

This is the 13th affidavit of
Bruce Chapman in this case and
was made on October 24, 2022

NO. S-206189
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

A F F I D A V I T

I, **Bruce Chapman**, business person, of Dartmouth, 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, June 30, 2020, July 17, 2020 (the “**Fourth Chapman Affidavit**”), July 23, 2020, July 30, 2020, September 18, 2020, December 4, 2020 (the “**Eighth Chapman Affidavit**”), April 13, 2021 (the “**Ninth Chapman Affidavit**”), October 18, 2021 (the “**Tenth Chapman Affidavit**”), February 3, 2022 and October 26, 2022 (the “**Twelfth Chapman Affidavit**”), each of which was filed in these proceedings (the “**CCAA Proceedings**”). Attached hereto and marked as Exhibit “A” is a listing of various acronyms used in my previous Affidavits and in this Affidavit.

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

- (a) extending the relief pronounced under the ARIO, including the Stay Period, until and including April 30, 2023;
- (b) approving aggregate new additional advances of \$7 million under the Interim Financing Facility (in addition to the \$5 million unused advance authorized in the April 2022 Order);
- (c) approving an amended and restated Interim Financing Term Sheet described herein to extend the first and second milestone dates from October 31, 2022 to April 30, 2023, and extend the maturity date from October 31, 2022 to April 30, 2023;
- (d) approving an amended and restated Subordinated Interim Financing Term Sheet described herein to extend the maturity date from October 31, 2022 to April 30, 2023; and
- (e) authorizing the use of 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 engage in the Mediation Process, and if not successfully resolved pursuant to the Mediation Process, to preserve and enforce their legal rights against the Province pursuant to the Paused Matters (as defined herein) or as set forth in the Statement of Claim (collectively, “**Dispute Resolution**”).

3. I swear this Affidavit for the purposes identified at paragraph 2 of this Affidavit, and not for any other or improper purpose.

4. 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 pronounced on April 29, 2022 (the "**April 2022 Order**"), pursuant to which the Stay Period was extended until and including October 31, 2022. On August 6, 2020, this Honourable Court pronounced 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. This Honourable Court pronounced an order on April 1, 2022 (the "**Mediation Order**"), among other things, appointing the Honourable Thomas Cromwell, CC (the "**Mediator**") to act as a neutral third party to mediate a settlement of the Mediation Claims (as defined in the Mediation Order) between the Petitioners, the Province, Hervey, PEC, and any other person who becomes a Mediation Party (as defined below) pursuant to the terms of the Mediation Order (the "**Mediation Process**").

5. 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 for re-starting the Mill. The re-starting of the Mill has been and remains the objective for the Petitioners in these CCAA Proceedings. In order to re-start the Mill, it is critical that the Petitioners (i) obtain all regulatory approvals required to commence construction of the Project and operation of the Mill, (ii) negotiate an acceptable settlement of their legal disputes with the Province and satisfy conditions precedent thereto and (iii) obtain additional financing required to construct the Project.

6. Since the issuance of the April 2022 Order, the Petitioners have taken a number of significant actions to advance their contemplated restructuring with the assistance of the Mediator, the Monitor, their EA consultant WSP Canada Inc. ("**WSP**") and in consultation with material stakeholders (including the Province). For ease of reference, I have summarized these significant actions below.

7. The Petitioners have engaged in good faith in the Mediation Process with the Mediator. The Petitioners and the Province agreed to a pause (the "**Pause**") from taking further actions during the current Stay Period to pursue the following matters (the "**Paused Matters**"):

- (a) the Mediation Leave Appeal Notice (as described in paragraph 33 of the Twelfth Chapman Affidavit);
- (b) the TOR Judicial Review Notice (as described in paragraphs 4(b) and 22 of the Twelfth Chapman Affidavit);
- (c) Bill 143 Relief (as described in paragraphs 35 to 44 of the Twelfth Chapman Affidavit); and
- (d) an application by the Province to lift the Stay so it can file and schedule a summary judgment motion on the pleadings in the Statement of Claim, to formally dismiss the claims (as described in the Province's April 28, 2022 application response in these CCAA Proceedings).

8. The Petitioners have been and remain committed to successfully completing the EA Process in good faith and with due diligence. The Petitioners have taken significant steps since 2020 to pursue alternatives to the Replacement ETF project described in the First Chapman Affidavit, which led to the registration of the Project for the Mill transformation and pursuing the EA Process for approval of the Project. A detailed summary of the significant steps in the EA Process that have been taken since 2020 is attached hereto and marked as Exhibit "B" (the **"EA Process Timeline"**).

9. NSECC issued the Final TOR on March 14, 2022 for preparation of the Environmental Assessment Report (EA Report) for the Project thus starting a two year timeline within which Northern Pulp must prepare and submit the EA Report. The Final TOR requires Northern Pulp to complete models, scenarios and design and complete studies that require Northern Pulp to arrange meetings, discussion and coordination with federal and provincial agencies to obtain their collective guidance or advice. A summary of the actions taken by the Petitioners since the April 2022 Order to pursue the EA Process and complete the work required in the Final TOR with the assistance of WSP is included in the EA Process Timeline and a more detailed description of such actions and discussions with federal and provincial agencies is provided herein.

10. The Petitioners have relied on the expertise and advice of the WSP employees engaged in the Project, who have extensive experience in preparing environmental assessment reports for new and modified projects under the Nova Scotia *Environment Act* and other applicable

provincial and federal environmental laws. A report describing the WSP team engaged in the Project and a description of the expertise and experience of WSP and the Project team is attached hereto and marked as Exhibit "C" (the "**WSP Expertise Summary**").

