extraction system to support the oxygen delignification process to amass saleable biofuel.
2. The reconfiguration of the Mill's first bleaching stage to medium consistency, which will allow the Mill to reach the same pulp brightness levels while using fewer bleaching chemicals. The reduction of chemicals is estimated at 10%;
3. Collect and pre-evaporate water from low solid black liquor streams, stopping their entry into the effluent treatment system;
4. Upgrade of the steam stripper system by adding trays to optimize foul condensate recovery;
5. Installation of secondary knotters for removal of uncooked wood from the pulp, with the full recovery of the uncooked wood and black liquor returning them to the digester for re cooking;
6. Installation of upgraded spill containment, collection, detection, and recovery to minimize both liquor losses and the potential impact of inorganic chemical spills. Floor trenches will be re-routed, bulk chemical storage tanks will be diked, and increased instrumentation will be installed; and
7. Elimination of the recovery boiler MODO scrubber heat recovery and the Power Boiler water scrubber. Excess cooling waters will be sent to cooling towers and reused in the process as makeup water. The average Mill water usage is expected to be in the vicinity of 40,000 m³ per day. This is a significant reduction to the 2019 average Mill water usage.

Figure 2.1 – Future Mill Processes Configuration



2.2.2 ADDRESS THE MILL'S ODOUR IN SURROUNDING COMMUNITIES

The largest sources of odour from the Mill operation arise from the use of a direct contact evaporator to thicken the spent cooking liquor before recovery, the combustion of spent black liquor at low (less than 75%) solids concentration, the direct venting of washer hoods in the brown stock area and the lack of a secondary combustion device for the sulphur-containing off-gases generated throughout the process.

To ensure there is minimal odour during normal operating conditions, Northern Pulp will convert the recovery boiler to a low-odour configuration, including the replacement of the direct contact evaporator with a modern concentrator, which would allow the combustion of spent cooking liquor at higher concentrations. The following will be added to the recovery boiler as part of the low-odour conversion:

1. A direct contact evaporator will be replaced with an indirect contact evaporator operated with steam to produce a solids level of 83%; thus, reducing the volume of the boiler stack emissions;
2. A fourth level air system will be installed on the recovery boiler to allow better distribution in the combustion zone and the proper introduction of sulphur

containing gases for destruction in the recovery boiler; and

3. A larger economizer will be installed in the recovery boiler to increase energy efficiency.

The high-volume low sulphur concentration gases will be collected from the brown stock washer hoods to minimize the odour from this area. This volume of air, once collected, will be piped and used as a boiler air supply.

Additionally, a backup combustion device for both the concentrated and diluted sulphur-containing off-gases, which are currently sent to the recovery boiler and the lime kiln, will be installed.

2.2.3 ADDRESS MILL APPEARANCE

An important issue identified by the ELC is the appearance of the Mill with its multiple visible plumes. These plumes are caused mainly by the water used to scrub the flue gases from the recovery boiler, the power boiler, and the lime kiln. To address these, the following process changes will be implemented:

1. The decommissioning of the recovery boiler Modo scrubber, which is currently required to reduce the amount of sulphur being released to the atmosphere. This sulphur will now be collected within the new advanced process;
2. The replacement of the power boiler venturi scrubber with a wet electrostatic precipitator. A wet scrubber is no longer required for sulphur removal, as the Mill no longer uses Bunker C fuel oil in the boiler. This will also significantly reduce particulate matter emissions from the boiler; and
3. The addition of a flash dryer in the lime kiln to support oxygen delignification. Along with providing more lime production capacity, this will significantly reduce the amount of water going to the kiln as well as reducing the use of fossil fuel in the kiln.

The ELC also identified the general appearance of the Mill infrastructure as inconsistent with community standards. The transformation will include an update to the visual appearance of the Mill.

2.3 Energy Production and Carbon Footprint Update

2.3.1 SUSTAINABLE POWER GENERATION

Northern Pulp generates almost all its own electricity using sustainable resources. During normal operations, power is generated onsite by biomass or lignin extracted from the woodchips. The Mill imports power from the provincial grid during high-demand procedures, such as a start-up or shutdown in operations. If the Mill is producing excess sustainable energy, it exports green energy to the provincial grid.

2.3.2 NATURAL GAS USE

The lime production area is fueled with natural gas. The kiln flash dryer installation in the lime producing area will use waste discharge heat to evaporate the water. This will decrease the natural gas consumption by 83% or approximately 4,500 tonnes CO₂-eq/year.

2.3.3 GREENHOUSE GAS

Northern Pulp accounts for less than 1% of the greenhouse gas emissions in Nova Scotia. The renewable fuel mix (fuel derived from natural processes) for the Mill is 92%. The Mill has reduced greenhouse gas emissions by over 40% since 1990. The Company accumulates carbon credits and will continue to participate in the provincial climate change program with a resumption of production.

2.3.4 EXCESS LOW-GRADE HEAT

With the resumption of production, the Mill will produce excess green energy that can be captured and used for greenhouses or district heating in nearby communities. This sustainable source of heating is practised in several Scandinavian communities located in close proximity to pulp mill operations. Northern Pulp will provide the heat source and work with any community interested in exploring the opportunity.

3.0 ADVANCED EFFLUENT TREATMENT FACILITY PROJECT

The advanced effluent treatment facility is designed to transform Mill effluent to meet and exceed environmental standards for discharge to the receiving environment. The Mill transformation work and the ETF project proposed are designed to remove, *inter alia*, solid materials, organic loads, and chlorinated compounds. A simplified flowsheet of the ETF process is shown in Figure 3.1.

Primary Treatment

An automatic, raked bar screen will be installed ahead of the lift station to remove any large debris that may make it into the Mill's floor trenches. Several internal spill containment measures (re-routing of floor trenches, bulk chemical storage tank diking, etc.) will be implemented within the Mill to minimize the potential impact of inorganic chemical spills on the advanced effluent treatment facility. Primary treatment will consist of a properly sized concrete circular clarifier.

Secondary Treatment

Secondary Treatment will consist of Veolia's AnoxKaldnes™ Biological Activated Sludge ("BAS") process, which combines Moving Bed Biofilm Reactor ("MBBR") technology with conventional Activated Sludge ("AS"). This process was chosen because of its flexibility and advantages in process design compared to other technologies, as well as its extensive reference list in the pulp and paper industry.

Similar system configurations are currently in operation at 52 pulp and paper facilities worldwide, including over 20 chemical pulp mills (60–75% of all the biological effluent treatment plants in the pulp and paper industry use AS systems).

The system is also extensively used in municipal wastewater treatment applications. There are over 800 municipal and industrial BAS systems installed globally.

The MBBR system is designed to remove roughly 40% of the easily or readily biodegradable soluble COD present in the untreated effluent and to provide 2.2 hours of retention time. The AS stage is designed for a solids retention time of 7 days, the duration that AS solids (bacteria) remain in the system. The AS stage is expected to remove up to 30% of the soluble COD and the BAS process is designed for a soluble COD removal efficiency of up to 70% overall when combined with oxygen delignification.

With the reduction in untreated COD stemming from the various process modifications (oxygen delignification, better solids recovery, etc.), the effluent colour will be significantly reduced before treatment. Additionally, nutrients, in the form of nitrogen and phosphorus, come primarily from the effluent treatment plant itself since that process needs nutrients to function properly. Proper dosing and monitoring will be put in place to minimize carryover, which will be further reduced by tertiary treatment.

Tertiary Treatment

When leaving the secondary treatment system, the treated effluent will meet all applicable discharge regulations, but Northern Pulp is proposing an additional level of treatment. Tertiary treatment, consisting of rotating disc filters (Veolia's Hydrotech Filters), will remove almost all suspended biosolids and a significant portion of the effluent colour. The tertiary treatment will be added after secondary treatment and before discharging the effluent to the receiving environment (a suggested point of discharge for the tertiary-treated effluent along with the location of the advanced ETF equipment is

shown in Figure 3.2).

The continuous operation of a tertiary treatment system will be a first in the Canadian Pulp and Paper Industry. The Mill will be the only mill in North America to have tertiary treatment on its total mill effluent year-round. Engineered wetlands were considered, but it was determined that it would not be an effective solution and would result in the inherent increase in effluent colour.

The installation of a modern engineered diffuser will provide a significant improvement in effluent dispersion compared to the previous Boat Harbour Effluent Treatment Facility ("BHETF"), which did not have an engineered diffuser. Engineered diffusion is the industry standard of today and the best available technology worldwide.

Primary and biological solids will be removed, collected, thickened, and used in the power boiler: a practice that is carried out in more than half the mills in North America. To alleviate the public concerns associated with the burning of sludge, a new high-efficiency precipitator will be installed on the power boiler stack. This will reduce water consumption and be significantly more efficient at collecting particulate from the stack.

A large (35,000 m³) spill basin will be built to provide a buffer between the Mill and the replacement effluent treatment facility in case of a major process upset. This spill basin, able to contain approximately 24 hours of Mill effluent, would normally be maintained in an empty state. The spill basin will provide environmental protection for the effluent treatment facility as well as the receiving environment.

All new equipment associated with the proposed ETF will be located on the Mill site, east and west of the main Mill access road. This includes the primary clarifier, the aeration basins, both secondary clarifiers, tertiary treatment, and the new buildings that will house the effluent pumps, the heat exchangers and cooling towers, the aeration blowers, the sludge dewatering system, and the effluent treatment system control room.

ily



2

Figure 3.2 – Preliminary Location of New Structures



4.0 ENVIRONMENTAL BASELINE

Environmental baseline studies were carried out in 2018 and 2019 to establish the physical and biological setting at the site (part of the 2019 Project). Studies included: Land; Water; Terrestrial and Aquatic Ecosystems; Species at Risk Act (“SARA”) Listed Species; Terrestrial Habitat and Vegetation; Wetlands; Water Course/Aquatic Habitat; Mammals and Wildlife; Birds; Archaeological; and Economic and Social.

The activities proposed would effectively reduce or eliminate the potential for unacceptable risk of contaminants to ecological receptors by removing the exposure pathway.

A Mi’kmaq Ecological Knowledge Study (“MEKS”) was conducted by Membertou Geomatics Solutions for the 2019 Project. Although the project footprint at Abercrombie Point has not changed, the MEKS will be updated for the Project. The original study found that Mi’kmaq land and resource use was reported on the Project site and that hunting and gathering were found to be the most common activities described as occurring. Within the broader study area, hunting, fishing, and gathering were the most reported activities. All activities were recounted as taking place in the recent and long-term past. Current use is limited mainly to fur-bearing creatures as species of harvest.

Archaeological assessment work was also carried out for the 2019 Project. The Project area contains known and potential sites of significance and recorded archaeological sites in the Provincial registry. All aspects of the project planning carefully consider the

known and potential sites with appropriate studies completed in any area where land disturbance has or will occur as part of the Project.

5.0 ENVIRONMENTAL PLANNING AND MANAGEMENT

5.1 Protection and Management Measures

A variety of environmental protection and management measures have been adopted through the development of the Project to date to guide the planning, design, construction, operation, and maintenance of the Project. These include, but are not limited to, the following measures:

1. Siting the Project components to avoid sensitive areas such as wetlands, watercourses, and important habitat types, where possible, and to reduce the size and number of natural drainages that may be affected;
2. Minimizing the “footprint” of Project facilities and activities to consequently reduce the amount of disturbed land, wetlands, and water resources;
3. Siting of the engineered outfall to minimize potential impact to receiving water quality;
4. Employing good planning, design, and management practices to comply with regulatory standards for air emissions, water releases, storage or disposal of solid wastes, and handling and disposal of hazardous materials;
5. Constructing and operating methodologies consistent with Northern Pulp's Environmental Management System (“**EMS**”) which incorporates operational policies and practices for monitoring and management of, for example, land and soil resources, air and water, noise and vibration, hazardous materials and waste, community health and safety, and cultural heritage; and
6. Developing and implementing an overall Environmental Management Plan (“**EMP**”) and Environmental Protection Plan (“**EPP**”) for construction activities that will be included in, and enforced through, construction contracts.

5.2 Follow-up and Monitoring

Environmental Management does not end once the Project is complete. A follow-up and monitoring program will be developed as part of the Project. The objectives of this program shall be to:

1. Verify the environmental effects predictions included in the EA to assess the effectiveness of mitigation, as required;
2. Propose environmental monitoring measures aimed at monitoring the Project's

environmental effects;

3. Demonstrate compliance with environmental acts, regulations, and approvals/permits/authorizations issued for the Project; and
4. Provide a basis for long-term adaptation to changing environmental conditions occurring naturally or as a result of the Project.

It is expected that this program would be adjusted as required over the life of the Project in response to the results of follow-up or monitoring initiatives, changes in regulatory requirements, or other factors.

5.3 Project Construction

The construction phase will be initiated following the receipt of EA approval and the receipt of all additional required permits, approvals, licences, authorizations, or leases for the Project. The ETF, engineered outfall, and in-Mill improvements are estimated to be completed within 24 months of the beginning of construction.

Throughout construction, environmental controls (e.g., erosion and sediment control structures, silt curtain) will be utilized as required and as prescribed in environmental permits and approvals.

Throughout the construction phase, site inspections will be undertaken by the contractor, Northern Pulp's Environmental Team, and/or designate. Site inspections will include environmental monitoring and compliance with the EMP and legislation. During construction, full-time site personnel will have environmental protection as their responsibility; this individual or group of individuals will complete inspections regularly to ensure that mitigative controls are in place and other EMP measures are followed and maintained. Checklists will be developed for this purpose. Following construction, disturbed areas will be restored to match pre-construction conditions.

5.4 Operation and Maintenance

Northern Pulp plans to reduce the overall Mill water consumption to about 45 m³/tonne through the implementation of the in-Mill transformation work. The processes will be automated with online instrumentation. Confirmation of ETF performance will be dictated by Nova Scotia Environment and Climate Change permits and will require effluent sampling consistent with the conditions of an Industrial Approval.

Northern Pulp will be responsible for:

1. The operation, maintenance, and inspection of ETF components and engineered outfall and diffuser assembly;
2. Sludge management and operation of the facility's power boiler for incineration of sludge, including air quality monitoring;

3. Monitoring of effluent quality discharged to the receiving environment;
4. Maintenance of above and below ground facilities;
5. Emergency response; and
6. Awareness and education of local stakeholders, including members of the public and emergency responders.

6.0 ACKNOWLEDGEMENT

While the submission of the Project Description reflects a starting point for the EA Process, it is a major milestone in the evolution of the vision for the Mill and its future operations. The vision is premised on earning the societal license to operate within the local community and Province of Nova Scotia.

Northern Pulp desires to recognize the significant efforts and undertakings of the ELC, and its voluntary members, for their efforts and commitment to represent stakeholder and community perspective and challenge Northern Pulp to create a better future for the community and all Nova Scotians.

This work has provided Northern Pulp input necessary to develop a new vision of Kraft Pulp operations that align with community expectations, while retaining the many economic and societal benefits that arise from Mill operations, including, *inter alia*, employment, infrastructure investment, operational spend that promotes an economic multiplier effect to community sustainability, and preserves and promotes a healthy environment.

APPENDIX A – KSH “NORTHERN PULP MILL MODERNIZATION - A *PATH TO THE FUTURE*” REPORT

Northern Pulp Mill Modernization A Path to the Future



Northern Pulp Nova Scotia, Abercrombie Point NS

*KSH Consulting
Project 11 1211A*

May 6th, 2021

Disclaimer

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11-1211A Rev2

▼ Report No. 11-1211A

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Revision History

Revision	Date	Written by	Approved by	Description
0	1 April 2021	GRM, KF	GRM	First Issue
1	14 April 2021	GRM, KF	GRM	General revisions
2	6 May 2021	GRM, KF	GRM	General revisions

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I. Executive Summary

Executive Summary

- As part of the ongoing efforts to address the Nova Scotia Government's concerns related to Environmental Assessment (EA) process for the implementation of the Effluent Treatment Plant Replacement Project, Northern Pulp has put together a citizens' committee (the "Environmental Liaison Committee") to better identify the environmental issues that are important to the local community in an effort to address these concerns from a technical / process point of view.
- Following a series of meetings to discuss the concerns of the local population towards the impact of the mill on the local community, the Environmental Liaison Committee generated a list of issues, questions and grievances related to the mill's actual or perceived impact on air quality, water quality and usage, the thermal impact of the effluent on Pictou Harbour and/or the Northumberland Strait as well as on solid waste disposal.
- This led to a study of the design of the mill to see how, from a technical point of view, these issues could be addressed in such a way that, when applying Best Available Technology (BAT) principles, the mill's impact on the community is minimal and that it becomes one of the best performing mills in Canada, from an environmental impact point of view.

▶ Executive Summary (cont'd)

Quantity and Quality of Effluent Discharge

- ▶ The number one issue of importance to the Committee was the quantity and quality of the effluent to be discharged to the environment;
- ▶ While the mill was a good environmental performer when compared to its Canadian peers, significant improvements can be made to both the quality of the treated effluent and its colour by changing the configuration of the mill to prevent/minimize colour compounds from making their way into the untreated effluent;
- ▶ The improvements to be implemented include:
 - The implementation of oxygen delignification, which will reduce the need for bleaching chemicals by close to 50%;
 - This requires significant other changes within the mill (kiln, recausticizing, recovery boiler ducting) to address the additional solids loading, creating more green energy in the process;
 - The reconfiguration of the mill's first bleaching stage to medium consistency, which will allow the mill to reach the same pulp brightness levels while using even less chemicals;
 - A modern liquor spill detection and collection system in the recovery area:
 - This will require significant other changes within the mill (new evaporators, storage tanks, collection systems), to address the additional solids loading in the recovery process.

► Executive Summary (cont'd)

Quantity and Quality of Effluent Discharge

- The improvements to be implemented include *(continued from previous page)*:
 - The addition of a lignin extraction system to prevent overloading the recovery boiler:
 - This will create a new bioproduct that could either be used to generate green energy or sold as a bio-product in several applications while allowing the mill to maintain its pulp production rate.
 - The installation of spill collection systems;
 - The implementation of a mill-wide water reduction / segregation system, where the cooling water used at the mill will be collected, cooled and reused throughout the mill or as an external heat source (e.g. greenhouse);
 - The implementation of new primary and secondary treatment systems to remove the solids and organics loading of the untreated mill effluent;
 - The addition of a tertiary treatment system on the treated effluent, which will reduce the level of solids, nutrients and colour in the effluent prior to its discharge in the receiving environment:
 - The solids generated during these process steps will be collected, thickened and burned in the power boiler, a practice that is carried out in more than half the mills in North America with no impact on emissions, when compared to mills that dispose of these materials differently and burn only biomass in their power boiler.

▶ Executive Summary (cont'd)

Mill's Odour in Surrounding Community

- ▶ Because of the process used to make pulp at the mill (kraft pulping), the older design of some of its components and the very low detection threshold of the compounds that cause the mill to smell, any continuous or accidental release of odorous gases will be quickly noticed;
- ▶ The largest sources of odour from the mill come from the use of direct contact evaporators to thicken the spent cooking liquor prior to recovery, the combustion of spent black liquor at low (less than 75%) solids concentration, the direct venting of some washer hoods in the brownstock area and the lack of secondary combustion devices for the sulphur-containing off-gases generated throughout the process;
- ▶ To address this, the following process modifications will be implemented:
 - The conversion of the recovery boiler to a low-odour configuration, including the replacement of the direct contact evaporator with a modern concentrator, which would allow the combustion of spent cooking liquor at higher concentrations;
 - Collection and disposal of the vent gases from the brownstock washer hoods; and
 - Installation of a back-up combustion device for both the concentrated and dilute sulphur-containing off gases currently sent to the recovery boiler and the lime kiln.

▼ Executive Summary (cont'd)

Visible Plumes

- ▼ An important issue to the Committee is the visibility of the mill itself, with its multiple plumes that can be, and have been, perceived by some as a license to pollute. These plumes, which mostly consist of water vapour, are caused mainly by the water used to scrub the flue gases from the recovery boiler, the power boiler and the lime kiln.
- ▼ To address these, the following process changes will be implemented:
 - The decommissioning of the recovery boiler Modo scrubber, which is currently required to reduce the amount of sulphur being released to the atmosphere:
 - This sulphur would now be collected within the process.
 - The replacement of the power boiler venturi scrubber with a wet electrostatic precipitator:
 - A wet scrubber is no longer required for sulphur removal, as the mill no longer uses Number 6 Fuel Oil in the boiler; and
 - This will also significantly reduce particulate matter emissions from the boiler.
 - The addition of a flash dryer in the lime kiln:
 - Along with providing more lime calcining capacity, this will significant reduce the amount of water going to the kiln as well as the use of fossil fuel in the kiln.

▶ **Executive Summary** *(cont'd)*

Operational Transparency

- ▶ The last issue of importance to the Committee is one of transparency;
- ▶ Rightly or wrongly, and despite significant effort and investment from the Mill to improve its facilities and decrease its environmental footprint, there is a strong level of mistrust within the local community that needs to be addressed as part of any proposed mill technology improvement program;
- ▶ To achieve this, the mill's environmental management system will be updated to reflect the future operations; and
- ▶ Once the mill is operational, the environmental management system will be certified to ISO 14000 standards by an independent third-party:
 - This would provide a level of reassurance, for the local community as well as for the Mill's customers that the mill is operating in a way that minimizes its environmental impact, especially when it encounters upset conditions.
 - This third-party certification would be maintained by regular, independent audits.

▼ Executive Summary *(cont'd)*

Impact on Operations

- ▼ The 22 measures identified in this project will affect all areas of the mill and will bring its environmental performance to the levels achievable to the application of Best Available Technology for both air emissions and effluent discharge:
 - Target effluent volume reduction of 43% (top 10%);
 - Target BOD₅ discharge reduction of 69% (top 25%);
 - Target TSS discharge reduction of 31% (top 5%); and
 - Target AOX discharge reduction of 23% (top 30%).
- ▼ The changes done to the mill's configuration would also address the mill visibility issues raised by the Committee and bring transparency to its operations; and
- ▼ The mill's carbon footprint would also be reduced significantly from the more efficient use of wood resources, the use of less water and the increased use of renewable energy from better solids recovery.



II. Introduction

► Introduction

- As part of the efforts to complete the required Environmental Assessment, Northern Pulp has formed a committee of concerned citizens, which includes academics, fishers, past employees and ordinary citizens.
- With the ultimate goal of re-opening the facility, this Committee was put in place to better identify the local community's preoccupations with both the proposed Replacement Effluent Treatment Facility Project, as well as the mill's operations in general, so as to assist Northern Pulp in identifying technical solutions that would be accepted to all concerned parties, both from an environmental impact and a techno-economic feasibility point of view.
- After a series of meetings and discussions, held over the last months, the Committee generated a series of concerns in the areas of air quality, water quality, water use/heat discharge and sludge management, concerns which can be addressed with a series of technical or process solutions that would need to be identified or clarified by a third party.
- This report presents a description of the technical assessment of how the concerns of the Committee will be addressed, their impact on mill performance and a preliminary implementation timetable.



III. Issues

▼ Issues Identified by the Committee

▼ Quantity and quality of effluent being discharged:

- Perhaps the number one issue of importance to the Committee is the quantity and quality of the effluent to be discharged to the environment, both from its effect on the environment and its visibility when discharged.

▼ Mill's odour in surrounding community:

- Because of the process used to make pulp at the mill (kraft pulping), the older design of some of its components and the very low detection threshold of the compounds that cause the mill to smell, any continuous or accidental release of odorous gases will be quickly noticed.

▼ Visible plumes:

- The visibility of the mill itself, with its multiple plumes, can be, and have been, perceived by some as a license to pollute.

▼ Environmental stewardship and oversight:

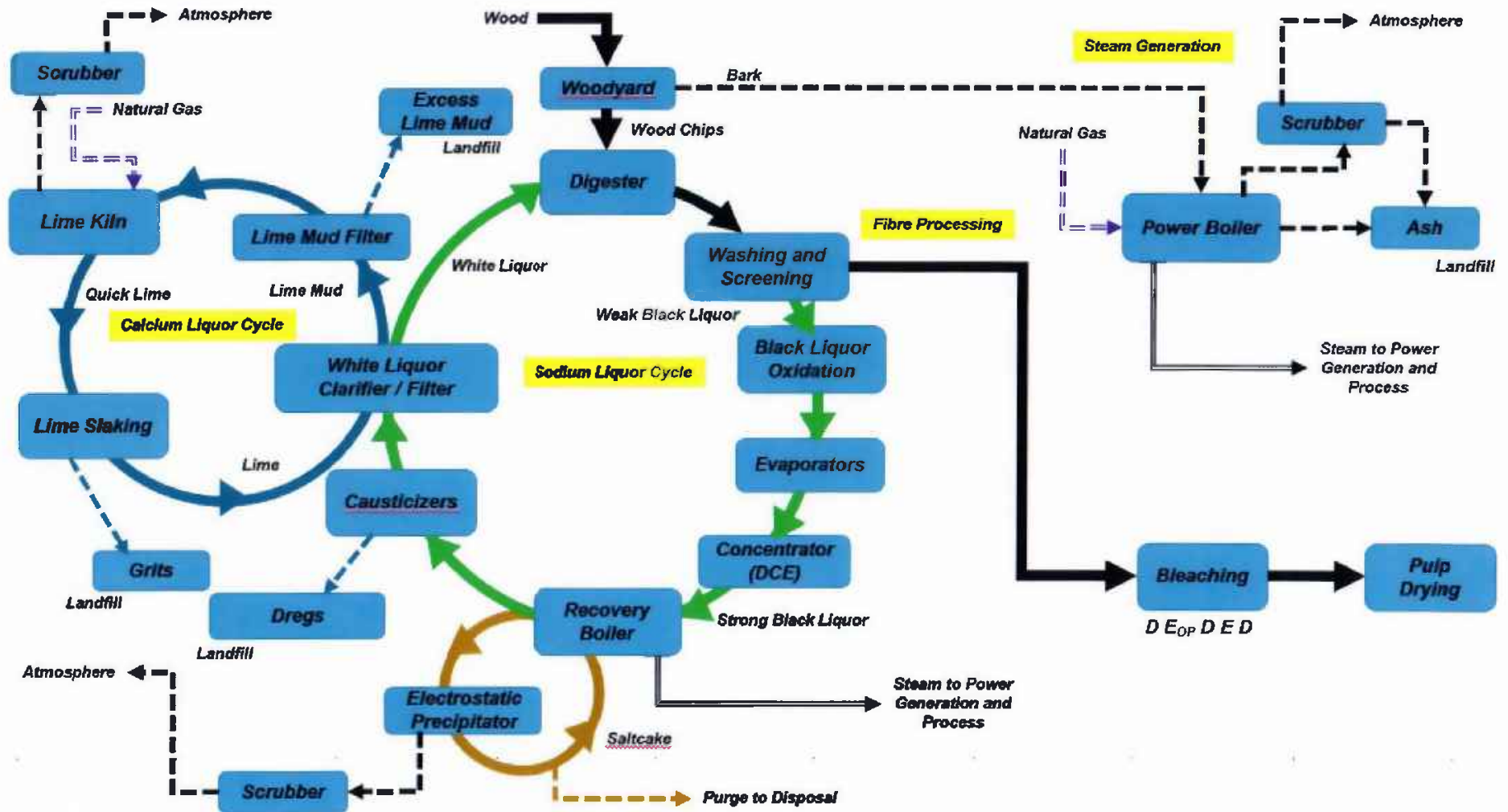
- Rightly or wrongly, and despite significant effort and investment from the Mill to improve its facilities and decrease its environmental footprint, there is a strong level of mistrust within the local community that would need to be addressed as part of any proposed mill technology improvement program.

IV. Current Mill Configuration

▼ Current Configuration

- ▼ Built in 1967 by Scott Paper as a Northern Bleached Softwood Kraft (NBSK) market pulp mill, the mill has seen a significant numbers of investments occur over the years, including:
 - Changes to pulping systems (1988);
 - Modifications to effluent treatment plant (1995);
 - Recovery boiler rebuild (1999);
 - Power boiler / recovery boiler upgrades (2011);
 - Power boiler scrubber retrofit / black liquor oxidation system (2012);
 - Conversion to natural gas (2014); and
 - Recovery boiler electrostatic precipitator (2015).
- ▼ The mill's current process configuration is typical of a mill of this vintage and is shown and described in the following pages.

Current Mill Process Configuration



➤ **Current Mill Configuration**

Fibre Processing

- Roundwood is debarked, chipped, screened and conveyed to the cooking plant;
- Wood chips are fed in a continuous, single vessel digester, where steam and white liquor (caustic and sodium sulfide) are added under pressure to separate the lignin from the cellulose fibre in the wood;
- The cooked chips are washed in a pressure diffuser and 2 vacuum washers, then screened to remove uncooked chips, knots and impurities (sand, wood slivers, dirt, etc.) and thickened in another vacuum washer (decker);
- The unbleached pulp then goes to a five-stage bleach plant, where the pulp goes from brown to white using chlorine dioxide, caustic, gaseous oxygen and hydrogen peroxide; and
- The bleached pulp is then dewatered and dried to form thick pulp sheets, which are then pressed into bales and shipped to customers.

▶ **Current Mill Configuration**

Liquor Cycle (sodium)

- ▶ The black liquor, which is extracted from the unbleached pulp by the vacuum washers, is oxidized to reduce the emissions of total reduced sulphur (TRS) in the recovery boiler;
- ▶ The oxidized black liquor, containing about 15% wood solids (by weight) is thickened via several stages of evaporators, which use indirect steam and differential pressure to bring the liquor solids content to approximately 50%. The “dirty” steam from black liquor evaporation is condensed and stripped of its sulphur content using a steam stripper:
 - The stripped gases from this condensate, which are organic compounds naturally present in the wood and released through cooking, are burned as fuel in the lime kiln.
- ▶ A smaller, more dilute portion of these gases is also collected throughout the process, blended with the combustion air in the recovery boiler and burned in the boiler.

➤ **Current Mill Configuration**

Liquor Cycle (sodium) (cont'd)

- The thickened black liquor is then put in direct contact with the flue gases from the recovery boiler to further concentrate it to about 65%. This is done in a concentrator or, in the mill's current configuration, as a direct contact evaporator (DCE);
- The strong black liquor is then fired into a recovery boiler, where it is burned to produce heat, which is converted to steam in the boiler. The inorganic portion of the black liquor (the cooking chemicals) is collected as a smelt at the bottom of the boiler and consists mainly of sodium carbonate, sodium sulphate (saltcake) and sulphur compounds;
- This smelt is dissolved in water to form green liquor, which is sent to a series of tanks called causticizers, where the sodium carbonate / sulphate is converted to caustic using lime; and
- The caustic exiting the causticizers (white liquor) is then clarified and sent to the digester to be reused in the chip cooking process.

▶ **Current Mill Configuration**

Liquor Cycle (calcium)

- ▶ The solids (calcium carbonate, or lime mud) collected from the clarification of the white liquor after the causticizers are cleaned, washed and thickened prior to being sent to a kiln;
- ▶ In this kiln, high heat is applied to the lime mud to drive off the bound carbon dioxide in the mud, which changes to quick lime (CaO). Off gases from the combustion process required to generate the needed heat are scrubbed at the exit of the kiln to remove both particulate matter and any residual sulphur compounds that were released from the lime mud; and
- ▶ This quick lime is rehydrated (slaked) with water to form lime, which is then sent to the causticizer to reactivate the white liquor.

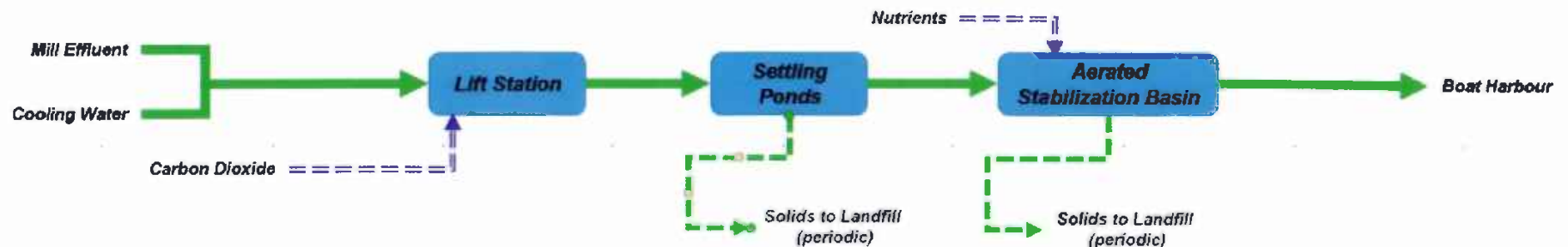
▶ **Current Mill Configuration**

Steam Generation

- ▶ The bark removed from the wood logs, as well as other wood debris, is sent to a power boiler, where it is burned to produce high pressure steam. Natural gas is also used as a complementary fuel in the boiler to maximize steam production;
- ▶ After it is combined with the steam produced at the recovery boiler, the steam's pressure is reduced by sending it through a turbine, which transform the energy released from reducing this pressure into electricity. The steam, at reduced pressure, is then used in the process for heating and drying purposes;
- ▶ Air emissions from the power boiler are controlled by a wet scrubber while the emissions from the recovery boiler are controlled by both an electrostatic precipitator and a wet scrubber;
- ▶ The solids (fly ash) collected in the power boiler scrubber are blended with the bottom ash and sent to a holding pond for thickening and ultimate disposal in a landfill site.

Current Mill Configuration *Effluent Treatment*

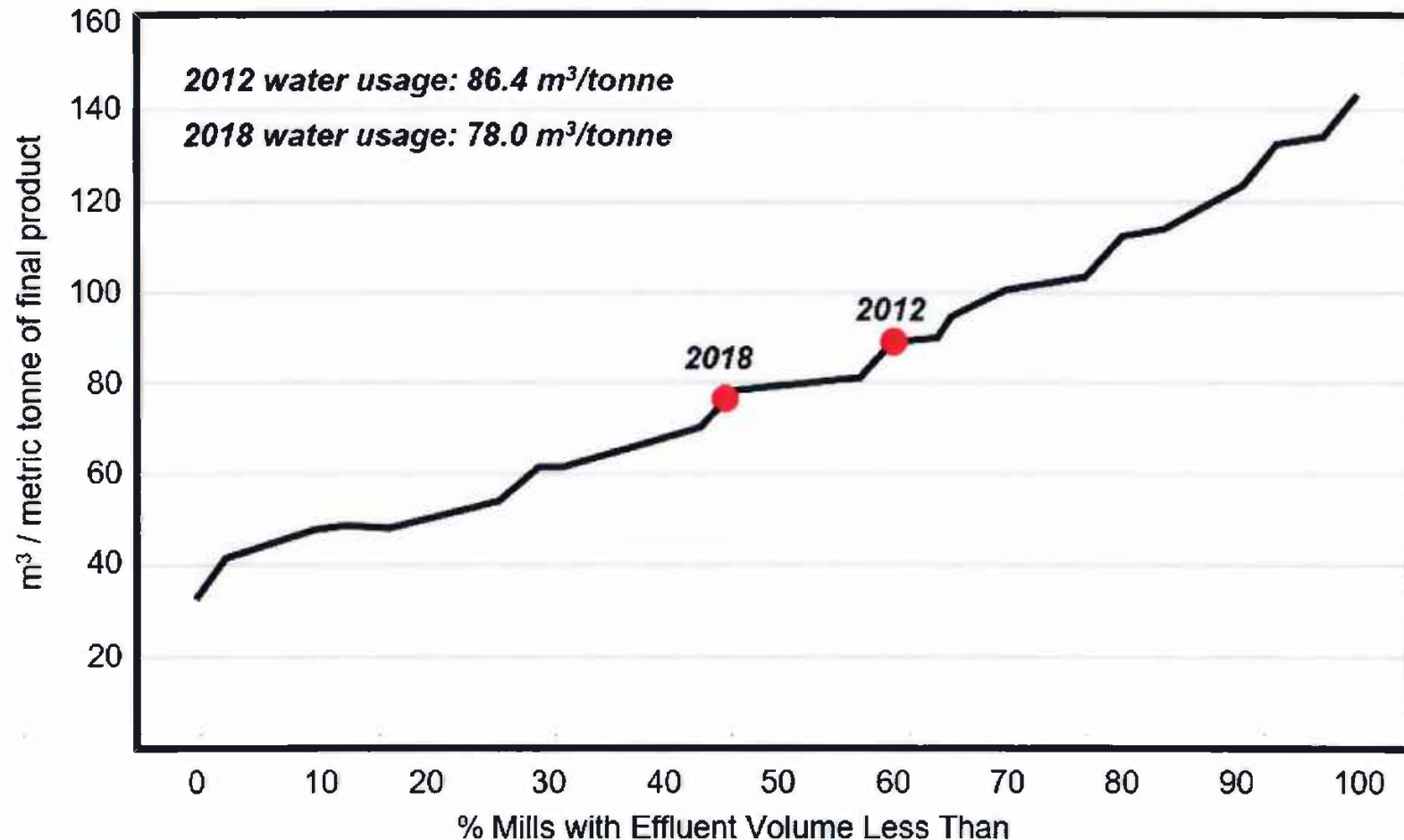
- Effluent and excess cooling water from the mill are collected through a network of pipes and floor trenches and sent to a central collection point, where carbon dioxide is injected in the lift pumps to control the wastewater's pH level;
- The lift pumps send the untreated effluent, via a large diameter pipe, under the East River to the effluent treatment plant in Pictou Landing (Boat Harbour);
- The first treatment step is to decant the solids in the wastewater in settling ponds. Only one of these ponds is used continuously, until it is filled with solids (annually), at which time the flow is diverted to the other pond while the solids are removed from it, thickened and landfilled;
- Once clarified, the wastewater flows by gravity to the aerated stabilization basin (ASB), where nutrients (nitrogen and phosphorus) and air, using surface aerators, are added to promote bacterial growth within the ASB, which metabolize the organic compounds present in the wastewater and bring its properties to levels that allow the mill to discharge it to the environment;
 - The biological activity generates a small amount of biosolids, which accumulate at the bottom of the ASB, which partly degrade naturally at the bottom with excess biosolids being dredged periodically: the dredged material is thickened and landfilled.



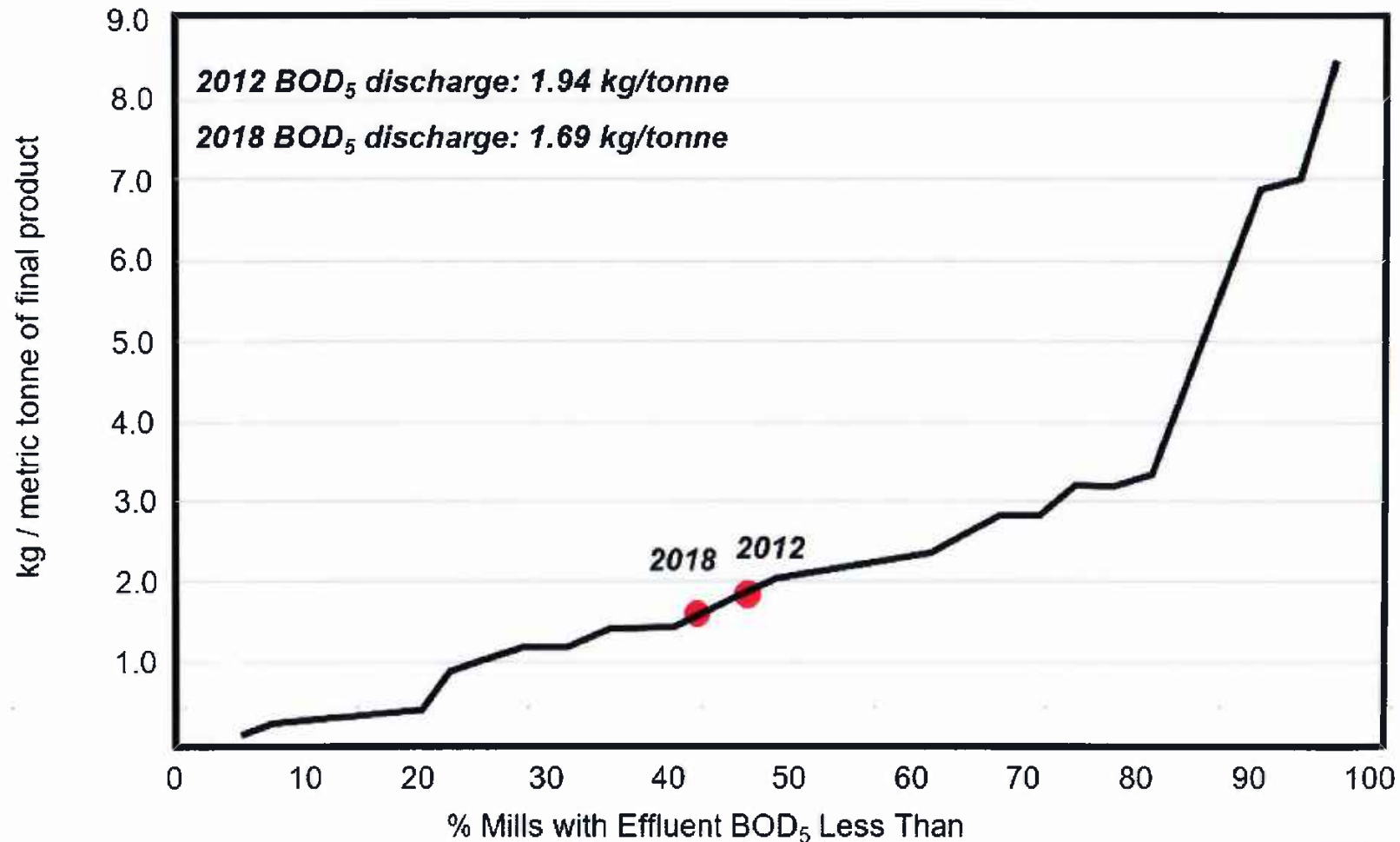
▶ Current Mill Performance

- ▶ Water use at NPNS is within the Industry average in Canada for a mill of this type, irrespective of vintage;
- ▶ BOD losses are within the Industry average in Canada for a mill of this type, irrespective of vintage and have improved significantly since 2012;
- ▶ TSS losses have also improved and are now among the best in the Canadian Industry;
- ▶ AOX discharges have improved significantly and are now well within the Industry average in Canada;
 - The data does not distinguish between furnishes (hardwood/softwood) or the treatment system being used;
 - Softwood pulps tend to yield higher AOX numbers than hardwood pulps; and
 - Activated sludge systems tend to treat AOX better than aerated stabilisation basins.
- ▶ The mill currently meets all regulated discharge levels under the Federal Pulp and Paper Effluent Regulations:
 - BOD₅ discharges are at 22.5% of the limit (*7.5 kg/tonne*); and
 - TSS discharges are at 11.7% of the limit (*11.25 kg/tonne*).

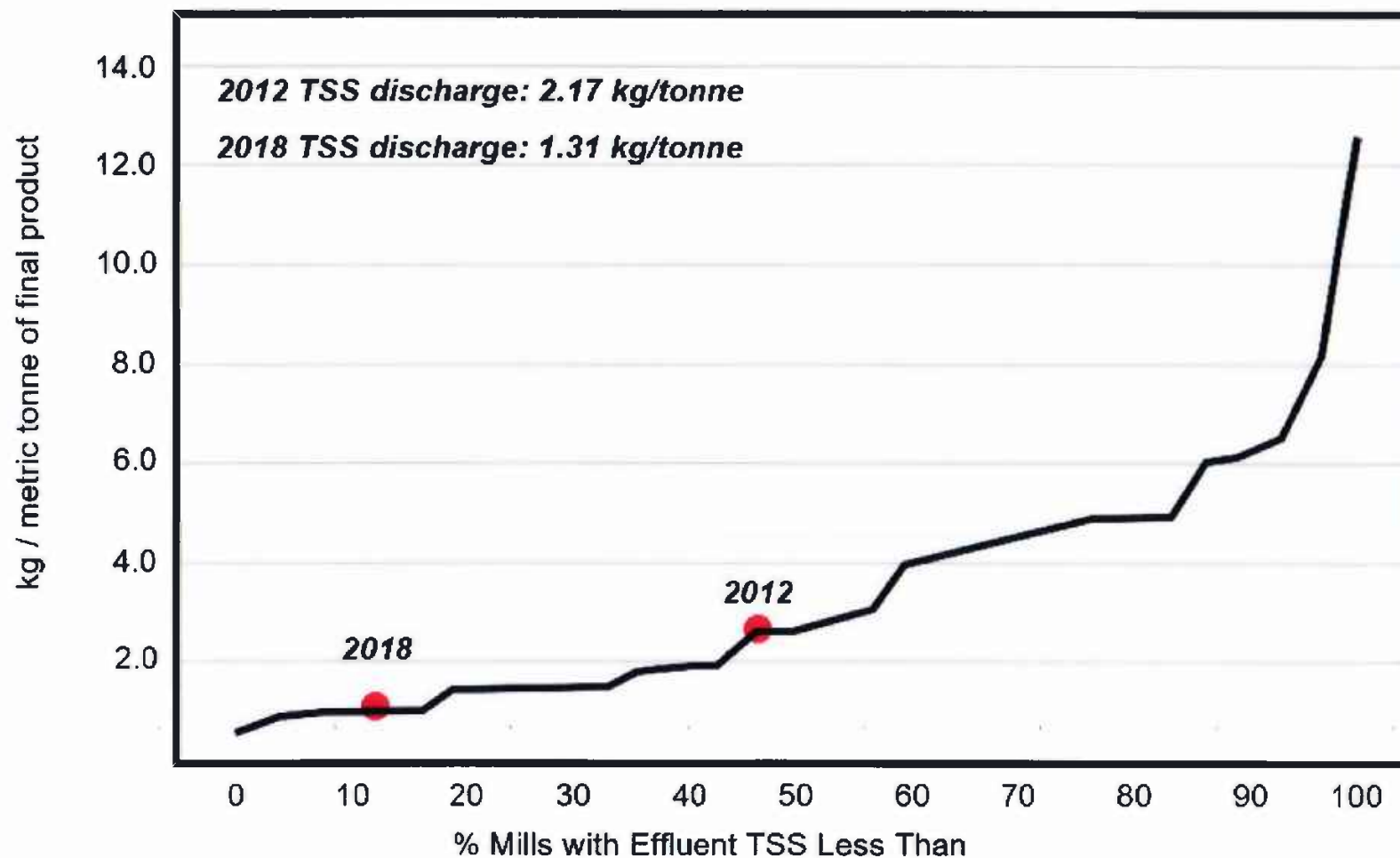
▼ Historical Mill Performance *Water Use*



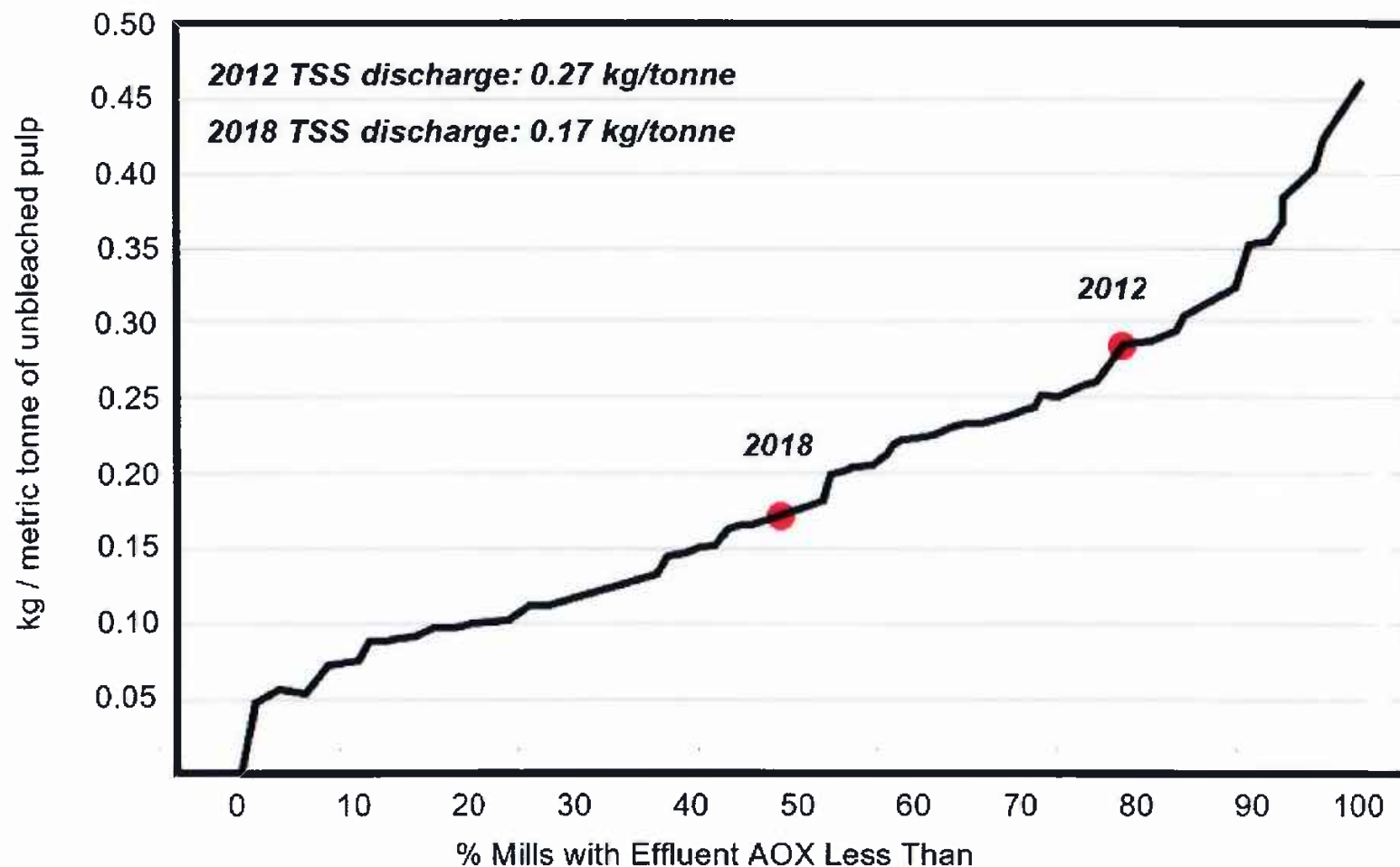
▼ Historical Mill Performance *Effluent BOD₅*



▼ Historical Mill Performance *Total Suspended Solids (TSS)*



Historical Mill Performance AOX Discharge



V. Methodology

▼ Methodology

The methodology used is based on the assessment of Best-Available-Technology (BAT) for the production of pulp, paper and board, published in 2015 by the European Commission's Joint Research Centre, as well as a similar analysis carried out by the Swedish Environmental Protection Agency, which published a guidance document to that effect in 2018 (Swedish) and 2019 (English). The analysis will look at the following:

- ▼ What is considered BAT for each of the process steps that have an effect on the parameters of concern raised by the Environmental Liaison Committee: this will exclude the mill's general management practices, the wood yard and the pulp dryer;
- ▼ How the mill's process configuration differs from what is considered BAT; and
- ▼ What would be required for the mill's configuration to be retrofitted to BAT, in the event that there is a measurable effect on the parameters of concern.

BAT typically means the effective methods in preventing pollution and, where that is not practicable, generally to reduce air / water / waste emissions from the industrial activities and their impact on the environment as a whole:

- ▼ In this regard: "Technology" includes both the technology used and the way in which the facility is designed, built, maintained, operated and decommissioned; "Available Technology" means those techniques that are accessible to the occupier and that are developed on a scale that allows implementation in the relevant industrial sector, under economically and technically viable conditions, taking into consideration the costs and advantages; and "Best" means effective in achieving a high general level of protection of the environment as a whole.

▼ References for the definition of “BAT”

▼ European Commission’s Joint Research Centre:

<https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/best-available-techniques-bat-reference-document-production-pulp-paper-and-board-industrial>

▼ Swedish Environmental Protection Agency:

<http://www.swedishepa.se/upload/stod-i-miljoarbetet/vagledning/industriutslappsdirektivet/bat-slutsatser-bref-dokument/guidance-bat-pulp-paper-board-2019-08-22.pdf>

VI. BAT Assessment

VI(a). Pulp Cooking

Pulp Cooking

- ▼ The mill's current cooking configuration, which processes a wood species mix of 80% softwood and 20% hardwood, includes the following:
 - A conventional chip feed system;
 - A single vessel Kamyr digester, including upper and lower cooking circulation, cold blow, two flash tanks, weak liquor storage, blow line dilution and black liquor filter and cooler; and
 - A pressure diffuser and blow tank.
- ▼ BAT for the cooking process (modified cooking) is also called extended delignification, which allows for a more complete removal of lignin from the wood chips than conventional cooking without the detrimental effects on pulp quality:
 - The lower kappa numbers (measure of residual lignin) generated ultimately result in lower bleach demand and higher recovery of wood solids than traditional continuous cooking.
- ▼ To achieve this, the following will be implemented:
 - No changes to the digester;
 - Pressurized secondary knotters (screen room closure, COD reduction, yield increase); and
 - Oxygen delignification.

▶ Oxygen Delignification

- ▶ Oxygen delignification, often called oxygen bleaching, is one of the most significant and well-proven pulp bleaching processes for ECF (elemental chlorine free) bleached pulp production. It is the first stage of the bleaching process; in this case oxygen and alkali are used to eliminate a portion of the residual lignin in the pulp after cooking.
 - This stage is frequently recognized as a “bridging step” between cooking and final bleaching;
 - It can be carried out in single or multiple stages, with a multiple stage system yielding higher lignin removal rates.
- ▶ A 2-stage system will be installed, which will reduce the residual lignin going to the bleach plant by 50 to 60%;
 - This effectively reduces the need for bleaching as well as makes better use of the wood resources by increasing both the process yield (kg of pulp per tonne of wood), reduces the COD loading to effluent treatment and increases the thermal efficiency of the process (more lignin is sent to the recovery boiler).
- ▶ The installation of such a system will create an additional solids load to the recovery boiler as well as increase the mill’s caustic (white liquor) requirements, hence the load on the causticizing/lime kiln system.

▶ Impact of Implementing O₂ Delignification

Green Liquor Cycle

- ▶ Oxygen delignification will increase the amount of liquor that must be processed through the liquor recovery cycle:
 - To manage the additional flow, the green liquor settling and clarification system was evaluated.
- ▶ To support the implementation of oxygen delignification, the following process changes will be carried out:
 - Repurpose #2 Green Liquor Clarifier as a green liquor storage tank;
 - Decrease flow to #1 Green Liquor Clarifier to reduce its rise rate; and
 - Repurpose the white liquor clarifier into a green liquor clarifier.

► Impact of Implementing O₂ Delignification

White Liquor Cycle

- Oxygen delignification will increase the amount of liquor that must be processed through the liquor recovery cycle:
 - To manage the additional flow, the white liquor settling and clarification system was evaluated.
- While the lime slaker was shown to have more than adequate capacity for future operations, three main issues were identified with the white liquor system. These are:
 - High solids carry-over from the green liquor system;
 - Insufficient causticizer retention time; and
 - Variability in white liquor clarity.
- To support the implementation of oxygen delignification, a new white liquor clarifier will be installed:
 - This will address both causticizing time and improve white liquor clarity.

► Impact of Implementing O₂ Delignification

Lime Cycle

- The following unit operations will be undersized once oxygen delignification is implemented :
 - Lime mud pressure filter (Clarifil);
 - Lime mud thickener; and
 - Lime kiln.
- To address these issues, the following process changes will be carried out:
 - The white liquor pressure filter (Ecofilter) will be repurposed as a lime mud filter, to work in parallel with the existing pressure filter (Clarifil); and
 - A lime mud flash dryer will be installed at the inlet of the kiln:
 - The flash dryer, while providing additional capacity at the kiln, will also allow the mill to reduce fossil fuel usage and, as such, reduce its GHG emissions by using part of the kiln flue gas to remove moisture from the lime mud before calcination.

VI(b). Pulp Bleaching

1 2 3 4 5 6 7 8 9 10

Pulp Bleaching

- Best Available Technology (BAT) has legal status in both the USA and Europe when determining consents for the discharge of effluent: in the USA, the Elemental Chlorine-Free (ECF) process is regarded as being Best Available Technology while in Europe, the EU Commission on the Environment has decided that there is no significant difference between Totally Chlorine-Free (TCF) and ECF and, therefore, both are regarded as BAT. The EU Commission further stated that there is no clear difference in toxic effect patterns and effect intensity between effluents from mills using low-kappa ECF and TCF bleaching.**
- Comparative effects of both bleaching sequences are shown below:**

Parameter	TCF Bleaching	ECF Bleaching
AOX (adsorbable organic halides)	None	Some AOX compounds formed during the bleaching process, but these are different than those produced during chlorine gas bleaching and are non-persistent. Modern effluent plants reduce AOX content to insignificant levels
Molecular weight of compounds in effluent	Low molecular weight compounds such as glyoxal and vanillin	Generally high molecular weight (i.e. less toxic) compounds detected
Short-term single species toxicity	TCF and ECF bleaching are equal	
Chronic single species toxicity	Slightly higher than ECF but lower than natural peat bog water and municipal effluent	Slightly lower than TCF and lower than natural peat bog water and municipal effluent
Overall environmental watercourse impact	TCF and ECF equal and below both toxicity level of natural peat bog water and municipal effluent	TCF and ECF equal and below both toxicity level of natural peat bog water and municipal effluent
Results of biological tests of mills having both TCF and ECF bleaching	TCF and ECF bleaching are equal	
Endocrine disruption	There is some evidence of endocrine disrupting substances in the effluent from both processes, but these are believed to originate from wood or naturally-occurring chemicals: the difference in the impact of both processes is indistinguishable	

▶ Pulp Bleaching

- ▶ The mill currently runs a conventional $DE_{OP}DED$ bleaching sequence, with a low consistency D_0 stage and pulp washing between each bleaching stage.
- ▶ Typical process water recycling rates in the bleach plant have been approximated as follows:
 - D_0 (acidic): 15%;
 - E_{OP} (alkaline): 49%;
 - D_1 : (acidic): 65%;
 - E_2 (alkaline): 85%; and
 - D_2 (acidic): 98%.
- ▶ In order to be considered BAT, the existing bleach plant will be modified in order to carry out the first bleaching stage at medium consistency (6-9%):
 - This change is readily implemented as part of implementing oxygen delignification, as the last washing stage of the delignification system will thicken the pulp sufficiently to achieve these consistencies, once the bleaching chemicals are added to the unbleached pulp.

VI(c). Chemical Recovery

► Purification and Reuse of Condensates

- The mill already has an effective condensate stripping system and the stripped condensates are already used in the mill extensively as dilution and wash water in the brownstock area. However, while these condensates are relatively “clean”, they still contain a certain amount of reduced sulphur compounds that, when used as wash water, can release this sulphur to the air, which can create an odour issue if the vent gases from the various washers and other pieces of equipment are not collected and treated.
- To achieve BAT, these high-volume, low concentration gases are sent to a combustion source that is equipped with sulphur collection/abatement systems, such as the lime kiln, the power boiler or the recovery boiler:
 - The majority of these low concentration streams will be collected and sent to a combustion source; and
 - Hoods will be installed on washers to reduce the volume of gases to be collected.
- The steam stripper will also be upgraded to provide more condensate stripping capacity by installing additional trays as well as upgrading certain feed and discharge pumps surrounding the stripper system:
 - This will also help in reducing the COD load to the effluent treatment plant.

➤ **Effective Spill Monitoring, Containment and Recovery System**

- The mill has an effective spill monitoring and containment system for its process streams and tanks:
 - An emergency spill tank was installed in 2011 with the capability of handling either weak and heavy liquor.
- This arrangement, however, does not account for the recovery of more dilute process liquor streams that are similar to mill effluent in terms of organic and chemical loading;
- BAT dictates the recovery of these dilute streams:
 - The existing liquor evaporation system cannot handle the additional water coming from these low solids liquor volumes without major upgrades.

▶ Sufficient Evaporation Capacity

To cope with the additional liquor and dry solids loads from the collection of spills, some process measures and modifications in the recovery area are required.




- ▶ The mill will set a cut-off liquor solids concentration, where every spill at or above this solids concentration will be recovered in the liquor recovery system, with the more dilute spills being deemed unrecoverable:
 - This is the same approach in all US kraft pulp mills (as mandated by the US Pulp, Paper and paperboard Effluent Guidelines (<https://www.epa.gov/eg/pulp-paper-and-paperboard-effluent-guidelines>) and in at least one pulp mill in Canada; and
 - Conductivity is used as a surrogate measurement in the sewer lines.
- ▶ A separate low-solids evaporation system will be installed to pre-evaporate the dilute liquor streams prior to their introduction into the main evaporation system. Technologies such as mechanical vapour recompression (MVR) evaporators are well suited for such an application:
 - MVR evaporators operate on a “heat pump” principle: the evaporated water vapour is recompressed with a simple, low-speed centrifugal fan or compressor which increases the saturation temperature of the vapour. After the fan, vapour can be used as heating steam in the same unit.
 - The recompressed vapour condenses and releases its latent heat through the heat transfer surface for further evaporation of the liquor or effluent. Essentially this allows electrical power to increase evaporation and not have the system rely on increased steam demand.

➤ Sufficient Recovery Capacity

- The modifications required in the cooking process to achieve BAT status will increase the solids loading to the recovery boiler, whose current configuration prevents it from processing the additional liquor. The systems at cause are:
 - Induced Draft (ID) fan capacity; and
 - Flue gas pressure losses.
- The existing flue gas ducts leaving the boiler create excessive pressure loss and act as a bottleneck to the recovery boiler ID fan capacity.
- The ducting runs will be shortened to allow the recovery boiler to run at full hearth capacity.

Low Odour Conversion

Conversion of the existing recovery boiler to a low odour configuration will be implemented to bring the mill to BAT status. This conversion will require the following:

-  The replacement of the direct contact evaporator with a standard concentrator system:
 - The new concentrator will increase the liquor firing concentration to 78-83%, thus reducing the water content in the fuel and providing a slight increase in solids capacity in the boiler; and
 - The existing black liquor oxidation system, required with the direct contact evaporator to reduce the emissions of reduced sulphur compounds, will be shut down.
-  The addition of a 4th level air system on the boiler:
 - This will allow better air distribution in the combustion zone and the proper introduction of dilute non-condensable gases in the boiler.
-  A rebuild of the economizer section:
 - A larger heat transfer surface area will be required with the shutdown of the direct contact evaporator.

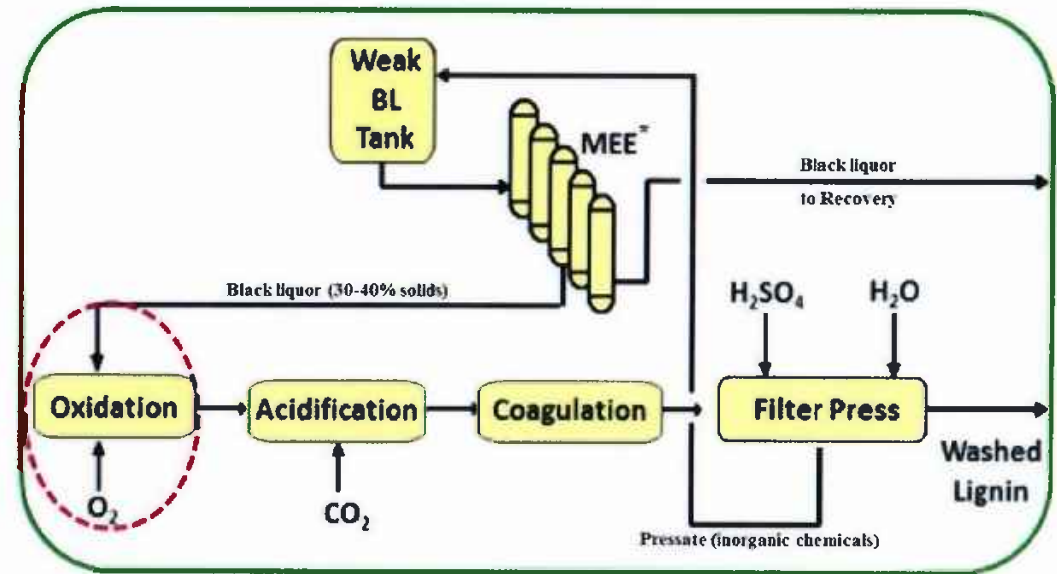
▶ Green Energy Recovery

Lignin Extraction

- ▶ The additional solids to be processed by the collection of dilute liquor spills, when combined with the added solids from oxygen delignification, are going to bring the recovery boiler over its design capacity;
- ▶ Some of the excess black liquor will be extracted from the evaporators and the solids (lignin) present in this liquor side-stream will be separated from the liquor independently from the recovery system;
 - This lignin separation process will allow for maintaining pulp production rates without overloading the recovery boiler.
- ▶ This lignin, once removed and purified, can be used in many applications:
 - Additives to increase the strength and other properties of concrete and asphalt;
 - Anti-oxidant in the formulation of plastics and cosmetics;
 - A renewable substitute in the production of carbon fibre and adhesives;
 - Increase the flame retardant properties of certain resins;
 - Dust control;
 - Sizing agent / moisture barrier in certain paper and board grades; and
 - A fuel source, either on its own or as the feedstock for the production of biodiesel or other liquid fuels.
- ▶ For the purpose of bringing the mill to BAT status, about 10% of the lignin present in the liquor will be extracted from it.

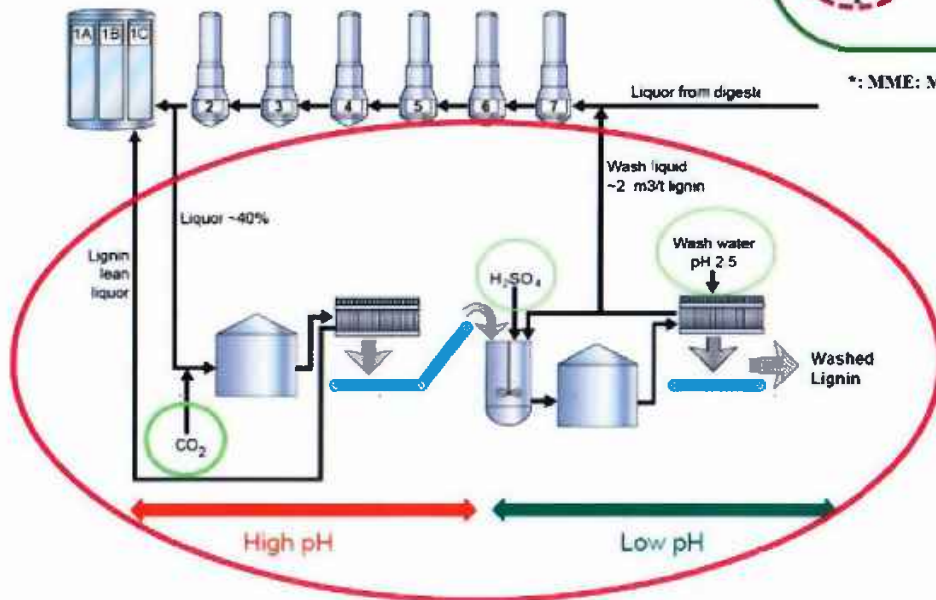
▶ Lignin Extraction Process Schematics

LignoForce (Noram)



*: MME: Multiple Effect Evaporators

LignoBoost (Valmet)



VI(d). Spill Collection

▶ Spill Collection

In order to bring the mill's spill collection system to BAT status, the following will be carried out:

Spill Buffer Tank

- ▶ An emergency spill tank was installed in 2011 with the capability of handling either weak and heavy liquor;
- ▶ An additional liquor storage tank will be provided for more dilute liquor spills as part of the installation of dilute liquor pre-evaporators.

External Spill Basin






- ▶ A large (35,000 m³) spill basin will be built to provide a buffer between the mill and the new effluent treatment facility in case of a major process upset;
- ▶ This spill basin, able to contain a little less than 24 hours of mill effluent, would be normally kept empty.

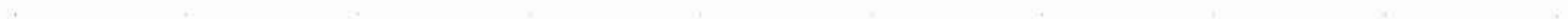
Chemical Spill Containment and Recovery

- ▶ Several internal spill containment measures will be implemented within the mill to minimize both liquor losses and the potential impact of inorganic chemical spills on the new treatment facility;
- ▶ These are:
 - Re-routing of floor trenches;
 - Bulk chemical storage tank diking;
 - Chemical unloading area (rail, truck, etc.) containment; and
 - Instrumentation (pH and/or conductivity).

VI(e). Cooling Water

Collection and Reuse of Clean Cooling Water

-  **The mill's present configuration is to collect its cooling water as hot water and reuse it throughout the process. However, it generates far more hot water than the process needs, so a portion of the hot water generated has to be sewered, either directly or as an overflow from the hot water tank;**
-  **The mill configurations changes required to reach BAT status will decrease the amount of hot water generated (e.g. the shutdown of the Modo Scrubber) and will have the potential to increase the overall effluent temperature:**
 - This has been addressed in the design of the replacement effluent treatment plant with the inclusion of an indirect effluent cooling loop following primary treatment.**
-  **In conjunction with this, excess cooling water will be sent to cooling towers and reused in the process as make-up raw water;**
-  **This will bring the mill to BAT status with respect to its use of cooling water, as well as reduce the overall mill water consumption to about 45 m³/tonne; and**
-  **These measures will also aid in addressing the lack of water storage in the mill, especially around the pulp machine, thereby decreasing the mill's water usage variability.**



VI (f). Effluent Treatment

▼ Pre- and Primary Treatment

- ▼ An automatic, raked bar screen would be installed ahead of the lift station to remove any large debris that may make it into the mill's floor trenches: currently, this is done manually.
- ▼ The mill's hot water system would be reconfigured to recycle as much as possible, either through reuse in the mill (dilution/shower water/heat recovery) or by closing the water loop with the use of cooling towers, bearing in mind the following:
 - The cooling water to the turbine generator system should be kept as cold as possible to optimize power generation.
- ▼ Several internal spill containment measures (re-routing of floor trenches, bulk chemical storage tank diking, etc.) would be implemented, along with the aforementioned black liquor spill collection capacity increases, within the mill to minimize both liquor losses and the potential impact of inorganic chemical spills on the new treatment facility.
- ▼ A properly sized concrete circular clarifier will be installed.
 - The clarifier contains a center drive rotating rake with 2 arms rotating at about 2 revolutions per hour.

▼ Secondary Treatment

- ▼ Secondary Treatment will consist of the AnoxKaldnes Biological (a division of Veolia Water Technology) Activated Sludge (BAS) process, which combines Moving Bed Biofilm Reactor (MBBR) technology with conventional Activated Sludge (AS);
- ▼ This process, which is the same as that which was already proposed, represents BAT for effluent treatment and was chosen because of its flexibility and advantages in process design compared to other technologies, as well as its extensive reference list in the pulp and paper industry:
 - The system is also extensively used in municipal wastewater treatment applications;
 - There are over 800 municipal and industrial BAS systems installed globally; and
 - Similar system configurations are currently in operation at 52 pulp and paper facilities worldwide, including over 20 chemical pulp mills (60–75% of all the biological effluent treatment plants in the pulp and paper industry use AS systems).
- ▼ The MBBR system is designed to remove roughly 40% of the easily or readily biodegradable soluble COD present in the untreated effluent and to provide 2.2 hours of retention time;
- ▼ The AST stage is designed for a solids retention time of 7 days, the duration that Activated Sludge solids (bacteria) remain in the system;
- ▼ The AST stage is expected to remove up to 30% of the soluble COD; and
- ▼ The BAS process is designed for a soluble COD removal efficiency of up to 70% overall when combined with oxygen delignification.

▶ **Tertiary Treatment and Point of Discharge**

- ▶ **When leaving the secondary treatment system, the treated effluent, will meet all applicable discharge regulations;**
- ▶ **However, in order to address public concerns with the direct discharge in Northumberland Strait, the point of discharge has been changed;**
- ▶ **To facilitate this change in discharge point, and to go beyond what is considered BAT for effluent treatment, the new effluent treatment system will be enhanced to reduce the amount of colour and nutrients into the receiving environment:**
 - **With the reduction in untreated COD stemming from the various process modifications (oxygen delignification, better solids recovery, etc.), effluent colour will be significantly reduced prior to treatment; and**
 - **Nutrients, in the form of nitrogen and phosphorus, come primarily from the effluent treatment plant itself since that process needs nutrients to function properly. Proper dosing and monitoring will be put in place to minimize carryover, which will be further reduced by tertiary treatment.**
- ▶ **Tertiary treatment, consisting of rotating disc filters (Veolia's Hydrotech Filters), which remove almost all suspended biosolids and a good portion of the effluent colour, will be added after secondary treatment and prior to discharging the effluent to the receiving environment:**
 - **Engineered wetlands were not considered because of the inherent increase in effluent colour these systems cause; and**
 - **The continuous operation of a tertiary treatment system is a first in the Canadian Pulp and Paper Industry and would be the only mill in North America to have tertiary treatment on its total mill effluent year-round.**

➤ Suggested Point of Discharge

- The new outfall would discharge the tertiary-treated effluent in the receiving environment, through a multi-port diffuser, at a yet-to-be-determined point, following the conclusion of receiving water studies as well as public and First Nations consultations.



VI(g). Other Issues

▶ **Stack Visibility**

- ▶ **Flue-gas emissions from fuel combustion refers to the combustion-product gas resulting from the burning of these fuels. Most fuels are combusted with ambient air (as differentiated from combustion with pure oxygen).**
- ▶ **Water vapour (H₂O) is created by the combustion of the hydrogen in the fuel with atmospheric oxygen, as well as from the fuel itself: while fossil fuels (natural gas, fuel oil) are typical dry, renewable fuels such as black liquor (recovery boiler) and bark (power boiler) can consist of between 25 and 50% water, which adds to the amount of water vapour being sent up the stack.**
- ▶ **Thus much of the 'smoke' seen pouring from flue gas stacks is this water vapour forming a cloud as it contacts cool air, hence why the plume is more visible on colder days.**
- ▶ **There are three (2) main stacks at the mill:**
 - **Power boiler; and**
 - **Recovery boiler.**
- ▶ **Each has a water-based pollution abatement system, which create water vapour and, indirectly, the perception that they are polluting the environment.**

▶ **Power Boiler Stack**

- ▶ The power boiler was originally designed to burn a combination of biomass (bark) and Bunker C fuel oil, which typically contained, at the time the boiler was installed, between 2 to 3% sulphur by weight;
- ▶ The need to remove that sulphur from the flue gas dictated the use of a wet scrubber, thus the creation of a highly visible gas plume from the boiler stack;
- ▶ Since the mill has discontinued the use of fuel oil, this requirement no longer exists;
- ▶ The operating conditions of the power boiler (bark moisture content, fly ash, flue gas temperature) can create a fire hazard in dry conditions, which make baghouses and conventional electrostatic precipitators unsuited for this application;
- ▶ Wet electrostatic precipitators, where a small film of water flows on the plates, address this hazard situation while using significantly less water than a scrubber; and
- ▶ The wet scrubber on the power boiler will therefore be replaced with a wet electrostatic precipitator, which is considered BAT for this type of pollution abatement application.

▶ Recovery Boiler Stack

- ▶ In older recovery boilers, it was common for the hot flue gases from the recovery boiler to be brought directly in contact with the black liquor for a final liquor concentration step, which typically brought the black liquor solids content from 50-55% to 65%:
 - This also had the advantage of cooling the flue gas, which made some parts of the boiler, such as the economizer, smaller; and
 - The recovery boiler at the mill is equipped with such a device, one of three (3) still in operation in North America.
- ▶ The main environmental issue with this technology is that, because of the contact between the hot flue gas and the liquor, some sulphur is transferred from the liquor to the flue gas, which needs to be scrubbed prior to discharge:
 - This is why, despite the fact that the mill installed a modern electrostatic precipitator, which is BAT for this type of pollution abatement application, to better control particulate emissions from the recovery boiler, the boiler still needs to run their wet scrubber (the **Modo scrubber**).
- ▶ Without this need for direct contact evaporation, which is addressed by changes to the liquor evaporation system (new concentrator) the **Modo scrubber** will be removed, thus making the recovery stack less visible.