11. The Petitioners prepared a further revised Gantt chart that includes steps required to obtain all required approvals discussed herein (including industrial approvals to construct the Project and operate the Mill), a true copy of which timeline is included in the revised Gantt chart attached hereto and marked as Exhibit "D" (the "**Third Revised Gantt Chart**"). The Third Revised Gantt Chart includes the following timeline for applying for and receiving an industrial approval ("**IA**") to Construct the Project and an IA to Operate the transformed Mill:

- (a) Northern Pulp will submit IA applications at the same time as the EA Report is filed, and attach the IA applications to the EA Report;
- (b) Northern Pulp will request that the review panel appointed to review the EA Report also review the IA applications and make a recommendation to the Minister on the Project, including the IA applications;
- (c) Any public comments on the IA applications would be provided and considered at the same time (and at the same meetings) as public comments on the EA Report; and
- (d) The Minister would provide a decision on the EA Report and NSECC would make a decision on the IAs immediately following the Minister's decision.

12. The Petitioners intend to continue the work and studies (including the receiving water study, marine outfall design, basic project engineering, and the marine and freshwater fish and fish habitat studies) during the extended Stay Period in accordance with the timeline set forth in the Third Revised Gantt Chart. The Petitioners have made this decision and have revised the timeline in the Third Revised Gantt Chart based on assumptions that progress on the following activities will be made during the extended Stay Period:

- (a) the Mediation Process will advance with the parties continuing to participate in good faith to permit resolution of the Mediation Claims in a timely manner;
- (b) Northern Pulp and the Province will agree to a renewal of the Water Supply Agreement (as defined herein);

- (c) Northern Pulp and the Province will agree to extend the Pause; and
- (d) acceptable resolution will be reached to allow the EA Process to progress and for the applications for industrial approvals to construct the Project and operate the transformed Mill to be submitted concurrent with the EA Process, all in accordance with the timeline set forth in the Third Revised Gantt Chart.

13. This progress will be critical to the Petitioners meeting their objective of (i) obtaining all regulatory approvals required to commence construction of the Project and operation of the Mill and (ii) negotiating an acceptable resolution of the Paused Matters and a settlement of their claims set forth in the Statement of Claim and satisfying conditions precedent thereto by the end of 2024, in order to permit the restart of the Mill as soon as possible for the benefit of all stakeholders.

14. Given the complexity of these activities and the good faith engagement of the parties in the Mediation Process and the EA Process, a six-month extension of the Stay Period is required to allow sufficient time for further progress to be made and for a material update to be provided to the Court on the status of the Petitioners' restructuring.

15. The Petitioners have prepared a revised forecast (such forecast being, the "**Revised Forecast**"), in consultation with the Monitor, for the period from October 2022 through April 2023 (the "**October 2022 – April 2023 Projection Period**") to, among other things, include costs incurred by the Petitioners during the October 2022 – April 2023 Projection Period to complete the work described in the Third Revised Gantt Chart and to continue to pursue the Dispute Resolution matters as described herein. Attached hereto and marked as Exhibit "E" 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 \$42 million from the commencement of these CCAA Proceedings until the end of the October 2022 – April 2023 Projection Period. The Revised Forecast is described in further detail under heading "**III. REVISED FORECAST**", below.

16. The Interim Financing Facility originally addressed the immediate liquidity crisis that the Petitioners faced in the late summer and early fall of 2020 and now continues to provide the Petitioners with the benefit of further financing to advance the Petitioners' restructuring in these CCAA Proceedings. As authorized by the ARIO and subsequent orders from this Court, the Petitioners have drawn approximately \$24 million (plus accumulated capitalized interest of

approximately \$4 million) under the Interim Financing Facility. The Petitioners have not yet required \$5 million of the \$8 million further advance authorized in the April 2022 Order, due mainly to spending less than estimated to engage in the Mediation Process and to preserve and enforce their legal rights against the Province pursuant to the Paused Matters. If the Stay Period is extended to April 30, 2023, the Petitioners project that further draws of \$6 million (inclusive of the \$5 million unused advance authorized in the April 2022 Order) will be required in November 2022 and \$6 million will be required in February 2023.

II. THE PETITIONERS' ACTIVITIES SINCE APRIL 26, 2022

a. Introduction

17. As described in further detail herein, the Petitioners have worked in good faith and with due diligence since the issuance of the April 2022 Order to advance their restructuring, including by engaging with stakeholders, maintaining the hibernated Mill, advancing the EA Process, attempting to engage with PLFN, engaging in the Mediation Process, and negotiating amendments to the Interim Financing Term Sheet and Subordinated Interim Financing Term Sheet with the Interim Lenders. The following sub-sections of this Affidavit further describe these recent activities and other matters in connection with the restructuring.

b. Mill Maintenance Update

18. The Petitioners continue to maintain the Mill in compliance with their obligations pursuant to the May 2021 Ministerial Order.

19. As described in the Tenth 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 have completed the Mill hibernation and have revised their projections to reflect ongoing Mill maintenance based upon actual expenditures to date and recent developments. The activities that are required to maintain the hibernated Mill were described in the Twelfth Chapman Affidavit, at paragraph 11 thereof. By way of update, such activities include:

- (a) **Mill inspection rounds** – as described in the Tenth 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;

- (b) **Maintenance of the boilers** – the Mill boiler system must be maintained while the Mill is in hibernation. The Petitioners' boiler maintenance activities are ongoing, and deliveries of maintenance materials are projected to continue four times per month. The maintenance activities are ongoing, and are projected to continue in accordance with the budget set out in the Revised Forecast;
- (c) **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 maintenance activities to continue. The Petitioners' utilities consumption has trended downward over time. In light of the recent global energy shortages, the Petitioners anticipate utilities rates will increase and consumption will remain at the current rate during the extension of the Stay Period, as reflected in the budget set out in the Revised Forecast; and
- (d) **Maintenance and cleaning** – as described in the Tenth Chapman Affidavit, there are a number of maintenance and cleaning projects that are required while the Mill is in hibernation, including industrial cleaning, washroom cleaning and maintenance, 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.

20. The Mill and the Northern Pulp tree nursery in Debert, Nova Scotia were damaged during Hurricane Fiona, which caused significant damage to many areas in Nova Scotia. At the Mill, there were blowdown trees, partial loss of the roof of the pulp machine building and damage to flashing and siding on various buildings. At the nursery, 12 greenhouses were lost completely and repairs are required to an additional 13 greenhouses. The Petitioners are assessing the total cost of repairs. The Revised Forecast includes an estimated \$0.9 million (including HST) of expenses during the extended Stay Period for repairs to the Mill and \$1.1 million (including HST) for repairs to the nursery. The nursery was operating at approximately 90% capacity prior to Hurricane Fiona. The planting of the seedlings produced by the nursery is an essential part of the reforestation program on both the Northern Timber and crown managed lands. The nursery provides the certainty of high quality, cost effective seedlings to maintain the asset value of the Northern Timber lands. There is projected to be a shortage of nursery seedling supply when the high production leg of the Lahey Forest Practices review is implemented in 2023. If repairs to the nursery are not undertaken, this will further exacerbate

the provincial seedling supply issue and the cost to acquire seedlings will increase by 100 to 150%. The loss of this growing capacity would lead to a reduction in the value of the Northern Timber lands.

21. The Petitioners have begun negotiating a renewal of their offsite wastewater treatment contract, which expires on December 31, 2022. Discussions are proceeding as expected and Northern Pulp expects its permit to be renewed for the 2023 calendar year.

c. Environmental Assessment Process and Project Update

22. The Petitioners have continued to engage WSP since the April 2022 Order to provide advice to update the detailed schedule and budget and to complete the scientific and social studies required in the Final TOR. WSP prepared a work plan for completing the studies required in the Final TOR to be undertaken in the May 2022 to October 2022 period and began to undertake the required work to complete these studies as summarized in the EA Process Timeline and below:

- (a) Northern Pulp and WSP prepared a work plan to commence the Receiving Water Study (“RWS”) and Marine Fish and Fish Habitat studies in late April, 2022, including requesting guidance from both provincial and federal regulators on the scope of work required;
- (b) WSP completed various baseline terrestrial surveys as outlined in their work plan during the summer 2022 period;
- (c) WSP completed both land and water baseline light surveys during June and July 2022;
- (d) WSP completed baseline freshwater fish and fish habitat surveys and sampling in July, 2022;
- (e) WSP completed baseline water studies in July 2022 including: marine water fish and fish habitat surveys and sampling; eDNA sampling; water quality sampling; benthic core sampling; and physical oceanography data gathering in the Pictou Harbour;

- (f) WSP completed further baseline water studies in October 2022, including: marine water fish and fish habitat surveys and sampling; water quality sampling; and physical oceanography data gathering; and
- (g) A preliminary model of the RWS, used to determine the potential impacts of a chosen treated water outfall location, was developed and is operational and will be fine tuned as more data becomes available.

23. Northern Pulp engaged an ocean engineering firm in August 2022 to assess construction methodology, provide engineering support for the installation of the treated water outfall, assess the likely marine geotechnical data collection needs that will be required in the spring of 2023 to inform the design and provide an order of magnitude estimate of construction costs. Work will continue through the extended Stay Period.

24. Northern Pulp sought and received an updated design engineering proposal for basic engineering services to support the Project. Basic engineering work is scheduled to commence during the extended Stay Period and continue through September 2023.

25. NSECC and Northern Pulp began to meet monthly commencing in June 2022 at Northern Pulp's request to enable Northern Pulp to apprise NSECC of progress in completing the work required by the Final TOR, obtain feedback and information from NSECC required in the Final TOR and to discuss issues encountered in obtaining feedback or answers to the Final TOR items requiring input from federal departments;

26. The Final TOR requires consultation with relevant government departments for various studies in the TOR. In this regard several aspects of the RWS require engagement with Environment and Climate Change Canada ("**ECCC**") and Fisheries and Oceans Canada ("**DFO**"). Northern Pulp requested a joint meeting with provincial and federal regulators on April 19, 2022 to discuss and provide guidance on the scope of work as required in the Final TOR. A joint meeting with provincial and federal regulators was held on July 25, 2022, with representatives from NSECC, ECCC, DFO, WSP, PLFN and Northern Pulp. At the meeting NSECC, ECCC and DFO agreed to meet independently and provide a coordinated response to the scope of work questions. In addition to this consultation requirement, WSP has made queries to ECCC and DFO related to the wording and intent of the Final TOR that included detailed description of the queries, WSP's recommended response to such queries and WSP's proposed course of action. It is imperative that ECCC and DFO confirm the proposed responses

and courses of action recommended by WSP or provide alternatives in a timely manner to permit the completion of the work required in accordance with the requirements of the Final TOR.

27. In August 2022, Northern Pulp and WSP met with the NSECC air quality branch to review the air quality modelling methodology as required by the Final TOR. NSECC provided guidance and agreement in principle on the air model selected dependant on preliminary modelling results that will be provided during this extended Stay Period. Northern Pulp and WSP contacted Health Canada and ECCC on items of interest to the federal departments as required by the Final TOR. Discussion has begun and Northern Pulp and WSP expect guidance will be received from ECCC after review of information recently submitted to them.