▶ Sludge Combustion

- ▶ Questions have been raised with respect to the effect that the burning of sludge would have on air emissions from the bark boiler: sludge has been perceived as a waste material and its combustion associated with solid waste incineration;
- ▶ This question has been addressed in other jurisdictions and actual emissions data are available to demonstrate that the combustion of pulp and paper mill sludges do not change the composition of air emissions from biomass boilers:
 - In the rulemaking activities leading to the adoption, in March 2011, of the Rule governing the *Identification of Non-Hazardous Secondary Materials That Are Solid Waste*, the US Environmental Protection Agency (EPA) determined that self-generated pulp and paper sludges are considered a non-waste fuel;
 - EPA defines pulp and paper sludge as including both primary and secondary wastewater treatment sludges, with primary sludges consisting of wood fiber and inorganic materials and secondary sludges being primarily microbial biomass; and
 - EPA also stipulated that mill must prove that their pulp and paper sludges actually generate heat as they are being burned in a boiler, which means that the sludges must be dry enough to sustain combustion.
- ▶ The rule and the supporting data can be found at:

<https://www.epa.gov/rcra/final-rule-identification-non-hazardous-secondary-materials-are-solid-waste>

▶ Sludge Combustion

- ▶ A similar approach was taken by Canadian jurisdictions, such as Quebec and British Columbia, in its treatment of pulp and paper mill sludges.
- ▶ Annual data published by the Quebec Ministry of the Environment, Sustainable Development and the Fight against Climate Change (MDDELCC) show no difference in air emissions between boilers that burn sludges and those that do not.
 - Moreover, the data published by the MDDELCC shows that over 48% of the pulp and paper mill sludges are burned as fuel in the province;
 - <https://numerique.banq.qc.ca/patrimoine/details/52327/17310?docref=10N21GEb-6Vwf8QRs3ZvWA>

✔ Operational Transparency

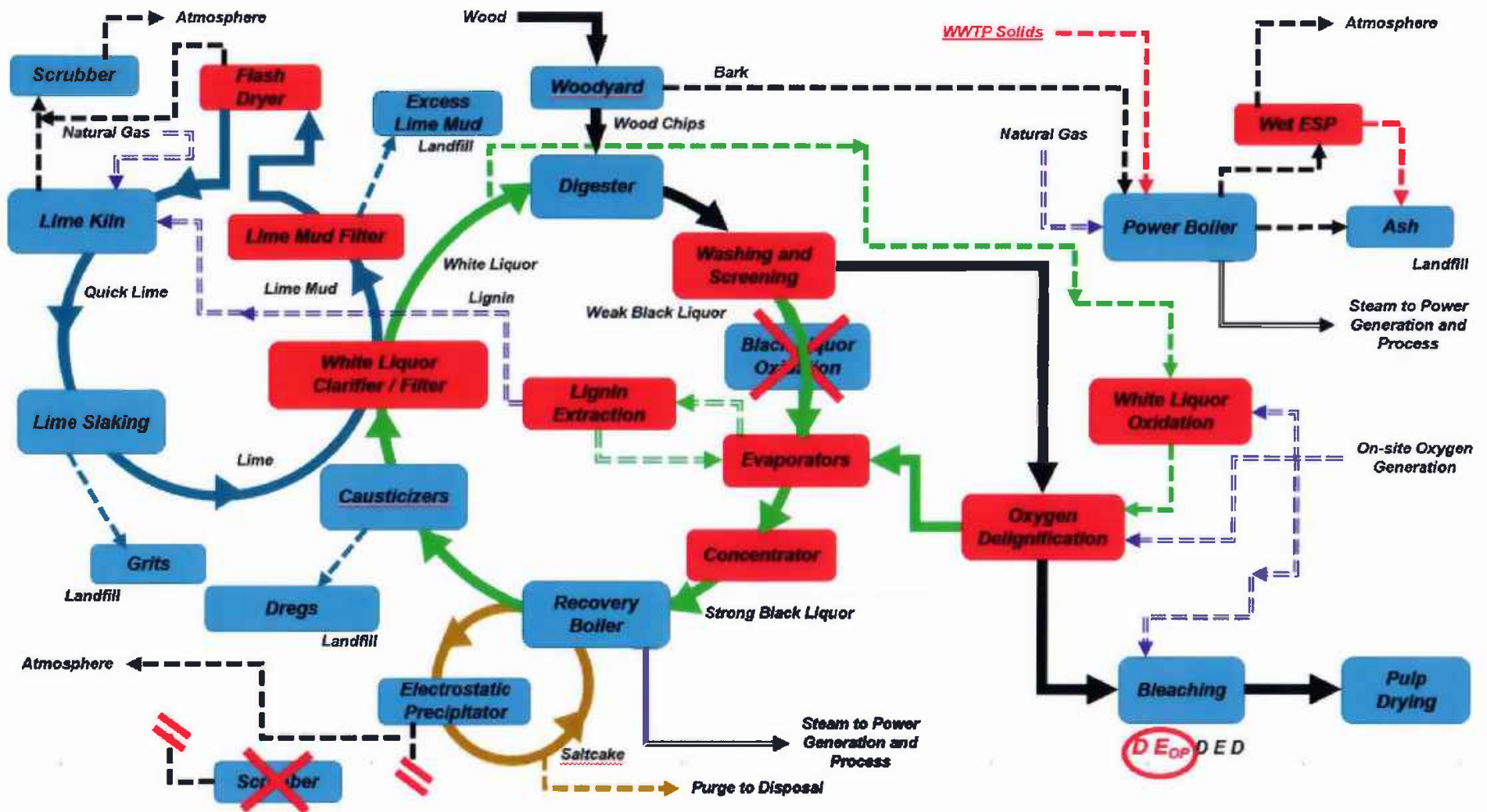
- ✔ Rightly or wrongly, and despite significant effort and investment from the Mill to improve its facilities and decrease its environmental footprint, there is a strong level of mistrust within the local community that would need to be addressed as part of any proposed mill technology improvement program.
- ✔ To address this, it is suggested to update the mill's environmental management system (EMS) to reflect the future operations and, once the mill is operational, have this system certified to ISO 14000 standards by an independent third-party:
 - This cannot be done prior to the mill starting up, as certification requires demonstration, via an audit, of the proper implementation of the EMS and its integration within mill operations.
- ✔ This would provide a level of reassurance, for the local community as well as for the Mill's customers that the mill is operating in a way that minimizes its environmental impact, especially when it encounters upset conditions. This third-party certification would be maintained by regular, independent audits.
- ✔ The standards applicable to third party certification of the mill's EMS can be found at:
<https://www.iso.org/iso-14001-environmental-management.html>

▼ Zero Effluent

- ▼ The bleaching process generates the majority of the effluent from a bleached kraft mill. This effluent contains organic salts that, if not treated, have detrimental effects on both the physical integrity (corrosion) and the operability (fouling) of the remaining process equipment in the mill;
- ▼ Despite several attempts at reusing bleach plant effluents in over 11 bleached kraft pulp mills worldwide, there are no bleached kraft pulp mills currently running a zero-effluent system.
- ▼ Zero-effluent mills do exist, but they either use a different pulping process (mechanical pulp mills) or are chemical pulp mills producing unbleached pulp (no bleach plant), where the water can be used for other purposes, such as irrigation;
- ▼ The bleaching process used at Northern Pulp is the Elemental Chlorine Free (ECF) process, which has Best Available Technology (BAT) legal status in both the USA and Europe;
- ▼ The NS government has itself studied closed-loop technology for kraft mills, using a Scandinavian-based consultant:
 - The results of this study showed the same conclusion, which is that closed-loop kraft mills were not possible with today's technology.

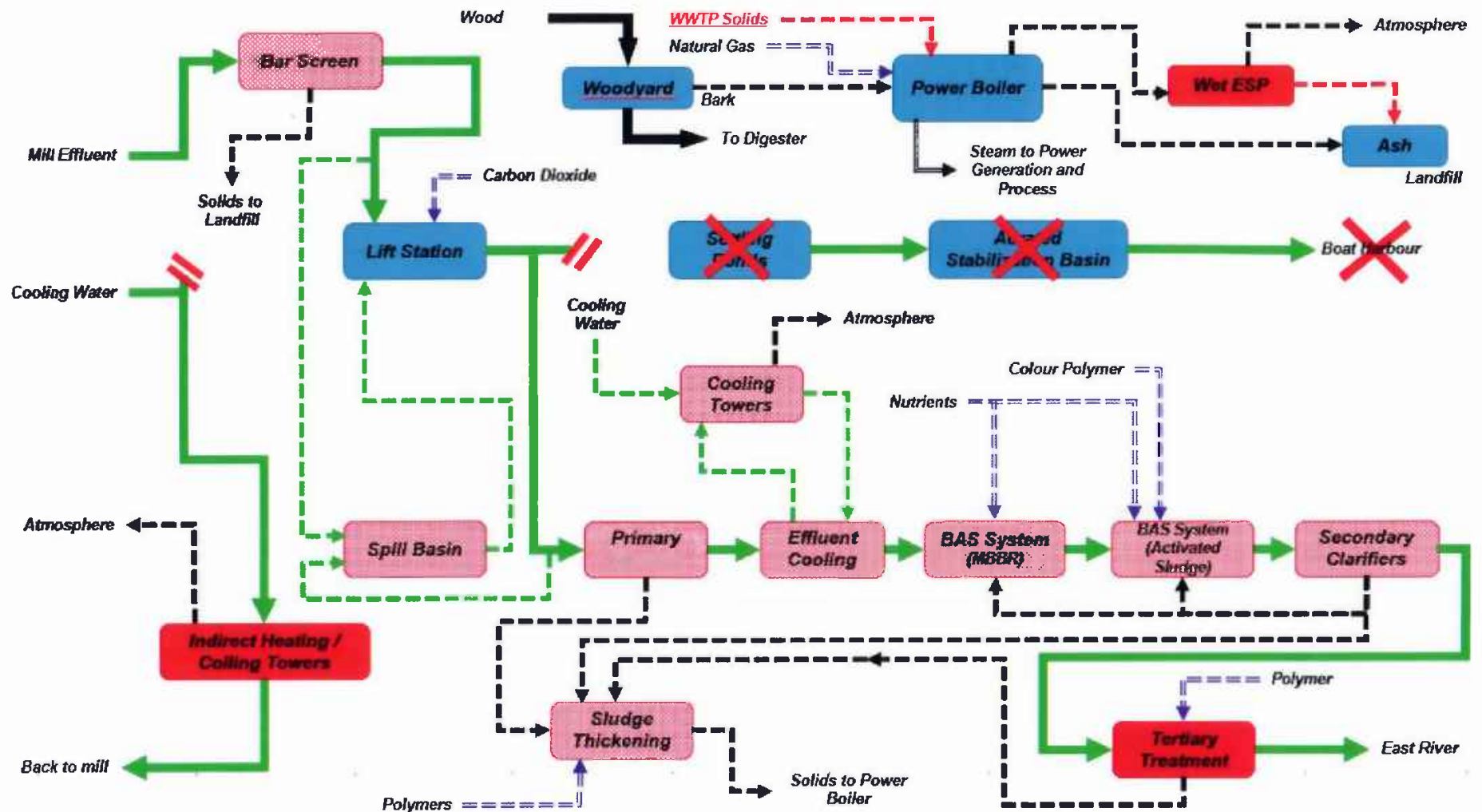
VII. Future Mill Configuration

Future Process Configuration



Changes shown in red

► Future Effluent Treatment Configuration

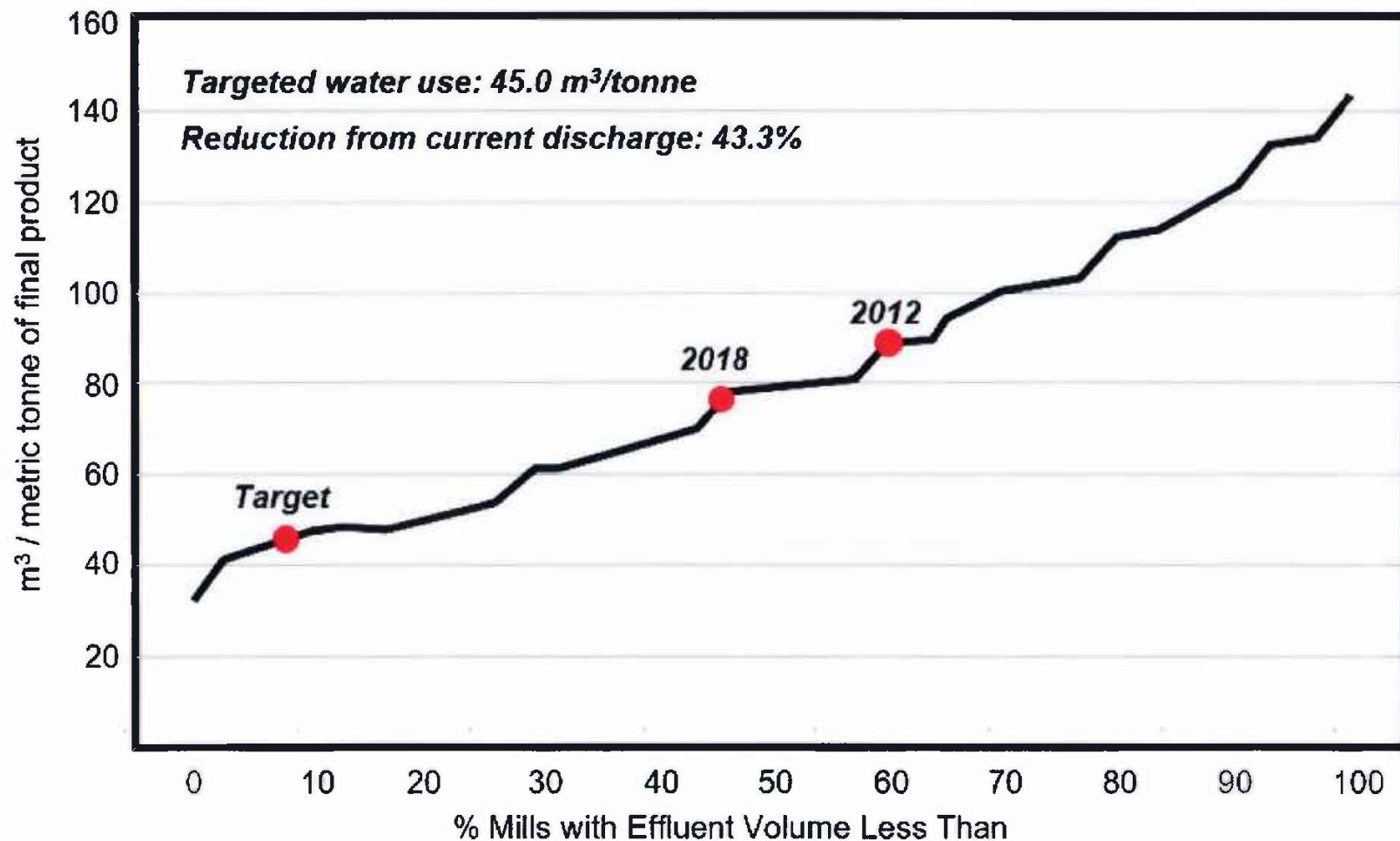


Changes shown in red

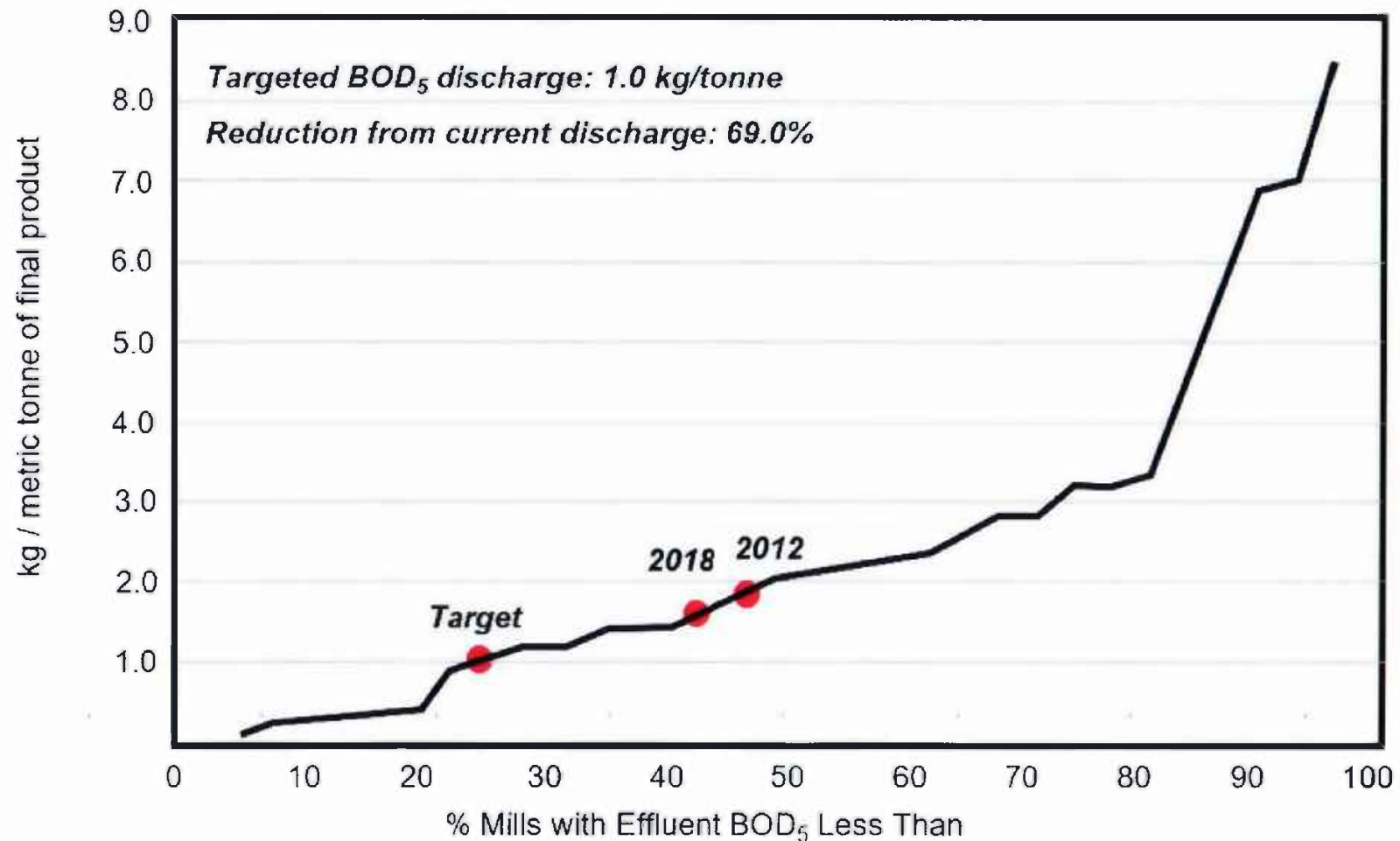
The process steps in lighter colours are the same as originally proposed in the ETF replacement project.

VIII. Effect on Mill Environmental Performance

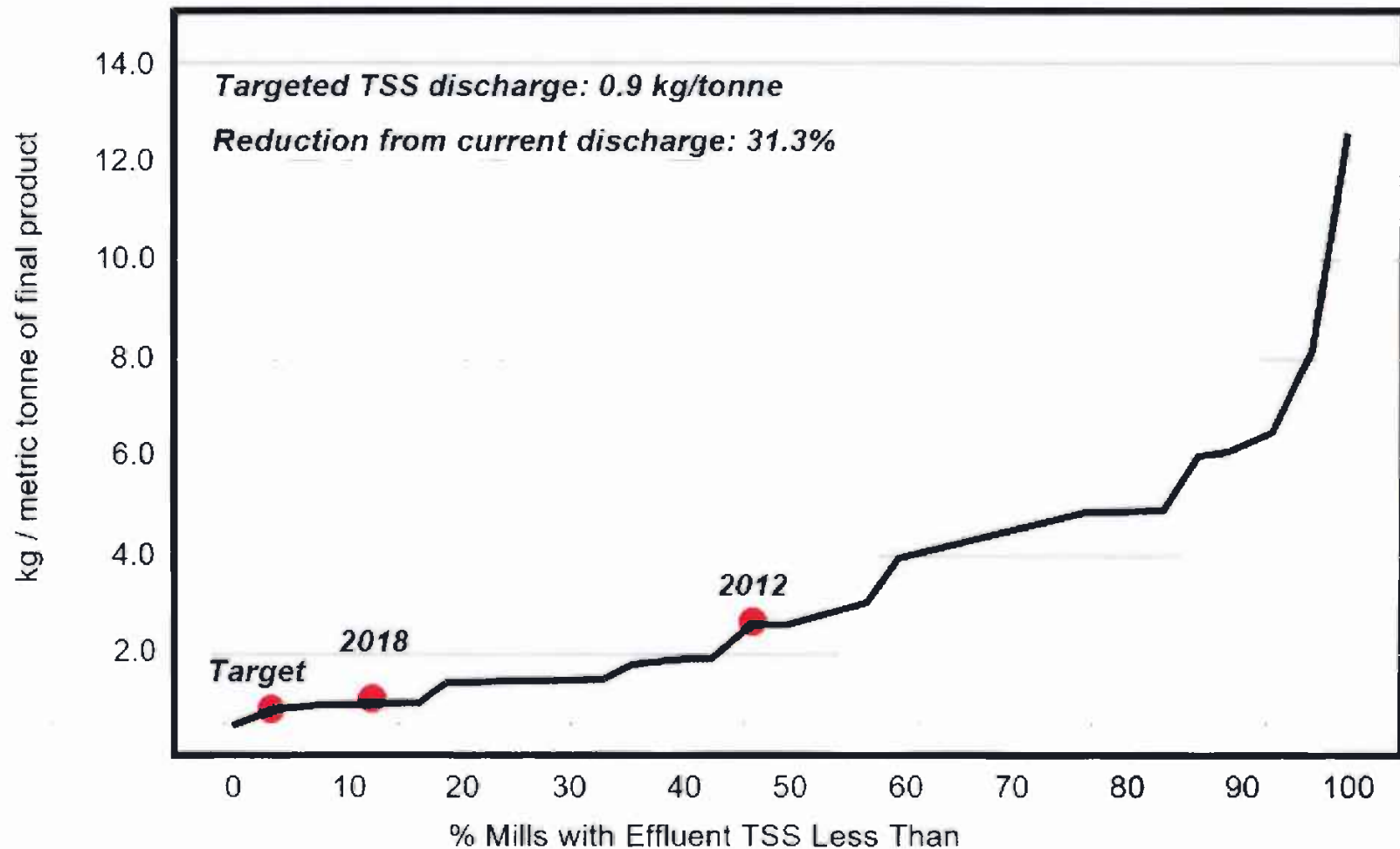
Expected Mill Performance Water Use



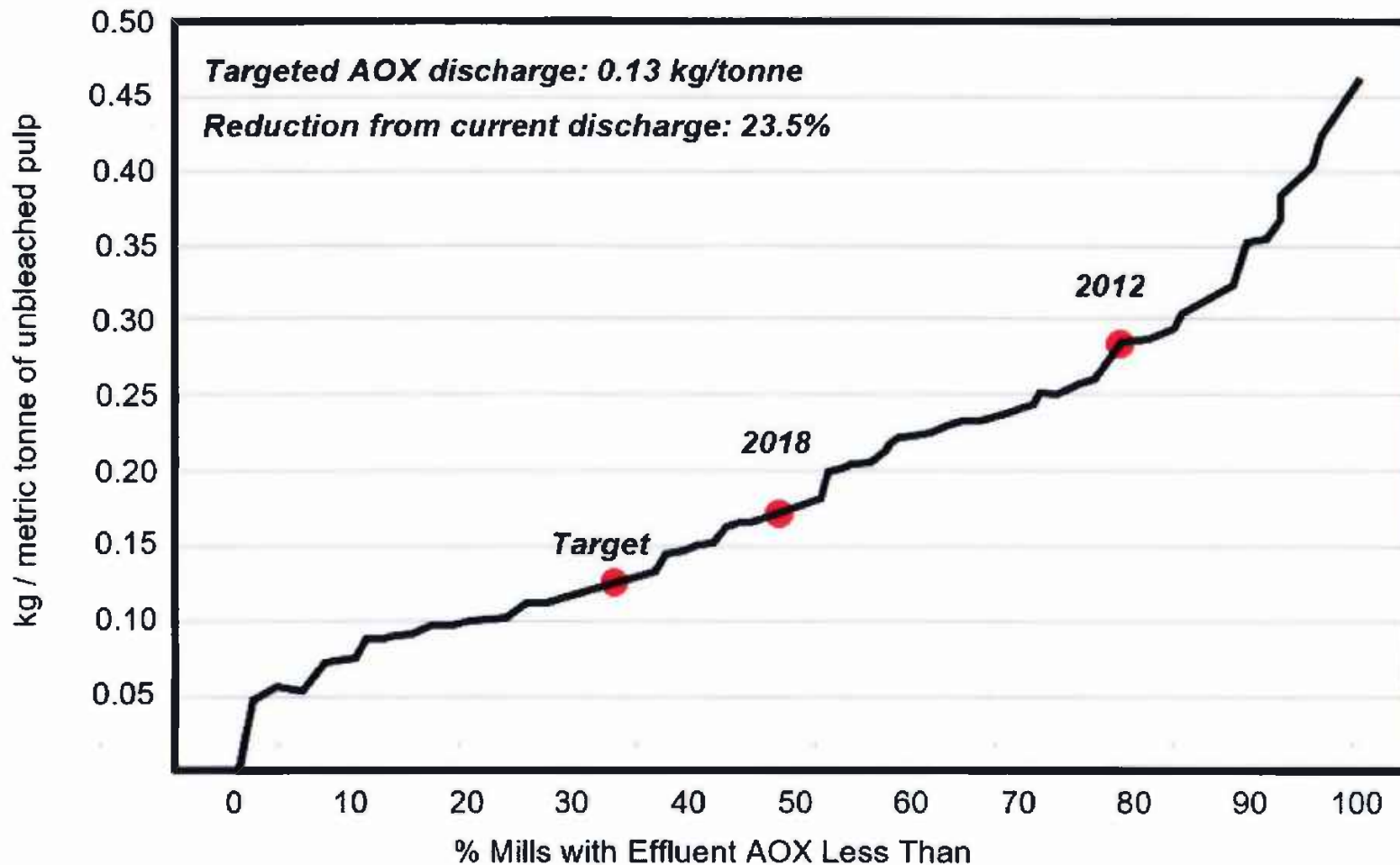
Expected Mill Performance BOD₅ Discharge



Expected Mill Performance *Total Suspended Solids (TSS)*



Expected Mill Performance AOX Discharge





➤ Impact on Climate Change

The impact on greenhouse gas (GHG) emissions that implementation of this modernization program will have is significant:

- The mill will produce the same amount of pulp with less wood:
 - Decrease in the amount of transportation-related fuel used.
- The mill will recover more wood solids:
 - Higher production of renewable energy at the recovery boiler; and
 - Use of lignin as a fuel will displace natural gas at the kiln and, potentially, the power boiler.
- Pre-drying the lime mud before the kiln will decrease the use of natural gas at the kiln;
- Reducing water consumption will:
 - Decrease the energy required to heat the incoming fresh water;
 - Decrease the energy required to pump the fresh water to and around the mill;
 - Decrease the physical footprint of the new effluent treatment plant:
 - Less energy will be required to build it; and
 - Less energy will be required to operate it (pumping and aeration energy).

IX. Implementation Timetable

Implementation Timetable

-  **Should NSE classify this project as a Class 1 project, its implementation, including the third-party certification of the mill's Environmental Management System should take approximately five and a half years.**
-  **A project implementation Gantt chart is included in Appendix 2.**

Appendix 1:

Preliminary Location of New Structures

► Preliminary Location of New Structures





Appendix 2:

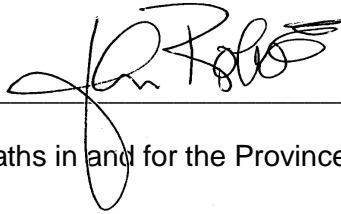
Project Implementation Gantt Chart

		Year 1												Year 2												Year 3												Year 4												Year 5												Year 6											
Duration		1	2	3	4	5	6	7	8	9	#	#	#	1	2	3	4	5	6	7	8	9	#	#	#	1	2	3	4	5	6	7	8	9	#	#	#	1	2	3	4	5	6	7	8	9	#	#	#	1	2	3	4	5	6	7	8	9	#	#	#												
Project Start																																																																									
Pre-Engineering Activities	12 months																																																																								
FEL-3 Engineering Study	12 months																																																																								
Receiving Water Study, East River	6 months																																																																								
Geotechnical Investigation, East River	3 months																																																																								
EA Preparation	17 months																																																																								
EA-Related Studies	15 months																																																																								
EA Document Preparation	8 months																																																																								
Public Consultations	6 months																																																																								
EA Submittal																																																																									
EA Review	3 months																																																																								
NSE review	2 months																																																																								
NPNS - NSE discussions	2 months																																																																								
EA Approval																																																																									
Project Implementation	33 months																																																																								
Mill De-Mothballing / Pre-Commissioning	12 months																																																																								
Effluent Treatment Plant	24 months																																																																								
Power Boiler Wet ESP	24 months																																																																								
Recovery Boiler Low Odour Conversion	24 months																																																																								
Lime Kiln / Recast Modifications	18 months																																																																								
Water Reduction / Cooling Water Systems	15 months																																																																								
Oxygen De-nitrification	24 months																																																																								
Lignin Extraction	21 months																																																																								
Commissioning	12 months																																																																								
Environmental Management System	37 months																																																																								
EMS Update	12 months																																																																								
Third-Party Review	2 months																																																																								
Mill Implementation	22 months																																																																								
EBM audit	1 month																																																																								
ISO 14001 Certification																																																																									
Project Completion																																																																									

This is Exhibit "E" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. F. Fols", is written over a horizontal line. The signature is stylized with a large loop at the end.

A Commissioner for Oaths in and for the Province of Nova Scotia

IN THE MATTER OF Chapter 1 of the Acts of
Nova Scotia 1994-95, the *Environment Act*

- and -

IN THE MATTER OF an Order issued pursuant
to Section 125 of said Act to **Northern Pulp
Nova Scotia Corporation** at or near 260
Granton Abercrombie Road, Abercrombie Point,
Abercrombie, Pictou County, Nova Scotia.

MINISTERIAL ORDER

I. WHEREAS Northern Pulp Nova Scotia Corporation, hereafter called
“NPNSC”, owns, occupies, operates or is responsible for the operation of a plant,
structure, facility, undertaking or thing, to wit: a former bleached kraft pulp mill and all of
its associated works which is located at or near 260 Granton Abercrombie Road,
Abercrombie Point, Abercrombie, Pictou County, Nova Scotia, hereafter called the
“Site”;

II. AND WHEREAS NPNSC operated the Site under Approval #2011-
076657-A01 until its expiry on January 30th, 2020;

III. AND WHEREAS the Minister of Environment and Climate Change
believes on reasonable and probable grounds that the persons named in this Ministerial
Order have contravened or will contravene the:

Environment Act

s. 50(2) No person shall commence or continue any activity designated by the
regulations as requiring an approval, unless that person holds the appropriate class of
approval required for that activity;

IV. AND WHEREAS the Minister is of the opinion that it is in the public
interest to do all things and take all steps necessary to comply with the *Environment Act*
or to repair any injury or damage, or to control, eliminate or manage an adverse effect;

IT IS HEREBY ORDERED:

That upon service of this Ministerial Order and pursuant to subsection 125(1) of the *Environment Act*, the persons named in this Ministerial Order shall, at their own cost, comply with the terms and conditions, including compliance times, set forth in Schedule "A" attached to and forming part of this Ministerial Order.

AND TAKE NOTICE if the persons to whom the Ministerial Order is directed fail to comply with the Ministerial Order, or any part thereof, the Minister, pursuant to Section 132(2) of the *Environment Act*, may take whatever action the Minister considers necessary to carry out the terms of the Order and may recover any reasonable costs, expenses and charges incurred by the Minister pursuant to Section 132 of the *Environment Act*.

AND FURTHER TAKE NOTICE that the appeal provisions respecting the issuance of a Ministerial Order are more fully outlined in Section 138 of the *Environment Act*, including a 30-day time period from the date of the issuance of the Ministerial Order to file an appeal.

ISSUED at Halifax, in the Halifax Regional Municipality, Province of Nova Scotia,
this 28th day of May 2021.


The Honourable Keith Irving
Minister of Environment and Climate Change

SCHEDULE "A"
TERMS AND CONDITIONS
Northern Pulp Nova Scotia Corporation

1. NPNSC shall operate the Facility in accordance with the Environment Act S.N.S. 1994-1995, c.1 and its Regulations, as amended from time to time.
2. NPNSC shall comply with all terms of Ministerial Order #55774, dated the 29th day of January, 2020, and Ministerial Order #60003, dated the 14th day of May, 2020, signed by Minister Wilson, unless otherwise stated in this Schedule A or until such time as Ministerial Orders #55774 and # 60003 are revoked.
3. Unless otherwise notified in writing by the Minister, the contact person at the Department to receive any correspondence relating to this Order is:

Manager of Special Projects Kathleen Johnson, P.Eng.
Nova Scotia Environment and Climate Change
20 Pumphouse Road
Granton, Nova Scotia B2H 5C6

Definitions

4. All definitions in expired Approval #2011-076657-A01 and Minister Miller's Appeal Decision letter, dated February 8, 2016, are applicable in this Order with the exception of the definition of Facility. Until June 1st, 2021, the definition of Facility in Approval #2011-076657-A01 will apply. As of June 1st, 2021, for the purpose of this Ministerial Order only, Facility means any property, building, structure, processing facility, pollution abatement system, stockpile, industrial landfill or other infrastructure associated with the operation of a Kraft Pulp Mill at 260 Granton Abercrombie Branch Road, Abercrombie Point, Abercrombie, PID 00864538 and includes the ambient air monitoring station located at Green Hill, PID 00844233, Pictou County.
5. Bulk Storage, for the purpose of this Order, means the storage of liquids, such as petroleum products and chemicals in tanks, as distinguished from drum or packaged storage.

6. Decommissioning, for the purpose of this Order, means to make inoperative, empty, purge, decontaminate and secure to ensure no adverse impact to the environment may occur.
7. Hibernation, for the purpose of this Order, means to prepare for an extended period of inactivity or non-use.
8. Pulping Liquor, for the purpose of this Order, means black liquor, green liquor and white liquor.
9. Mill Site, for the purpose of this Order, means the property and associated works, located at 260 Granton Abercrombie Branch Road, Abercrombie Point, Abercrombie, PID 00864538.

Facility Production and Maintenance

10. NPNSC shall not produce pulp until such time as an Industrial Approval to Operate is obtained from the Department.

Wastewater

11. NPNSC shall ensure all potentially impacted stormwater and landfill leachate generated at the Facility is collected and transported to a facility that is Approved to treat the constituents in the wastewater unless otherwise authorized by the Department in writing.
12. Records of shipment and receipt by the treatment facility shall be maintained for a minimum of two years after all shipments cease.
13. Records of shipments shall be submitted to the Department on a quarterly basis within 30 days of the end of the reporting period.

Effluent Pipeline and Associated Infrastructure

14. NPNSC shall monitor the effluent pipeline as outlined in the NPNSC *Effluent Pipe Spill or Rupture Emergency Response Plan*, submitted December 17, 2020 until such date when the Province of Nova Scotia agrees to accept responsibility for the monitoring. NPNSC shall provide confirmation in writing from the agent of the Province of Nova Scotia of such acceptance, including the date of transfer.

Air Emissions

15. NPNSC shall generate no emissions from the Power Boiler.
16. NPNSC shall ensure any emissions from the Facility do not contribute to an exceedance of the maximum permissible ground level concentrations specified in Schedule A of the Air Quality Regulations.

Hydrology and Hydrogeology

17. NPNSC shall sample and analyze the groundwater and surface water monitoring network at the NPNSC Mill Site in accordance with Table 1, Appendix A.
 - a. Results of all quarterly testing for surface water at the mill site shall be submitted to the Department within 30 days of receipt from the laboratory.
 - b. A report detailing the monitoring program and interpretation of the lab results must accompany the quarterly results.
18. NPNSC shall ensure that all surface water discharged from the Mill Site meet the limits in Table 2 in Appendix A. – This includes the following surface water monitoring stations: SW5, SW6, SW11, SW12, SW13, SW12-1, SW12-2, and SW12-3.
19. NPNSC shall ensure all surface and ground water samples are collected in a consistent manner in accordance with established industry standards and best practices.
20. The monitoring well network at the Mill Site shall be visually inspected during each field visit and maintenance performed, as required. The monitoring wells shall be fitted with a protective well casing and secured.
21. The Department reserves the right to modify groundwater or surface water monitoring locations, parameters and frequency, and to require remedial measures based on the change of site activities, results of monitoring data and/or site inspections.
22. NPNSC shall not modify, (addition, deletion or replacement), the groundwater or surface water monitoring program, including locations, parameters, or frequency, without written authorization from the Department. Any request to modify the groundwater or surface water monitoring program shall be submitted to the Department in writing, including justification for the change(s), prepared by a

qualified professional, licensed to practice in Nova Scotia by Geoscientists Nova Scotia (APGNS) or Engineers Nova Scotia (APENS).

23. NPNSC shall submit any request for modification to the groundwater or surface water monitoring program a minimum of thirty (30) days prior to the proposed implementation of the modification.
24. NPNSC shall review the groundwater and surface water quality monitoring data as it is collected in order to identify potential changes in water chemistry associated with mill activities. Any change in groundwater quality shall be reported immediately to the Department.
25. NPNSC shall maintain records for all groundwater monitoring wells and production wells at the Mill Site, including but not limited to borehole logs and construction details, and maintenance records for a minimum of 15 years.
26. NPNSC shall submit an Annual Report for the groundwater and surface water monitoring at the Mill Site to the Department by April 1st, of the year following monitoring. The Annual Report shall include, but is not limited to, the following information:
 - a. a review of field methodologies, including sampling techniques;
 - b. a description of the current groundwater monitoring network;
 - c. a description of the current surface water monitoring network;
 - d. a review of the current groundwater and surface water monitoring programs and recommendations for modifications, as applicable;
 - e. summary of any deficiencies noted during the visual inspections of the monitoring well networks and a summary of the required and completed maintenance, as required;
 - f. current and historical static water level data in tabular format;
 - g. groundwater gradients and flow direction.
 - h. current and historical groundwater quality data in tabular format with comparison to applicable guidelines and historical data;

- i. current and historical surface water and leachate quality data in tabular format with comparison to applicable guidelines and historical data;
 - j. laboratory certificates of analysis;
 - k. a detailed interpretation of the groundwater, surface water and leachate quality data including an analysis of spatial and temporal trends; and
 - l. the identification of any adverse impacts to groundwater and/or surface water and associated recommendations, as applicable.
27. The annual report shall be prepared by or under the direction of a qualified professional licensed to practice in Nova Scotia by Geoscientists Nova Scotia or Engineers of Nova Scotia.
28. NPNSC shall ensure that the following discharge limits for suspended solids are met for any water which is discharged from the Site to a watercourse or wetland at the Site:

Clear Flows (Normal Background Conditions):*

- a. Maximum increase of 25 milligrams/litre from background levels for any short-term exposure (24 hours or less)
- b. Maximum average increase of 5 milligrams/litre from background levels for longer term exposure (inputs lasting between 24 and 30 days)

High Flow (Spring Freshets and Storm Events):*

- c. Maximum increase of 25 milligrams/litre from background levels at any time when background levels are between 25 milligrams/litre and 250 milligrams/litre
- d. Shall not increase more than 10% over background levels when background is > 250 milligrams/litre

CCME Environmental Quality Guideline for Aquatic Life, as amended.

Registered Public Drinking Water Supply

29. NPNSC shall register as a Public Drinking Water Supply if the facility meets the definition of as detailed in the Water and Wastewater Facilities and Public Drinking Water Supplies Regulations.

Dangerous Goods

30. NPNSC shall continue to follow the accepted Dangerous Goods management plan submitted April 30, 2020.
31. NPNSC shall not store bulk Dangerous Goods or Waste Dangerous Goods at the Facility unless, and until, an Approval is obtained under the Activities Designation Regulations first. Please note, all storage, handling and secondary containment required under the Dangerous Goods Management Regulations must be met.

Petroleum Management

32. NPNSC shall not store bulk petroleum products in any tanks which are in hibernation which are regulated under the Petroleum Management Regulations at the Facility after April 30, 2020 unless an Approval is obtained under the Activities Designation Regulations first. Please note, all storage, handling, piping and secondary containment required under the Petroleum Management Regulations must be met.

Industrial Landfill

33. NPNSC is strictly prohibited from disposing of domestic solid waste in the industrial landfill(s). All domestic solid waste shall be disposed of at a facility licensed or approved for the recycling, composting or disposal of such solid waste.
34. NPNSC is strictly prohibited from disposing of petroleum impacted soil at the industrial landfill. All petroleum impacted soils must be disposed of at a licensed or approved for the treatment or disposal for such waste.
35. NPNSC is restricted to dispose of only the industrial waste types for which the industrial landfill was designed, as identified in the Landfill Operations Manual, dated December 1989 and Solid Waste Management Strategy Background Report, dated November 1989, at the industrial landfill.

36. NPNSC shall ensure the Landfill Closure Plan, submitted June 15, 2020, is implemented. Any changes to the approved plan shall be submitted to the Department for review and approval no less than 30 days in advance of proposed implementation.

Asbestos Disposal

37. NPNSC shall ensure the asbestos waste disposal area is limited to the area outlined in the location survey submitted March 31, 2020.
38. Abandonment or discontinuance of use of the designated asbestos waste disposal area requires a final capping material having a depth of not less than one hundred twenty-five (125) centimetres with a permeability of not greater than 10^{-6} .
39. NPNSC shall ensure clear permanent signage marks the location of the asbestos disposal area and the area is secured from unauthorized access by no later than May 29, 2020.

Boat Harbour Effluent Treatment Facility Transition

40. NPNSC shall ensure all surface and groundwater monitoring of the BHETF, required under Ministerial Order #55774 and Ministerial Order #60003, be completed for the first and second quarter of 2021.
41. NPNSC shall submit the results of the testing required under Condition 40 of this Ministerial Order within 30 days of the end of the quarter.
42. NPNSC shall ensure all monitoring locations are identified and access to groundwater monitoring wells is provided to Nova Scotia Lands by no later than June 1st, 2021.
43. NPNSC shall operate and maintain the ambient air monitoring station and monitors located at Pictou Landing (PID 65006785) in accordance with Condition 29 and Condition 30 of Ministerial Order #60003 until June 1st, 2021.
44. NPNSC shall submit a summary report of the data collected under Condition 43 of this Order by no later than July 15, 2021. This summary report shall contain the information associated with April and May of the second quarter, outlined in Condition 32 of Ministerial Order #60003.
45. For the period of monitoring from January 1st, 2021 until June 1st, 2021, NPNSC shall demonstrate compliance with Conditions 26 and 27 of Ministerial Order

#60003 by utilizing the ambient air quality data collected from the ambient air quality station identified in Condition 43 of this Ministerial Order.