28. At or about the time the Mill was constructed (between 1965 and 1967) the Province entered into the agreement (the "**Scott Maritimes Act Agreement**") attached as a schedule to the *Scott Maritimes Limited Agreement (1965) Act*, R.S.N.S. 1989, c. 415. The Province agreed to provide in the Scott Maritimes Act Agreement a minimum of twenty-five (25) million Imperial gallons of water per day to the then-owner of the Mill. The Province and Scott entered into further agreements pursuant to which the Province agreed to operate a water supply system to supply water to the Mill, the most recent of which was a water supply agreement dated December 31, 1995 (the "**Water Supply Agreement**"), which expired in 2021. The Final TOR requires Northern Pulp to provide identification and characterization of the proposed water supply, including how the water will be conveyed to the site. Northern Pulp has requested a renewal of the Water Supply Agreement with representatives of the Nova Scotia Department of Public Works. I sent a letter dated August 29, 2022 (the "**August 29 Letter**") to Mr. Peter Hackett, Deputy Minister of Public Works requesting a renewal of the Water Supply Agreement. A true copy of the August 29 Letter is attached hereto and marked as Exhibit "F" to this my Affidavit. The Province has acknowledged receipt of August 29 Letter and confirmed they are working on a response. It is imperative that Northern Pulp negotiate a renewal of the Water Supply Agreement in a timely manner.

29. As described in paragraphs 4(c) of the Twelfth Chapman Affidavit, Northern Pulp submitted a response to the IAAC on April 14, 2022 providing the requested information and reasons why the Project should not be designated under subsection 9(1) of the IAA. Northern Pulp received a response from IAAC on June 10, 2022 (the "**June IAAC Letter**") that the

Project does not warrant designation under subsection 9(1) of the IAA. A true copy of the June IAAC Letter is attached hereto and marked as Exhibit "G" to this my Affidavit.

30. Since the April 2022 Order, the Petitioners have held 48 meetings with approximately 251 stakeholders both inside and outside the forestry sector including business leaders, municipal leaders, provincial politicians and staff to brief them on the "Mill Transformation" and emphasise Northern Pulp's commitment to the EA Process and the re-opening of the Mill.

31. The Petitioners will require federal approval for the Project pursuant to the *Fisheries Act* and may also require approval pursuant to the *Navigation Protection Act*, as contemplated and described in the Third Revised Gantt Chart. 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.

32. In response to earlier requests by the Province for formalized updates, the Monitor has continued to provide bi-weekly updates to the Province regarding the status of the EA Process. In order to complete these updates, 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 11 updates provided by the Monitor to the Province since the April 2022 Order. Such reports included:

- (a) memos describing changes to the Second Revised Gantt Chart;
- (b) reports on progress made by the Petitioners in reviewing and understanding the EA Process requirements with NSECC; and
- (c) updates to the work to be completed by WSP.

33. The Third Revised Gantt Chart summarizes the Petitioners' revised working timeline and EA Process for the Project based on the assumptions that Northern Pulp will be able to reach an acceptable resolution of the issues described above and those issues referred to in the TOR Judicial Review Notice, including the appointment of experts to assist in the EA Process and approval to apply for industrial approvals to construct the Project and operate the transformed Mill concurrent with the EA Process and obtain such approvals immediately after the EA approval for the Project is granted. If these assumptions are correct, the Petitioners anticipate

decisions from the Minister of Environment and Climate Change with respect to the EA approval for the Project and by NSECC in respect of the issuance of industrial approvals to construct the Project and operate the Mill in August 2024, in order to permit the restart of the Mill as soon as possible for the benefit of all stakeholders, including the forest industry supply chain that is highly dependent on Mill operations. If these assumptions are not correct, the Petitioners will need to consider revisions to the work and timeline set forth in the Third Revised Gantt Chart. The Petitioners will also require federal approvals pursuant to the *Fisheries Act* and *Navigation Protection Act*, as contemplated and described in the Third Revised Gantt Chart. Among other things, the Third Revised Gantt Chart contemplates the following major activities required to complete the EA Process during the extended Stay Period (most of which contain various sub-activities, as set out in further detail in the Third Revised Gantt Chart), exclusive of those steps which have already been completed by the Petitioners:

- (a) The Petitioners intend to continue the EA studies and engineering work to support the EA as required by the Final TOR in accordance with the timeline set forth in the Third Revised Gantt Chart. This work is on schedule to finalize an EA Report within the two-year window as per the plan developed between WSP and Northern Pulp. The work to be undertaken during the extended Stay Period to support the EA filing is summarized as follows:
 - (i) **Basic Design Engineering** – begin detailed assessment of identified best available technology (BAT) concepts, process design, mass and energy balances;
 - (ii) **Marine Outfall Design** - ocean design engineering firm will continue to provide outfall construction alternatives, engineering support and to define the geotechnical work needed to design the outfall;
 - (iii) **Effluent Characterization, Technology, Lab Trials** – begin process investigation and lab trials with technology vendor and chemical & physical testing of the resulting treated effluent;
 - (iv) **GIS Support** – continue support for the generation of map files to be used for communication and planning;

- (v) **Receiving Water Study (RWS)** – continue to provide input to the engineering design and siting of the effluent treatment outfall and to provide information on effluent dispersion that will be used in the Human Health and Ecological Risk Assessment (HHERA), and continued consultation with regulators;
- (vi) **Marine Environment** – continue marine fish and plant tissue lab analysis and benthos identification; conduct winter water quality surveys; and perform GIS data extraction and spatial analysis from summer/fall surveys;
- (vii) **Human Health and Ecological Risk Assessment (HHERA)** - provide support and coordination for the various disciplines; continue analysis of the water quality and fish tissue sample results to identify any potential concerns; support on terrestrial vegetation sampling; and conduct a desktop review to inform the baseline report;
- (viii) **Atmospheric Environment** – begin modelling ambient air concentrations from Project and compare to the maximum permissible ground level concentrations as identified in the Nova Scotia Air regulations, in addition to federal and provincial ambient air quality criteria; continued consultation with regulators;
- (ix) **Acoustic Environment** – start review of existing literature and guidelines; review baseline studies; baseline noise and vibration from existing information;
- (x) **Light, Landscape and Visual** - continue the light inventory at the Project site and finalize the projected lighting plan; continue modeling and photometry of the existing conditions and process baseline field data;
- (xi) **Land Use and Planning** – begin to prepare detailed geographic description, distance to sensitive receptors, boundaries of Project in regional context, property ownership, and community mapping;
- (xii) **Socio-economics** - establish comprehensive baseline conditions; conduct interviews with various groups to gather information;