46. NPNSC shall ensure the operation of the ambient air monitoring station and equipment, necessary for the continued monitoring of the air emissions from the BHETF, located at the Pictou Landing (PID 65006785) is transitioned to Nova Scotia Lands for their use by no later than June 1st, 2021.
47. NPNSC shall monitor wastewater at Point C in accordance with Condition 19 of Ministerial Order #60003 until June 1st, 2021.
48. NPNSC shall monitor Point D in accordance with Condition 20 of Ministerial Order #60003 until June 1, 2021.
49. NPNSC shall submit the results of monitoring conducted under Conditions 47 and 48 of this Ministerial Order within 30 days of the final month of monitoring.
50. NPNS shall provide Nova Scotia Lands access to the NPNS assets required to operationally manage the ASB, and undertake work required to manage environmental issues in the ASB, by no later than June 1st, 2021.

Communication Plan

51. NPNSC shall maintain the Mi'kmaq Communication Plan for the purposes of sharing information with the Pictou Landing First Nation on environmental or any other issues as directed by the Department.

Insurance

52. NPNSC, at its own expense, must purchase and maintain in full force during the period of operation, insurances to protect itself, its contractors and sub-contractors, the Department, the Corporation, their successors and assigns and their respective directors, officers, council members, employees, agents and servants involved in the operation and reclamation of a Bleached Kraft Pulp Mill.

Such insurance shall provide coverage for all environmental risks associated with the operation of the Facility and shall protect the Department, the Corporation, their successors and assigns, and their respective officers, directors, council members and employees from all claims arising out of liability for environmental impairment.

All policies shall be issued by financially sound insurers licensed to carry on business in Canada and shall be subject to review by the Department. All policies shall be non-cancellable, except for violation of statutory law which places the Insurer in violation of the laws of its place of domicile or threatens its solvency.

All operation, reclamation period insurance policies, as accepted by the Department, shall be maintained valid for the period of this Ministerial Order. Proof of insurance to be submitted annually by January 31.

53. This insurance will include the following provisions:
- a. a policy limit of liability of not less than \$10 million per occurrence;
 - b. "Her Majesty the Queen in the Right of the Province of Nova Scotia as represented by the Minister of Environment" named as "Additional Insured";
 - c. this approved Facility shall be included on the policy in its description of operations;
 - d. waiver of Insurer's rights of subrogation against Nova Scotia;
 - e. breach of any terms or conditions of the policy, or negligence or willful act or omission or false representation by an Insured or any other person, shall not invalidate the insurance with respect to Nova Scotia;
 - f. 90 days prior written notice of cancellation or material change from Insurer to the Department;
 - g. Gradual and sudden pollution coverage for all insured perils;
 - h. Government- ordered clean up expenses coverage;
 - i. Waste materials coverage; and
 - j. Products Hazard & Completed Operations, Pollution Coverage.
54. Following a review by the Department, the Department may require NPNSC to make a change in the coverage required.

55. NPNSC shall notify the Department in advance of any change that is not addressed in this Order, as an Approval may be required.

Appendix A

Table 1: NPNSC Mill Site – Groundwater and Surface Water Monitoring Requirements

Location*	Frequency	Parameters
Industrial Landfill Monitoring Network		
Groundwater		
1 (B) 2 (A,B) 4 (A,B) 09-1 (A) 96-1 (B) 96-2 (B) 09-2 (C) 09-3 (B) 96-3 (C) Construction Gate Well Scale House Well	Semi-Annual (Spring and Fall)	General Chemistry, Metals, Fluoride Water Level
1 (A,C) 3 (A,B,C) 4 (C) 5 (A,B) 6 (A,B) 7 (A,B,C) 8 (B) 9 (A,C)	Annual (Fall)	General Chemistry, Metals, Fluoride Water Level
09-1 (A) 96-1 (B) 96-2 (B) 09-2 (C)	Annual (Fall)	VOCs, PAHs
4 (A,B) 5 (A,B) 6 (A,B) 7 (A,B,C)	Annual (Fall)	TPH and BTEX
7 (A,B,C) 09-1 (A) 96-1 (B) 96-2 (B) 09-2 (C) 09-3 (B) 96-3 (C)	Annual (Fall)	Mercury

Location*	Frequency	Parameters
Surface Water		
SW2 SW4 SW9 SW10 SW13	Semi-Annual (Spring and Fall)	General Chemistry, Metals, Fluoride DOC, dissolved Zn, TSS, COD/BOD TPH/BTEX
	Annual (Fall)	Mercury
SW5 SW6 SW11 SW12	Quarterly	General Chemistry, Metals, Fluoride DOC, Dissolved Zn, TSS, COD/BOD TPH/BTEX
	Annual (Fall)	Mercury
SW5 SW6 SW11 SW12	Quarterly	Cr ³⁺ and Cr ⁶⁺
SW13	Semi-Annual (Spring and Fall)	
Leachate		
Leachate	Quarterly	General Chemistry, Metals, Fluoride TSS, COD/BOD, TPH/BTEX, Cr ³⁺ and Cr ⁶⁺ Mercury, Flow rate
Mill Monitoring Network		
Groundwater		
MW12-1 MW12-2 MW12-3 MW12-4 MW12-5R MW12-6R	Semi Annual (Spring and Fall)	General Chemistry, Metals, Fluoride, Water Level
	Annual (Fall)	TPH/BTEX
MW12-1 MW12-2 MW12-4 MW12-5R MW12-6R	Annual (Fall)	PAHs
Cardlock Facility Wells: Well A Well B Well C Well D	Annual (Fall)	General Chemistry, Metals, Fluoride TPH/BTEX, Water Level

Surface Water		
SW12-1 SW12-2 SW12-3	Quarterly	General Chemistry, Metals, Fluoride DOC, Dissolved Zn, TSS, COD/BOD TPH/BTEX, Cr ³⁺ and Cr ⁶⁺
	Annual (Fall)	Mercury

Table 2: Surface Water Discharge Limits

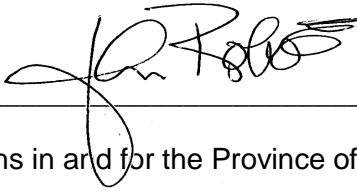
PARAMETER	DISCHARGE LIMIT
pH	6.5 - 9.0
Total Petroleum Hydrocarbons	3.5 milligrams per litre or Atlantic RBCA*
Chromium (trivalent)	8.9 micrograms per litre
Chromium (Hexavalent)	1.0 micrograms per litre
Copper	2-4 micrograms per litre
Iron	300 micrograms per litre
Nickel	25-150 micrograms per litre
Vanadium	2 milligrams per litre
Dissolved Zinc	Refer to the guideline calculation in the latest version of the CCME Freshwater Aquatic Life Guidelines (2018)

* lowest value after finalization of Atlantic RBCA standard for surface water

This is Exhibit "F" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. P. Fols", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

Paper Excellence proposes a complete transformation of Nova Scotia kraft pulp mill

15 Jul 2021

ABERCROMBIE, NS, July 15, 2021 – Paper Excellence is proposing a complete transformation of Northern Pulp Nova Scotia Corporation (“Northern Pulp” or “the Company”), a producer of high-quality Northern Bleached Softwood Kraft pulp at its kraft pulp mill in Pictou County (the “Mill”) that is used in the manufacturing of a variety of products from tissue and paper towels to food additives and packaging.

The Mill operated for more than six decades prior to its hibernation in January 2020. It is clear to Paper Excellence that future Mill operations and processes—from community engagement and transparency to forestry practices and addressing odour, air, and water emissions—must be better than the Mill of yesterday.

Paper Excellence is proposing to transform the Mill into a best-in-class operation and one of the world's cleanest, most environmentally focused, and community-based mills.

“Paper Excellence acknowledges community concerns and wants to work with community members to build trust, finalize a transformation plan for a clean and sustainable Mill, and develop a new relationship for the Mill and community moving forward,” said Graham Kissack, VP, Environment, Health & Safety, and Corporate Communications, Paper Excellence.

Since hibernating the Mill in January 2020, Northern Pulp has reviewed findings and stakeholder input on the previously proposed replacement effluent treatment facility to inform the transformation plan. A significant part of Northern Pulp’s community engagement over the past year has been through the formation of and engagement with an independent, volunteer Environmental Liaison Committee, which produced a report outlining the issues and concerns they propose need to be addressed if the Mill is to reopen.

The more than \$350 million proposed transformation plan has been developed to address community issues and concerns while using Best Available Technology to transform the Mill into a best-in-class operation, environmentally and otherwise.

The proposed transformation plan will provide a sustainable future for the Mill and its workforce, the community, and the forestry sector throughout Nova Scotia. Among other things, the Mill transformation will result in:

- No detectable odour in surrounding communities during normal operations, visible plumes above the Mill reduced by 70%, and a reduction in greenhouse gas emissions.
- Water use reduced by 45%, and wastewater components to be treated and reduced by 75%. The treated wastewater will be released into Pictou Harbour, adjacent to the Mill site. The exact location will be determined through further environmental study and community engagement.

- All new equipment is located on the Mill site and no pipeline crossing neighborhood communities.
- Full implementation of the Lahey Report recommendations on Northern Pulp-owned and Crown-managed land.
- A low-carbon and energy-efficient operation.

Key elements of the Mill transformation include:

- A public dashboard on the Northern Pulp website to display live environmental data, such as ambient monitors, mill recorded environmental data, water use, etc.
- Oxygen delignification to reduce bleaching chemical use.
- Best new primary and secondary treatment systems to remove solids, organics, and colour.
- Installation of a new tertiary effluent treatment system, consisting of rotating disc filters, to ensure the highest quality water release and colour removal. The continuously operating tertiary treatment will be the second of its kind in Canada.
- Converting the recovery boiler to a low-odour configuration.
- A new wet electrostatic precipitator to remove fine particles from being released into the air.
- Implement the Lahey Report recommendations on Northern Pulp private lands and crown allocation.

Northern Pulp has launched a new information and engagement website, www.TomorrowsMill.ca (External link), for community members to learn more and provide input on the proposed transformation plan.

“We want to make it as easy as possible for community members to receive updates, review science-based information, ask questions, and engage in dialogue about the proposed transformation,” said Kissack. “In the short-term, we will be hosting virtual and telephone town hall meetings and we will shift to in-person sessions as COVID-19 restrictions are eased.”

Northern Pulp acknowledges it operates in Mi’kma’ki, the unceded territory and ancestral homeland of the Mi’kmaq Nation, and looks forward to meaningful engagement and collaboration with Pictou Landing First Nation and members of the Indigenous community in Nova Scotia.

The Company has filed the project description for the effluent treatment system including tertiary treatment with Nova Scotia Environment and Climate Change. Filing the project description is the first step in the provincial environmental approval process.

“We look forward to working with the Nova Scotia Environment and Climate Change, conducting thorough and transparent scientific research, and consulting with the public and aboriginal people throughout the environmental assessment process,” said Kissack.

The transformation of Northern Pulp would result in hundreds of jobs during construction and re-establish more than 300 well-paying direct mill jobs in Pictou County and more than 2,500 forestry sector jobs throughout the province when the Mill is operational.

Media Briefing

Northern Pulp will host a technical media briefing on the transformation concept at 11:45 a.m. AT today, July 15, 2021. The media can call or log in to the virtual briefing using the following details:

- Streaming: www.access.live/nptransformation(External link)
- Telephone: 1-833-380-0740

Media can view the briefing at the above website but must call 1-833-380-0740 to be able to ask a question.

The media briefing will also be live streamed on Northern Pulp's Facebook page, <https://www.facebook.com/NorthernPulpNovaScotia>(External link).

###

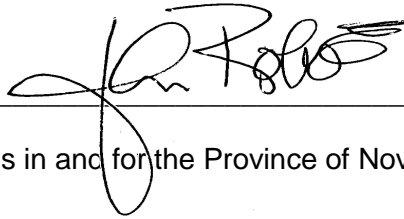
Media Contact:

Media@NorthernPulp.com

This is Exhibit "G" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. Rolo", is written over a horizontal line. The signature is stylized with a large loop at the end.

A Commissioner for Oaths in and for the Province of Nova Scotia



Impact Assessment
Agency of Canada

Agence d'évaluation
d'impact du Canada

Suite 200
1801 Hollis Street
Halifax NS B3J 3N4

Bureau 200
1801 Rue Hollis
Halifax NS B3J 3N4

Michael Wilson
Environmental Leader
Northern Pulp Nova Scotia
P: (902)752-8461 ext. 315

Dear Mike:

Thank you for providing the Agency with a preliminary project description of the proposed Replacement Effluent Treatment Facility on May 17, 2021.

The federal environmental assessment process is set out in the [Impact Assessment Act](#) (IAA). The [Physical Activities Regulations](#) (the Regulations) under IAA set out a list of physical activities considered to be “designated projects.” For designated projects listed in the Regulations, the project proponent must provide the Agency with an Initial Description of a Designated Project that includes information prescribed by applicable regulations ([Information and Management of Time Limits Regulations](#)).

Based on the information submitted to the Agency on the proposed Replacement Effluent Treatment Facility, it does not appear to be described in the Regulations. Under such circumstances Northern Pulp Nova Scotia would not be required to submit an Initial Description of a Designated Project to the Agency. However, the Agency recognizes that the information provided is preliminary and modifications to the Project could result in a change in the Agency’s initial determination. Northern Pulp Nova Scotia is advised to review the Regulations as project details become more certain and contact the Agency if, in its view, the Regulations may apply to the proposed project.

Northern Pulp Nova Scotia is advised that under section 9(1) of the IAA, the Minister may, on request or on her or his own initiative, by order, designate a physical activity that is not prescribed by regulations made under paragraph 109(b) if, in his or her opinion, either the carrying out of that physical activity may cause adverse effects within federal jurisdiction or adverse direct or incidental effects, or public concerns related to those effects warrant the designation. Should the Agency receive a request for a project to be designated, the Agency would contact Northern Pulp Nova Scotia with further information.

The proposed project may be subject to sections 82-91 of IAA. Section 82 requires that, for any project occurring on federal lands, the federal authority responsible for administering those lands or for exercising any power to enable the project to proceed must make a determination regarding the significance of environmental effects of the project. The Agency is not involved in this process; it is the responsibility of the federal authority to make and document this determination.

Northern Pulp Nova Scotia is encouraged to contact the Agency at (902) 426-0564 if it has additional information that may be relevant to the Agency or if it has any questions or concerns related to the above matters.

Thank you,

Mike Atkinson

Regional Director, Atlantic Regional Office
Impact Assessment Agency of Canada / Government of Canada
Mike.Atkinson@iaac-aeic.gc.ca / Tel: 902-877-4404

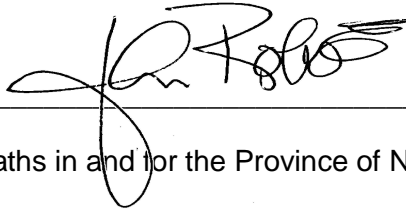
Cc: Chief Andrea Paul – Pictou Landing First Nation
Jeremy Higgins – Nova Scotia Environment



This is Exhibit "H" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

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A Commissioner for Oaths in and for the Province of Nova Scotia

Environmental Liaison Committee (ELC)

Interim Project Summary

Submitted to
Paper Excellence Canada, Northern Pulp Nova Scotia, and Ernst & Young Inc.
acting as court appointed Monitor of the CCAA proceedings

October 14, 2021

Contact:
EnvironmentalLiaison@Gmail.com
www.elc4ns.ca

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a) Executive Summary

Since the Environmental Liaison Committee (the “**ELC**”) issued their initial report in February 2021 (the “**First Report**”), the ELC has continued to review the results of its findings. This is the second report written by members of the ELC which describes the activities and findings since the First Report was issued. The ELC has been meeting regularly since October 2020 and this report addresses ELC activities subsequent to the issuance of the First Report.

The ELC has developed a new mandate (Term of Reference outlined below) with direct reporting to Ernst & Young Inc. acting as Court appointed Monitor of Northern Pulp Nova Scotia and related entities (the “**Monitor**”) while Northern Pulp (“**NP**”) is undergoing CCAA proceedings. This report will be considered by the Monitor as they continue with their professional responsibilities under the CCAA.

The ELC has been taking specific actions to ensure NP has received community and stakeholder feedback with respect to future Mill operations by:

- Holding a series of meetings with NP to provide feedback from the stakeholders;
- Attended NP organized presentations to stakeholders to ensure feedback is free flowing;
- Continued to reach out to all stakeholders to ensure they are being heard.

To date the ELC has met with community stakeholders and received a number of presentations to better understand the various sides of the community’s view on the Mill’s situation. While not all stakeholders have accepted the ELC’s invitations to meet, efforts continue to ensure they all understand the invitation remains open.

The ELC is pleased with the community interaction and the results of their efforts to date, including providing comments and feedback on NP’s presentation to stakeholders - currently at version 21 based on feedback NP has been receiving.

The ELC has created a website (www.elc4ns.ca) where the presentations are filed.

b) ELC Terms of Reference (TOR)

The ELC’s TOR can best be described as:

*To encourage that any transformation of the Northern Pulp mill (the “**Mill**”) be done in accordance with a manner that respects the environment (land, sea, and air) and promotes economic and social well being for its community partners, while respecting the unique cultural and traditional requirements of our Indigenous communities.*

The objectives of the ELC include the following:

- Attempt to identify, review, and prioritize potential environmental, forestry, marine, and community engagement issues and solutions related to NP's operations.
- Monitor NP's plan for a mill restart, including every aspect of community engagement, planning, communications, and its building of mutually beneficial relationships with its stakeholders.
- Aid NP in the identification and initial development of mutually beneficial relationships with its stakeholders by facilitating open and honest two-way communications with stakeholders committed to finding mutually beneficial solutions.
- Provide findings and feedback to the Monitor and NP for further action related to the company's operation.

c) Initial ELC Report

It is important to understand that the First Report findings focussed on six main areas:

1. Lack of Community Trust and Leadership
2. Effluent Treatment Facility
3. Odour
4. Air Quality
5. Forestry Practices
6. Community Involvement

Furthermore, the First Report provided its vision of a future Mill:

It is clear from stakeholder input and discussions among ELC members that NP must change its operations and practices if it is to reopen and satisfy various rightsholder and stakeholder concerns.

While not a complete picture, the ELC established the following categories for a picture of a reimagined operation of the Mill:

1. First Nations, including Pictou Landing First Nation

- In response to their requests as a condition to work with NP going forward, withdraw the current Environmental Assessment and application to the Nova Scotia Supreme Court for judicial review of the December 17, 2019, decision by the Minister of Environment requiring a full environmental assessment report for the current design.
- Develop and implement a mutually agreed upon plan to build trust and undertake consultations on the path forward.
- Work together to identify partnership opportunities and synergies from Mill operations that could support first nations economic development.

2. Mill Leadership

- Separate leadership functions between Mill production and external relations (e.g., rightsholder and stakeholder engagement, environmental assessment).
- Develop mutually respectful relationships with elected and non-elected representative at all levels of government.
- Act in a timely manner on matters and issues of importance to stakeholders and rightsholder.

3. Environment

- Ensure the effluent being discharged meets the highest environmental standards in the world.
- Ensure the effluent being discharged has as similar composition to the receiving water.
- Minimize the quantity of effluent released by better managing water usage.
- Remove odour from normal pulp mill operations.
- Implement real-time transparent disclosure of environmental effect.;
- Retain an independent third-party to verify the environmental effects of Mill operation.
- Establish a third party certified Environmental Management System (ISO 140001) for the Mill operations.

4. Forestry

- Implement the full Lahey Report recommendations on all NP owned and managed land.
- Develop and implement a detailed plan for an interim solution to support the forestry supply chain through the Environmental Assessment and upgrades to NP.
- Continue to support the recreational use of NP owned and managed land.
- Where appropriate, designate surplus land as protected areas.
- Develop and maintain mutually beneficial business relationships with all its forestry suppliers.

5. Community

- Develop mutually beneficial and trusted relationships with the communities in which NP operates.
- Live Paper Excellence's ("PE") espoused values with all stakeholders and rightsholder.
- Engage in potential business and educational opportunities for the community.

6. Operations

- Provide a safe and respectful environment for all employees, suppliers, and stakeholders.
- Instill a culture of continuous improvement that produces an excellent product, is

- recognized by peers as a best-in-class environmental performer, a best-in-class employer, and provides a sustainable return on investment for its shareholders.
- Develop and maintain ethical business relationships that are mutually beneficial with all its forestry suppliers.
 - Improve the visual appearance of the Mill site, as part of the transformation of Mill operations and business operating principles.

d) Specific Categories and ELC Follow Up

1. First Nations, including Pictou Landing First Nation

The ELC has been unable to convince the Pictou Landing First Nation (the “**PLFN**”) to meet to discuss issues and areas of common interest. Several attempts have been made through various contacts in the community. The ELC will continue to encourage dialogue with this important community partner.

2. Mill Leadership

Discussions have occurred with PE/NP regarding the ELC’s view of the management organizational structure needed in Nova Scotia in order to successfully build trust with the community. The ELC supports the efforts of the NP personnel heading up the EA process, but remains concerned about the timing to react with community engagement beyond the EA process. The ELC has drafted a list of specific suggested actions PE/NP can review which may result in actions being taken. The ELC feels these actions will demonstrate to the community how committed PE/NP are in having the Mill reopen.

3. Environment

Since the issuance of the First Report, the development of the “Tomorrows Mill” website has addressed in principle the community issues identified by the ELC. The reaction of the Community through the EA review will be closely monitored by the ELC to understand the community’s reaction as follows:

- Impact on the Environment
 - a. Benefits of the Sustainable Future - NP’s Vision to be one of the world’s cleanest, most environmentally friendly focused, and community-based mills
 - b. Climate change improvement proposed in the plan includes reduced wastewater effluent, reduction in odours, visible plumes, and water usage
 - c. Independent measuring and reporting of environmental impacts, including a public dashboard and Management system
- Monitoring of ongoing stakeholder concerns

- a. ELC will receive regular reports from NP throughout the EA process
- b. Continue to receive feedback and report concerns from the community back to NP
- c. Continue to monitor and respond to emails and web traffic on ELC website
- d. Regular meetings and record keeping of ELC activities

4. Forestry

Through the ELC forestry sub committee, key concerns of this sector remain a high priority:

- I. When the Mill plans to reopen - will there be a sector remaining large enough to supply the required wood products?
- II. With the implementation of the Lahey report - will there be enough harvestable product to sustain the Mill?
- III. The ELC will continue to press PE/NP to provide bridge financial support to help the existing forestry sector sustain itself while the EA and construction process is underway.

5. Community

This remains one of the most important responsibilities of the ELC, if not the most important role, in ensuring that community issues with NP are heard and responded to appropriately by NP. This is of paramount concern to the Provincial government who want to hear feedback from the community, and certainty that NP has addressed all these fears and concerns satisfactorily.

Steps taken with NP to address community/stakeholder's concerns:

- I. NP has been open and communicates well with the ELC including regular updates and looks for input on external presentations to stakeholders
- II. The ELC has ongoing discussions with NP with respect to all stakeholder feedback received
- III. NP will need to continue to update the ELC on a regular basis to ensure that the impacts of feedback are considered throughout the EA process. So far NP has responded well to the feedback – for example, outcomes of the First Report have been reviewed and discussed with various NP representatives which have been incorporated within NP's "Tomorrows Mill" planning document (the "**Plan**").

6. Operations

While PE/NP currently has their primary focus on the EA process, the ELC will continue to discuss and emphasize the importance of how the Mill is managed with the community. This will include communicating to the community and reporting how the Mill will implement and comply with all the operational procedures outlined in their Plan.

e) ELC Communication with Stakeholders

To educate itself, the ELC developed a list of areas of interest where presenters have provided guidance and insight, over and above NP offered resources including:

- a. understand the specific issues of concern for all sides
- b. communicate same and encourage Northern Pulp to address issues identified as part of its future planning considerations

To date there have been 28 presentations made and discussions with interested parties at the ELC meetings. The purpose and useful output of these sessions has been to demonstrate to the stakeholders that the ELC is actively listening to ensure stakeholder issues are understood.

In addition, the ELC has broadly advertised and invited different groups to come forward and participate in similar discussions as a means of engaging, in the broadest sense possible, the community affected by the Mill shut-down. As a result of these meetings the ELC has been able to communicate community concerns to NP, and where applicable have those concerns addressed through the amended Plan.

Stakeholders were invited through direct approaches as well as public advertisement to present to the ELC. The ELC has, through ex officio membership, a NP and Monitor representative at all weekly meetings and presentations with findings being summarized in the minutes.

Where significant changes were required regarding major issues, the ELC did 'follow-ups' through reviews of the Plan to ensure the revised changes were appropriately presented.

It is important to note that, there are certain stakeholder groups that have been asked to attend an ELC meeting, however, the ELC is still waiting for confirmation from these stakeholders to schedule a date to present or have a discussion.

The ELC is encouraged by the stakeholders who have come forward and remains hopeful the others will see the benefits of entering into similar dialogue.

f) NP Presentations to Stakeholders

The ELC has been invited to attend NP's presentations of its Plan.

During some presentations, NP representatives left the room or video call in order for ELC members to receive frank and open feedback. This has been very useful for hearing honest and open questions from participants, and comments regarding their own individual situations. This has resulted in additional issues and concerns being shared with NP.

In addition, for the sessions the ELC did not attend, NP has shared all the documented feedback. The ELC intends to consider this feedback and its impact moving forward on the Mill reopening plans.

Since June, 3 NP representatives, accompanied by the ELC, have presented to the following groups:

- Town of New Glasgow
- Sawmill owners and forestry
- Pictou County MLA's
- Deputy Minister and staff of NS Department of Lands & Forestry
- Pictou County Mayors and Warden
- NP Woodlands
- Unifor National Executive and Local 440 President
- Forest NS and Canadian Woodlands Forum
- NP retirees
- NP former employees
- Gulf NS Bonafide Fisherman's Association
- Maritime Aboriginal Peoples Council
- Media representatives
- Northumberland Fishermen's Association
- Town of Pictou Council
- Municipality of Pictou County
- Gerald Battist Trucking
- Town of Stellarton
- Municipality of Colchester
- Town of Westville
- Town of Trenton
- Town of Truro
- Maritime Fishermen's Union
- NP Suppliers

There was good discussion and questions during all presentations which provided feedback on these key areas:

- What discussions have taken place with the Province of NS?
- What's your plan for forestry contractors?
- What conversations have been held with First Nations?
- What is in the effluent? Where will it be discharged?
- The numbers and percentages in the presentation - can these be explained better?
- How will things be different this time?
- What does best in class/best practice mean?
- How is the project being funded?
- What is the arrangement with Boat Harbour and the Province of NS?

- Why has the project changed from the last EA?
- How can the Pictou harbour flush the effluent now, when it was stated previously it wasn't possible?
- How does NP build trust back in the community?

g) The Importance of NP's Mill operation to the NS Economy

The ELC has heard from many members of the community that it is important that stakeholders and rightsholders understand the future economic impact that the business operation of the Mill will have on the Province of NS, the local municipalities, businesses, and individuals and families. With all the attention given to the EA process, the impact on the financial affairs of Nova Scotians seems to be overlooked as an important consideration in the data gathering to assess the reopening plan. NP is a significant source of economic activity in rural NS, areas where it is common to have higher unemployment. NP is in a unique position to partner with the entire forestry sector, including sawmills and harvesters.

Certain economic factors support the comments the ELC has heard with respect to the importance of NP in the forestry sector:

- NP's Kraft pulp is used globally to produce commonly used household products including, tissues, towels, toilet paper, and writing and photocopy paper.
- NP is a significant exporter through Halifax Harbour – receiving approximately 50 to 55 trucks each weekday with Kraft pulp delivered for shipping worldwide. In addition, NP receives 120 truck loads of chips daily. NP supplies 30% of roundwood to NS sawmills, and in return purchases 90% of chips produced by sawmills in NS.
- NP is an integrated operation managing 250,000 hectares of forest lands and grows 6,000,000 seedlings a year for reforestation. NP's operations are critical to the implementation of the recommendations of the Lahey Report to sustain forestry operations in NS.

In addition, below are some key historical financial facts (per Gardiner Pinfold 2019 Economic Study):

- NP manufactures 280,000 tonnes of high-quality Kraft pulp per year
- 352 employees on direct NP payroll - \$34M annual salaries – average \$85,000 per employee; and 2,679 FTEs supported by NP expenditures for a total payroll impact of \$128M
- 1,300 businesses in supply chain, including 943 in NS - \$279M in spending
- HST and Excise Taxes - \$18.7M to Province of NS; \$19.7M to Government of Canada
- Property taxes to Municipalities - \$650,000 paid by employees and \$538,000 paid by NP (\$358,000 in 2021 with Mill in hibernation)

- Capital improvements for Mill Transformation forecasted to be \$350M to enhance current operations – providing a much-needed fiscal stimulus in the local area – a significant investment amount – approximately 50% will be wages resulting in 600 jobs during construction

h) ELC's Role in Maintaining and Increasing Stakeholder Feedback

The ELC remains committed to seeking out and receiving feedback from the community. The ELC has its own general email address which is monitored for questions and other requests. In addition, the ELC has its own website (www.ELC4ns.ca) where interested parties can find information and a means to contact the ELC. The ELC continues to assess its membership and invite new members to the committee to broaden its experience and knowledge base to deal with stakeholder and rightsholder issue.

i) Future Work Plan of the ELC

- I. The ELC will continue to meet and reassess its performance and impact on NP's activity and success in meeting its stated objectives
- II. Seek out and continue stakeholder and rightsholder consultations throughout the EA process
- III. Receive regular updates from NP
- IV. Issue progress reports to the Monitor
- V. Solicit feedback from both the Monitor and NP on the role of the ELC
- VI. Receive regular updates on the involvement of PLFN in NP plans and activities
- VII. Develop a process tracking all emails, questions or concerns passed on to NP for answers or clarification ensuring the community's issues are being addressed
- VIII. A letter will be sent out to NP suppliers asking for feedback on the impact of the NP closure on their business and how this has affected them and ask what concerns or comments suppliers would like NP to address
- IX. Develop a list of potential actions for NP to help build trust in the community

j) Recommendations and Summary Comments

The ELC continues to believe that its members can provide a valuable service to not only NP, but the community as well. The ELC are the "eyes and ears" for NP and provide them with valuable feedback that they may not otherwise receive.

At the same time, the ELC can ensure that there is an appropriate and timely response by NP to issues raised. This will enhance the reputation of the ELC in the community as an independent and transparent committee of interested participants who want to see NP carry out its reopening plans in a manner respectful for the community and environment.

The ELC will complete a stakeholder analysis and establish what motivates each group creating a profile and action plan based on those items. In addition, the ELC will determine how these groups would like to receive information and in what form they would like to communicate with such as newsletters, reports (weekly, monthly), email, online platforms, social media, phone calls, or directly in person or group meetings.

Appendix A – Governance of the ELC

a) Background on ELC and Membership

The ELC continues to diversify its membership and has recently added four new members. The ELC consists of individuals with diverse backgrounds and views on NP's operations throughout Nova Scotia, and at the Mill site. The members do not represent any stakeholder groups specifically and are volunteering their time as individuals.

ELC members include:

- Marshall Bateman-Forestry Contractor
- John Boyd-Fisher
- John Carruthers, FCPA
- Nancy Dicks-Town of New Glasgow Mayor (N)
- Jack Fraser- NP retiree
- Kris Hunter- Biologist (N)
- Jack Lewis- Engineer (N)
- Sandy MacDonald-Fisher and former NP employee
- Nick MacGregor- Local Business Owner (N)
- Kim MacLaughlin- former NP employee (ELC Chair)
- David MacMillan-Forester
- Julia MacMillan- Forester (ELC Vice Chair)
- Ian McKay – Community member (N)
- Kathy McMullen -Town of Pictou resident
- David Parker- Municipality of Pictou County Counsellor
- Dr. Michael van den Heuvel- UPEI scientist
- Andy Thompson- Municipality of Pictou County Counsellor
- Kevin Thompson- Fisher

N- new member

b) Subcommittees of ELC

The ELC has recognized the need for subcommittees to be organized who can focus on specific stakeholder groups of importance for feedback. It is important to note each sector has significantly different needs and objections. The following subcommittees have been identified:

- Fisheries
- Forestry
- Community/Climate Change
- Nominating
- Communications

Each ELC subcommittee has created a mandate:

- **Fisheries Mandate**

It will reflect and echo the fishing community's concerns regarding potential impact on marine environment, fish habitat, and possible social partnerships, while respecting the unique cultural and traditional ways of our Indigenous communities.

- **Forestry Mandate**

It will review present forest practices and recommend adjustments to these practices to meet the spirit and objectives of the Lahey report, climate change, waterways, fauna, and society needs. To create the model of sustainable, ecological, and economic forest management in the Maritimes for the new Northern Pulp.

- **Community/Climate Change Mandate**

It will strive to understand climate change globally, to understand the effects of climate change regionally, to understand the effects of industry, specifically, the pulp and paper industry on climate change, to explore the opportunities for industry mitigation regarding climate change, to explore specific mitigation opportunities re: Northern Pulp, liaise with the regional community on opportunities for Northern Pulp to build a lasting, positive community legacy, engage with community interest groups (non-profit, recreational, charitable) to build an inventory of current and future support opportunities for the new NP.

- **Nominating Mandate**

It will produce a slate of well-balanced individuals from (but not limited to) the following backgrounds: First Nations, Forestry, Fishing, Community (including community political representatives), Employees (recent and former), Science, and Commercial/Industrial. The hope is that there will be a strong focus on engaging members with opposing or uncommitted views which will lead to providing NP with insight on the issues and views to enable the Mill to be best in class while meeting the needs of the community at large.

- **Communications Mandate**

It will reflect and echo the community's concerns with the environment (land, sea, and air), forestry practices, economic and social partnerships, while respecting the unique cultural and traditional ways of our Indigenous communities.

The members of each subcommittee are developing their own action plan and will reach out to these stakeholder groups to solicit feedback about NP's reopening plans. Through their efforts each subcommittee will focus on the following questions and report back to the ELC:

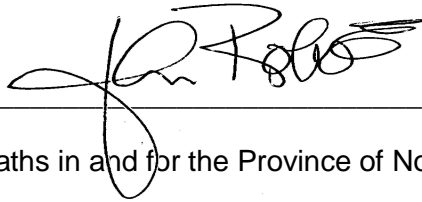
1. How does each Committee see its role and how does the operation of the Mill impact them?
2. What is the current business impact of the Mill in mothball status? Going forward?
3. How does each Committee see the Mill's effect on their users for the Lahey report fulfilment, climate change, and environmental issues?
4. How does the Committee see NP's role as to future directions and in making a positive effect on the surrounding community efforts in their area?

The work of the Subcommittees will be ongoing as the Environmental Assessment process with the Province of Nova Scotia unfolds.

This is Exhibit "I" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. Folsom", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

April 29, 2021

Mr. Duff Montgomery
Deputy Minister
Department of Labour and Advanced Education

Delivered by email

Re: In the Matter of a Plan of Compromise under the Companies' Creditors Arrangement Act of 1057863 B.C. Ltd. et al. — No. S-206189 (Vancouver Registry)

Dear Duff,

I am writing to request a meeting with the Province of Nova Scotia (the “**Province**”) and its counsel to discuss, amongst other things, the conditions and timing for re-commencing the Settlement Discussions described in Affidavit No. 9 of Bruce Chapman sworn on April 13, 2021 (the “**Ninth Chapman Affidavit**”) submitted in support of the relief granted in our CCAA proceedings by the Honourable Madam Justice Fitzpatrick on April 22, 2021. Capitalized terms herein that are not otherwise defined in this letter shall have the meaning assigned thereto in the Ninth Chapman Affidavit.

The Ninth Chapman Affidavit stated that the Petitioners expect to re-engage in Settlement Discussions with the Province to attempt to resolve disputes with the Province relating to the closure of the Mill in order to allow for the restart of operations, with a view to concluding such Settlement Discussions by June 30, 2021.

The April 20, 2021 submissions by counsel to the Province (the “**Province’s Submissions**”) stated that “while the Province is not opposed to such resolution, such a process cannot begin until the Petitioners have registered a proper project description and have been able to successfully re-engage with PLFN as a necessary prelude to providing the Province with a proper opportunity to fulfil its duty to consult with PLFN in relation to any such resolution. Further, such steps towards resolution also require that the Petitioners have advanced the EA Process to a credible stage. The six month extension of the stay will allow the Petitioners the opportunity to demonstrate that they have advanced the EA Process. Without such steps, there can be no meaningful settlement discussions between the Province and the Petitioners.”

The Petitioners have established a timeline for obtaining EA approval for the New Replacement ETF Project, resolving outstanding issues regarding its remaining obligations pursuant to the Ministerial Orders, re-engaging in Settlement Discussions with the Province and ongoing engagement with the PLFN as set forth in the Gantt Chart attached to the Ninth Chapman Affidavit.

The Honourable Madam Justice Fitzpatrick emphasized at the April 22, 2021 hearing the importance of substantial engagement by the Petitioners with the Monitor and the Province through its counsel with respect to any material changes in the items or the timelines set forth in the Gantt Chart and the consequences of such material changes. The continued reasonableness of the timeline in the Gantt chart depends on tangible progress being made in

the very near-term in determining the EA process for the New Replacement ETF and in Settlement Discussions.

The Petitioners remain committed to negotiating a mutually agreeable settlement with the Province. Nonetheless, in the event that the Petitioners and the Province are unable to reach an agreement with respect to clarity in the EA process for the New Replacement ETF, or if the Settlement Discussions stall, it may be necessary to commence litigation to resolve disputes with the Province relating to the closure of the Mill.

Therefore, we request a meeting with the Province and its counsel, with the Monitor present, to discuss (i) efforts of the Petitioners to engage NSE in advancing the EA process for the New Replacement ETF and the reasonableness of the Gantt Chart, (ii) the conditions to re-engaging in Settlement Discussions set forth in the Province's Submissions and (iii) the consequences of delays in re-engaging in Settlement Discussions.

We respectfully request that the requested meeting take place as soon as possible since it is critical that tangible progress be made in our Settlement Discussions in the very near-term.

Yours truly,

A handwritten signature in dark ink, appearing to read "Baarda", with a stylized, flowing script.

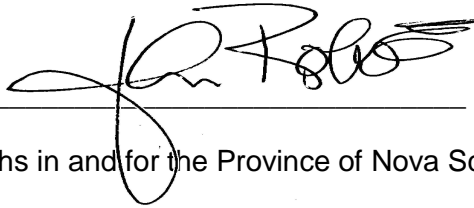
Brian Baarda
Advisor Paper Excellence Canada Holdings Corporation

Cc: Kevin B. Brennan, Ernst & Young Inc.

This is Exhibit "J" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. [unclear]", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

May 5, 2021

Via Email : BBaarda@paperexcellence.com

Mr. Brian Baarda
Northern Pulp Nova Scotia Corporation

Dear Brian:

Re: In the Matter of a Plan of Compromise under the Companies' Creditors Arrangement Act of 1057863 B.C. Ltd. et al. — No. S-206189 (Vancouver Registry)

Thank you for your recent correspondence requesting a meeting with the Province to discuss the timing of settlement negotiations. As we stated in our recent submissions, while the Province is not opposed to a resolution, such a process cannot begin until Northern Pulp has registered a proper project description, advanced the environmental assessment to a credible stage and has been able to successfully re-engage with PLFN.

Based on a review of the Gantt Chart attached to Bruce Chapman's Ninth Affidavit, Northern Pulp will be filing its final project description with the Department of Environment on May 13th and anticipates knowing whether the project will proceed as a Class 1 Environmental Assessment by June 24, 2021. This should give Northern Pulp sufficient time to re-engage with PLFN.