- (xiii) **Archaeology** - complete desktop assessment in compliance with Special Places Program of the Nova Scotia Department of Communities, Culture and Heritage; provide recommendations to identify any requirements for further marine archaeological assessment and provide appropriate assessment strategies;
 - (xiv) **Geology, Soils and Groundwater** – continue with data gathering and desktop assessment and geotechnical / hydrogeological investigation; undertake ice scour survey work in early spring 2023;
 - (xv) **Wetlands and Surface Water** – begin wetland delineation following the US Army Corps of Engineers Wetland Delineation Manual; continue assessment of fish habitat within wetland areas; screen terrestrial habitat at the site to identify any additional surface water features (excluding watercourses);
 - (xvi) **Freshwater Fish and Fish Habitat** – complete the third and final survey, draft report will be prepared and updated to reflect the Spring 2023 field program;
 - (xvii) **Terrestrial Flora and Fauna** – begin lichen survey; continue to conduct general wildlife and species-at-risk (SAR) habitat assessment to augment existing conditions information and to obtain more information on baseline conditions; continued consultation with regulators;
 - (xviii) **Avifauna** - review and summarize supporting literature; continued consultation with regulators; and
 - (xix) **Manage Waste** – begin background information review and data collection; preparation of waste management tables; and
- (b) Various steps in connection with engagement will need to be completed, including continued engagement with:
- (i) PLFN and other First Nations groups;

- (ii) fishing organizations, business groups, community organizations, municipal representatives and other interested parties; and
- (iii) the general public.

d. Standing Ad Hoc Committee Update

34. 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.

35. Since the issuance of the October 2022 Order, the Standing *Ad Hoc* Committee has met regularly. The Petitioners and PEC are continuing to support the Standing *Ad Hoc* Committee to ensure that their stakeholders' concerns will continue to be appropriately addressed over the course of the Petitioners' restructuring.

e. Mediation Update

36. As I previously attested to at paragraphs 30 through 44 of the Twelfth Chapman Affidavit and as set out above, this Honourable Court pronounced the Mediation Order on April 1, 2022, which requires the Mediation Parties (as defined in the Mediation Order), including the Petitioners, PEC and the Province, to participate in the Mediation Process conducted by the Mediator in an effort to resolve the Mediation Claims.

37. The Petitioners have engaged in good faith with the Mediator in the Mediation Process and look forward to continuing to participate in the Mediation Process during the extended Stay Period. The Petitioners have agreed to the Pause to permit the parties to focus on the Mediation Process. The Mediation Order provides that "[a]ll statements, discussions, offers made and documents produced by any of the Mediation Parties in the course of the Mediation Process [...] be confidential". Consequently, while the Petitioners cannot provide a detailed summary of the Mediation Process to date, that process is ongoing and the Petitioners look forward to continuing to diligently engage with the Mediator and the other Mediation Parties in good faith

during the extended Stay Period and with the hopes of resolving as many outstanding issues as possible and advancing the ultimate restructuring of the Petitioners and re-start of the Mill.

f. PLFN Engagement

38. The Petitioners remain prepared to engage in detailed discussions with PLFN in connection with the Project and Mill transformation and the EA Process for approval of the Project. The Petitioners have continued to provide information on the EA studies as well as to invite PLFN to engage through discussions, participation and/or monitoring of such EA studies.

39. The 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.

40. The Petitioners and PLFN, through counsel, have continued to discuss the PLFN Litigation and possible resolution through a trilateral agreement among the Petitioners, the Province, and the PLFN, if included in the Mediation Process, that resolves the Mediation Claims, including the PLFN Litigation (to the extent determined necessary by the Mediator), and any and all related claims, to the benefit of all parties.

g. Interim Financing Term Sheet

41. The Interim Financing Term Sheet (as amended to extend the first milestone dates until October 31, 2022) requires that, by not later than October 31, 2022, 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:

- (a) on or before October 31, 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; or

- (b) on or before October 31, 2022, (i) enter into an agreement with the Province in settlement of claims of the Petitioners against the Province pursuant to the Agreements, compensating the Petitioners for losses associated with the hibernation of the Mill and cessation of operations; or obtained a final non-appealable decision from a court of competent jurisdiction awarding the Petitioners damages payable by the Province for losses associated with the hibernation of the Mill and cessation of operations.

42. The milestone described in paragraph 41(a) above includes the critical conditions precedent to restarting the Mill, which is the Petitioners preferred objective. As described above in this my Affidavit (i) the Third Revised Gantt Chart summarizes the Petitioners' revised working timeline with respect to the EA Process for the Project based on the assumptions described above and (ii) the Petitioners look forward to engaging in the Mediation Process to attempt to resolve the disputes with the Province. If it is not possible to achieve the Petitioners' objective of restarting the Mill, the Petitioners will be required to seek a settlement of their disputes with the Province or a final damages award as contemplated in the milestone described in paragraph 41(b) above.

43. The Interim Financing Term Sheet (as amended) requires that "All Advances made under the DIP Facility will mature and be fully repayable on October 31, 2022 ("**[IFF] Maturity Date**")."