As for your request for "clarity" in the environmental process, the Province provided a detailed response to this request at paragraph 8 of its recent submissions:

8. *A recurring refrain in the Petitioners' material with respect to the environmental assessment process ("EA Process") is its desire for "clarity". The EA Process is well defined in the Environment Act, S.N.S. 1994-5, c.1 and the Environmental Assessment Regulations N.S. Reg.26/95. It begins with the registration of an undertaking by the filing of a project description.¹ It entails seeking public comment regarding the terms of reference prepared by the Minister for the environmental assessment after the Minister has reviewed the registration document.² The proponents are responsible for completing the EA at which point there is further opportunity for public comment.³ The retainer of experienced and capable environmental consultants familiar with the EA Process, which is part of the Petitioners' plan but which has not yet occurred, would assist them. To seek clarity on the specifics of the EA for the replacement ETF before registering the undertaking misapprehends the nature of the regulatory scheme and the importance of public input.*

The Department of Environment has also produced a couple of resources to assist proponents navigating the environmental assessment process. The first document is an Information Bulletin entitled, "*Regulatory Timeframes for Environmental Assessment*" and the second is entitled, "A

1 Section 33 Environment Act, S.N.S. 1994-5, c.1

2 Section 36 Environment Act, S.N.S. 1994-5, c.1

3 Section 38 Environment Act, S.N.S. 1994-5, c.1

Proponent's Guide to Environmental Assessment". While these are public resources available to any proponent seeking clarity to the environmental assessment process, I have enclosed a copy for your ease of reference. As with any proponent undergoing an environmental assessment, any further clarity is obtained through retaining qualified experts to assist the proponent through the process.

By taking over operational control of Northern Pulp's obligations for the removal and remediation of the sludge in the ASB, the Province has freed Northern Pulp to focus its efforts on the environmental assessment process and re-engaging with PLFN.

At this stage, the Province does not know what the project description is for the project for which Northern Pulp is applying for an environmental assessment approval. Until this is known, the Province cannot evaluate whether it is necessary to discharge its duty to consult with the First Nations in connection with its potential decisions regarding the project and, if so, what the content of that duty to consult entails.

We can revisit your request for a meeting at the end of June. In the meantime, we look forward to receiving a copy of your final project description.

Best regards,

A handwritten signature in blue ink, appearing to read 'Duff Montgomery', with a stylized flourish extending to the right.

Duff Montgomery
Deputy Minister of Labour and Advanced Education

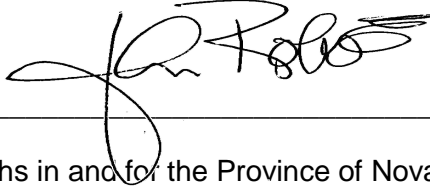
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Attachments (2)

CC: Kevin Brennan

This is Exhibit "K" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. [unclear]", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

May 28, 2021

Mr. Duff Montgomery
Deputy Minister
Department of Labour and Advanced Education
Government of Nova Scotia

Delivered by email

Re: In the Matter of a Plan of Compromise under the Companies' Creditors Arrangement Act of 1057863 B.C. Ltd. et al. — No. S-206189 (Vancouver Registry)

Dear Duff,

I am writing to respond to your May 5, 2021 response to Brian Baarda's April 29, 2021 letter requesting a meeting with the Province and its counsel to begin urgently-needed Settlement Discussions. Specifically, we would like to discuss the following:

- Northern Pulp's efforts to engage NSE in advancing the EA process for the Replacement ETF and the reasonableness of the timeline in the Gantt Chart;
- the financial factors that are key elements of the Settlement Discussions; and
- the consequences of delays in initiating Settlement Discussions.

Your May 5, 2021 letter does not adequately address these matters. To ensure a productive meeting with the Province and its counsel, I have provided an update on our progress and concerns below.

EA process for the Replacement ETF – A condition to engaging in Settlement Discussions

Northern Pulp has made significant progress in clarifying the EA process for the Replacement ETF, including:

- i. Creating a vision for the Replacement ETF that is consistent with community stakeholder concerns and focusing on earning a social license to operate the Mill (the "Mill Vision") as an outcome of the EA Process;
- ii. Endeavouring to build trust and community alignment through its communication efforts and engagement of stakeholders. We have extensive public community engagement plans that will commence in the coming days;
- iii. Establishing and empowering the environmental liaison committee, now a standing ad hoc committee by Order of the Supreme Court of British Columbia (the "Court") made on April 22, 2021, to independently and objectively engage in a process to elicit stakeholder

- input and consider the merits of the Mill Vision and approach by Northern Pulp to re-establish viable Mill operation;
- iv. Withdrawing its environmental assessment registration document for a replacement effluent treatment facility and pipeline submitted to NSE on January 31, 2019 at the request of the Province;
 - v. Withdrawing its application for judicial review of the Minister of Environment's decision to require the submission of an environmental assessment report at the request of the Province;
 - vi. Submitting a project description with the Minister of Environment describing an advanced Replacement ETF project (the "Project") and a transformation of the overall Mill operation to become an "Environmentally Best in Class" Canadian operation consistent with the Mill Vision;
 - vii. Submitting a Project description to the Impact Assessment Agency of Canada (IAAC) to determine whether the Project is a "designated project";
 - viii. Working cooperatively with Nova Scotia Lands to advance and promote an operational transition of the aeration stabilization basin ("ASB") to the Province. This is designed to promote scale efficiencies and accelerate the remediation process while promoting a concentration of efforts of Northern Pulp in achieving a successful outcome to the EA Process. We recognize the efforts of the Province to achieve this outcome;
 - ix. Engaging in a procurement process that will secure technical and environmental consultants to assume a role on the EA Team and to actively engage with NSE in furtherance of the EA Process; and
 - x. Developing preliminary cost estimates and modeling business viability for the Project and transformation of the overall Mill operations to align with the Mill Vision

(collectively, the "Substantive EA Process Undertakings").

These tangible actions and progress to date demonstrate our good faith commitment and willingness to engage in a process that will elicit the resumption of Mill operations for the benefit of all community stakeholders in a manner that is wholly consistent with community expectations.

As we have discussed previously, Northern Pulp is very interested in discussing a transformational strategy that would convert the Mill into a best-in-class operation and one of the world's cleanest, most environmentally focused, and community-based mills. Given the Substantive EA Process Undertakings and matters addressed below, we believe a clear and specific response is needed from the Province that recognizes the importance of an operating Mill to local community needs and furthers positive woodlands management outcomes, consistent with the Lahey recommendations.

While you may feel there are political sensitivities associated with such a response, time is of the essence. It is critical that the Province demonstrates goodwill interest in economic development that embodies the Mill operations, as PEC has, on the one hand, incurred

substantial damages and, on the other hand, has capital and investment opportunities within Canada and globally that it could otherwise advance.

PLFN Engagement: A condition to engaging in Settlement Discussions

Northern Pulp has taken steps in the Substantive EA Process Undertakings to satisfy PLFN's conditions precedent to re-engaging in discussions, specifically:

- Withdrawing its environmental assessment registration document for a replacement effluent treatment facility and pipeline submitted to NSE on January 31, 2019; and
- Withdrawing its application for judicial review of the Minister of Environment's decision to require the submission of an environmental assessment report.

We have shared the Mill Vision and Project description with PLFN and offered to engage in detailed discussions with PLFN in connection with the Project and Mill transformation, the EA process for approval of the Project, Settlement Discussions, and the resolution of other concerns expressed by PLFN. Further, we are prepared through this process to engage in discussions with the PLFN to identify meaningful partner relationships that will promote employment, entrepreneurship, skills training and education, health and welfare, environmental sustainability practices, and other community benefits for current and future generations of PLFN.

In addition to the efforts summarized above, Northern Pulp has reviewed with the Nova Scotia Office of L'Nu Affairs the role of proponents in Crown consultation with the Mi'kmaq of Nova Scotia and is prepared to assist the Province in satisfying its consultation obligations for the Project.

We strongly encourage the Province to engage in a holistic and good faith consultation process with PLFN that encompasses the EA process for the Project, Settlement Discussions, and other concerns raised by PLFN and are prepared to participate in such discussions actively and constructively.

Reasonableness of the timeline set out in the Gantt Chart

As stated in Mr. Baarda's letter, the continued reasonableness of the timeline in the Gantt Chart depends on tangible progress being made in the very near-term in determining the EA process for the Replacement ETF and, importantly, in Settlement Discussions. As outlined above, tangible progress has been made in determining the EA process for the Replacement ETF, including advancing the Substantive EA Process Undertakings and satisfying conditions precedent to re-engaging with PLFN. The ability of Northern Pulp to continue efforts to meet the timeline to complete the EA process and obtain approvals for the Replacement ETF is now largely contingent on tangible and early progress being made in Settlement Discussions.

It must be entirely clear to all parties that the results of the Settlement Discussions will directly and materially impact the business viability associated with transforming Mill operations to meet community expectations and environmental standards as outlined within the Mill Vision and Project description, including the extraordinary capital costs associated with this transformation program.

Finally, irrespective of the timing of commencement of these critical and urgently-needed Settlement Discussions, it is now obvious to Northern Pulp that the timing set out within the Gantt Chart will not be satisfied due to the Province's desire to delay the commencement of Settlement Discussions to no earlier than the end of June 2021, as outlined in your response of May 5, 2021. Based on the foregoing, we trust that materials filed by the Province in future CCAA Proceedings will fairly reflect the efforts of Northern Pulp to commence Settlement Discussions and not elicit the timing differential between the Gantt Chart and the ultimate commencement of Settlement Discussion negotiations as a rationale for seeking alternative relief before the Court.

Consequences of delays in re-engaging in Settlement Discussions

Northern Pulp remains committed to negotiating a mutually agreeable settlement with the Province and is ready, willing, and able to commence such negotiations immediately. Northern Pulp negotiated an amendment to the Interim Financing Term Sheet with PEC and the Pacific Harbor Group to extend the first milestone date from June 30, 2021, until October 31, 2021, to provide sufficient time to permit these activities to succeed. Delays by the Province in commencing Settlement Discussions have, among other things, jeopardized Northern Pulp's ability to satisfy such milestones and risk the continued support of the CCAA process by the financiers, in particular the Pacific Harbor Group.

Please be advised that Northern Pulp and the other Petitioners have suffered losses and incurred liabilities and costs as a direct or indirect result of the construction, location, or existence of the BH-ETF ("Indemnified Losses") for which the Province is liable under the Indemnity Agreement dated December 31, 1995, between the Province and Scott Maritimes Limited (the "Indemnity") and will continue to suffer and incur Indemnified Losses unless and until such Indemnified Losses are mitigated by a successful re-opening of the Mill. Northern Pulp believe such Indemnified Losses will exceed \$400 million.

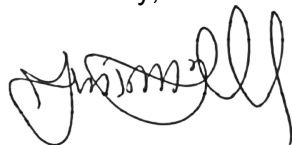
As discussed in Mr. Baarda's letter, limitations issues will likely cause and necessitate the filing of "placeholder" actions if either a satisfactory settlement is not reached in the near term, or Northern Pulp and the Province are unable to agree to a mutually satisfactory tolling agreement or similar arrangement.

We respectfully request an urgent meeting take place to discuss a settlement of the claims for Indemnified Losses while the Mill remains closed and to mitigate the continued costs while promoting the Project and transforming the overall Mill operation consistent with the Mill Vision.

It is critical that tangible progress be made in our Settlement Discussions in the very near term to avoid the need to commence litigation, as a placeholder or otherwise, and delays in the timelines established in our Gantt Chart.

Please let us know your earliest availability to meet.

Yours truly,

A handwritten signature in black ink, appearing to read 'JF Guillot', with a stylized, cursive script.

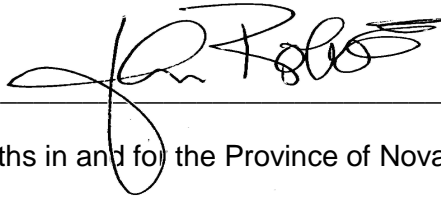
Jean-Francois Guillot
Vice President, Operations – East
Paper Excellence Canada Holdings Corporation

cc: Kevin B. Brennan, Ernst & Young Inc.

This is Exhibit "L" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. Folsom", is written over a horizontal line. The signature is stylized with a large initial "J" and a prominent "F".

A Commissioner for Oaths in and for the Province of Nova Scotia



NORTHERN PULP
NOVA SCOTIA CORPORATION
A PAPER EXCELLENCE COMPANY

August 27, 2021

Mr. Duff Montgomerie
Deputy Minister
Department of Labour and Advanced Education

Delivered by email

Re: In the Matter of a Plan of Compromise under the Companies' Creditors Arrangement Act of 1057863 B.C. Ltd. et al. — No. S-206189 (Vancouver Registry)

Dear Duff,

I am writing further to my May 28, 2021 letter (the "**May 28 Letter**") regarding the continuing failure of the Province to begin urgently-needed settlement discussions ("**Settlement Discussions**") to resolve disputes between Northern Pulp and its affiliates and the Province relating to the closure of the Mill. Capitalized terms herein that are not otherwise defined in this letter shall have the meaning assigned thereto in the May 28 Letter or the letters referred to therein.

The April 20, 2021 submissions by counsel to the Province (the "**Province's Submissions**") in the CCAA proceedings stated the position of the Province with respect to Settlement Discussions as follows:

"while the Province is not opposed to such resolution, such a process cannot begin until the Petitioners have registered a proper project description and have been able to successfully re-engage with PLFN as a necessary prelude to providing the Province with a proper opportunity to fulfil its duty to consult with PLFN in relation to any such resolution. Further, such steps towards resolution also require that the Petitioners have advanced the EA Process to a credible stage."

The project description for the advanced Replacement ETF and transformation of the overall Mill operation to become an "Environmentally Best in Class" Canadian operation (the "**Project**") was filed on May 14, 2021.

While we have not received a response to the May 28 Letter, we have nonetheless continued to advance the EA process, engage with PLFN, and have discussions with you and other representatives of the Province to inform you of our continued progress and attempt to engage in Settlement Discussions. These discussions included the impact of the July 16, 2021 decision of Hon. Keith Irving, Nova Scotia's Minister of Environment and Climate Change that a Class II environmental assessment process is required for the Project (the "**Class II Decision**") on the timeline and cost of the Project.

We have made significant progress since the May 28 Letter to advance the Project to a credible stage as required in the Province's Submissions, including:

Northern Pulp Nova Scotia Corporation, a Paper Excellence Company
P.O. Box 549, Station Main, New Glasgow, NS B2H 5E8
260 Granton Abercrombie Branch Rd, Abercrombie, NS B2H 5C6
T: 902.752.8461 | www.paperexcellence.com

- i. Obtaining confirmation from the Impact Assessment Agency of Canada (IAAC) that the Project is not a “designated project” as per the project description filed on May 17, 2021 with IAAC;
- ii. Meeting with over 25 stakeholder groups to brief them on the “Mill Transformation”. To date, over 900 persons have attended at least one stakeholder session;
- iii. Engaging an environmental consultant for the Project; and
- iv. Refining the timeline and cost estimates for completing the Project.

We have also continued our efforts to engage with PLFN with respect to the Project and Settlement Discussions. We strongly encourage the Province to engage in a holistic and good faith consultation process with PLFN that encompasses the EA process for the Project and Settlement Discussions. We are prepared to participate in such discussions actively and constructively.

However, despite our significant progress, the Province has not taken any meaningful steps to engage in Settlement Discussions or provided any clarification of the additional steps required to “advance the EA Process to a credible stage”. We must therefore repeat that time is of the essence and take additional steps to advance Settlement Discussions.

As you know, PLFN commenced an action against the Attorney General of Nova Scotia, representing the Province, Northern Pulp, Neenah Paper Company of Canada, Kimberley-Clarke Inc., Kimberly Clark Nova Scotia Incorporated and Attorney General of Nova Scotia, representing Her Majesty the Queen in right of Canada, pursuant to a Notice of Action and Statement of Claim dated September 9, 2010 which was amended on August 29, 2012 and February 15, 2019 (the “**PLFN Litigation**”). PLFN through its counsel, Brian Hebert, has indicated that Northern Pulp or its owners should pay some portion of the damages sought in the PLFN Litigation arising from the use of Boat Harbour and its adverse impacts on PLFN since 2008, and has inquired whether Northern Pulp is interested in settling the PLFN Litigation through an advance from its debtor-in-possession financing. Northern Pulp has sought confirmation in a letter dated as of today’s date to the Hon. Lloyd Hines, Minister, Transportation and Active Transit that the Province will indemnify and hold Northern Pulp harmless from and against all claims, actions and causes of action of PLFN against Northern Pulp pursuant to the PLFN Litigation (the “**PLFN Indemnity Letter**”). We strongly encourage and hereby request that the Province to provide written confirmation to us that it will fully honor and meet its obligations to indemnify Northern Pulp in connection with, and resolve the issues raised in, the PLFN Litigation.

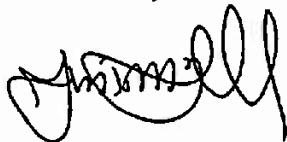
Northern Pulp and affiliates have also suffered very significant losses and incurred very significant liabilities and costs (that are in excess of \$100 million for the period up to June 30, 2021) as a result of the construction, location, or existence of the BH-ETF or the past operation of the BH-ETF by the Province (“**Indemnified Losses**”) for which the Province is liable under the Indemnity Agreement dated December 31, 1995 between the Province and Scott Maritimes Limited and an acknowledgement agreement dated May 12, 2008 from the Province to Northern Pulp NS LP, its affiliates and the Company. Northern Pulp and affiliates will continue to suffer and incur very significant Indemnified Losses unless and until such Indemnified Losses are mitigated by a successful re-opening of the Mill. Northern Pulp currently considers that such Indemnified Losses

will exceed \$450 million in aggregate (excluding any amounts paid pursuant to the PLFN Litigation).

As you are aware, statute of limitations issues with respect to the Indemnified Losses will necessitate the filing of legal proceedings and/or the seeking of relief in the CCAA proceedings unless a satisfactory tolling arrangement is entered into by mutual agreement or ordered by the court in the CCAA proceedings. The Petitioners will also need to enter into discussions with a view to confirming the continued support from PEC and the Pacific Harbor Group to continue to provide financing for the advancement of the Project. These discussions will need to cover the issue of agreeing to further amendments to the milestones in the Interim Financing Term Sheet to provide time required to obtain EA approvals and successfully resolve the various claims against the Province.

Given all of the foregoing issues, Northern Pulp and its affiliates are of the view that the commencement of the Settlement Discussions cannot be further delayed. In particular, PEC and the Pacific Harbor Group have expressed concerns about their continued funding of the EA process for the Project without assurance that the Province is going to engage in good faith Settlement Discussions to compensate Northern Pulp and its affiliates for the significant and continuing losses caused by the closure of the Mill. To this end, the Petitioners intend to seek mediation in the CCAA proceedings and a form of order pertaining thereto is enclosed. Northern Pulp and its affiliates intend to facilitate and participate in such mediation actively, constructively and in good-faith and are prepared to engage with the Province on all issues concerning the mediation order. We respectfully ask that discussions be commenced immediately with a view to resolving any issues arising from the form of order as quickly as possible. Please let us know your earliest availability to meet. We are available at your convenience.

Yours truly,



Jean-François Guillot
Vice President, Operations – East
Paper Excellence Canada Holdings Corporation

cc: Kevin B. Brennan, Ernst & Young Inc.

NO. S206189
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1057863 B.C. LTD., NORTHERN RESOURCES NOVA SCOTIA CORPORATION,
NORTHERN PULP NOVA SCOTIA CORPORATION,
NORTHERN TIMBER NOVA SCOTIA CORPORATION,
3253527 NOVA SCOTIA LIMITED, 3243722 NOVA SCOTIA LIMITED and
NORTHERN PULP NS GP ULC

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE)	THE HONOURABLE MADAM JUSTICE)	[● WEEKDAY], THE
)	FITZPATRICK)	●[ND/TH] DAY OF
))	[MONTH], 2021

ON THE APPLICATION (the “**Application**”) of the Petitioners coming on for hearing by video conference at Vancouver, British Columbia on the ● day of ●, 2021 (the “**Order Date**”); AND ON HEARING ●, counsel for the Petitioners, and those other counsel listed on Schedule “**A**” hereto; AND UPON READING the material filed, including the Tenth Affidavit of Bruce Chapman sworn ●, 2021 (the “**Tenth Chapman Affidavit**”), the Seventh Report of Ernst & Young Inc., in its capacity as Monitor of the Petitioners, dated September ●, 2021[, and the Eighth Report of Ernst & Young Inc., in its capacity as Monitor of the Petitioners, dated October ●, 2021]; AND pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the “**CCAA**”), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES that:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) and the Tenth Chapman Affidavit is hereby abridged and deemed good and sufficient and this application is properly returnable today.

DEFINED TERMS

2. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the order pronounced by the Honourable Madam Justice Fitzpatrick in the within proceedings (the “**CCA Proceedings**”) on August 6, 2020 (the “**ARIO**”) provided that, in the event of any conflict between the terms of the ARIO and this Order, the terms of this Order shall govern to the extent of such conflict.
3. In this Order, the following terms shall be ascribed the following meanings:
 - (a) “**BH-ETF**” means the Boat Harbour Effluent Treatment Facility;
 - (b) “**Claim**” means any claim of any Person that may be asserted or made in whole or in part by or against the Petitioners, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, regulatory, equitable or fiduciary duty or obligation) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise

with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future;

- (c) **“Court-Appointed Mediator”** means ●;
- (d) **“Hervey”** means Hervey Investment BV (Netherlands);
- (e) **“Mediation Claims”** means, collectively, (i) any and all Claims made by the Petitioners against the Province or by the Province against the Petitioners; (ii) any right, Claim or dispute arising in connection with the Mill or the BH-ETF, including, without limitation, by reason of the construction, location or existence of the BH-ETF or the past operation of the BH-ETF; (iii) any right, Claim or dispute in connection with or arising from the *Boat Harbour Act*, S.N.S. 2015, c.4 or the Ministerial Order 55774, dated January 29, 2020, issued by the Nova Scotia Minister of Environment; (iv) any agreement or contract between the Province and one or more of the Petitioners (whether alone or with any other Person); and, (v) any right or claim to indemnification made by any Person with respect to, arising out of, or in connection with any of the aforementioned, including, for certainty, any right or claim to indemnification made by Hervey or PEC; and (vi) any other Claim, made by or against any Person, that the Court-Appointed Mediator, the Province and the Petitioners agree should be subject to the Mediation Process;
- (f) **“Mediation Parties”** means, collectively, the Province, the Petitioners, and all Persons engaged in the Mediation Process from time to time and **“Mediation Party”** means any one of them. For greater certainty, the Monitor shall not be a Mediation Party notwithstanding its participation in or engagement with the Mediation Process;
- (g) **“Mediation Process”** has the meaning given to it in paragraph 4 of this Order;
- (h) **“Mill”** means the Petitioners’ pulp mill located in Pictou County, Nova Scotia;
- (i) **“Monitor”** means Ernst & Young Inc., in its capacity as the court-appointed monitor of the Petitioners;
- (j) **“PEC”** means Paper Excellence Canada Holdings Corporation;

- (k) **“Person”** means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, cooperative society or cooperative organization, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status, and whether acting on their own or in a representative capacity, and includes the successors, heir, executors, liquidators, administrators or other representatives of any of the aforementioned;
- (l) **“PLFN”** means Pictou Landing First Nation;
- (m) **“Province”** means the Attorney General of Nova Scotia representing Her Majesty the Queen in right of the Province of Nova Scotia; **[NTD: Definition to be considered in light of s. 12 of the *Proceedings Against the Crown Act*, RSNS 1989, c. 360]**

MEDIATION PROCESS

- 4. The Court-Appointed Mediator is hereby appointed as an officer of the Court and shall act as a neutral third party to mediate a settlement of the Mediation Claims between the Petitioners, the Province, and any other Person who becomes a Mediation Party pursuant to the terms of this Order (the **“Mediation Process”**).
- 5. In carrying out his mandate, the Court-Appointed Mediator may, among other things:
 - (a) Adopt processes, procedures and timelines which, in his discretion, he considers appropriate to facilitate the negotiation of a settlement of the Mediation Claims;
 - (b) Facilitate and permit the participation of any Person in the Mediation Process as a Mediation Party provided that such Person’s participation, in the discretion of the Court-Appointed Mediator, is necessary or desirable for the resolution of the Mediation Claims. For greater certainty, PLFN shall be entitled, but not required, to participate in the Mediation Process;
 - (c) Retain independent legal counsel and such other advisors and Persons as the Court-Appointed Mediator considers necessary or desirable to assist him in carrying out his mandate, including, without limitation, financial advisors;

- (d) Consult with all Mediation Parties, the Monitor, creditors and stakeholders of the Petitioners, and any other Persons the Court-Appointed Mediator considers appropriate;
 - (e) Apply to this Court for advice and directions as, in his discretion, the Court-Appointed Mediator deems necessary, on notice in accordance with paragraph 58 of the ARIO or upon such other notice, if any, as this Court may order; and
 - (f) Take any other step or action that the Court-Appointed Mediator considers necessary or advisable to complete the Mediation Process.
- 6. The Court-Appointed Mediator is hereby authorized and empowered to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including dealing with any Court, regulatory body or other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.
 - 7. The Monitor is hereby authorized and empowered to provide the Court-Appointed Mediator with such assistance as the Court-Appointed Mediator shall reasonably request.
 - 8. All reasonable fees and disbursements of the Court-Appointed Mediator and his legal counsel and financial and other advisors as may have been incurred by them prior to the date of this Order with respect to the Mediation Process or which shall be incurred by them on or after the date of this Order in relation to the Mediation Process shall be paid by the Petitioners on a [monthly] basis, forthwith upon the rendering of accounts to the Petitioners.
 - 9. The Petitioners are hereby authorized to pay to the Court-Appointed Mediator a retainer in the amount of \$●, to be held by the Court-Appointed Mediator as security for payment of the fees and disbursements of the Court-Appointed Mediator and his legal counsel and financial and other advisors outstanding from time to time.
 - 10. The Court-Appointed Mediator shall be entitled to the benefit of and is hereby granted a charge (the “**Court-Appointed Mediator Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$●, as security for his fees and disbursements and for the fees and disbursements of his legal counsel and financial and other advisors, in each case incurred at their standard rates and charges, both before and after the making of this Order in respect of these CCAA Proceedings. The Court-Appointed Mediator

Charge rank *pari passu* with the Administration Charge and the provisions of the ARIO that apply to Charges shall apply, *mutatis mutandis*, to the Court-Appointed Mediator Charge.

11. In addition to the rights and protections afforded as an officer of this Court, the Court-Appointed Mediator shall not be liable to any Person whatsoever for any act or omission in connection with the Mediation Process, or incur any liability or obligation as a result of his appointment or the carrying out of the provisions of this Order, save and except for any fraud or wilful misconduct on his part and shall have the immunity of a Justice of a Superior Court in Canada with respect to the Mediation Process.

COMMUNICATION AND CONFIDENTIALITY PROTOCOL

12. The following communication and confidentiality protocol between the Court and the Court-Appointed Mediator is hereby approved:
 - (a) The Court and the Court-Appointed Mediator may communicate between one another directly to discuss, on an ongoing basis and from time to time, the conduct of the Mediation Process and the manner in which it will be coordinated with the within CCAA Proceedings,
 - (b) The Court will not disclose to the Court-Appointed Mediator how the Court will decide any matter which may come before it for determination. The Court-Appointed Mediator will not disclose to the Court the negotiating positions or confidential information of any of the Parties in the Mediation Process;
 - (c) All statements, discussions, offers made and documents produced by any of the Parties in the course of the Mediation Process: (i) shall be subject to litigation privilege; (ii) shall not be subject to disclosure through discovery or any other process; (iii) shall be confidential; (iv) shall not be referred to in Court and shall not be admissible into evidence for any purpose whatsoever, including impeaching credibility or to establish the meaning and/or validity of any settlement or alleged settlement arising from the Mediation Process; and
 - (d) Any notes, records, statements made, discussions had and recollections of the Court-Appointed Mediator and/or his legal counsel in conducting the Mediation Process shall be confidential and without prejudice and shall be protected from

disclosure for all purposes in accordance with paragraph 12(c) of this Order, which shall apply *mutatis mutandis* to any such notes, records, statements, discussions and recollections.

TOLLING

13. All limitation periods, time limitations and similar restrictions that apply to any Mediation Claims made by the Petitioners or any Person that is an affiliate thereof (each, a **“Limitation Party”** and collectively, the **“Limitation Parties”**) including but not limited to any prescription of time whereby the Limitation Parties would be required to commence, or delivery notice of an intention to commence, litigation, proceedings, actions or seek other relief in respect of any Mediation Claims, be and are hereby extended by a period that is ninety (90) days after the expiry of the Stay Period. For greater certainty, no Person who is a defendant, respondent or similar type participant in any litigation proceedings initiated by any Limitation Party Obligors shall plead or otherwise be entitled to any immunity from liability under any statutory limitation legislation or any acquiescence, laches, or any similar type doctrines.

GENERAL

14. This Court requests the aid and recognition of other Canadian and foreign courts, tribunals, regulatory or administrative bodies, including any court or administrative tribunal of any Federal or State court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.
15. Each of the Petitioners, the Monitor, the Court-Appointed Mediator, and any Mediation Party be at liberty and are hereby authorized and empowered to apply to any court,

tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

16. Any interested party (including, for certainty, any Mediation Party) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
17. Any interested party may apply to this Court to seek advice and directions with respect to the Mediation Process or any matter arising in connection with the Mediation Process, on notice in accordance with paragraph 58 of the ARIO or upon such other notice, if any, as this Court may order.
18. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.
19. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

●, counsel for the Petitioners

BY THE COURT

REGISTRAR

SCHEDULE "A"

(LIST OF COUNSEL)

[illegible]

NO. S206189
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF 1057863 B.C. LTD.,
NORTHERN RESOURCES NOVA SCOTIA CORPORATION,
NORTHERN PULP NOVA SCOTIA CORPORATION,
NORTHERN TIMBER NOVA SCOTIA CORPORATION,
3253527 NOVA SCOTIA LIMITED, 3243722 NOVA SCOTIA LIMITED
and NORTHERN PULP NS GP ULC

PETITIONERS

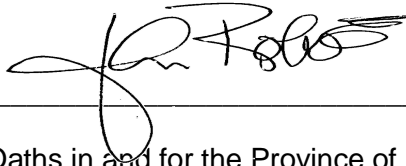
ORDER

Michael Feder, Q.C.
McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, BC V6E 0C5
Phone: (604) 643-7100
Fax: (604) 643-7900

This is Exhibit "M" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. F. Fols", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

SEP 21 2021

Via Email: JGuillot@paperexcellence.com

Mr. Jean-Francois Guillot
Vice-President, Operations-East
Paper Excellence Canada Holdings Corporation

Dear Mr. Guillot:

**RE: In the Matter of a Plan of Compromise under the *Companies' Creditors Arrangement Act*
Of 1057863 B.C. Ltd. et al – No. S-206189 (Vancouver Registry)**

I acknowledge receipt of your recent correspondence to former Deputy Minister Duff Montgomerie as well as former Minister Lloyd Hines dated August 27, 2021. As you know, the Province of Nova Scotia has recently undergone a change in Government. Following the change of Government, I have been appointed Deputy Minister of Public Works and have been assigned the carriage of this file.

The purpose of this correspondence is to respond to your earlier letters and to advise you that I will be the new point of contact. My preference on a go-forward would be to have one point of contact with Paper Excellence/Northern Pulp. May I assume from your written correspondence that you will be that point of contact?

In your recent correspondence to former Deputy Montgomerie, you expressed concerns that the Province has yet to engage in settlement discussions in relation to claims for losses Northern Pulp alleges to have sustained through the enactment of the *Boat Harbour Act (BHA)*. While the Province has indicated it is not opposed to alternative dispute resolution, it has consistently expressed concerns with the aggressive timelines set out in the milestones you negotiated with your interim lenders. Unfortunately, we seem to have reached a stage within the CCAA process where the unreasonableness of the aggressive timelines has come to a head. Condition 1, for example, states:

1. By no later than June 30, 2022, the applicants are required to: (i) obtain all approvals necessary in connection with the construction of the new ETF, (ii) enter into an agreement with the Province to provide for compensation in relation to all claims arising from the passage of the *Boat Harbour Act*, and (iii) secure the financing necessary to construct the new ETF, all in form satisfactory to the interim lenders, acting reasonably.

I am advised Northern Pulp filed its latest project description with the Department of Environment at the end of May 2021. I am also advised the Minister of Environment and Climate Change announced the project will require a Class II Environmental Assessment (Class II EA), however, the timelines associated with the EA will not commence until the project is registered. I am further advised Paper Excellence/Northern Pulp has recently tied its willingness to pursue the necessary regulatory process to obtain the permits and approvals required to restructure, to the Province's willingness to engage in settlement discussions.

The purpose of the CCAA process, as you know, is to allow your company time to focus on a restructuring through the issuance of a Stay of Proceedings and to secure the necessary interim financing to achieve the restructuring. As Northern Pulp represented to the court, the interim financing advanced was to cover the expenses associated with the approval processes. The unwillingness to register your project for the Class II EA approval until the Province engages in settlement discussions on a separate and distinct cause of action is not helpful or productive for advancing the goal of restructuring. Without registering your project description, we fail to see how the BC Court will be able to assess the legitimacy of any timeline proposed for your restructuring as any proposed timelines cannot commence until you register your project.

The recent announcement that your project will require a Class II EA, and the fact all of prior timelines were based on a Class I EA, highlight the need for new timelines within the CCAA process and presumably with your lenders. While we recognize you are free to negotiate whatever terms you desire with your lenders to obtain financing, you cannot bind the Province to those timelines. The Province has consistently stated any milestones should not contain a timeline for resolving claims arising from the enactment of the *BHA*.

Any claims arising out of the enactment of the *BHA* are a separate cause of action falling within the jurisdiction of Nova Scotia Courts. We will oppose any attempt to have court-ordered mediation arising from the *BHA* within the CCAA proceeding. While the Province has advised it is not opposed to the idea of alternative dispute resolution relating to these claims, such discussions would be premature at this time. A claim has yet to be filed. Any claim filed would have to be evaluated in conjunction with the Boat Harbour Act, together with the evidence supporting each allegation before the Province would consider entering into an alternative dispute resolution process.

We acknowledge Pictou Landing First Nation (PLFN) filed a lawsuit against the Province and Northern Pulp in 2010 and further amended their action in 2019 to include claims against the Federal Government. I understand PLFN's counsel referenced this lawsuit during the last Court appearance before the BC Court when it requested the opportunity to participate in any settlement discussions the Province may engage in with Northern Pulp in relation to the *Boat Harbour Act*. The Province does not take issue with this request and believes it to be a reasonable approach, given the overlapping claims. As noted earlier, however, these claims, and any potential settlement discussions relating to those claims, are outside the CCAA process. Such discussions, if and when deemed appropriate, would be on a voluntary basis and require the agreement of all parties, including the Federal Government.

Northern Pulp's action has yet to be filed and while PLFN's claim has been filed, has not progressed any further. This brings me to your correspondence addressed to former Minister Hines. Unfortunately, the Province is not in a position to provide you with the guarantee requested. Until the causes of action and supporting evidence has been considered, the Province is not in a position to make any definitive statements in relation to those claims.

The limitation period for bringing claims against the Province for the enactment of the *Boat Harbour Act* is January 31, 2022. The *Proceedings Against the Crown Act* requires a Notice of Intended Action be served on the Province at least 60 days prior to filing any action against the Crown. We have considered your request for a Tolling Agreement but wish to proceed under the current limitation period.

When the Province took the significant step of entering into the reservation of rights agreement, thereby taking over the operational control of all of the sludges within the Aerated Stabilization Basin and the

containment cell, the Province was hopeful that Paper Excellence/Northern Pulp would focus its efforts on pursuing the necessary regulatory approvals required to restructure. In recent months, however, instead of focusing its efforts on registering its project to get its approval processes under way, the Company has focused its efforts on complicating matters by seeking to blend separate and independent causes of action related to the enactment of the *Boat Harbour Act* within the CCAA process. As noted earlier, the Province will defend any attempt to formally blend these proceedings. They are parallel legal proceedings which must remain separate and distinct processes.

To date the Province has agreed to the various extensions of the Stay of Proceedings within the CCAA process to allow you time to restructure. The DIP financing approved to date, was to fund the costs of obtaining the necessary permits and approvals associated with the restructuring. Any intentional delays on your part in seeking the necessary approvals, i.e., failing to register your project description, or attempting to tie the registration of your project or its progress within the EA to your demand for the Province to enter settlement discussions, cannot, in our opinion, be viewed as making good faith efforts to restructure your organization within the CCAA process and we are prepared to advance this position before the Court, if necessary.

We look forward to hearing from you with any new proposed timelines and approvals you anticipate seeking during our next Court appearance scheduled for the end of October.

Yours truly,

A handwritten signature in blue ink, appearing to read 'P. Hackett', with a stylized flourish at the end.

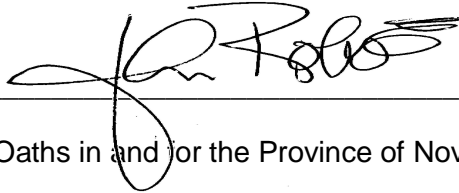
Peter Hackett, P. Eng
Deputy Minister
Public Works

c: Brian Baarda, Northern Pulp Nova Scotia Corporation (via email: BBaarda@paperexcellence.com)

This is Exhibit "N" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. Rolfe", is written over a horizontal line. The signature is stylized with a large loop at the beginning and a long horizontal stroke at the end.

A Commissioner for Oaths in and for the Province of Nova Scotia



**PAPER
EXCELLENCE**

October 1, 2021

Mr. Peter Hackett, P.Eng.
Deputy Minister
Department of Public Works
2nd Floor, Johnston Building
1672 Granville Street
P.O. Box 186
Halifax, NS B3J 2N2
Via Email: Peter.Hackett@NovaScotia.ca

Dear Mr. Hackett,

Congratulations on your recent appointment as Deputy Minister of Public Works and thank you for your correspondence in response to my previous letters to the Province of Nova Scotia.

I will be your main point of contact for Paper Excellence Canada and Northern Pulp. I am scheduled to be in Nova Scotia from October 12th to 15th and would welcome an opportunity to meet with you to discuss how we can move forward together concerning Northern Pulp, start to build a relationship, and to better understand our respective parties' positions and potential issues.

We have been advancing the Environmental Assessment Registration Document since being notified in July that we will be required to undertake a Class II Environmental Assessment. Our team is working on the Environmental Assessment Registration Document and are preparing to file it in November 2021. We have also recently hired an Environmental Consulting Firm to assist with the Environmental Assessment Process.

I want to stress that Northern Pulp intends to move the Environmental Assessment process forward notwithstanding the lack of progress in settlement discussions. I hope this clarifies our position and our determination to see a new, transformed mill open after a comprehensive science-led process.

Since receiving your September 21, 2021, letter, the Monitor, Ernst & Young Inc., has submitted the *Seventh Report of The Monitor* to the Supreme Court of British Columbia. As you are likely aware, the Monitor's role is to monitor the operations of Northern Pulp to ensure we are operating in compliance with the Court Orders and to report to the Court as and when required. The Monitor's *Seventh Report* addresses many of the items raised in your letter specific to the Timeline, Financing, Environmental Assessment, Settlement Discussions and Preservation of Legal Rights. As reference, I have included

below several excerpts from *the Seventh Report* and please also find enclosed a copy of the Monitor's *Seventh Report*.

I would be pleased to speak with you

Timeline

Introduction, Paragraph 23

The Province has previously expressed concern that the timelines included in the previous EA Timeline were aggressive (based on a Class 1 EA finding) and that a Class 2 Designation with amended timing would be more appropriate in the circumstances. Based on the classification of the EA and a Class 2 EA, the timelines associated with the assessment have been amended by the Petitioners and will be presented for consideration of this Honourable Court at the October 29 Hearing (as defined below) Court application to consider the extension of the stay period associated with these CCAA proceedings.

Financing

Introduction, Paragraph 24

The IFF and SIFF Lenders have continued to provide financing in accordance with existing terms of their loan agreements, and no steps have been taken to initiate or indicate any default or potential default as a result of the Class 2 Designation or current status of the settlement discussions with the Province. The Monitor understands that financing under the IFF and SIFF continues to be available to the Petitioners, in accordance with their respective terms, through the existing stay extension period, and the Petitioners have commenced discussions with the respective lenders regarding proposed amendments to the loan agreements to reflect current circumstances.