44. The Petitioners have had several discussions with the Interim Lenders (PEC and Pacific Harbor Group) with respect to further 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 resolution of the issues described above and referred to in the TOR Judicial Review Notice and the successful completion of the EA Process), (ii) the resolution of legal disputes with the Province pursuant to the Mediation Process in a timely manner, and (iii) extensions to the IFF Maturity Date. The Petitioners have determined that it would be prudent to defer negotiations for a material amendment to the Interim Financing Term Sheet until there is more clarity around these items. Further, I am informed by my counsel John Roberts, and do verily believe, that both of the Interim Lenders have advised through their counsel that they are not prepared to amend the Interim Financing Term Sheet comprehensively until these issues are further advanced. For the avoidance of doubt, nothing herein shall constitute a waiver of any solicitor client privilege as

between the Petitioners and their counsel. 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 dates from October 31, 2022 to April 30, 2023 extending the second milestone dates from October 31, 2022 to April 30, 2023, and extending the IFF Maturity Date to April 30, 2023. These amendments will ensure that the Petitioners have sufficient funding through the extended Stay Period.

45. As I previously attested to at paragraph 82 of the Twelfth Chapman Affidavit, the Petitioners anticipated spending during the April 2022 - October 2022 Projection Period approximately \$700,000 (excluding HST) in fees related to pursuing the Dispute Resolution matters, approximately \$320,000 of which has been incurred during the May 2022 to October 2022 period. As noted below, the Interim Lenders have agreed, subject to approval by this Court, that up to \$800,000 (excluding HST) of the advances during the extended Stay Period may be used to fund Dispute Resolution matters by the Petitioners. These funds will be advanced at the same favourable rate as the other advances under the Interim Financing Term Sheet, and I am advised by Mr. Roberts, and do verily believe, that the Interim Lenders have confirmed that they are not prepared to "carve out" any amounts advanced for such purposes from the Interim Lender's Charge to allow separate financing. However, I believe that, given the uncertain nature of such matters, and in particular in light of the BHA Amendments, no third party would be willing to fund actions to preserve and enforce the legal rights of the Plaintiffs against the Province set forth in the Statement of Claim under any contingency or other arrangement, and certainly not at the favourable rates being provided by the Interim Lenders.

46. The amendments to the Interim Financing Term Sheet are conditional upon, *inter alia*, the approval by this Honourable Court of an amended and restated Interim Financing Term Sheet including the proposed amendments described above. Attached hereto and marked as Exhibit "H" to this my Affidavit, is a true copy of an amended and restated Interim Financing Term Sheet including the proposed amendments discussed above.

h. Subordinated Interim Financing Facility Term Sheet

47. On September 25, 2020 this Honourable Court pronounced 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. The Petitioners have paid approximately \$256,000 during the April 2022 - October 2022 Projection Period in respect of Employee and Retiree Obligations, including in respect of severance, salary continuance and retiree payments and benefits. From October 2022 until the end of the extended Stay Period, the Petitioners anticipate making additional payments in their retiree benefits, retiree payments and severance, in the total amount of approximately \$402,000.

48. 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 it is satisfied that the Petitioners have made satisfactory progress in Settlement Discussions. The Subordinated Lender has not provided written notice to Northern Pulp that it 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.

49. The Subordinated Interim Financing Term Sheet requires that "All Advances made under the Subordinated DIP Facility will mature and be fully repayable on October 31, 2022, which may be extended to not later than September 30, 2023 if the Lender agrees to such extension in writing ("**[SIFF] Maturity Date**")".

50. The Petitioners have had discussions with PEC with respect to further amendments to the Subordinated Interim Financing Term Sheet, and have negotiated an amendment to the Subordinated Interim Financing Term Sheet with PEC extending the SIFF Maturity Date to April 30, 2023.

51. The amendment to the Subordinated Interim Financing Term Sheet is conditional upon, *inter alia*, the approval of this Honourable Court of an amended and restated Subordinated Interim Financing Term Sheet including the proposed amendment described above. Attached hereto and marked as Exhibit "I" to this my Affidavit, is a true copy of amended and restated Subordinated Interim Financing Term Sheet including the proposed amendment discussed above.

i. **Woodland Activities**

52. 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. The Petitioners, in consultation with partners and regulators, will need to decide what to do with their damaged woodlands in the aftermath of Hurricane Fiona. The assessment of the damage is ongoing. Adjustments to harvest schedules are being made to harvest as much of the damaged timber as possible in the short term. Once the damage assessment is complete, further decisions will need to be made on how best to recover the value of the damaged timber. The Petitioners' woodland activities are cash-flow positive and (notwithstanding the damage caused by Hurricane Fiona) are projected to remain cash-flow positive, on a net basis, during the extended Stay Period.

III. **REVISED FORECAST**

a. **Introduction**

53. 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 to reflect the various developments, most recently for the period from April 2022 through October 2022 (the "**October 2022 Forecast**"), as described more fully in the Twelfth Chapman Affidavit at paragraph 5 and 47 - 74. The October 2022 Forecast was attached as Exhibit "H" to the Twelfth Chapman Affidavit.

54. The Revised Forecast shows the projected interim financing requirements of the Petitioners during the October 2022 – April 2023 Projection Period. Financial projections are by their nature subject to various assumptions and a degree of uncertainty. As of today, the Petitioners have not made any further draws under the Interim Financing Facility, beyond the initial advance of \$15 million, the further advance of \$6 million in March 2022 and the further

advance of \$3 million in July of 2022 from the amount authorized in the April 2022 Order. The Petitioners have approximately \$3.7 million in cash on hand as at October 1, 2022.