Environmental Assessment

Introduction, Paragraph 20

As detailed in the Sixth Report, the EA Timeline (attached at Exhibit "B" to the Ninth Chapman Affidavit) was developed based on the assumption that a Class 1 EA would be undertaken and that a Class 2 Designation may put the viability of the project into jeopardy due to the extended timeline. However, since the Sixth Report, Northern Pulp and PEC have reassessed the EA project, EA project costs and estimated timelines and believe a viable and successful Class 2 EA process is achievable.

Settlement Discussions

Introduction, Paragraphs 42 and 45

The Monitor understands that Northern Pulp has advised the Province on several occasions of its desire to move forward with settlement discussions to resolve disputes between Northern Pulp

and its affiliates and the Province relating to the closure of the Mill, including that it is ready, willing and able to undertake such discussions at the earliest possible date. However, to date settlement discussions between the parties have not progressed.

The Monitor understands that Northern Pulp has sent correspondence to the Province with respect to the potential of entering into a tolling arrangement and agreeing to further amendments to the milestones in the IFF Term Sheet to provide time required to obtain EA approvals and successfully resolve issues between the parties. The Monitor is assisting the parties and hopes that a mutually agreeable resolution can be reached.

Preservation of Legal Rights

Paragraph 46

If a resolution is not reached in the near future, it is likely that statute of limitations issues will result in the Petitioners filing of legal proceedings in order to preserve their legal rights.

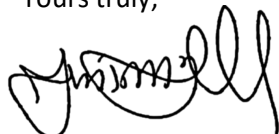
We were previously advised by Duff Montgomerie in a May 5, 2021, letter that the Province would revisit our request for a meeting to discuss re-engaging in settlement discussions at the end of June 2021. Mr. Montgomerie also advised Mr. Baarda on many occasions that the filing of any action by Northern Pulp would result in no further settlement discussions between the Province and Northern Pulp. Therefore, your request to proceed under the current limitation period which requires us to commence legal proceedings in order to preserve our legal rights is a change from our preferred approach described in Monitor's Report and in our correspondence and discussions with Mr. Montgomerie.

In accordance with your request to proceed under the current limitation period, our claim for indemnified costs pursuant to the Indemnity Agreement and notice of intent to commence legal proceedings will be submitted shortly in order to preserve our legal rights. These actions to preserve our legal rights by no means undermine our desire to reach a mutually agreeable settlement with the Province.

We are negotiating amendments to our financing arrangements with our lenders and plan to submit a request to approve these amendments and an extension to the stay period at the October 29, 2021 hearing in the CCAA proceedings. We look forward to discussing and obtaining the Province's support for these requests prior to the hearing, and negotiating a mutually agreeable settlement with the Province at the earliest appropriate time that will permit the successful re-opening of the Mill.

As mentioned above, please let me know your availability to meet, preferably on October 12, 13, 14 or 15, 2021. I look forward to meeting you in person to begin to establish a productive relationship, discuss the settlement process and next steps, and our commitment to transforming the overall Mill operations.

Yours truly,



Jean-François Guillot

Vice President, Operations – East

Paper Excellence Canada Holdings Corporation

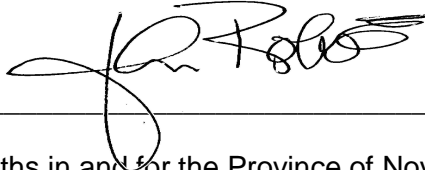
Enclosure

cc: Kevin B. Brennan, Ernst & Young Inc.

This is Exhibit "O" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. R. F. 2021", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

October 1, 2021

Honourable Kim Masland
Minister, Public Works
2nd Floor, Johnston Building
1672 Granville Street
P.O. Box 186
Halifax, NS
B3J 2N2

Dear Minister:

Re: Claim for Indemnified Costs Pursuant to Indemnity Agreement

Her Majesty the Queen in right of the Province of Nova Scotia as represented by the Minister of Supply and Services (the "**Province**") granted to Northern Pulp Nova Scotia Corporation (the "**Company**"), as the successor to Scott Maritimes Limited, a lease to use certain lands (the "**Property**") and rights to the use of the Boat Harbour Effluent Treatment Facility (the "**Facility**") situated on the Property for the reception and treatment of effluent from the Company's pulp mill (the "**Mill**"), for a term ending on December 31, 2030 and indemnifications and other rights and benefits related thereto pursuant to the terms and conditions set forth in a Memorandum of Understanding dated December 1, 1995 between the Province and Scott Maritimes Limited (the "**MOU**"), a Lease Agreement dated December 31, 1995 between the Province and Scott Maritimes Limited (as amended, the "**Lease**", together with the MOU, the "**Agreements**") and an Indemnity Agreement dated December 31, 1995 between the Province and Scott Maritimes Limited (the "**Indemnity**"), which rights are specifically reserved. By an Acknowledgement Agreement dated May 12, 2008 (the "**Acknowledgement Agreement**"), the Province acknowledged, agreed and confirmed that NPNS LP, its affiliates and the Company (collectively, the "**Purchaser**") were entitled to the full benefit of all the rights and remedies of Scott Maritimes Limited under each of the above described agreements between the Province and Scott Maritimes Limited in connection with the Facility, and that terms identified on Schedule A to the Acknowledgement Agreement should operate for the full benefit of the Purchaser and its successors and assigns (collectively, the "**Indemnified Parties**").

Each of the Company, Northern Resources Nova Scotia Corporation ("**Northern Resources**"), 3253527 Nova Scotia Limited ("**NPNS GP**"), Northern Pulp NS GP ULC ("**NPNS**

GP ULC"), Northern Pulp NS LP ("**NPNS LP**"), 1057863 B.C. Ltd. ("**105 BC**"), Paper Excellence Canada Holdings Corporation ("**PEC**"), and Hervey Investment BV (Netherlands) ("**Hervey**" and collectively, the "**Parties**") are Indemnified Parties and are seeking indemnification for Indemnified Costs (as defined below) they have suffered or incurred.

The purpose of this letter is to demand that the Province (i) indemnify the Parties for losses suffered and/or liabilities and costs incurred by such Parties with respect to or as a direct or indirect result of the construction, location or existence of the Facility or the past operation of the Facility by the Province for which the Province is liable under the Indemnity and Acknowledgement Agreement ("**Indemnified Costs**") and confirm their intention and agreement to do so; and (ii) without prejudice to all other Indemnified Costs that have been or may be incurred, pay the Company for and on behalf of the Parties \$102 million in Indemnified Costs suffered or incurred up to June 30, 2021.

Each of the Parties have already suffered or incurred, and will in the future suffer, Indemnified Costs, including without limitation, in connection with or arising from (i) the enactment of the *Boat Harbour Act*, S.N.S. 2015, c.4 (the "**Act**") or the Act's prohibition against the use of the Facility by the Company on and after January 31, 2020 for the reception and treatment of effluent from the Mill, (ii) compliance with Ministerial Order 55774 dated January 29, 2020 (the "**Order**") issued by the Minister of Environment which, among other things, required the Company to cease all production of pulp prior to January 31st, 2020 and cease discharge of all wastewater to the Facility by no later than April 30th, 2020, (iii) the Province's failure to comply with covenants in the Agreements to make best and/or good faith efforts to facilitate the construction and operation of a replacement effluent treatment facility, and (iv) the conduct of government officials in deliberately and/or negligently impeding, frustrating, and obstructing the Parties' attempts to secure approval under the provisions of the *Environment Act* for the design and construction of a new effluent treatment facility for the Mill or, in the alternative, by imposing obligations on the Parties to make material additional investments in an uncertain environment that were (and continue to be) inconsistent with the obligations of the Province to the Parties under the Agreements. Sections 1.02 and 1.03 of the Indemnity specifically contemplate that Indemnified Costs may include those incurred or suffered pursuant to ministerial orders under environmental laws (such as the Order) and legislation (such as the Act).

Each of the Parties will continue to suffer and incur Indemnified Costs unless and until such Indemnified Costs are mitigated by a successful re-opening of the Mill. The Parties currently believe such Indemnified Costs will exceed \$450 million. The Parties hereby demand that the Province indemnify the Parties for such Indemnified Costs and confirm your intention to do so at your earliest opportunity and no later than October 14, 2021.

The Indemnified Costs suffered or incurred by the Parties for the period up to June 30, 2021 include (without limitation):

- (a) More than \$48 million in lost profits (“**Lost Profits**”) suffered by the Company as consequence of the closure of the Facility and the hibernation of the Mill;
- (b) Approximately \$6 million in costs incurred by the Company in connection with the Replacement ETF (the “**Replacement ETF Costs**”) not included in the calculation of Lost Profits;
- (c) Approximately \$41 million in additional Indemnified Costs, including (i) notice and severance costs to employees and pension costs incurred by the Company; (ii) costs associated with the hibernation of the Mill incurred by the Company; (iii) costs associated with the premature closure of the Facility incurred by the Company, in each case not included in the calculation of Lost Profits and Replacement ETF Costs;
- (d) More than \$6 million in legal fees on a solicitor and client basis and consultants fees in connection with the above claims; and
- (e) Interest up to the date of payment of the indemnified cost.

The Parties hereby demand that the Province pay the Company for and on behalf of the Parties the aggregate amount of \$102 million in Indemnified Costs suffered or incurred by the Parties for the period up to June 30, 2021 pursuant to the Indemnity and Acknowledgement Agreement, and requests that you provide confirmation of your intention to do so at your earliest opportunity and no later than October 14, 2021.

This letter shall not be construed as a waiver of any rights that Parties have under existing agreements with the Province or otherwise.


[Signature page follows]

Yours truly,

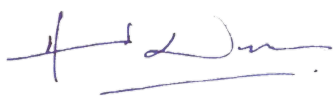
**PAPER EXCELLENCE CANADA
HOLDINGS CORPORATION**

By:  _____
Name: Choong Wei Tan
Title: Director

**HERVEY INVESTMENT BV
(NETHERLANDS)**


By: _____
Name: Pieter Bosse
Title: Director


1057863 B.C. LTD.


By: _____
Name: Hardi Wardhana
Title: Director


**NORTHERN RESOURCES NOVA
SCOTIA CORPORATION**

By:  _____
Name: Choong Wei Tran
Title: Director


**NORTHERN PULP NOVASCOTIA
CORPORATION**

By:  _____
Name: Choong Wei Tan
Title: Director


**NORTHERN TIMBER NOVA
SCOTIA CORPORATION**

By:  _____
Name: Choong Wei Tan
Title: Director

3253527 NOVA SCOTIA LIMITED

By:  _____
Name: Choong Wei Tan
Title: Director

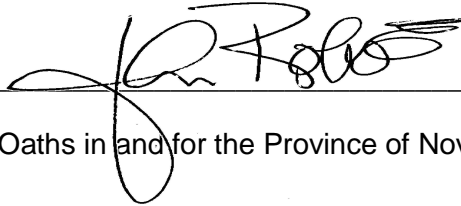
NORTHERN PULP NS GP ULC

By:  _____
Name: Choong Wei Tan
Title: Director

This is Exhibit "P" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "J. R. Fols", is written over a horizontal line. The signature is stylized with a large loop at the end.

A Commissioner for Oaths in and for the Province of Nova Scotia

October 7, 2021

Via Email: JGuillot@paperexcellence.com

Mr. Jean-Francois Guillot
Vice President, Operations – East
Paper Excellence Canada Holdings Corporation
2nd Floor, 3600 Lysander Lane
Richmond BC V7B 1C3

Dear Mr. Guillot:

**RE: In the Matter of a Plan of Compromise under the *Companies' Creditors Arrangement Act*
Of 1057863 B.C. Ltd. et al – No. S-206189 (Vancouver Registry)**

I acknowledge receipt of your correspondence of October 1, 2021. I look forward to meeting you next week.

I appreciate your advice that Northern Pulp intends to pursue its Environmental Assessment, as this is a necessary step if Northern Pulp wishes to restructure and recommence operations in Nova Scotia. This process, however, as you know is a separate regulatory process and unrelated to any claims Northern Pulp may wish to pursue in relation to the enactment of *Boat Harbour Act*.

The timing of the Monitor's Seventh Report filed on September 21, 2021 was unfortunate. It was filed before the Province had an opportunity to respond to your request for a Tolling Agreement which had only been received in late August or early September and after the Provincial election was called here in Nova Scotia. We were unable to obtain direction during this period as once an election is called, Government moves into caretaking mode. While in caretaking mode, Government is not permitted to make any decisions which could bind a future Government. As the request for a Tolling Agreement originated during this caretaking period, Government was not in a position to provide a response to your request.

As you know, following the election, Nova Scotia underwent a change in Government resulting in a new Cabinet being appointed. Once the new Cabinet was appointed and briefed, we were able to obtain instructions. I communicated our instructions at the earliest opportunity as outlined in my correspondence of September 21, 2021. The Monitor's Seventh Report was filed with the Court on the same day before having received the Province's position.

I am not able to comment on any discussions former Deputy Minister Montgomerie may have had with Mr. Baarda. I do understand, however, that the Province has indicated that while it is not opposed to

alternative dispute resolution, it has consistently expressed concerns with the aggressive timelines set out in the milestones you negotiated with your interim lenders.

I understand from your correspondence, that you are in the process of negotiating amendments to your financial arrangements with your lenders. This may be a good opportunity to remove the milestone setting a timeline for resolving any potential claims arising from the enactment of the BHA. This could alleviate problems down the road. As noted, the CCAA proceeding and any claims Northern Pulp may wish to file in relation to the BHA, are separate legal processes in two separate jurisdictions.

Finally, I wish to acknowledge receipt of the Claim for Indemnified Costs Pursuant to the Indemnity Agreement addressed to Minister Kim Masland on October 1, 2021. Much like your request for a guarantee under the indemnity agreement in your earlier correspondence, the Province is unable to respond to your demand until the supporting evidence has been provided and considered.

I look forward to hearing from you at your earliest possible convenience with any new proposed timelines and approvals you anticipate seeking during the next Court appearance in the CCAA proceeding.

Yours truly,

A handwritten signature in black ink, appearing to read 'Peter Hackett', with a stylized flourish at the end.

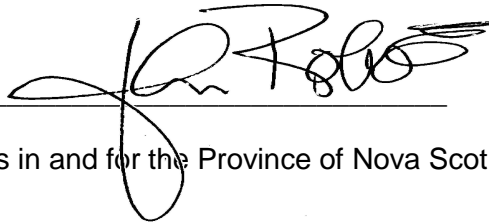
Peter Hackett
Deputy Minister
Department of Public Works

c: Kevin Brennan, Ernst & Young

This is Exhibit "Q" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. Rolos", is written over a horizontal line. The signature is stylized with a large loop at the end.

A Commissioner for Oaths in and for the Province of Nova Scotia

NOTICE OF INTENDED ACTION

(Proceedings against the Crown Act, s. 18)

To: The Attorney General of Nova Scotia

TAKE NOTICE that Northern Pulp Nova Scotia Corporation (“Northern Pulp”), Northern Resources Nova Scotia Corporation (“Northern Resources”), 3253527 Nova Scotia Limited (“NPNS GP”), Northern Pulp NS GP ULC (“NPNS GP ULC”), Northern Pulp NS LP (“NPNS LP”), Northern Timber Nova Scotia Corporation (“Northern Timber”), 3243722 Nova Scotia Limited (“NTNS GP”), Northern Timber Nova Scotia LP (“NTNS LP”), 1057863 B.C. Ltd (“105BC”), Paper Excellence Canada Holdings Corporation (“PEC”), and Hervey Investment BV (Netherlands) (“Hervey”), (collectively, the “Intended Plaintiffs”) intend to institute legal proceedings in the Supreme Court of Nova Scotia at Halifax against the Attorney General of Nova Scotia representing Her Majesty the Queen in Right of the Province of Nova Scotia (the “Intended Defendant”) after the expiration of two months from the service of this Notice upon the Attorney General of Nova Scotia.

AND FURTHER TAKE NOTICE that the Intended Plaintiffs’ status is as follows:

- (a) Northern Pulp is a body corporate under the laws of Nova Scotia having its principal place of business at Abercrombie Point, Nova Scotia. Northern Pulp’s mailing address is P.O. Box 549, Station Main, New Glasgow, Nova Scotia, B2H 5E8.
- (b) Northern Timber is a body corporate under the laws of Nova Scotia having its principal place of business at Abercrombie Point, Nova Scotia. Northern Timber’s mailing address is P.O. Box 549, Station Main, New Glasgow, Nova Scotia, B2H 5E8.
- (c) Northern Resources is a body corporate under the laws of Nova Scotia, having its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.
- (d) NPNS GP is a body corporate under the laws of Nova Scotia, having its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.
- (e) NPNS GP ULC is a body corporate under the laws of Nova Scotia, having its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.
- (f) NPNS LP is a limited partnership under the laws of Ontario and has its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.
- (g) NTNS GP is a body corporate under the laws of Nova Scotia, having its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.
- (h) NTNS LP is a limited partnership under the laws of Ontario and has its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.

- (i) 105BC is a body corporate under the laws of British Columbia, having its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.
- (j) PEC is a body corporate under the laws of British Columbia, having its principal place of business at 3600 Lysander Lane, Richmond, British Columbia, V7B 1C3.
- (k) Hervey Investment BV is a body corporate under the laws of the Kingdom of the Netherlands, having its seat at HDe Cuserstraat 91, Second Building, 1081 CN, Amsterdam, The Kingdom of the Netherlands.

AND FURTHER TAKE NOTICE that Northern Pulp will assert the cause of action for breach of contract in respect of the following:

- (a) The lease dated the 31st day of December 1995, between the Intended Defendant and Scott Maritimes Limited as extended by a Lease Extension Agreement dated October 22, 2002 between the Intended Defendant and Kimberly-Clark Inc. (as extended, the “Lease”);
- (b) The Memorandum of Understanding dated the 1st day of December 1995, between the Intended Defendant and Scott Maritimes Limited (the “MOU”); and
- (c) The agreement between the Intended Defendant and Scott Maritimes Pulp Limited/Scott Maritimes Limited attached as the Schedule to the *Scott Maritimes Limited Agreement (1965) Act*, R.S.N.S. 1989, c. 415 (the “Scott Maritimes Agreement”, and together with the Lease and the MOU the “Agreements”).

The Intended Plaintiffs are, pursuant to an Acknowledgement Agreement dated May 12, 2008 and executed by the Intended Defendant (the “Acknowledgement Agreement”), entitled to the full benefit of all rights of Scott Maritimes Limited and Kimberly-Clark Inc. under each of the Agreements.

The breaches of the Agreements have been brought about by the enactment and/or enforcement of the *Boat Harbour Act*, S.N.S. 2015, c.4 (the “Act”), or in the alternative, have been brought about by the Act's prohibition against the use of the Boat Harbour Effluent Treatment Facility (the “Facility”) by the Intended Plaintiffs on and after January 31, 2020 for the reception and treatment of effluent from Northern Pulp's pulp mill located at Abercrombie Point, Nova Scotia (the “Mill”), or in the further alternative, by the issuance of Ministerial Order 55774 dated January 29, 2020 by the Minister of Environment which, among other things, required Northern Pulp to cease all production of pulp prior to January 31st, 2020 and cease discharge of all wastewater to the Facility by no later than April 30th, 2020, or in the further alternative, by the refusal of the Intended Defendant to fulfill its obligations to Northern Pulp under the Agreements including, without limiting the generality of the foregoing, the Scott Maritimes Agreement. As a result, the Intended Plaintiffs have suffered injury, loss and damage by virtue of the fact that the operation of the Mill has been rendered untenable by the Intended Defendant's failure to fulfill its obligations to Northern Pulp under the Agreements, Northern Pulp has been prohibited from using the Facility for the purpose intended by the Agreements, namely the reception and treatment of effluent from the Mill, and Northern Pulp has been constructively and

wrongfully evicted from the premises covered by the Lease prior to the December 31, 2030 expiration of the term of the Lease.

Further, the Intended Defendant breached the Agreements, including express and implied covenants contained in each of them, including (without limitation), by failing to make best and/or good faith efforts to facilitate the construction and operation of a replacement effluent treatment facility prior to January 31, 2020 as required by the Intended Defendant under one or more of the Agreements.

AND FURTHER TAKE NOTICE that the Intended Plaintiffs will assert the following causes of action for breach of contract in the intended proceeding:

- (a) The Intended Plaintiffs (other than Northern Pulp NS LP) are affiliates of Northern Pulp NS LP or successors or assigns of the Purchaser within the meaning of the Acknowledgement Agreement made May 12, 2008 by the Intended Defendant as represented by the Deputy Minister of Transportation and Infrastructure (the "Acknowledgement Agreement") in favour of Northern Pulp NS LP, its affiliates and Northern Pulp (collectively, the "Purchaser") for the benefit of the Purchaser and its successors and assigns. As affiliates of Northern Pulp NSLP or successors or assigns of the Purchaser within the meaning of the Acknowledgement Agreement and by the terms of an indemnity agreement made December 31, 1995 between the Intended Defendant as represented by the Minister of Supply and Services and Scott Maritimes Limited (the "Indemnity Agreement"), each Intended Plaintiff is entitled to the full benefit of the Indemnity Agreement and is an Indemnified Party under the term so the Indemnity Agreement in relation to the losses, damages and costs covered by the Indemnity Agreement;
- (b) Northern Pulp has made a demand on August 27, 2021 to the Intended Defendant under the Indemnity Agreement to be indemnified for the loss, damages and costs in respect of a claim made by Pictou Landing First Nation in a Notice of Action and Statement of Claim dated September 9, 2010 and filed with the Supreme Court of Nova Scotia as Hfx No. 335700 and which was amended on August 29, 2012 and February 15, 2019. The Intended Defendant has refused to honour the demand and has therefore breached its obligations to Northern Pulp under the Indemnity Agreement and the Acknowledgement Agreement; and
- (c) The Intended Plaintiffs have made a demand upon the Intended Defendant on October 1, 2021 under the Indemnity Agreement to be indemnified for the loss, damages and costs set out in that demand. The Intended Defendant has refused to honour the demand and has therefore breached its obligations to the Intended Plaintiffs under the Indemnity Agreement and the Acknowledgement Agreement.

AND FURTHER TAKE NOTICE that the Intended Plaintiffs will also assert the following causes of action in tort in the intended proceeding:

- (a) misfeasance in public office;

- (b) negligence;
- (c) negligent misrepresentation; and
- (d) conspiracy.

The Intended Plaintiffs' claims in misfeasance in public office, negligence, and conspiracy are based on the conduct of government officials in deliberately and/or negligently impeding, frustrating, and obstructing the Intended Plaintiffs' attempts to secure approval under the provisions of the *Environment Act* for the design and construction of a new effluent treatment facility for the Mill or, in the alternative, by imposing obligations on the Intended Plaintiffs to make material additional investments in an uncertain environment that were (and continue to be) in breach of, or in the alternative inconsistent with the obligations of the Intended Defendant to the Intended Plaintiffs under various agreements between the Intended Defendant and the Intended Plaintiffs, with the intent of pressuring the Intended Plaintiffs to shut the Mill and allow the Intended Defendant to avoid its obligations to the Intended Plaintiffs under such agreements.

The Intended Plaintiffs' claim in negligent misrepresentation is based on untrue, inaccurate, and/or misleading statements made negligently by the Intended Defendant and/or government officials for whose statements the Intended Defendant is responsible (the "Statements"). Intended Plaintiffs, to whom the Intended Defendant owed a duty of care, reasonably relied on the Statements to the Intended Plaintiffs' detriment. The Statements included, among other things, representations by and/or on behalf of the Intended Defendant concerning: (i) the requirements of the Ministry of Environment's assessment and/or approvals process or processes; and (ii) a potential extension of the January 31, 2020 shutdown date contained in the Act.

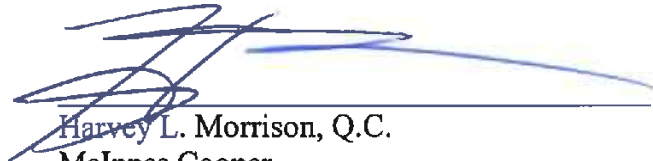
AND FURTHER TAKE NOTICE that the Intended Plaintiffs other than Northern Pulp (the "Third Party Intended Plaintiffs") will also assert the unlawful means tort in the intended proceeding.

The Third Party Intended Plaintiff's unlawful means tort claim is based on the Intended Defendant's breaches of the Agreements and/or of the Indemnity Agreement. The Third Party Intended Plaintiffs are, pursuant to the Acknowledgement Agreement, entitled to the full benefit of all rights of Scott Maritimes Limited under the Indemnity Agreement. By breaching the Agreements and/or the Indemnity Agreement, the Intended Defendant interfered with the Third Party Intended Plaintiff's trade or business by unlawful means, with the intent to injure the Third Party Intended Plaintiffs and, in doing so, the Intended Defendant caused damage to the Third Party Intended Plaintiffs.

AND FURTHER TAKE NOTICE that Northern Pulp will also assert the cause of action of constructive or *de facto* expropriation in this proceeding.

Northern Pulp's claim of constructive or *de facto* expropriation is based on the Intended Defendant's acts and omissions in enacting the Act and failing to comply with the Intended Defendant's obligations to make best and/or good faith efforts to facilitate the construction and operation of a replacement effluent treatment facility prior to January 31, 2020. These acts and omissions deprived Northern Pulp of its ability to conduct business and goodwill as a going concern without compensation and subsequently rendered its physical assets virtually useless. The Intended Defendant deprived Northern Pulp of the Mill's value and effectively transferred that value to itself.

DATED at Halifax, Nova Scotia, this 14th day of October, 2021.

A handwritten signature in blue ink, appearing to read 'Harvey L. Morrison', is written over a horizontal line.

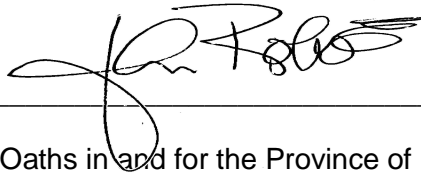
Harvey L. Morrison, Q.C.
McInnes Cooper
1969 Upper Water Street
Purdy's Wharf Tower II, PO Box 730
Halifax, NS B3J 2V1
Ph: 902 444-8589
E-Mail: harvey.morrison@mcinnescooper.com

Counsel for the Intended Plaintiffs

This is Exhibit "R" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. Pollock", is written over a horizontal line.

A Commissioner for Oaths in and for the Province of Nova Scotia

2010

Court Administration

FEB 15 2019

Hfx No. 335700

SUPREME COURT OF NOVA SCOTIA
Halifax, N.S.

BETWEEN:

**CHIEF AILEEN FRANCIS, WAYNE DENNY, DOMINIC DENNY,
DEBBIE DYKSTRA, CRYSTAL DENNY and ALDEN J. FRANCIS**
THE COUNCIL OF THE PICTOU LANDING FIRST NATION
on their own behalf and on behalf of all members of
the **PICTOU LANDING FIRST NATION**

PLAINTIFFS

- and -

THE ATTORNEY GENERAL OF NOVA SCOTIA representing
HER MAJESTY THE QUEEN in right of
the **PROVINCE OF NOVA SCOTIA**

FIRST DEFENDANT

- and -

NORTHERN PULP NOVA SCOTIA CORPORATION
a body corporate

SECOND DEFENDANT

- and -

NEENAH PAPER COMPANY OF CANADA
a body corporate

THIRD DEFENDANT

- and -

KIMBERLY-CLARK INC.
a body corporate

FOURTH DEFENDANT

- and -

KIMBERLY-CLARK NOVA SCOTIA INCORPORATED
a body corporate

FIFTH DEFENDANT

- and -

THE ATTORNEY GENERAL OF CANADA representing
HER MAJESTY THE QUEEN in right of
CANADA

SIXTH DEFENDANT

NOTICE OF ACTION – AMENDED AUGUST 29, 2012 AND FEBRUARY 17, 2019

**To: The Attorney General of Nova Scotia
Northern Pulp Nova Scotia Corporation
Neenah Paper Company of Canada
Kimberly-Clark Inc.
Kimberly-Clark Nova Scotia Incorporated
The Attorney General of Canada**

Action has been started against you
The plaintiffs take action against you.

The plaintiffs started the action by filing this notice with the court on the date certified by the prothonotary.

The plaintiffs claim the relief described in the attached statement of claim. The claim is based on the grounds stated in the statement of claim.

Deadline for defending the action

To defend the action, you or your counsel must file a notice of defence with the court no more than the following number of days after the day this notice of action is delivered to you:

- 15 days if delivery is made in Nova Scotia
- 30 days if delivery is made elsewhere in Canada
- 45 days if delivery is made anywhere else.

Judgment against you if you do not defend

The court may grant an order for the relief claimed without further notice, unless you file the notice of defence before the deadline.

You may demand notice of steps in the action

If you do not have a defence to the claim or you do not choose to defend it you may, if you wish to have further notice, file a demand for notice.

If you file a demand for notice, the plaintiffs must notify you before obtaining an order for the relief claimed and, unless the court orders otherwise, you will be entitled to notice of each other step in the action.

Rule 57 - Action for Damages Under \$100,000

Civil Procedure Rule 57 limits pretrial and trial procedures in a defended action so it will be more economical. The Rule applies if the plaintiffs states the action is within the Rule. Otherwise, the Rule does not apply, except as a possible basis for costs against the plaintiffs.

This action is *not within* Rule 57.

Filing and delivering documents

Any documents you file with the court must be filed at the office of the Law Courts, 1815 Upper Water Street, Nova Scotia, (902) 424-4900.

When you file a document, you must immediately deliver a copy of it to each other party entitled to notice, unless the document is part of an *ex parte* motion, the parties agree delivery is not

required, or a judge orders it is not required.

Contact information

The plaintiffs designate the following address:

Brian J. Hebert
McKiggan Hebert
Purdy's Wharf, Tower I
1959 Upper Water Street – Suite 5200
Halifax, NS B3J 3N2
Tel: (902) 423 2050

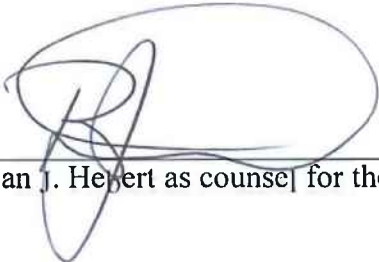
Documents delivered to this address are considered received by the plaintiffs on delivery.
Further contact information is available from the prothonotary.

Proposed place of trial

The plaintiffs propose that, if you defend this action, the trial will be held in Pictou, Nova Scotia.

Signature

Signed at Halifax, Nova Scotia on February 15, 2019.



Brian J. Hebert as counsel for the Plaintiffs

Prothonotary's certificate

I certify that this notice of action, including the attached statement of claim, was filed with the court on February 15, 2019.



Prothonotary

KIMBERLEY WEBBER
Deputy Prothonotary

2010

Hfx No. 335700

SUPREME COURT OF NOVA SCOTIA

BETWEEN:

**~~CHIEF AILEEN FRANCIS, WAYNE DENNY, DOMINIC DENNY,~~
~~DEBBIE DYKSTRA, CRYSTAL DENNY~~ and ~~ALDEN J. FRANCIS~~
THE COUNCIL OF THE PICTOU LANDING FIRST NATION**

on their own behalf and on behalf of all members of
the **PICTOU LANDING FIRST NATION**

PLAINTIFFS

- and -

THE ATTORNEY GENERAL OF NOVA SCOTIA representing
HER MAJESTY THE QUEEN in right of
the **PROVINCE OF NOVA SCOTIA**

FIRST DEFENDANT

- and -

NORTHERN PULP NOVA SCOTIA CORPORATION

a body corporate

SECOND DEFENDANT

- and -

NEENAH PAPER COMPANY OF CANADA

a body corporate

THIRD DEFENDANT

- and -

KIMBERLY-CLARK INC.

a body corporate

FOURTH DEFENDANT

- and -

KIMBERLY-CLARK NOVA SCOTIA INCORPORATED

a body corporate

FIFTH DEFENDANT

- and -

THE ATTORNEY GENERAL OF CANADA representing
HER MAJESTY THE QUEEN in right of
CANADA

SIXTH DEFENDANT

STATEMENT OF CLAIM – AMENDED AUGUST 29, 2012 AND FEBRUARY 11, 2019

THE FACTS

The Parties

1. ~~The Plaintiffs, Chief Aileen Francis, Wayne Denny, Dominic Denny, Debbie Dykstra, Crystal Denny and Alden J. Francis, are the duly elected Chief and Council of the Pictou Landing First Nation and bring this action on their own behalf and on behalf of all other~~ The Plaintiffs are the duly elected Council of the Pictou Landing First Nation and bring this action on their own behalf and on behalf of all members of the Pictou Landing First Nation past, present and future. The members of the Pictou Landing First Nation are descendants of the original inhabitants of the Province of Nova Scotia. In their own language they are known as “Lnu” and in English as “Mi’kmaq”. The two terms are used interchangeably throughout this statement of claim. Members of the Pictou Landing First Nation are “Indians” and the Pictou Landing First Nation is a “band” within the meaning of the *Indian Act*, R.S.C. 1985, c. I-5, as amended. Pictou Landing First Nation is also known as the “Pictou Landing Indian Band”. The Plaintiffs prefer to be called the “Pictou Landing First Nation” and that term will be used throughout this statement of claim. The members of the Pictou Landing First Nation are an "aboriginal people" within the meaning of s. 35 of the *Constitution Act*, 1982 (U.K.), 1982, c. 11.

2. The First Defendant is her Majesty the Queen in the Right of the Province of Nova Scotia (the “Province”).

3. The Second Defendant, Northern Pulp Nova Scotia Corporation (“Northern Pulp”), is a body corporate with its head office at Abercrombie Point, Nova Scotia and since June 2008 has

been the owner and operator of a kraft pulp mill at Abercrombie Point, Nova Scotia (the “Mill”) and the lessee and operator of a pipeline, two primary settling ponds and an aerated stabilization basin (“ASB”) used for holding industrial wastewater from the Mill (collectively the “Treatment Facility”).

4. The Third Defendant, Neenah Paper Company of Canada (“Neenah Paper”), is a body corporate with its head office at Alpharetta, Georgia and was the owner and operator of the Mill and lessee and operator of the Treatment Facility from November 2004 to June 2008.

5. The Fourth Defendant, Kimberly Clark Inc. (“Kimberly Clark”), is a body corporate with its head office at Mississauga, Ontario and was the owner and operator of the Mill and lessee and operator of the Treatment Facility from 1997 to November 2004.

6. The Fifth Defendant, Kimberly Clark Nova Scotia Incorporated (formerly known as Scott Maritimes Limited and Scott Maritimes Pulp Limited) (“Scott Maritimes” and, together with the First Defendant, the Second Defendant, the Third Defendant, the Fourth Defendant and the Fifth Defendant, the “Defendants”), is a body corporate, with its head office at Mississauga, Ontario and was at all material times the owner and operator of the Mill from 1967 to 1997 and lessee and operator of the Treatment Facility from 1995 to 1997.

6A. The Sixth Defendant is her Majesty the Queen in the Right of Canada (“Canada”).

Traditional Lands

7. The Lnu or Mi’kmaq were part of the Algonquin nation, a large nation that occupied the eastern coast of what is now North America from Virginia to Labrador. Within the Algonquin

nation, the Lnu occupied a large territory including what is now known as Nova Scotia, Prince Edward Island, eastern and northern New Brunswick and the Gaspé area of Quebec.

8. The Lnu lived a traditional life as fishers, hunters and gatherers throughout their territory including in and around a small tidal estuary connected by a narrow channel to the Northumberland Strait near what is now known as Pictou Landing. It was near this estuary that the ancestors of the Pictou Landing First Nation lived on a seasonal basis. The estuary was a bountiful source of a variety of food including fish, eels, crustaceans and shellfish. They hunted and trapped near its shores. The estuary provided a safe harbour for vessels and a sheltered recreational area. The estuary was so important to the life of the ancestors that they treated it as part of their home and called it “A’Se’K” (pronounced “Ah-sag”) which means “the other room” in Lnu. The term “A’Se’K” will be used throughout this statement of claim to refer to the estuary out of respect for the traditions of the Pictou Landing First Nation.

9. Following contact with Europeans in the 16th century the ancestors continued to occupy, hunt, fish and gather and harvest food and wood throughout their territory including the area in and around A’Se’K.

Treaty of 1760

10. After England defeated France in Nova Scotia, the British Crown entered into a treaty with the ancestors of the Pictou Landing First Nation in 1760. This treaty implicitly recognised the right of the ancestors to occupy, hunt, fish, gather and harvest on lands within their territory including lands at A’Se’K.

1761 - Promises of Legal Protection for Land

11. In 1761, at a treaty ceremony, Lieutenant Governor Jonathan Belcher, later the first Chief Justice of Nova Scotia, assured the ancestors of the Pictou Landing First Nation that the laws of England would protect their rights and property in these words:

The Laws will be like a great Hedge about your Rights and properties, if any break this Hedge to hurt and injure you, the heavy weight of the Laws will fall upon them and punish their Disobedience.

12. Also, in 1761 a Royal Proclamation was issued in Nova Scotia acknowledging that the ancestors of the Pictou Landing First Nation had made a claim to all land along the northeastern shore of Nova Scotia, including the area around A'Se'K, and forbidding any settlement in the area.

13. In 1763 France formally ceded North America to England and England promptly issued the Royal Proclamation of 1763 providing for four colonial territories in North America, none of which included Nova Scotia, and setting out the manner of acquiring land lying outside these four territories from their original inhabitants. The Proclamation set out the process by which such lands could be surrendered to the Crown.

14. The effect of the Royal Proclamation of 1763 in Nova Scotia was to make it unlawful for the local government to grant any interest in land that had not been ceded or surrendered to the Crown in accordance with the Proclamation.

1766 - Lnu Understanding of Treaty Rights to Land

15. In 1766 the ancestors of the Pictou Landing First Nation assembled at Chapel Island in Cape Breton with other Lnu and declared that no settlement would be allowed in Pictou as they understood that this land had been set aside for their use in earlier treaties including the Treaty of 1760.

1770's - Failure of the Law to Protect Treaty and Aboriginal Rights to Land

16. Despite the treaty of 1760, the assurances given by Lieutenant Governor Belcher, the Royal Proclamation of 1761, the Royal Proclamation of 1763 and the fact that no land had been ceded or surrendered by the ancestors of the Pictou Landing First Nation, settlers began settling in the area around A'Se'K beginning in 1777.

Indian Cross Point Burying Grounds

17. Soon all of the land in the area was the subject of a Crown grant except for an estimated 34 acres of land containing burial grounds of the ancestors of the Pictou Landing First Nation on the eastern shore of the East River a few kilometres from A'Se'K. There is no record that these lands were formally set apart for the ancestors of the Pictou Landing First Nation but they are designated on early maps as "Indian Burying Grounds" (the "Burying Grounds") in an area known as Indian Cross Point.

18. Settlers soon made claim even to the Burying Grounds. In 1784 two chiefs granted a deed to one acre of the Burying Grounds directly to James Carmichael in a transaction that failed to comply with the surrender provisions of the Royal Proclamation of 1763. Fifty years later in

1834 James Carmichael would convey this acre of land to Margaret McConnell but would purport to convey the entire Burying Grounds.

1828 - Dispossessed of All Traditional Land

19. In the meantime, the ancestors of the Pictou Landing First Nation continued to live in the area around A'Se'K despite the Crown grants to settlers. For over fifty years they continued to occupy, hunt, fish and gather and harvest an area near A'Se'K. However, the settlers viewed them as trespassers and in 1828 they were prevented from planting crops in the area and ordered to leave by the settler who held a Crown grant for the land.

20. Without any recognized territory, the ancestors of the Pictou Landing First Nation petitioned the government to acquire lands from the settlers near A'Se'K to be set apart for their exclusive use as had been done in other parts of the Province. Without any land base at all, many were destitute and relied on the Province for their subsistence.

1864 - Finally 50 Acres of Land

21. In 1864 the Province finally acquired 50 acres of land near A'Se'K (using "Indian money" from the sale of "Indian lands" in Cape Breton) and set it apart for the exclusive use and enjoyment of the ancestors of the Pictou Landing First Nation, who numbered 159 at the time.

1867 – 1960 - More Land for Firewood

22. With Confederation in 1867, the legal title to these 50 acres passed from Nova Scotia to Canada and became known as Fisher's Grant Indian Reserve No. 24. Over the next 100 years

several more small parcels of land were acquired by Canada near A'Se'K (again using "Indian money") and set apart for the ancestors of the Pictou Landing First Nation as food and fuel supplies proved inadequate on the original 50 acres. These included Fisher's Grant Indian Reserves No. 24A, 24B, 24C, 24D, 24E, 24F and 24G.

23. Over time the Pictou Landing First Nation built homes and other buildings on their lands.

1960 - Division of Nova Scotia Mi'kmaq into Bands

24. In 1960 the Department of Indian Affairs divided the Mi'kmaq of Nova Scotia into several bands. The "Pictou Landing Indian Band" was created and the records of the Indian Land Registry maintained by the Department of Indian Affairs were changed to record that all reserve lands in Pictou County were now set apart for the Pictou Landing First Nation.

1962 - Amalgamation of Reserve Land

25. In 1962 the Department of Indian Affairs amalgamated Fisher's Grant Indian Reserves No. 24, 24A, 24B, 24C, 24D and 24F into one reserve known as Fisher's Grant Indian Reserve No. 24 ("I. R. No. 24") (I. R. No. 24E had been previously sold).

1963 and 1964 - Even More Land for Firewood

26. Between 1963 and 1964 two-100 acre lots near A'Se'K were acquired by Canada using "Indian money" and set apart for the Pictou Landing First Nation as the Boat Harbour West Indian Reserve No. 37 ("I. R. No. 37") bringing the total amount of land set apart for the Pictou

Landing First Nation around A'Se'K to 691 acres: I. R. No. 24 (349 acres), I. R. No. 24G (142 acres) and I. R. No. 37 (200 acres).

1964 - Limited Means and Opportunities

27. By 1964 the Pictou Landing First Nation had few economic opportunities. Some members were engaged in the food and commercial fishery. However, literacy rates and education levels were low. Unemployment rates were high. Prevailing attitudes in the area created barriers to employment. The Pictou Landing First Nation had no collective source of revenues other than funding from the Department of Indian Affairs. It would be years before their treaty rights would be interpreted by the Courts to provide any meaningful economic opportunities.

1964 - Importance of A'Se'K and Beach Front

28. A'Se'K continued to be an important part of the life of the Pictou Landing First Nation. In this "other room" they fished eels and other fish, harvested lobster and shellfish, moored their fishing vessels and swam. They continued to occupy, hunt, fish gather and harvest on the lands adjacent A'Se'K.

29. The Northumberland Strait was also important to the Pictou Landing First Nation. Here they fished, harvested lobster and other shellfish, and swam in its warm waters in summer, particularly at the adjacent Lighthouse Beach.

30. Lighthouse Beach was a fine sand beach that was also popular with other residents of Pictou County due to its proximity to Trenton and New Glasgow some 10 kilometres away. In need of additional revenues, the Pictou Landing First Nation had established a canteen near the beach and had plans to further develop their lands along the Northumberland Strait to take advantage of its location near Lighthouse Beach which could only be accessed on foot over I. R. No. 24

31. The community did not get the chance to do so.

Plans for a Pulp Mill

32. In or around 1964 Scott Maritimes decided to build the Mill at Abercrombie Point several kilometres away from A'Se'K on the western side of the East River. When completed the Mill would discharge up to 25 million gallons of toxic wastewater per day as a by-product of the pulping process. The Province agreed to provide an adequate supply of clean water to the Mill as well as a place to discharge the wastewater after its use in the pulping process. Federal regulations prohibited discharging pulp wastewater directly into the Northumberland Strait.

Plans for Treating Toxic Wastewater

33. The Province and Scott Maritimes devised a plan for the wastewater. It would be carried by pipeline to the eastern edge of I. R. No. 37 where it would be discharged into an open ditch and allowed to flow over the uninhabited Reserve to a primary settling lagoon to the east of I. R. No. 37. The primary settling lagoon would be created by constructing a dam across the upper reaches of A'Se'K at its western end to isolate the lagoon from the rest of A'Se'K. The wastewater would remain in the primary settling lagoon for a period of time during which some

suspended solids would settle to the bottom. The wastewater would then flow over or through the first dam into a much larger secondary lagoon formed by the construction of a second dam under Highway 348 where it crossed the channel connecting A'Se'K to the Northumberland Strait. After remaining in the secondary lagoon for a time during which further suspended solids would settle, the wastewater would be discharged over or through the second dam into the channel leading to the Northumberland Strait.

34. Both Nova Scotia and Scott Maritimes were aware that the wastewater would contain toxic and other chemicals and organic waste from the pulping process that would contaminate A'Se'K and render its waters unsuitable for any other uses.

35. The Province and Scott Maritimes agreed that the Province would expropriate or otherwise acquire from private owners an interest in land along the proposed pipeline route and around A'Se'K.

36. The Province and Scott Maritimes also agreed that the Province would acquire the riparian rights of the Pictou Landing First Nation in and to the waters of A'Se'K and accordingly the Province, through the Nova Scotia Water Commission, approached the Department of Indian Affairs, which was responsible for managing Reserve lands, and proposed the purchase of the riparian rights of the Pictou Landing First Nation in and to the waters of A'Se'K.

1965 - Chief and Council Worried about Adverse Impacts

37. When the proposal was brought to the Chief and Council of the Pictou Landing First Nation, they expressed concern that the wastewater would cause, among other things, odour problems that would adversely affect their community.

Assurances that there would be no Adverse Impacts

38. The Province and Scott Maritimes assured representatives of Indian Affairs and Chief and Council that while the waters of A'Se'K would no longer be suitable for fishing or recreation, the project would have no other adverse impacts on the use and enjoyment of the lands set apart for the Pictou Landing First Nation.

39. To convince Chief and Council that odour would not be a problem and there would be no adverse impacts on the community living nearby, the Province and Scott Maritimes arranged a trip to a new domestic wastewater treatment facility in Saint John, New Brunswick in October 1965. There the Chief and one Councillor were shown a holding pond containing colorless and odourless water. The Chief and the Councillor were impressed by this and were assured by representatives of the Province and Scott Maritimes that the quality of wastewater in A'Se'K would likewise be odour free.

Detrimental Reliance

40. Relying on these assurances and on the Honour of the Crown, the Chief and the Councillor signed a handwritten document on October 10, 1965, while still in Saint John, agreeing in principle to the project on behalf of the Pictou Landing First Nation.

41. Ironically, the Chief and the Councillor were motivated by the prospects of economic opportunities for all of Pictou County, as the only reason given for their decision in the short document was their belief that the new Mill would be “in the best interest of the entire area”.

42. On October 21, 1965 a Band Council Resolution was signed by Chief and Council purporting to accept an immediate lump sum payment of \$60,000 in consideration of the permanent loss of fishing and hunting revenue and other benefits derived from the use of A'Se'K with a final settlement to be subject to further negotiations between the Province and the Department of Indian Affairs. The Band Council Resolution contained several conditions including that the Province would provide a slipway for boats to enter and leave A'Se'K.

1966 - Commitment to Correct Adverse Impacts

43. Subsequently, further discussions took place between Indian Affairs and the Province. Indian Affairs secured a commitment from the Province that if, after the introduction of wastewater, a septic condition arose in A'Se'K that adversely affected the Pictou Landing First Nation, the Province would take corrective action.

Federal O-I-C with Conditions

44. On September 2, 1966 a Federal Order-in-Council was issued which purported to authorize the transfer of the riparian rights of the Pictou Landing First Nation in and to A'Se'K to the Province subject to certain terms and conditions including, *inter alia*: (a) the payment by the Province of \$60,000 for the benefit of Pictou Landing First Nation; (b) provision by the

Province of a slipway for boats if requested by Pictou Landing First Nation; and (c) remedial action to be taken by the Province if a septic condition detrimental to the Pictou Landing First Nation developed in A'Se'K.

No Rights Surrendered or Acquired

45. The riparian rights of the Pictou Landing First Nation were not surrendered in accordance with the provisions of the *Indian Act* which required approval by referendum of all members of the Pictou Landing First Nation eligible to vote. Nor did the purported transaction comply with the expropriation provisions of the *Indian Act*. Both the Province and Scott Maritimes knew, or ought to have known, that the transaction did not comply with the *Indian Act* and that the Order-in-Council was *ultra vires* the Governor-in-Council.

46. Further, despite the plan to construct the pipeline through the Burying Grounds and discharge the wastewater into a ditch traversing I. R. No. 37, no interest in the Burying Grounds or in I. R. No. 37 was acquired from Pictou Landing First Nation for those purposes. Nor was any effort made to acquire the right to flood parts of I. R. No. 24 and I. R. No. 24G along the shores of A'Se'K or to create a nuisance affecting the use and enjoyment of the lands set apart for the Pictou Landing First Nation in the area.

1967 - Province Goes Ahead with Project

47. The Province subsequently constructed the pipeline and the two dams at A'Se'K as planned. No slipway was created to allow boats to access A'Se'K from the Northumberland Strait.

48. The Mill went into operation in September, 1967 and immediately began discharging wastewater at the rate of nearly 25 million gallons per day. As planned, the wastewater flowed into the pipeline, was carried through the Burying Grounds and was discharged into the open ditch at I.R. No. 37 where it was channelled across the newly acquired Reserve and into the primary settling lagoon.

New Chapter

49. Within a few days of start-up, the primary settling lagoon and the secondary lagoon were full of toxic wastewater, beginning a new chapter in the long and sad struggle of the Pictou Landing First Nation for the protection of their land in accordance with the Law that Chief Justice Belcher two centuries earlier had assured them would be like a Great Hedge about their rights and property.

Toxic Mixture

50. The wastewater contained a mix of chemicals including some of the most dangerous toxic pollutants: dioxins, furans, chloride, mercury and other heavy metals.

Septic Conditions

51. Organic matter in the wastewater was a natural by-product of the pulping process and turned the wastewater dark brown in colour. Organisms feeding off the organic matter consumed all of the oxygen in the lagoons. Larger organic sediments blocked the sunlight preventing photosynthesis at lower depths.

52. The combined effect of these chemicals and organic matter was to render A'Se'K septic and devoid of life.

Pollution of Beach Front

53. The adverse effects of the wastewater were not limited to the waters of A'Se'K. As the wastewater was discharged into the Northumberland Strait it dispersed in a dark coloured plume floating above the natural waters of the Strait. The plume extended from the mouth of the channel leading from A'Se'K along the shores of I. R. No. 24 and further along the shores of Lighthouse Beach leaving the water in these areas dark brown and full of floating debris and creating a brown foam along the shore. At times this foam reached a thickness of several feet and blew about like tumbleweed in the wind on the deserted Lighthouse Beach; for as a result of these conditions visitors stopped frequenting the beach and have not returned since.

Air Pollution and Nuisance

54. The wastewater not only ruined the waters of A'Se'K and the Northumberland Strait, but also contained noxious gasses, primarily foul-smelling sulphur compounds and mercaptins, which escaped into the air and were carried by the prevailing wind to I. R. No. 24 where they invaded the homes and offices, gardens and playgrounds of the Pictou Landing First Nation.

55. The concentration of these chemicals in the air was so strong that at times members of the Pictou Landing First Nation had difficulty breathing. Others developed headaches or became nauseous. The chemicals were so concentrated that they caused a chemical reaction with paint on

homes and other buildings in the community turning them black in colour and causing the paint to peel.

56. For over 40 years the residents of Pictou Landing First Nation community have endured the repugnant smell of “rotten eggs” which infiltrated and now permeates their homes, offices, cars and trucks and causes them to constantly worry about the health and safety of their children and themselves.

57. These repugnant smells continue to assault the senses of the members of the Pictou Landing First Nation residing there and seriously interfere with the use and enjoyment of their land.

Flooding

58. The Province failed to maintain the level of wastewater in A'Se'K below the ordinary high-water mark which resulted in flooding of portions of I. R. No. 24, I. R. No. 24G and I. R. No. 37. The flooding not only deprived the Pictou Landing First Nation of the use and enjoyment of the flooded land but also led to the deposit of sediment from the wastewater containing toxic chemicals on the flooded areas thereby contaminating the soil.

1967 - Efforts to Seek Redress

59. The Pictou Landing First Nation immediately complained to the Province and to Scott Maritimes about the conditions in A'Se'K and asked that remedial action be taken.

1970 - 25 year Wastewater Agreement

60. Two years later, on September 30, 1970, despite receiving complaints from the Pictou Landing First Nation about the conditions in A'Se'K, the Province entered into a 25-year agreement (the "Wastewater Agreement") with Scott Maritimes whereby the Province agreed to accept wastewater at A'Se'K until September 30, 1995. The Pictou Landing First Nation was not consulted about the Wastewater Agreement despite the obvious adverse impacts on them.

61. Indian Affairs also became involved and brought the conditions at A'Se'K to the attention of the Province, but took no legal action against the Province or Scott Maritimes when asked to do so by Pictou Landing First Nation.

1974 - Upgrades Fail to Correct Septic Conditions

62. In 1974 the Province took steps to alleviate the septic conditions. It replaced the primary settling lagoon with two settling ponds and created an aerated stabilization basin ("ASB") by installing another dam in the western end of A'Se'K near the settling ponds. It also installed mechanical aerators in the ASB to introduce more oxygen into the wastewater. From the ASB the wastewater would flow into the main body of A'Se'K which was now called a "finishing pond" where the wastewater would still remain for several days until discharge into the Northumberland Strait.

63. At the same time the Province extended the pipeline around I. R. No. 37 so that wastewater would be discharged from the pipeline directly into the new primary settling ponds thereby avoiding I. R. 37 altogether.

64. Despite these modifications, septic conditions remained in A'Se'K and noxious gasses continued to descend upon the small First Nation community interfering with the use and enjoyment of their land.

Upgrades Lead to Noise Pollution

65. In addition, the mechanical aerators now introduced industrial noise to the area, further interfering with the use and enjoyment of the lands of the Pictou Landing First Nation.

No Slipway Built

66. Despite requests from Pictou Landing First Nation no slipway was ever built to allow boats to enter or leave A'Se'K.

67. The Pictou Landing First Nation continued to petition the Province and the Department of Indian Affairs for remedial measures to combat conditions in A'Se'K. The Department of Indian Affairs provided limited funding to enable Pictou Landing First Nation to hire lawyers to seek redress from the Province. However, these efforts were insufficient due to lack of sufficient funding and produced few results. Indian Affairs, as legal owner of the Reserves still refused to take legal action against the Province.

1986 - Law Suit Against Canada

68. Finally, in 1986 the Pictou Landing First Nation commenced an action against Canada as represented by the Minister of Indian Affairs. The action was framed in breach of fiduciary duty for Canada's role in allowing the Province and Scott Maritimes to use A'Se'K as a toxic dump.

1991 and 1992 - Promises to End the Pollution of A'Se'K

69. By 1991 Canada agreed to negotiate a settlement with Pictou Landing First Nation for its role in permitting the Province and Scott Maritimes to pollute A'Se'K. At the same time, the Province promised Pictou Landing First Nation that it would abate the adverse effects of the wastewater in A'Se'K on the Pictou Landing First Nation by ending the discharge of wastewater into A'Se'K after the Wastewater Agreement with Scott Maritimes expired in 1995. The Province also promised to remediate A'Se'K after the discharge of wastewater was discontinued so that it would once again be a tidal estuary open to the Northumberland Strait. The Province repeated the same promises in 1992.

1993 - Settlement with Canada

70. In July 1993 the Pictou Landing First Nation reached a settlement of their action against Canada believing that the Province intended to end the discharge of wastewater into A'Se'K after 1995. The settlement with Canada did not fully compensate the Pictou Landing First Nation for the impacts of the wastewater operations on them, nor did Canada have the authority to end the discharge of wastewater into A'Se'K. For this the Pictou Landing First Nation relied on the Honour of the Provincial Crown accepting its assurances that it would end the discharge of wastewater into A'Se'K after the Wastewater Agreement expired in 1995 and thereafter clean up

and remediate A'Se'K to its natural state. As part of the settlement, Pictou Landing First Nation and certain of its members signed and delivered to Canada documents purporting to assign certain causes of against Nova Scotia and Scott Maritimes in respect of the Wastewater Works (the "Assigned Claims").

71. Shortly afterward a committee known as the Boat Harbour Committee was formed to plan for the remediation of A'Se'K after expiry of the Wastewater Agreement in 1995. The committee included representatives of the Province, Canada and Pictou Landing First Nation. The committee met regularly to discuss the remediation of A'Se'K.

1995 – More Promises to Stop Pollution and Remediate

72. However, by the time the Wastewater Agreement expired no alternative site had been found to receive wastewater from the Mill. Instead the Province decided to continue the discharge of wastewater into A'Se'K until December 31, 2005 in order to give Scott Maritimes time to build new wastewater facilities at another location. The Province assured the Pictou Landing First Nation that the use of A'Se'K as a receiving body for wastewater from the Mill would be ended by December 31, 2005 and A'Se'K remediated. that time

1995 - 10 Year Lease and Licence

73. The Province entered into a memorandum of understanding with Scott Maritimes dated December 1, 1995 wherein it agreed to extend the term of the Wastewater Agreement from October 1, 1995 to December 31, 2005. At the same time, it agreed to, and did, enter into a 10-year lease (the "Lease") of the pipeline and the Crown lands on which the two primary settling

ponds and the ASB were located. In addition, the Province agreed to, and did, grant to Scott Maritimes a licence (the “Licence”) for a 10-year term, permitting it to discharge wastewater from the ASB into the main body of A’Se’K as a finishing pond. The term of both the Lease and the Licence ran from January 1, 1996 to December 31, 2005.

74. The effect of the Lease and Licence was to transfer responsibility for the pipeline and wastewater operations at A’Se’K from the Province to Scott Maritimes. The Province was aware at all times that Scott Maritimes intended to continue the discharge of wastewater into A’Se’K under the Lease and Licence up to and including December 31, 2005, yet took no steps to consult with or ensure that the rights of the Pictou Landing First Nation were accommodated in the terms of the Lease or Licence. However, based on promises from the Province to end the discharge in 2005, Pictou Landing First Nation took no action in respect of the discharge of wastewater into A’Se’K and looked forward in good faith to December 31, 2005, relying at all times on the Honour of the Crown.

75. In 1997, 123 acres of land adjacent to I. R. No. 24 were acquired as the population of the community expanded and were later added to I. R. No. 24.

1997 - Transfer of Lease and Licence to Kimberly Clark

76. Scott Maritimes continued to operate the Mill and to discharge 25 million gallons of wastewater into A’Se’K each day of operation, until it transferred ownership of the Mill and its interest in the Lease and Licence to Kimberly Clark in 1997. The Province agreed to the transfer

of the Lease and Licence to Kimberly Clark without consultation with the Pictou Landing First Nation and accommodation of its interests.

77. Thereafter Kimberley Clark continued to operate the Mill and discharge 25 million gallons of wastewater each day into A'Se'K.

2000 – Cost of Solution \$48-60 Million

78. Sometime in or around the year 2000, Kimberly Clark commissioned an engineering report to estimate the cost of building a replacement wastewater treatment facility as the Lease and Licence were to expire on December 31, 2005. The Cost was estimated at between \$48 and \$60 million.

2001 - The Pipeline Proposal

79. Not wanting to incur the cost of building a replacement wastewater treatment facility, the Province and Scott Maritimes settled on an alternative proposal wherein the settling ponds and ASB would remain at their existing location adjacent A'Se'K. However, instead of discharging wastewater from the ASB into a finishing pond in A'Se'K, the wastewater would be routed by means of a pipeline through A'Se'K and discharged directly into the channel at the mouth of A'Se'K (the "Pipeline Proposal").

Representation that Pipeline Proposal Feasible

80. The Province and Kimberly Clark brought the Pipeline Proposal to the Pictou Landing First Nation for its consent. They represented to the Pictou Landing First Nation that the Pipeline

Project had been studied and was technically feasible. Kimberly Clark agreed to install the new pipeline and the Province promised that once the new pipeline was installed it would remove the toxic sediments from the bottom of the finishing pond in A'Se'K, remove the dam under Highway 348 and return A'Se'K to its natural state.

Detrimental Reliance - MOU

81. In 2001, relying on the Honour of the Crown and the representations of the Province and Kimberly Clark as to the feasibility of the Pipeline Project, the Pictou Landing First Nation entered into a memorandum of understanding ("MOU") with Kimberly Clark, wherein Kimberly Clark agreed to install the pipeline contemplated in the Pipeline Proposal in a timely manner so as to allow the Province to remediate A'Se'K and return it to its natural state by December 31, 2005 (the "Remediation Deadline"). In exchange Pictou Landing First Nation agreed not to protest the continued use the settling ponds and the ASB up to December 31, 2030.

Extension of Lease without Consultation or Notice

82. After securing the MOU but before the pipeline was built, the Province extended the term of the Lease to December 31, 2030 by way of an Extension Agreement dated October 22, 2002. The Province did not consult with the Pictou Landing First Nation before entering into the Extension Agreement and made no provision in the Extension Agreement for the termination of the Lease if the Pipeline Proposal was not implemented as contemplated in the MOU. The term of the Licence however remained unaffected by the Extension Agreement and would still expire on December 31, 2005.

2004 - Transfer to Neenah Paper

83. In 2004 the ownership of the Mill was transferred from Kimberly Clark to Neenah Paper and the Lease and Licence assigned with the consent of the Province. The Province acted without consulting the Pictou Landing First Nation or accommodating its interests.

84. Thereafter Neenah Paper operated the Mill and continued to discharge 25 million gallons of wastewater each day into A'Se'K.

2005 - Pipeline Proposal Not Feasible

85. As December 31, 2005 approached the Province and Neenah Paper advised Pictou Landing First Nation that the Pipeline Project was not technically feasible contrary to their earlier representations, as it would not likely pass an environmental assessment.

2006 - Extension of Remediation Deadline under MOU

86. On December 31, 2005 the Licence expired and the Remediation Deadline passed. Neenah Paper continued to discharge wastewater into A'Se'K with the full knowledge and consent of the Province. The Province and Neenah Paper asked the Pictou Landing First Nation to extend the Remediation Deadline in the MOU to December 31, 2008 to allow more time to find an alternative means of discharging wastewater from the ASB to the Northumberland Strait.

87. In September 2006 the Pictou Landing First Nation did agree to extend the Remediation Deadline to December 31, 2008 giving the Province and Neenah Paper three more years to resolve the problem.

2008 - Extension of Licence without Notice or Consultation

88. In May, 2008 the Province, Neenah Paper and Northern Pulp discussed the proposed transfer of ownership of the Mill from Neenah Paper to Northern Pulp. Northern Pulp requested and received assurances from the Province that it would have a continued right to operate the primary settling ponds and the ASB under the Lease until 2030 and to discharge wastewater into A'Se'K under the terms of the Licence over the same period of time.

89. Without notifying or consulting with the Pictou Landing First Nation, on May 13, 2008 the Province agreed to extend the Licence after December 31, 2008 on a month-to-month basis even though the Province was aware of the adverse impacts that the discharge of wastewater into A'Se'K continued to have on the members of the Pictou Landing First Nation.

Transfer to Northern Pulp

90. The transfer of ownership of the Mill from Neenah Paper to Northern Pulp did take place in June 2008. At that time the Pictou Landing First Nation put the Province on notice that any decision to extend the Licence would trigger a duty on the part of the Province to consult with and accommodate the rights of the Pictou Landing First Nation. The Pictou Landing First Nation was not aware that a decision had already been made to extend the Licence on a month-to-month basis.

June 18, 2008 - Promise not to Extend the Licence without Consultation

91. In response, and without advising the Pictou Landing First Nation of the month-to-month extension, the Province asked the Pictou Landing First Nation not to protest an extension of the Licence to December 31, 2008 (to coincide with the Remediation Deadline) and promised that the Licence would not be extended beyond December 31, 2008 without further consultation with the Pictou Landing First Nation. On June 11, 2008 the Pictou Landing First Nation agreed and took no steps to protest the extension of the Licence to December 31, 2008.

92. In October, 2008 as the Remediation Deadline approached, engineers retained by the Province and Northern Pulp to find alternatives to the Pipeline Proposal reported that there were no other feasible means of discharging wastewater into the Northumberland Strait from the ASB that would allow A'Se'K to be remediated as contemplated in the MOU and accordingly the ongoing use of the ASB and the remediation of A'Se'K as contemplated in the MOU were incompatible.

November 19, 2008 - Renewed Demands to end Discharge of Wastewater

93. In light of this, on November 19, 2008 the Chief of the Pictou Landing First Nation wrote to the Province advising that the Pictou Landing First Nation would not agree to any further extension of the Licence and demanded that the Province end the discharge of wastewater into A'Se'K as of December 31, 2008. The letter outlined the adverse impacts of the wastewater operations on the Pictou Landing First Nation and detailed the violation of constitutionally protected aboriginal and treaty rights occasioned by the continued use of A'Se'K as a dumping place for industrial wastewater.

December 2, 2008 - Recognition of Adverse Impacts and Decision to Accommodate

94. In response, no less than three Provincial Cabinet Ministers met with the Chief of the Pictou Landing First Nation on December 2, 2008 and advised her that a Cabinet decision had been made and that the Province would relocate the settling ponds and the ASB, recognizing the long-standing adverse impacts on the Pictou Landing First Nation. The Ministers said that the Province would like the Mill to continue to operate during the time it took to build replacement facilities elsewhere. The Ministers told the Chief that the Province would appoint a negotiator to negotiate with the Pictou Landing First Nation for a reasonable timetable and work plan for decommissioning the settlement ponds and the ASB and remediating A'Se'K. The Ministers also told the Chief that the Province would make a contribution to the Pictou Landing First Nation in consideration of the further inconvenience of having wastewater discharged into A'Se'K until a new facility was completed. The Ministers advised that the project would cost at least \$90 million, but the Province was prepared to spend the money to resolve the problem. These commitments were confirmed in a letter dated December 4, 2008 from Murray Scott, Minister of Transportation and Infrastructure Renewal.

95. Relying on these promises and on the Honour of the Crown, the Pictou Landing First Nation took no immediate steps to protest the continued discharge of wastewater into A'Se'K after the Remediation Deadline expired on December 31, 2008 and in April, 2009 entered into a forbearance agreement with Northern Pulp.

March 2009 – Negotiation of Details of Accommodation Begins

96. In March, 2009 Pictou Landing First Nation entered into negotiations with a negotiator appointed by the Province as promised.

June 2009 - Failure to Implement Accommodation Decision

97. Negotiations had not progressed far by the time of the Nova Scotia General Election of June 9, 2009. Afterward negotiations ceased without explanation. Finally, in September 2009 the new Minister of Transportation and Public Works met with the Chief and Council of the Pictou Landing First Nation and assured them that solving the wastewater problem at A'Se'K was a top priority for the Province, but that he as a new Minister would need time to study the problem to ensure that the approach outlined in the letter of December 4, 2008 was the right approach. The Minister reminded Chief and Council that the Province was facing financial difficulties.

98. Relying once again on the Honour of the Crown, Pictou Landing First Nation waited in good faith for the continued implementation of the accommodation decision contained in the letter of December 4, 2008.

99. However, 6 months passed with no word from the Province. The Pictou Landing First Nation asked the Province to confirm whether or not it would honour the decision to accommodate as set out in the December 4, 2008 letter. The Province declined to take a position stating that it was still studying the matter. The Province provided the Pictou Landing First Nation with no explanation as to what process it was following to study the matter and provided

no additional information to Pictou Landing First Nation nor did it request further information from the Pictou Landing First Nation. Pictou Landing First Nation was not invited to participate in the deliberations in any way.

March 1, 2010 - Loan Agreement to Northern Pulp

100. While the silence from the Province was deafening on the clean up of A'Se'K, in the background the Province had entered into discussions with Northern Pulp aimed at providing public funds to Northern Pulp to allow Northern Pulp to buy 475,000 acres of private forestland in Nova Scotia for \$81 million. On March 1, 2010, the day of the sale, the Province announced that it had agreed to loan Northern Pulp \$75 million to purchase the land and was at the same time buying 55,000 acres of the land from Northern Pulp for \$16.5 million (the "Land Deal"). In total \$91.5 million flowed from the Province to Northern Pulp for the stated purpose of ensuring the long-term feasibility of the Mill. Of this Northern Pulp used \$81 million to buy the lands leaving it with a surplus of \$10.5 million.

The Last Straw

101. Pictou Landing First Nation had not been advised of the impending Land Deal and only learned about it when it was publicly announced the day of the sale. The Land Deal was meant to secure a long-term supply of wood for the Mill which under current operating conditions meant the long-term discharge of wastewater into A'Se'K and the continued interference with the aboriginal and treaty rights of the Pictou Landing First Nation. However, no consultation took place with Pictou Landing First Nation in respect of the Land Deal and no accommodation was made of the rights of the Pictou Landing First Nation by, for instances, requiring the changes to

eliminate or improve conditions at A'Se'K. In contrast to this, the Province had secured the assurance of Northern Pulp that it would use part of the \$10.5 million surplus from the Land Deal to reduce emissions from the stacks at the Mill. While important to those living closer to the Mill, the lowering of stack emissions would not alleviate the odour problems at I. R. No. 24 which emanate from the wastewater in A'Se'K. The Province did not require Northern Pulp to take a single step to alleviate the adverse impacts of the wastewater treatment at A'Se'K on the Pictou Landing First Nation.

102. Moreover, the Province had obviously turned its mind to the question of consultation and accommodation of aboriginal interests as the Land Deal contained a term requiring Northern Pulp to make reasonable efforts to conclude a benefits agreement with the Pictou Landing First Nation and all Nova Scotia Mi'kmaq by December 31, 2011. However, this clause was vague and left the Pictou Landing First Nation with so little bargaining strength, as the Land Deal had already been completed, that it wholly failed to accommodate the interests of the Pictou Landing First Nation, particularly in regard to adverse impacts related to the wastewater at A'Se'K.

103. To make matters worse, the \$91.5 million given by the Province to Northern Pulp on March 1, 2010 in the Land Deal was the same amount that the Province had estimated as the cost of carrying out its accommodation decision as set out in the December 4, 2008 letter.

April 19, 2010 - Demand to Terminate Licence

104. Pictou Landing First Nation was struck by the contrast between the speed and commitment shown by the Province in facilitating the Loan Deal and the lack of progress in

ending the discharge of effluent into A'Se'K despite the costs of both projects being very similar. Accordingly, on April 19, 2010, Pictou Landing First Nation asked the Province to terminate the Lease and Licence effective June 30, 2010 by giving proper notice to Northern Pulp.

June 30, 2010 – No Termination

105. June 30, 2010 passed without any changes to the discharge of wastewater into A'Se'K. No changes have taken place since. Wastewater continues to be discharged into A'Se'K at the rate of 25 million gallons per day. The Province has provided no reasons for its decision to refuse the demands of the Pictou Landing First Nation to terminate the Lease and Licence as at June 30, 2010, nor has the Province accommodated the interests of the Pictou Landing First Nation in that decision.

105A. Pictou Landing First Nation asked Canada to take legal action against the Defendants in respect of the injury, loss, damages and trespass set out herein in its capacity as legal owner of I.R. 24 and as assignee of the Assigned Claims. Canada refused to do so.

LEGAL CLAIMS

Interference with Aboriginal and Treaty Rights - Land

106. The Plaintiffs say that they have constitutional, treaty, aboriginal, statutory and Common Law rights to the use and enjoyment of lands set apart for them including I. R. No. 24, I. R. No. 24G and I. R. No. 37. These rights include the right to be free of airborne contaminants, obnoxious odours and industrial noise and the right to hunt, fish gather and harvest without

worrying that fish, game, fowl and plants found on their lands are contaminated by toxic chemicals. The Plaintiffs repeat the facts recited above and say that the Defendants, and each of them, have unjustifiably interfered with these constitutional, treaty and aboriginal rights contrary to Section 35 of the *Constitution Act*, the Treaty of 1760, the Royal Proclamation of 1761, the Royal Proclamation of 1763, the *Indian Act*, Common Law and such other treaties, proclamations and laws that may be found to be applicable on the evidence.

Interference with Aboriginal and Treaty Rights - Water

107. The Plaintiffs further say that they have constitutional, treaty, aboriginal, statutory and Common Law rights to the use and enjoyment of the waters adjacent to the lands set apart for them including the waters of A'Se'K and the Northumberland Strait. These rights include the right to hunt, fish, gather, harvest, navigate, and engage in recreational and cultural activities in and on the waters adjacent to their lands. It is an implied term of the Treaty of 1760 that the waters adjacent to the lands set aside for the use and enjoyment of the Pictou Landing First Nation would be left in their natural state so as to permit the Plaintiffs to exercise their Treaty, aboriginal, statutory and Common Law rights in and on those waters. The Plaintiffs repeat the facts recited above and say that the Defendants have interfered with these constitutional, treaty, aboriginal, statutory and Common Law rights contrary to Section 35 of the *Constitution Act*, the Treaty of 1760, the Royal Proclamation of 1761, the Royal Proclamation of 1763, the *Indian Act*, Common Law and such other treaties, proclamations and laws that may be found to be applicable on the evidence.

Transfer of Riparian Rights Void

108. The Plaintiffs say that the purported transfer of riparian rights of the Pictou Landing First Nation in 1966 was void *ab initio* as: (i) it failed to comply with the provisions of the Royal Proclamation of 1761, the Royal Proclamation of 1763, the *Indian Act* and the Common Law of aboriginal title; (ii) it was undertaken on the basis of fraudulent or negligent misrepresentations by the Province that the wastewater project to be undertaken by the Province could be undertaken without adversely affecting the use and enjoyment of I.R. No. 24, which misrepresentations were intended to, and in fact did, induce Pictou Landing First Nation to transfer its riparian rights and which it otherwise would not have done; (iii) it was undertaken on the basis of a mutual, common or unilateral mistaken belief as described in (ii) above; (iv) the Province, as a fiduciary, deceived the Pictou Landing First Nation as described in (ii) above; (v) the Province has acted in bad faith in performing its obligations under the transfer as described in (ii) above; and/or (vi) it was an unconscionable transaction for the reasons described in (ii) above and because there was an inequality of bargaining power between the Province and Pictou Landing First Nation, which the Province unfairly and inequitably used to its advantage in negotiating a transfer that was detrimental to Pictou Landing First Nation for grossly inadequate consideration.

Breach of Contract to Operate so as to Avoid Adverse Impacts

109. In the alternative, the Plaintiffs say that if the transfer of riparian rights in 1967 was not void *ab initio*, then there was an agreement between the Province and Pictou Landing First Nation governing the transfer of the riparian rights which contained an expressed or implied provision that the Province would conduct its wastewater treatment operations at A'Se'K so as to

avoid interference with the use and enjoyment of lands set apart for the Pictou Landing First Nation and would correct septic conditions that arose in A'Se'K as a result of its wastewater operations. The Plaintiffs say that Province failed to conduct its wastewater operations as agreed and that septic conditions did arise and continue to exist in A'Se'K and that the Province breached and continues to breach the agreement in failing to adequately correct those conditions and in failing to cease its wastewater operations when it became clear that the operations could not be conducted without interference with the use and enjoyment of the lands set apart for the Pictou Landing First Nation or so as to avoid septic conditions in A'Se'K.

Breach of Collateral Contract to Operate so as to Avoid Adverse Impacts

110. In the further alternative, the Plaintiffs say that if the transfer of riparian rights in 1967 was not void *ab initio* then the Province promised to operate its wastewater treatment facility at A'Se'K such that the wastewater would not interfere in anyway with the use and enjoyment of the lands set apart for the Pictou Landing First Nation near A'Se'K and further promised to correct any septic conditions that occurred in A'Se'K. These promises were made to secure the transfer of the riparian rights by Canada and formed a collateral contract between the Province and the Pictou Landing First Nation. The Plaintiffs say that the Province failed to conduct its wastewater operations as agreed and that septic conditions did arise and continue to exist in A'Se'K and that the Province breached the collateral contract in failing to adequately correct those conditions and in failing to cease its wastewater operations when it became clear that the operations could not be conducted without interference with the use and enjoyment of the lands set apart for the Pictou Landing First Nation or so as to avoid septic conditions in A'Se'K.

Misrepresentation as to Ability to Operate so as to Avoid Adverse Impacts

111. In the further alternative, the Plaintiffs say that if the transfer of riparian rights in 1967 was not void *ab initio* then the Pictou Landing First Nation was induced to consent to the transfer by the false representations of the Province and of Scott Maritimes that the wastewater operations at A'Se'K could be operated so as to avoid interference in any way with the use and enjoyment of the lands set apart for the Pictou Landing First Nation and to avoid septic conditions, which representations were false. The Pictou Landing First Nation acted on these representations to its detriment in consenting to the transfer of its riparian rights. The Plaintiffs say that the representations were fraudulent or, in the alternative, negligent and render the transfer voidable.

Nuisance

112. The Plaintiffs further say that the presence of toxins and other chemicals in the water and air and the obnoxious odours and noise associated with the wastewater operations at A'Se'K interfere and continue to interfere with the use and enjoyment of lands set apart for the Pictou Landing First Nation and adjacent waters and are nuisances.

Strict Liability

113. The Plaintiffs further say that the production of pulp at the Mill and the storage of wastewater from the pulping process at A'Se'K are inherently dangerous activities and the chemicals and pulp by-products in the wastewater are dangerous things that the Defendants produced and/or brought onto their land and which escaped into A'Se'K and the Northumberland Strait and onto the Plaintiffs' land and the Defendants are therefore strictly liable for the

damages caused by the escape of toxins, chemicals and organic matter found in the wastewater under the Rule in *Rylands v. Fletcher*.

Trespass to Land

114. The Plaintiffs further say that the flooding of reserve land and the use of I. R. 37 as a conduit for wastewater constituted a trespass to property and an intentional interference with the constitutional, treaty and aboriginal rights of the Pictou Landing First Nation.

Promises of 1991 and 1992 - Collateral Contracts

115. The Plaintiffs say that in 1991 and 1992 the Province promised the Pictou Landing First Nation that it would discontinue the discharge of wastewater from the Mill into A'Se'K and would subsequently remediate A'Se'K in order to induce the Pictou Landing First Nation to enter into a settlement agreement with Canada. Pictou Landing First Nation did enter into a settlement agreement with Canada in 1993. The Pictou Landing First Nation say that the promises made by the Province amounted to a collateral contract that has been breached by the Province.

Promises of 1993 to 1995 - Collateral Contracts

116. The Plaintiffs further say that from 1993 to 1995 the Province again promised the Pictou Landing First Nation that it would not permit the discharge of wastewater from the Mill into A'Se'K and would subsequently remediate A'Se'K by December 31, 2005 in order to induce the Pictou Landing First Nation to forbear from taking action against the Defendants to prevent the continued interference with the use and enjoyment of the lands set apart for the Pictou Landing

First Nation and with other constitutional, treaty, aboriginal, statutory, contractual, Equitable and Common Law rights of the Pictou Landing First Nation. The Pictou Landing First Nation relying on these promises did forbear from taking such action and say that these promises amount to a collateral contract which has been breached by the Province.

Fraudulent or Negligent Misrepresentation as to Feasibility of the Pipeline Proposal

117. The Plaintiffs further say that in 2000 the Province and Kimberly Clark represented to the Pictou Landing First Nation that the Pipeline Project was technically feasible in order to induce the Pictou Landing First Nation to enter into the MOU with Kimberly Clark. This representation was either false and was made fraudulently or, in the alternative, negligently. Pictou Landing First Nation entered into the MOU to its detriment in reliance on this representation and accordingly it would be inequitable to enforce the MOU.