55. 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 the October 2022 – April 2023 Projection Period in the amount of approximately \$13.7 million, consisting of \$12 million in advances and \$1.7 million in capitalized interest.

b. Ongoing Employee Obligations

56. The Petitioners employed 2 full-time hourly employees at the Mill; 8 seasonal hourly employees at the nursery; and 12 salaried employees as of October 1, 2022. For the October 2022 – April 2023 Projection Period, the Petitioners' typical monthly payroll obligations with respect to current employees total approximately \$100,000 at present (including payroll obligations in respect of the EA Team), in any given month. During the October 2022 – April 2023 Projection Period, the Petitioners anticipate a total spend of approximately \$1.25 million in respect of salary, benefits, and human resources costs, including:

- (a) approximately \$915,000 in aggregate salary and hourly payroll obligations, which consists of (A) approximately \$521,000 in active salary payroll; (B) approximately \$260,000 in EA salaried payroll; and, (C) approximately \$133,000 in active hourly payroll;
- (b) approximately \$93,000 in active benefits payments for current employees; and
- (c) approximately \$248,000 in aggregate human resources operations costs, which includes: security; janitorial services; training (both professional development and regulatory training); food purchases; required employee travel; certain labour and employment-related legal fees; and other miscellaneous human resources expenses.

c. Employee and Retiree Obligations

57. The Petitioners anticipate paying approximately \$403,000 in satisfaction of Employee and Retiree Obligations during the October 2022 – April 2023 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 December 2022.

58. During the October 2022 – April 2023 Projection Period, the Petitioners anticipate total Employee and Retiree Obligations in the amount of approximately \$403,000 (including HST), consisting of: (i) total retiree benefits in the amount of approximately \$368,000 (excluding HST); and, (ii) total retiree pay in the amount of approximately \$35,000.

d. Financial Expenses

59. 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.

60. The total projected spend during the October 2022 – April 2023 Projection Period in respect of financial expenses is approximately \$1.8 million (including HST), consisting of (i) approximately \$370,000 in property tax payable during the October 2022 – April 2023 Projection Period; (ii) approximately \$1,230,500 in respect of PEC administrative services; and (iii) approximately \$175,000 in information technology, travel and administrative costs. The travel and property insurance premiums will come due after the April 2023 Projection Period in accordance with the terms of the underlying policies.

e. Woodlands Operations

61. The Petitioners anticipate that the woodlands operations will remain cash flow positive, excluding capital repair costs associated with Hurricane Fiona storm damage, during the October 2022 – April 2023 Projection Period. Specifically, during the October 2022 – April 2023 Projection Period, the Petitioners project total receipts from woodlands operations in the amount of approximately \$3.5 million, with associated disbursements in the amount of approximately \$2.93 million.

62. 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.

63. 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.

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

65. 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 2022 – April 2023 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.

f. Mill Operations and Maintenance

66. During the October 2022 – April 2023 Projection Period, operating and maintenance costs are anticipated to total approximately \$805,000, consisting of: (i) approximately \$386,400 in utilities costs (electricity purchases); and, (ii) approximately \$419,750 in Mill maintenance activities.

67. The Mill maintenance activities include industrial cleaning; boiler maintenance costs; elevator inspections; landfill maintenance; washroom cleaning and maintenance; and miscellaneous other maintenance in respect of the Mill and Northern Pulp's property.

g. Hurricane Fiona Repairs

68. The Petitioners anticipate spending approximately \$890,000 (including HST) during the October 2022 – April 2023 Projection Period on repairs to the Mill to fix damage caused by Hurricane Fiona.

69. The Petitioners anticipate spending approximately \$1.1 million (including HST) on repairs to the nursery during the October 2022 – April 2023 Projection Period to fix damage caused by Hurricane Fiona, including (i) an estimated \$690,000 (including HST) on the procurement of 12

new greenhouses and (ii) an estimated \$410,000 (including HST) on repairs to the remaining 13 greenhouses.

h. Technical and Environmental Costs

70. The Revised Forecast projects total Environmental Assessment costs during the October 2022 – April 2023 Projection Period in the amount of approximately \$4.1 million (excluding HST), consisting of costs related to the engagement of the EA consultant of \$1.7 million (excluding HST), \$1.6 million (excluding HST) related to the engagement of the Marine & Engineering consultants and a \$800,000 (excluding HST) for Project Management, Community engagement and contingency.

71. The Revised Forecast projects technical and environmental costs of \$555,000 (including HST) for treatment of wastewater and regulatory testing during the October 2022 – April 2023 Projection Period, consisting of approximately: (i) \$65,000 (including HST) in respect of groundwater and surface water testing at the Mill site; and (iii) \$490,000 (including HST) in respect of wastewater disposal and treatment. These costs primarily relate to the requirements of the May 2021 Ministerial Order, reflect actual fees incurred to date and the trends in connection with such fees, and the extension of such trends over the October 2022 – April 2023 Projection Period.

i. Administration Costs

72. The professional fee and administration costs in the Revised Forecast have increased from the October 2022 Forecast to reflect the extrapolation of spending trends to date in these CCAA Proceedings throughout the October 2022 – April 2023 Projection Period based on actual costs to date and the requirement to engage in the Mediation Process, and if not successfully resolved in the Mediation Process, other Dispute Resolution matters.

73. The Petitioners anticipate spending approximately \$1.1 million on restructuring professional fees during the October 2022 – April 2023 Projection Period. Restructuring professional fees include: (i) the Monitor's fees (\$400,000 including HST); (ii) the Petitioners' counsel's fees (\$400,000 including HST); and (iii) the Monitor's counsel's fees (\$265,000 including HST).

74. The Petitioners anticipate spending approximately \$2.66 million (including HST) on non-restructuring professional fees during the October 2022 – April 2023 Projection Period. Non-restructuring professional fees include (i) legal fees to corporate counsel (including regarding the EA Process, environmental matters, collective bargaining agreement expenses, and engaging in

Dispute Resolution); (ii) public relations and government relations fees; (iii) polling fees; and (iv) consulting fees. The estimated non-restructuring professional fees are broken down as follows:

Professional Activity	Fee Estimate (including HST)
CCAA Support / General Counsel / Dispute Resolution Support	\$1,588,000
Communications (PR & GR)	\$708,000
Other Consultants	\$362,000
Total	\$2,658,000

75. Included in non-restructuring professional fees are an estimated \$800,000 (excluding HST) in fees related to engage in the Mediation Process. The Petitioners recognise that this is an estimate, and the ultimate cost will be dependent on a number of factors, including the process determined by the Mediator and the level of participation and cooperation by the Mediation Parties, the resolution of the Mediation Claims in a timely manner pursuant to the Mediation Process, and if not successfully resolved in the Mediation Process, the need to engage in other Dispute Resolution activities.

76. PEC and Hervey are included as plaintiffs in the Statement of Claim but are not Petitioners. PEC will pay 20% of the aggregate costs of engaging in the Mediation Process and, if necessary, other Dispute Resolution activities during the October 2022 – April 2023 Projection Period and such 20% is not included in the Revised Forecast.

j. HST Receipts

77. The Petitioners project total HST rebate receipts in the amount of approximately \$935,000 during the October 2022 – April 2023 Projection Period.

k. Summary of Operating and Restructuring Disbursements During Stay Period

78. In sum, the projected net operating disbursements during the October 2022 – April 2023 Projection Period are forecasted to total approximately \$17.1 million, while total projected collections are forecasted to be approximately \$4.4 million. The projected operating disbursements during the October 2022 – April 2023 Projection Period are anticipated to include (including HST):

- (a) utility payments in the amount of approximately \$386,400;
- (b) property taxes & finance costs in the amount of approximately \$368,000;
- (c) Mill closure activities in the amount of approximately \$420,000;
- (d) wastewater disposal in the amount of approximately \$ 555,000;
- (e) EA costs in the amount of approximately \$4,719,000;
- (f) non-restructuring professional fees in the amount of approximately \$2,612,560;
- (g) Hurricane Fiona - Clean Up & Safety Repairs fees in the amount of approximately \$891,250;
- (h) Hurricane Fiona - Nursery Rebuild fees in the amount of approximately \$1,121,250;
- (i) salary and benefits and human resources costs in the total amount of approximately \$1.25 million;
- (j) payments to PEC for administrative services in the amount of approximately \$1.2 million;
- (k) woodlands costs in the amount of approximately \$2.9 million;
- (l) miscellaneous expenditures in the amount of approximately \$178,000; and
- (m) a contingency amount of \$350,000.

79. The Petitioners' operating receipts during the October 2022 – April 2023 Projection Period are anticipated to include: (i) woodlands collections in the aggregate amount of approximately \$3.4 million; and, (ii) HST receipts in the amount of approximately \$935,000.

80. As a result, the Petitioners' net operating cash flow during the October 2022 – April 2023 Projection Period is projected to be a loss of approximately \$12.6 million.

81. In addition, the Petitioners anticipate restructuring disbursements during the October 2022 – April 2023 Projection Period of approximately \$1.1 million.

82. As the Petitioners had an opening cash balance of approximately \$3.7 million at October 1, 2022, if the additional draws pursuant to the Interim Financing Facility are authorized, their projected ending cash balance (inclusive of operating and restructuring disbursements and the proposed additional draws) as of April 30, 2023 is \$2 million.

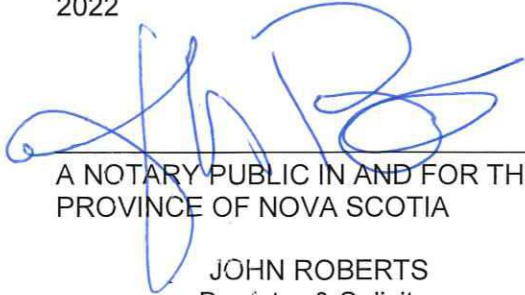
83. As noted above, the Petitioners seek the extension of the Stay Period to April 30, 2023. I believe that such an extension is necessary and in the best interest of the Petitioners and their stakeholders. Specifically, over the period of the extended Stay Period, the Petitioners intend to:

- (a) continue the EA Process and undertake the steps set out in paragraph 33 above to keep the EA Process on track; and
- (b) continue to work and cooperate with the Monitor in these CCAA Proceedings and continue to prepare reports for the Province as requested;
- (c) carry out its communications plan with stakeholders;
- (d) continue to engage with PLFN and other First Nations groups;
- (e) work with the Interim Lenders and the Subordinate Interim Lender to ensure the necessary funding is in place for a successful restructuring in these CCAA Proceedings;
- (f) continue to engage in the Mediation Process; and
- (g) if the Mediation Claims are not successfully resolved in the Mediation Process in a timely manner, consider other Dispute Resolution activities.

84. All of the above are important steps in the restructuring of the Petitioners business and the operation of a functioning Mill, to benefit of the stakeholders. While these steps require further borrowing under the Interim Financing Facility, I believe that the benefits to the stakeholders including the local community, the economy of Nova Scotia, the employees, the

pensioners, and the creditors and shareholders greatly outweigh any potential detriment, and that no creditor is materially prejudiced.

SWORN BEFORE ME at the Regional
Municipality of Halifax in the Province of
Nova Scotia, this 24th day of October,
2022



A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF NOVA SCOTIA

JOHN ROBERTS
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BRUCE CHAPMAN

Due to size limitations, the attachments to this Affidavit #13 of Bruce Chapman have been removed. Should you wish to view the attachments, please contact the Monitor for a complete copy.