MOU Fundamentally Breached or Frustrated

118. In the alternative, the Plaintiffs say that it was a fundamental covenant of the MOU that Kimberly Clark and its successors and assigns would take all reasonable action to ensure that the Pipeline Proposal could be carried out before the Remediation Deadline. Kimberly Clark, Neenah Paper and Northern Pulp each failed to take all reasonable steps, including but not limited to, the installation of a primary clarifier and a tertiary treatment system, to ensure that wastewater could be discharged into the channel leading from A'Se'K to the Northumberland Strait so as to permit the Pipeline Proposal to be carried out in compliance with environmental laws and regulations. The Plaintiffs say that Kimberly Clark, Neenah Paper and Northern Pulp each committed a fundamental breach of the MOU. In the further alternative the Plaintiffs say

that the MOU was frustrated by the inability of the Defendants to obtain environmental regulatory approvals for the Pipeline Proposal when such approval was a fundamental mutual assumption of the parties when entering into the MOU.

Letter of December 4, 2008 – Decision to Accommodate

119. The Province has a fiduciary, Common Law and constitutional duty flowing from s. 35(1) of the *Constitution Act, 1982*, to consult and, if indicated, accommodate the Pictou Landing First Nation, when the Province contemplates conduct that might adversely affect a treaty or aboriginal right of the Pictou Landing First Nation.

120. The Plaintiffs say that the letter of December 4, 2008 contains (a) an acknowledgement that the wastewater operations at A'Se'K have interfered, and continue to interfere, with the aboriginal and treaty rights of the Pictou Landing First Nation and (b) a written decision and promise to accommodate those interests by (i) prohibiting the discharge of wastewater into A'Se'K after allowing a reasonable time for the establishment of another facility to receive wastewater from the Mill at another location, (ii) remediating Boat Harbour and (iii) compensating the Pictou Landing First Nation for continuing adverse impacts during the period required to carry out (i) and (ii). The Province subsequently, without reason, justification or consultation with the Pictou Landing First Nation, decided not to follow its own decision and in doing so acted in bad faith, in violation of the constitutionally protected aboriginal and treaty rights of the Pictou Landing First Nation and in breach of its duty to consult and accommodate.

Letter of December 4, 2008 - Collateral Contract

121. In the alternative, the Plaintiffs say that the promises made in the letter of December 4, 2008 were made to induce the Pictou Landing First Nation to forbear from taking legal action against Northern Pulp and the Province. The Pictou Landing First Nation says that it did enter into a forbearance agreement with Northern Pulp in April, 2009 and did in fact forbear from taking action against the Province and Northern Pulp and says that the promises by the Provinces amount to a binding collateral contract which was breached by the Province.

Failure to Consult and Accommodate

122. The Plaintiffs say that the duty to consult with, and if indicated, accommodate the interests of the Pictou Landing First Nation existed since 1964 when the Province learned about the plans for the Mill and that the Province has since failed to adequately consult with or accommodate the interests of the Pictou Landing First Nation in respect of any of its decisions or actions relating to the wastewater operations at A'Se'K, including in respect of the Land Deal, and accordingly has breached its duty to consult and accommodate.

Pipeline Lease Invalid at Indian Cross Point

123. The Plaintiffs say that Pictou Landing First Nation has aboriginal title to Burying Grounds at Indian Cross Point and that the Burying Grounds were set apart for their exclusive use and enjoyment. The Plaintiffs further say that the Province had, and has, no authority by virtue of the Treaty of 1760, the Royal Proclamation of 1761, the Royal Proclamation of 1763, the *Constitution Act, 1982*, the *Indian Act* and such other treaties that might on the evidence apply, to lease any part of the Burying Grounds and that the Lease is invalid in so far as it purports to grant an interest in the Burying Grounds to Scott Maritimes and its assignees.

Continuing Trespass at Indian Cross Point

124. The Plaintiffs further say that the construction of the pipeline and the continuing use of the pipeline to transmit wastewater to A'Se'K constituted and continues to constitute a continuing trespass and a violation of the constitutionally protected aboriginal and treaty rights of the Pictou Landing First Nation.

Negligent Wastewater Operations

125. The Defendants owed a duty of care to the Plaintiffs to design, construct, operate and maintain the pipeline, the dams, the primary settling lagoon, the secondary lagoon, the settling ponds, the ASB and the finishing pond at A'Se'K (the "Wastewater Works") so as to avoid harm to the Pictou Landing First Nation. The Defendants failed to design, construct, operate and maintain the Wastewater Works in accordance with generally accepted engineering and wastewater treatment practices or otherwise so as to avoid harm to the Pictou Landing First Nation as described herein and have thereby breached the duty of care owed to the Plaintiffs. The Defendants knew or ought to have known that designing, constructing, operating and maintaining the Wastewater Works as they did, would cause foreseeable harm to the Pictou Landing First Nation and its members. As a result of the negligence of the Defendants the Plaintiffs have suffered injury, loss and damage including personal injury and economic losses.

Liability as Landlord

126. The Plaintiffs say that the Province owed a duty of care to the Plaintiffs to avoid leasing the Wastewater Works to anyone whom it knew, or ought to have known, intended to operate

and maintain the Wastewater Works in such a manner as to cause harm to the Plaintiffs. The Province knew or ought to have known that Scott Maritimes and its assignees intended to operate and maintain the Wastewater Works in such a manner as to cause harm to the Plaintiffs. Nonetheless the Province negligently entered into the Lease for the Wastewater Works with Scott Maritimes and in doing so breached its duty of care to the Plaintiffs. As a result of the negligence of the Province, Scott Maritimes and its assigns have operated and maintained the Wastewater Works under the Lease so as to cause harm to the Pictou Landing First Nation as described herein. As a result of the negligence of the Defendants the Plaintiffs have suffered injury, loss and damage including personal injury and economic losses.

127. In the alternative the Plaintiffs say that in so far as the Defendants other than the Province (the “Lessee Defendants”) are liable to the Plaintiffs for damages arising from the operation and maintenance of the Wastewater Works whether for interference with aboriginal and treaty rights, negligence, nuisance, interference with riparian rights, causing damage under the rule in *Rylands v. Fletcher*, breach of contract, negligent or fraudulent misrepresentation or such other claims as may appear just on the evidence, the Plaintiffs say that the Province is vicariously liable as a landlord for injury, loss and damage occasioned by the Lessee Defendants, when it knew or ought to have known that the Lessee Defendants intended to use the Wastewater Works in such a way as to give rise to the said claims.

Peace of Mind Agreements

128. The Plaintiffs say that the treaties, agreements and contracts referred to herein were intended by the parties thereto to provide the Pictou Landing First Nation with peace of mind and

the parties contemplated that the breach of same would lead to mental suffering and anguish on the part of members of the Pictou Landing First Nation.

Fiduciary Duty and Utmost Good Faith

129. The Province at all times owed the Plaintiffs a fiduciary duty to act honourably and with the utmost good faith in its dealings with the Plaintiffs, including the duty to advise Pictou Landing First Nation in a timely manner of any action being contemplated by the Province which could adversely impact the interests of the Pictou Landing First Nation, the duty to fully disclose relevant information in its possession to the Plaintiffs so that the Plaintiffs could make informed decisions in respect of the contemplated uses of A'Se'K, the duty to be honest and forthright in its dealings with the Pictou Landing First Nation, the duty not to make arbitrary decisions and the duty to provide reasons for any decision which could have a material impact on the Pictou Landing First Nation. The Plaintiffs repeat the facts recited herein and say that the Province has breached its fiduciary duty, has failed to act honourably and has acted in bad faith throughout.

Loss and Damage

130. The Plaintiffs have suffered loss and damage as a result of the above including, but not limited to:

- (a) loss of the use and enjoyment of land;
- (b) loss of riparian rights;
- (c) loss of ability to harvest fish in or near A'Se'K due to total destruction of the shellfish and fish habitat in and near A'Se'K;
- (d) loss of navigational rights;

- (e) loss of a preferred mooring place for fishing and other vessels which forced some Pictou Landing First Nation fishermen to abandon commercial fishing due to a lack of alternative places to safely moor boats;
- (f) loss of recreational rights in and around A'Se'K and Lighthouse Beach;
- (g) loss of economic opportunities including opportunities arising (i) from the Plaintiffs' right to harvest and sell or trade fish as part of their treaty and aboriginal rights; (ii) from the location of the community next to Lighthouse Beach; and (iii) from the potential for land development;
- (h) diminution in land values;
- (i) loss of culturally significant natural resources including A'Se'K and the Burying Grounds;
- (j) loss of cultural identity;
- (k) loss of independence;
- (l) mental anguish;
- (m) personal injury or risk of personal injury from exposure to toxic chemicals from the wastewater; and
- (n) anxiety, stress and worry due to the unknown effects of living next to toxic wastewater and inhaling contaminated air.

131. The Defendants have wrongfully received revenues from the unjustified infringement of the Plaintiffs' rights. In addition, the Defendants have saved hundreds of millions of dollars by failing to make alternative arrangements for the discharge of wastewater in a manner that would not interfere with the rights of the Pictou Landing First Nation.

Legislation

132. The Plaintiffs plead and rely upon the following constitutional and legislative enactments and their predecessors and any amendments:

- (a) the *Indian Act*, R.S.C. 1985, c. I-5;
- (b) the *Constitution Act, 1867*;
- (c) the *Constitution Act, 1982*;
- (d) the Royal Proclamation of 1761;
- (e) the Royal Proclamation of 1763;
- (f) the *Environment Act*, S.N.S. 1994-95, c.1;
- (g) the *Human Rights Act*, R.S.N.S. 1989, c. 214;
- (h) the *Boat Harbour Act*, S.N.S. 2015, c. 4 and
- (i) other legislative enactments to be specified by legal counsel for the Plaintiffs.

Assignment to Canada

132A. The Plaintiffs say that the assignment of the Assigned Claims was invalid and ineffective and did not in law effect the assignment of the causes of action set out herein to Canada. In the alternative, if any of the Assigned Claims were in law and fact assigned to Canada, which the Plaintiffs deny, to the extent they were assigned, the compensation received from Canada was less than the actual damages suffered by the Plaintiffs and accordingly Canada owes a fiduciary duty to the Plaintiffs when deciding whether or not to pursue legal action in respect of the Assigned Claims to take into account the actual damages suffered by the Plaintiffs and the inability of the Plaintiffs to bring legal action on their own without the consent of Canada. The Plaintiffs further say that Canada owes a fiduciary duty to the Plaintiffs to protect the interests of

the Pictou Landing First Nation in and to A'Se'K and I.R. 24 including by means of taking legal action against the other Defendants.

RELIEF SOUGHT

133. The Plaintiffs claim an order providing the following remedies against the Defendants:

Declarations as to Aboriginal and Treaty Rights

- (a) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have an un-extinguished aboriginal and treaty right to reside on I. R. No. 24 free from airborne contaminants, including but not limited to sulphur compounds and mercaptins, which adversely affect the use and enjoyment of I. R. No. 24.
- (b) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have an un-extinguished aboriginal and treaty right to reside on I. R. No. 24 free from industrial noises which adversely affect the use and enjoyment of I. R. No. 24.
- (c) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have an un-extinguished aboriginal and treaty right to use and enjoy the waters of A'Se'K in their natural state.
- (d) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have an un-extinguished aboriginal and treaty right to maintain and protect the fish habitat in A'Se'K, in the channel leading from A'Se'K to the Northumberland Strait and in the Northumberland Strait adjacent I. R. No. 24.
- (e) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have an un-extinguished aboriginal or treaty right to maintain and protect the shellfish habitat in and around A'Se'K, in and around the channel leading from

A'Se'K to the Northumberland Strait and in and around the Northumberland Strait adjacent I. R. No. 24.

(f) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have an un-extinguished aboriginal and treaty right to use and enjoy the waters of the Northumberland Strait adjacent to I. R. No. 24 in their natural state.

(g) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have an un-extinguished aboriginal or treaty right to navigate in the waters of A'Se'K including the right to access A'Se'K by boat from the Northumberland Strait.

(h) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have un-extinguished aboriginal title to the Burying Grounds.

(i) In the alternative, a declaration as to the aboriginal and treaty rights of the Pictou Landing First Nation in and to the Burying Grounds since 1966.

Declarations as to Riparian and Littoral Rights

(j) A declaration that the Pictou landing First Nation has had since 1966 and continues to have riparian rights in and to the waters of A'Se'K.

(k) A declaration that the Pictou Landing First Nation has had since 1966 and continues to have littoral rights in and to the waters of the Northumberland Strait adjacent I. R. No. 24.

Declaration as to Transfer of Riparian Rights in 1966

(l) A declaration that the purported transfer of riparian rights in and to the waters of A'Se'K to the Province in 1966 is void *ab initio* and is of no force and effect as: (i) it failed to comply with the provisions of the *Indian Act*, the Royal

Proclamation of 1761 and the Royal Proclamation of 1763; (ii) it was undertaken on the basis of fraudulent or negligent misrepresentations by the Province; (iii) it was undertaken on the basis of a mutual, common or unilateral mistaken belief that the wastewater project to be undertaken by the Province could be undertaken without adversely affecting the use and enjoyment of I. R. No. 24; (iv) the Province, as a fiduciary, deceived the Pictou Landing First Nation; (v) the Province has acted in bad faith in performing its obligations under the transfer; and/or (vi) it was an unconscionable transaction.

Declarations as to Contractual Obligations

(m) In the alternative, if the transfer of riparian rights in and to the waters of A'Se'K to the Province in 1966 is not void *ab initio*, a declaration that it was a term of the transfer, or a term of a contract collateral to the transfer agreement, that the Province would not allow conditions in A'Se'K to adversely impact the use and enjoyment of I. R. No. 24 by the Pictou Landing First Nation, would remedy any septic conditions that arose in A'Se'K and would build a slipway for boats to enter and leave A'Se'K.

(n) A declaration that the promises by the Province in 1991 and 1992 to end the discharge of wastewater into A'Se'K and thereafter to remediate A'Se'K and return it to its natural state at the end of the Wastewater Agreement amounted to a binding contract collateral to the 1993 settlement agreement with Canada.

(o) A declaration that the MOU is void *ab initio* and is of no force and effect as: (i) it failed to comply with the provisions of the *Indian Act*, the Royal Proclamation of 1761 and the Royal Proclamation of 1763; (ii) it was undertaken on the basis of fraudulent or negligent misrepresentations by the Province and Kimberly Clark Inc. as to the feasibility of the Pipeline Project; (iii) it was undertaken on the basis of a mutual, common or unilateral mistaken belief that the Pipeline Project could be carried in compliance with applicable environmental laws; (iv) Kimberly

Clark Inc. and its assigns acted in bad faith in performing their obligations under the MOU; and/or (v) it was an unconscionable transaction.

(p) A declaration that the promise by the Province to end the discharge of wastewater into A'Se'K and thereafter to remediate A'Se'K and return it to its natural state within a reasonable period of time after December 31, 2008 and to compensate the Pictou Landing First Nation for the adverse impacts associated with wastewater in A'Se'K until such time as remediation was complete, amounted to a binding contract collateral to the 2009 forbearance agreement with Northern Pulp.

Declarations as to the Duty to Consult and Accommodate

(q) A declaration that the Province has since 1966 owed and still owes the Pictou Landing First Nation a duty to consult with the Pictou Landing First Nation and, if indicated, accommodate the interests of the Pictou Landing First Nation in respect of all of its decisions and actions when it recognized or ought to have a recognized that the decision or action could adversely affect the claimed or established aboriginal and treaty rights of the Pictou Landing First Nation.

(r) A declaration that in consulting with and accommodating the interests of the Pictou Landing First Nation, the Province had and has a duty to take into account, among other things:

- i. the cumulative effect of government decisions and actions over time;
- ii. the failure of the Province to set apart any land for the benefit of the ancestors of the Pictou Landing First Nation in and around A'Se'K when granting lands to settlers in the 1700's;
- iii. the failure of the Province to set apart and protect the Burying Grounds for the benefit of the ancestors of the Pictou Landing First Nation since the 1700's;
- iv. the fact that despite the Crown grants to settlers the ancestors of the Pictou Landing First Nation continued to occupy, hunt, fish, gather and harvest

on lands around A'Se'K for nearly 100 years after the settlers arrived until land was finally set apart for them;

- v. the failure of the Province to set apart an adequate amount of land when 50 acres was finally set apart in 1866;
- vi. the fact that all reserve lands were purchased with "Indian money" and were not a "gift" from the Crown;
- vii. the inability of the lands set apart for the Pictou landing First Nation to provide sufficient natural resources to sustain the Pictou Landing First Nation at even a subsistence level;
- viii. the dependence of the Pictou Landing First Nation on the Crown for support;
- ix. the lack of any economic benefits from the operation of the Mill or the facilities at A'Se'K;
- x. the fact that the Pictou Landing First Nation have no other lands on which to reside due the pattern of land development permitted by the Province;
- xi. the expense, inconvenience and social costs of relocating the community or mitigating against the adverse effects of the wastewater in A'Se'K;
- xii. the historical and spiritual connection of the Pictou Landing First Nation to A'Se'K;
- xiii. the fact that Pictou Landing First Nation were limited as to where they could fish, hunt and trap by government regulation and the granting of land;
- xiv. the social impact of large-scale industrial projects on aboriginal communities;
- xv. the social impact of government sponsored environmental contamination on communities;
- xvi. the lack of scientific understanding of the long-term effects of environmental contaminants on the health of people exposed to them;
- xvii. the difficulty of establishing actual harm from environmental contamination;
- xviii. the known risks associated with environmental contamination;

- xix. the polluter pays principle;
 - xx. the precautionary principle requiring that where there are threats of serious or irreversible damage, the lack of full scientific certainty shall not be used as a reason for postponing measures to prevent environmental degradation,;
 - xxi. the rights of aboriginal people as protected by the Nova Scotia *Human Rights Act*, the *Canadian Charter of Rights and Freedoms*, the *Constitution Act, 1982*, international law governing the recognition and protection of the rights of indigenous peoples, the Royal Proclamations of 1761 and 1763 and the assurances provided by Chief Justice Belcher.
- (s) A declaration that the Province had, and where applicable continues to have, a duty to consult and, if indicated, accommodate the interests of the Pictou Landing First Nation with respect to:
- i. the selection of A'Se'K as the receiving waters for wastewater from the Mill;
 - ii. the design and construction of the dams, the primary settling lagoon and the secondary lagoon;
 - iii. the selection of the pipeline route;
 - iv. the construction of the pipeline through the Burying Grounds;
 - v. the design and construction of a ditch across I. R. No. 37;
 - vi. the discharge of wastewater into a ditch on I. R. No. 37;
 - vii. the regulation of water levels in A'Se'K;
 - viii. the flooding of I. R. No. 24, I. R. No. 24G and I. R. No. 37;
 - ix. the refusal to build a slipway at the channel leading to A'Se'K from the Northumberland Strait;
 - x. the Wastewater Agreement of 1970;
 - xi. the design and construction of modifications to the wastewater facilities at A'Se'K including the replacement of the primary settling lagoon with two primary settling ponds, the creation of the ASB; the installation of mechanical aerators;

- xii. the operation of the wastewater facilities;
- xiii. the extension of the Wastewater Agreement in 1995;
- xiv. the Lease;
- xv. the Licence;
- xvi. the operating approval for the Mill and the wastewater facilities at A'Se'K issued under the *Environment Act* including any alteration or renewal thereof;
- xvii. the approval of the transfer of the Mill and the assignment of the Lease and the Licence from Scott Maritimes to Kimberly Clark;
- xviii. the lease extension agreement of 2002;
- xix. the approval of the transfer of the Mill and the assignment of the Lease and Licence from Kimberly Clark to Neenah Paper;
- xx. the decision to allow Neenah Paper to continue to discharge wastewater into A'Se'K after the Licence expired on December 31, 2005;
- xxi. the decision to extend the Licence on a month-to-month basis in May 2008;
- xxii. the ongoing decision since May 2008 not to cancel the month-to-month Licence;
- xxiii. the ongoing decision not to implement the commitments made in 1966, 1991, 1992 and 1995 to stop the discharge of wastewater into A'Se'K and thereafter to remediate it;
- xxiv. the on-going decision not to proceed with the accommodation of the aboriginal and treaty rights of the Pictou Landing First Nation as decided and promised to the Pictou Landing First Nation as set out in the December 4, 2008 letter; and
- xxv. the decision to provide funding to Northern Pulp in the Land Deal.

(t) A declaration that the Province is under a continuing duty to consult and accommodate the interests of the Pictou Landing First Nation, despite the institution of the within proceedings, including a duty to consult and accommodate in regard to:

- i. the ongoing decision whether to terminate the month-to-month Licence;

- ii. changes to the terms and conditions of the month-to-month Licence, the Lease, the operating approval under the *Environment Act* and any other licence, permit or approval associated with the Mill, the pipeline or the wastewater treatment facilities at A'Se'K;
- iii. the ongoing decision whether or not to prevent the discharge of wastewater into A'Se'K;
- iv. the ongoing decision whether or not to monitor the environmental and health impacts of the wastewater in A'Se'K;
- v. a decision whether or not to enforce any rights under the month-to-month Licence, the Lease, the operating approval under the *Environment Act* and any other licence, permit, approval, statutory, common law or equitable right associated with the Mill, the pipeline or the wastewater treatment facilities at A'Se'K;
- vi. the selection, planning, design and construction of any alternative location or facility for the discharge of wastewater from the Mill into the waters of the Northumberland Strait;
- vii. the remediation of A'Se'K;
- viii. the return of A'Se'K to its natural state;
- ix. any changes to or enforcement of any loan or other agreement associated with the Land Deal; and
- x. any other decision concerning the operations of the Mill or the discharge of wastewater from the Mill as long as wastewater continues to be discharged into A'Se'K or into the waters of the Northumberland Strait so as to interfere with the aboriginal and treaty rights of the Pictou Landing First Nation.

Declarations as to Violation of Aboriginal, Treaty, Common Law, Contractual and Other Rights

(u) A declaration that the Defendants, or such of them as appears from the evidence, have violated and interfered with the aboriginal and treaty rights of the Pictou Landing First Nation to occupy, hunt, fish, gather and harvest, to use and enjoy

the lands set apart for them and to use and enjoy the waters of A'Se'K and the Northumberland Strait in their natural state, by:

- i. building dams and introducing mechanical and other engineered structures in A'Se'K to alter the natural state of A'Se'K;
- ii. constructing a pipeline through the Burying Grounds;
- iii. constructing a ditch across I. R. No. 37;
- iv. permitting wastewater containing toxins and other chemicals and organic matter from the Mill to be discharged onto I. R. No. 37;
- v. permitting wastewater containing toxins and other chemicals and organic matter from the Mill to be discharged into A'Se'K beginning in 1967;
- vi. permitting wastewater containing toxins and other chemicals and organic matter from the Mill to be discharged into the Northumberland Strait;
- vii. permitting wastewater containing toxins and other chemicals and organic matter from the Mill to flood portions of I. R. No. 24, I. R. No. 24G and I. R. No. 37;
- viii. allowing noxious gasses to escape from the wastewater and contaminant the air on I. R. No. 24 and other lands set apart for the Pictou Landing First Nation;
- ix. destroying of the fish and shellfish habitat in and around A'Se'K and the Northumberland Strait including in the channel leading to the Northumberland Strait.

(v) A declaration that the Defendants, or such of them as appears from the evidence, have trespassed on I. R. No. 24, I. R. No. 24G, I. R. No. 37 and the Burying Grounds by:

- i. entering upon and constructing a pipeline through the Burying Grounds;
- ii. entering upon and constructing a ditch across I. R. No. 37; and
- iii. flooding I. R. No. 24, I. R. No. 24G and I. R. No. 37.

(w) A declaration that the Defendants, or such of them as appears from the evidence, have interfered with the riparian rights of the Pictou Landing First Nation and more particularly, the right to:

- i. navigation in and on A'Se'K and the channel leading from A'Se'K to the Northumberland Strait;
- ii. take fish including shellfish from the waters and bed of A'Se'K; and
- iii. clean water in its natural state for swimming and other recreational uses in A'Se'K.

(x) A declaration that the Defendants, or such of them as appears from the evidence, have interfered with the littoral rights of the Pictou Landing First Nation and more particularly, the right to:

- i. take fish including shellfish from the waters and bed of the Northumberland Strait adjacent I. R. No. 24; and
- ii. clean water in its natural state for swimming and other recreational uses in the Northumberland Strait adjacent I. R. No. 24.

(y) A declaration that the Defendants, or such of them as appears from the evidence, are liable for damage caused by the escape of wastewater from the Mill under the rule in *Rhylands v. Fletcher*.

(z) A declaration that the Province fundamentally breached the transfer of riparian rights agreement of 1966 and the same is rescinded.

(aa) A declaration that the Province has breached the collateral contracts of 1992 and 1993.

(bb) A declaration the MOU has been rescinded.

(cc) A declaration that the Province has breached the collateral contract contained in the letter of December 4, 2008.

Declarations as to Violation of Equitable Rights

(dd) A declaration that the Province breached its fiduciary duties to the Pictou Landing First Nation in respect of the wastewater operations at A'Se'K.

(ee) A declaration that the Province breached its duty to consult with and accommodate the Pictou Landing First Nation in respect of the wastewater operations at A'Se'K.

(ff) A declaration that the Province breached its duty to act with the utmost good faith and in an honourable way in its dealings with Pictou Landing First Nation in respect of the wastewater operations at A'Se'K.

Declarations as to Relief

(gg) An interim and permanent injunction restraining Northern Pulp from discharging wastewater into A'Se'K including into the settling ponds, the ASB and the finishing pond.

(hh) An interim and permanent injunction restraining Northern Pulp from discharging wastewater into the Northumberland Strait so as to contaminate the waters adjacent I. R. No. 24.

(ii) A declaration that the Burying Grounds are owned by Canada for the benefit of the Pictou Landing First Nation.

(jj) A declaration that neither the Province nor Northern Pulp have an interest in the Burying Grounds and that the Lease is void in so far as it purports to grant an interest in the Burying Grounds.

- (kk) An interim and permanent injunction restraining Northern Pulp and/or the Province from discharging wastewater through that section of the pipeline which passes through the Burying Grounds.
- (ll) A mandatory injunction and order requiring Northern Pulp and/or the Province to remove the pipeline from the Burying Grounds and to restore the Burying Grounds to their natural state free of contamination.
- (mm) An order quashing the Lease and month-to-month Licence.
- (nn) An order requiring the Province to take immediate steps to prevent the continued discharge of wastewater into A'Se'K.
- (oo) An order requiring the Province to consult with and accommodate the Pictou Landing First Nation and an order that any Party may apply to this Court for further directions, advice or orders in respect of the conduct of the consultation and the substance of the accommodation required;
- (pp) An order that the Defendants develop and implement a remediation plan in consultation with the Plaintiffs to remediate damage caused to A'Se'K, I. R. No. 24, I. R. No 24G and I. R. No. 37 and to restore A'Se'K to its natural state.
- (qq) A declaration that each of the Defendants has wrongfully received revenues from the unjustified infringement of the aboriginal, treaty and other rights of the Plaintiffs, and holds these revenues as a constructive trustee for the Plaintiffs, and an order for each of the Defendants to provide an accounting of all revenues received in relation to wastewater operations at A'Se'K and to disgorge all of those revenues, with interest, to the Plaintiffs.

- (rr) A declaration against the Province as to the quantum of general, special, aggravated and punitive damages and equitable compensation.
- (ss) Judgment against all other Defendants for general, special, aggravated and punitive damages and equitable compensation.
- (tt) Costs on a solicitor and own client basis including advanced costs.
- (uu) Prejudgment interest.
- (vv) Such further and other relief as this Honourable Court deems just.

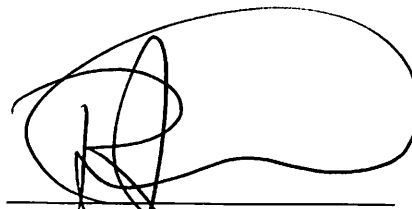
133. The Plaintiffs claim an order providing the following remedies against Canada:

- (a) A declaration that the assignment of the Assigned Claims was void, invalid and of no force or effect.
- (b) A declaration that Canada has a fiduciary duty to take legal action in respect of the Assigned Claims.
- (c) A declaration that Canada has a fiduciary duty to take legal action to protect the interests of the Plaintiffs in and to A'Se'K and I.R. 24.
- (d) A declaration that Canada has breached its fiduciary duty to the Plaintiffs in failing to take legal action in respect of the Assigned Claims.
- (e) A declaration that Canada has breached its fiduciary duty to the Plaintiffs in failing to take legal action to protect the interests of the Plaintiffs in and to A'Se'K and I.R. 24.
- (f) A declaration as to the quantum of general, special, aggravated and punitive damages and equitable compensation.

- (g) Costs on a solicitor and own client basis.
- (h) Prejudgment interest.
- (i) Such further and other relief as this Honourable Court deems just.

Signature

Signed at Halifax, this 15th day of February, 2019.



BRIAN J. HEBERT
McKiggan Hebert
Purdy's Wharf, Tower I
502-1959 Upper Water Street
Halifax, NS B3J 3N2
Tel. 902 423 2050
Fax: 902 423 6707

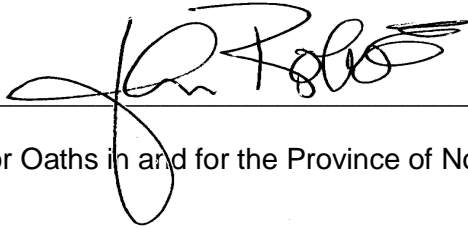
Counsel for the Plaintiffs

TO: The Attorney General for the Province of Nova Scotia
AND TO: Northern Pulp Nova Scotia Corporation
AND TO: Neenah Paper Company of Canada
AND TO: Kimberly-Clark Inc.
AND TO: Kimberly-Clark Nova Scotia Incorporated

This is Exhibit "S" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. Rolo", is written over a horizontal line. The signature is stylized with a large loop at the end.

A Commissioner for Oaths in and for the Province of Nova Scotia



NORTHERN PULP
NOVA SCOTIA CORPORATION
A PAPER EXCELLENCE COMPANY

August 27, 2021

Honourable Lloyd Hines
Minister, Transportation and Active Transit
2nd Floor, Johnston Building
1672 Granville Street
P.O. Box 186
Halifax, NS
B3J 2N2

Dear Minister:

Re: Claim Pursuant to Indemnity Agreement - PLFN Litigation

Her Majesty the Queen in right of the Province of Nova Scotia as represented by the Minister of Supply and Services (the "**Province**") granted to Northern Pulp Nova Scotia Corporation (the "**Company**"), as the successor to Scott Maritimes Limited, a lease to use certain lands (the "**Property**") and rights to the use of the Boat Harbour Effluent Treatment Facility (the "**Facility**") situated on the Property for the reception and treatment of effluent from the Company's pulp mill (the "**Mill**"), for a term ending on December 31, 2030 and indemnifications and other rights and benefits related thereto pursuant to the terms and conditions set forth in a Memorandum of Understanding dated December 1, 1995 between the Province and Scott Maritimes Limited (the "**MOU**"), a Lease Agreement dated December 31, 1995 between the Province and Scott Maritimes Limited (as amended, the "**Lease**", together with the MOU, the "**Agreements**") and an Indemnity Agreement dated December 31, 1995 between the Province and Scott Maritimes Limited (the "**Indemnity**"), which rights are specifically reserved. By an acknowledgement agreement dated May 12, 2008 (the "**Acknowledgement Agreement**"), the Province acknowledged, agreed and confirmed that NPNS LP, its affiliates and the Company (collectively, the "**Purchaser**") were entitled to the full benefit of all the rights and remedies of Scott Maritimes Limited under each of the above described agreements between the Province and Scott Maritimes Limited in connection with the Facility, and that terms identified on Schedule A to the Acknowledgement Agreement should operate for the full benefit of the Purchaser and its successors and assigns.

The purpose of this letter is to demand that the Province indemnify the Company for claims and expenses in connection with the PLFN Litigation (as defined below) and confirm its intention to do so.

Pictou Landing First Nation (“**PLFN**”) commenced an action against the Attorney General of Nova Scotia, representing the Province, the Company, Neenah Paper Company of Canada, Kimberley-Clarke Inc., Kimberly Clark Nova Scotia Incorporated and Attorney General of Nova Scotia, representing Her Majesty the Queen in right of Canada, pursuant to a Notice of Action and Statement of Claim dated September 9, 2010 which was amended August 29, 2012 and February 15, 2019 (the “**PLFN Litigation**”). Other than an advanced cost motion by PLFN in 2014 which was dismissed, there have been no further steps in the proceeding prior to the commencement of the CCAA proceedings.

PLFN through its counsel, Brian Hebert, has indicated that the Company should pay some portion of the damages sought in the PLFN Litigation arising from the use of Boat Harbour and its adverse impacts on PLFN since 2008, and has inquired whether the Company is interested in settling the PLFN Litigation through an advance from its debtor in possession financing.

The Company hereby demands that the Province confirm that (i) the claims, actions and causes of action of PLFN against the Company pursuant to the PLFN Litigation (“**Indemnified Claims**”) arise with respect to or as a direct or indirect result of the construction, location or existence of the Facility or the past operation of the Facility by the Province for which the Province is liable under the Indemnity and Acknowledgement Agreement, (ii) the Province will indemnify and hold the Company harmless from and against the Indemnified Claims and (iii) any damages, (including, without limitation, lost profits, consequential damages, interest, penalties, fines, monetary sanctions, and amounts paid to settle the Indemnified Claims) will be losses suffered and/or liabilities and costs incurred with respect to or as a direct or indirect result of the construction, location or existence of the Facility or the past operation of the Facility by the Province for which the Province is liable under the Indemnity and Acknowledgement Agreement and will be paid by the Province without set-off. Please provide confirmation at your earliest opportunity and no later than September 10, 2021.

This letter shall not be construed as a waiver of any rights that the Company has under existing agreements with the Province or otherwise.

Yours truly,

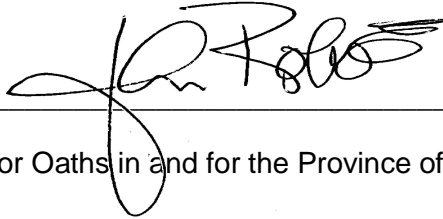
**NORTHERN PULP NOVA SCOTIA
CORPORATION**

By: 
Name: Bruce Chapman
Title: General Manager

This is Exhibit "T" referred to in the Affidavit of

Bruce Chapman

sworn before me this 18th day of October, 2021.

A handwritten signature in black ink, appearing to read "John F. Falaris", is written over a horizontal line. The signature is stylized with a large loop at the beginning and a long, sweeping tail that extends downwards.

A Commissioner for Oaths in and for the Province of Nova Scotia

THIS AMENDING AGREEMENT is made effective as of October 29, 2021

BETWEEN:

**1057863 B.C. LTD., NORTHERN RESOURCES NOVA SCOTIA CORPORATION,
NORTHERN PULP NOVA SCOTIA CORPORATION, NORTHERN TIMBER NOVA
SCOTIA CORPORATION, 3253527 NOVA SCOTIA LIMITED, 3243722 NOVA SCOTIA
LIMITED, AND NORTHERN PULP NS GP ULC**
(collectively, the "**Borrowers**")

- and -

PAPER EXCELLENCE CANADA HOLDINGS CORPORATION
(the "**Agent**", in its capacity as such)

- and -

**PAPER EXCELLENCE CANADA HOLDINGS CORPORATION AND PACIFIC
HARBOR NORTH AMERICAN RESOURCES LTD., together with one or more other
financial institutions or investment funds as selected by the Agent**
(collectively the "**Lenders**")

WHEREAS the Borrowers, the Agent, and the Lenders entered into a Debtor-In-Possession Financing Term Sheet made effective as of August 6, 2020 as amended by an amending agreement dated April 22, 2021 (as amended, the "**DIP Term Sheet**");

AND WHEREAS the Borrowers, the Agent and the Lenders are desirous of amending the DIP Term Sheet pursuant to and in accordance with the terms and conditions stated herein;

NOW THEREFORE this Amending Agreement witnesses that in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 INTERPRETATION

- 1.1 All capitalized terms used herein and in the Recitals hereto without express definition shall have the same meaning(s) herein as are ascribed to such terms in the DIP Term Sheet.
- 1.2 The division of this Amending Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement. The terms "this Amending Agreement", "hereof", "hereunder" and similar expressions refer to this Amending Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto.

ARTICLE 2 AMENDMENTS

- 2.1 Section 10 (Purpose of the DIP Facility) of the DIP Term Sheet and is hereby deleted and replaced with the following:

Subject to the terms and conditions set forth in this Term Sheet, advances are to be made available pursuant to the DIP Facility based on the cash flow projections to be approved by the Agent (for and on behalf of the Lenders) and filed in support of the Borrowers' application for the Initial Order, subsequent orders issued in the CCAA Proceedings or any other cash flow projections that the Agent (on behalf of the Lenders) requests of the Borrowers for the purposes of the DIP Facility, as the case may be (the "**Cash Flow Projections**"), to pay costs and expenses associated with (a) the shutdown of the or the Boat Harbour Effluent Treatment Facility and hibernation of operations at the pulp mill (the "**Mill**") site owned by Northern Pulp, (b) environmental protection and compliance, (c) identifying, designing, and obtaining approvals for the advanced Replacement ETF and transformation of the overall Mill operation to become an "Environmentally Best in Class" Canadian operation substantially as described in the project description filed with the Nova Scotia Department of Environment and Climate Change on May 14, 2021 with such amendments thereto as are consented to by the Lender in writing in its sole and unfettered discretion (the "**Project**"), (d) the evaluation, prosecution, settlement or progression of claims and other legal remedies that may be available to the Borrowers and to pay transaction costs, fees and expenses, including Permitted Fees and Expenses (as defined below) and professional fees, and (e) fees and expenses of the Arranger and the Lenders pursuant to the terms of this Term Sheet incurred in connection with the DIP Facility, the CCAA Proceedings and all transactions contemplated thereunder.

- 2.2 The date "October 31, 2021" in Section 25(1) of the DIP Term Sheet and is hereby deleted and replaced with the date "April 30, 2022".

ARTICLE 3 CONDITIONS PRECEDENT

- 3.1 This Amending Agreement shall not be effective as against either the Agent or the Lenders unless and until it is approved by the Court in the CCAA Proceedings.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

- 4.1 Each of the Borrowers hereby represent and warrant to the Agent and each of the Lenders that:
- (a) they are validly existing and in good standing under the laws of its governing jurisdiction;
 - (b) they have the full power, legal right and authority to enter into this Amending Agreement and do all such acts and things as are required by this Amending Agreement to be done, observed or performed in accordance with the terms hereof;

- (c) no Event of Default is occurring or continuing under the DIP Term Sheet.

**ARTICLE 5
GENERAL**

- 5.1 The parties hereto agree that all other terms of the DIP Term Sheet remain in full force and effect, without amendment, and that this Amending Agreement does not waive or otherwise modify any rights or obligations under the DIP Term Sheet other than as provided for in Article 2 herein.
- 5.2 The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are reasonably required in order to effect the full intent of and fully perform and carry out the terms of this Amending Agreement.
- 5.3 This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties hereby attorn to the non-exclusive jurisdiction of the Court.
- 5.4 This Amending Agreement may be executed and delivered by the parties in separate counterparts, each of such counterparts when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. Delivery of an executed copy of this Amending Agreement or any counterpart to any party may be by facsimile or email PDF format.

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Signature Page to the Amending Agreement, made effective as of the date first written above.

**PAPER EXCELLENCE CANADA HOLDINGS
CORPORATION, AS AGENT**

Per: _____
Name:
Title:

**PAPER EXCELLENCE CANADA HOLDINGS
CORPORATION, AS LENDER**

Per: _____
Name:
Title:

**PACIFIC HARBOR NORTH AMERICAN
RESOURCES LTD., AS LENDER**

Per: _____
Name:
Title:

1057863 B.C. LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**NORTHERN RESOURCES NOVA SCOTIA
CORPORATION**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

**NORTHERN PULP NOVA SCOTIA
CORPORATION**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

**NORTHERN TIMBER NOVA SCOTIA
CORPORATION**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

3253527 NOVA SCOTIA LIMITED

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

3243722 NOVA SCOTIA LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

NORTHERN PULP NS GP ULC

Per: _____
Name:
Title:

Per: _____
Name:
Title: