

FOREST UTILIZATION LICENSE AGREEMENT (REDACTED)

This Forest Utilization License Agreement (the "Agreement") made and executed this 27 day of September, 2012.

BETWEEN:

Her Majesty the Queen in Right of the Province of Nova Scotia (the "Province"), represented in that behalf by the Minister of Natural Resources ("NSDNR")

OF THE ONE PART

- and -

Port Hawkesbury Paper LP, a limited partnership formed under the laws of the Province (the "PHP")

OF THE OTHER PART

(the said two Parties being sometimes hereinafter referred to as the "Parties")

WHEREAS the PHP has advised the Province that it intends to conduct certain paper manufacturing operations at the mill site in Port Hawkesbury at Point Tupper (the "Mill Site") and also intends to supply the Power Co-Generation Project (the "Biomass Project") under construction at the same site;

AND WHEREAS the PHP will purchase from private suppliers a minimum of 200,000 GMT/yr of Pulpwood, and up to 200,000 GMT/yr of Biomass Fuel;

AND WHEREAS the Province agrees to provide the PHP a secure portion of the wood supply required for its manufacturing operations at the Mill Site, while providing flexibility to meet the social and public policy objectives of the Province, Mi'kmaq and stakeholders;

AND WHEREAS the Parties wish to provide for the proper management of the forests on the Agreement Lands and setting out the terms and conditions on which the PHP shall carry out its Forestry Activities (as hereinafter defined);

AND WHEREAS the Parties wish to provide for certain other matters of mutual interest to the Province and the PHP relating to forestry matters;

AND WHEREAS the Parties wish to enter into this Forest Utilization License Agreement (the "Agreement") under the authority of Section 32 of the *Crown Lands Act* and Order in Council 2012- 312 ;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the PHP agreeing to carry on its manufacturing operations at the Mill Site, the Province and the PHP hereby agree as follows:

DEFINITIONS:

“1969 Agreement” means the Licence & Management Agreement dated as of March 25, 1969, attached to and forming part of the *Stora Forest Industries Limited Agreement Act*, and as has been amended and supplemented from time to time, between Her Majesty the Queen in the Right of the Province of Nova Scotia and Nova Scotia Pulp Limited (currently NewPage Port Hawkesbury Corp.).

“AAC” means Annual Allowable Cut as approved by the Province.

“Administrative Cost Allowance” is an amount per solid cubic metre set by the Minister of the Department of Natural Resources from time to time and is used to calculate the stumpage rates payable and which is currently at the time of signing this agreement set at \$ [REDACTED] per solid cubic metre.

“Force Majeure” includes acts of God, strikes, walkouts, slowdowns, lockouts, maintenance, repair work, and other like industrial disturbances, riots, civil commotions, declared or undeclared war, earthquakes, floods, availability of carriage, and any other cause or matter beyond the control of the PHP or the Province.

“Forestry Activities” means, but is not limited to, the activities of management, planning, wood supply analysis, coordination, certification, harvesting, transporting, silviculture and the construction, maintenance and decommissioning of access roads on the Agreement Lands.

“Green Metric Tonne (“GMT”) means:

- (a) for the purpose of the Pulpwood commitment the weight of fresh cut Primary Forest Products with the bark at . approximately 50% moisture content
- (b) for the purpose of the Biomass Fuel commitment the weight of fresh stem wood and bark as delivered to the PHP;
- (c) for the purpose of payment under this Agreement, including Biomass Fuel, the metric weight of fresh cut Primary Forest Products with the bark at approximately 50% moisture content and using applicable conversion factors.

“Merchantable” means trees or logs that are suitable to be manufactured for higher valued, non-fuel products. Trees or logs will be considered to be so Merchantable when the following conditions exist:

- (a) they are of such species, maturity, size and shape, and are sufficiently free of defects, as to be desirable for harvest and manufacture as non-fuel products, and

- (b) present in sufficient quantity and such location to warrant the cost of recovery; and
- (c) Nova Scotian manufacturers of non-fuel wood and paper products are in operation and are regularly offering to acquire like trees or logs from the same general location .

“NewPage” means NewPage Port Hawkesbury Corp. whether carrying on business under that name or under a predecessor name.

“Operating Year” means a calendar year.

“Primary Forest Products” means any of the commercially valuable raw materials cut or harvested from a forest.

“Silviculture Fee” applicable to Primary Forest Products is either:

- (a) \$3.00 per cubic metre for all softwood products, and all Biomass Fuel;
- (b) \$0.60 per cubic metre for all hardwood products other than Biomass Fuel; or
- (c) such other amount as may be determined by the Province.

1. TERMINATION OF THE 1969 AGREEMENT AND TERM OF THIS AGREEMENT

- 1.1 The Province shall terminate the 1969 Licence Agreement and repeal the *Stora Forest Industries Limited Agreement Act* without recourse by or compensation to any party, including in particular the PHP.
- 1.2 The initial term of this Agreement is twenty (20) years (the “Initial Term”), commencing on the date of execution of this Agreement as stipulated at the head of this Agreement (the “Commencement Date”).
- 1.3 Provided the PHP is not materially in default of any of the terms, conditions, covenants, agreements, and provisions of this Agreement, the PHP shall be entitled to renewals of this Agreement for additional ten (10) year terms so that the term of the Agreement after each extension remains twenty years.
- 1.4 Any renewal under Section 1.3 is subject to:
 - (a) the PHP giving notice to the Province during the eighth (8th) year following the Commencement Date of its desire to renew the Agreement, and every ten (10) years thereafter; and

- (b) mutually acceptable terms, conditions, covenants and agreements, negotiated during the period of one (1) year following the giving of the notices referred to in subparagraph (a), including amendments to adopt changes to government policy or guidelines with respect to forestry.
- 1.5 Within sixty (60) days of the PHP giving notices under Section 1.4(a), the PHP and the Province shall commence good faith negotiations to agree on terms and conditions for a renewal of the Agreement for an additional term of ten (10) years.

2. SCOPE

- 2.1 Subject to the provisions of this Agreement and the approval of the Province where required herein, the PHP, its servants, agents, officers, employees shall have the right and responsibility to conduct all Forestry Activities in accordance with the approved Forest Management Plans described in Section 18 and to enter upon the Agreement Lands for such purposes at any and all times throughout the term of this Agreement. Such right and responsibility shall be exclusive to the PHP in accordance with all terms and conditions of this Agreement.
- 2.2 The PHP shall at all times conduct its Forestry Activities in compliance with all applicable laws and regulations issued by the Province or any other governmental authority having jurisdiction in the circumstances.
- 2.3 For the initial ten (10) years of this Agreement the PHP shall at all times conduct its Forestry Activities in compliance with the policies and guidelines relating to forestry practices issued by the Province and in place at the Commencement Date of this Agreement, a list of which are currently applicable is attached hereto as Schedule "A" and forming part of this Agreement.
- 2.4 Following the initial ten (10) years of this Agreement the PHP shall comply with all changes to policies and guidelines issued by the Province with respect to forestry practices as identified and negotiated into new terms and conditions of the renewal process as established in Section 1 of this Agreement. Maintaining a competitive economic wood supply for the PHP will be a guiding principle for changes contemplated to the terms and conditions.
- 2.5 This Agreement does not limit the authority, right or responsibility of the Province to prevent or respond to any threat, public safety issue, harmful effect or damage to the forest or environment, including fire, pest or disease infestations or catastrophic event, and may include ordering the PHP or any contractor to cease any operation or practice, or require any necessary operation or practice to be adopted. The Parties shall work together to effect any necessary actions to the fullest extent reasonably

possible to prepare for, prevent or remedy such harmful effect.

- 2.6 The Province shall have sole responsibility for the administration, planning and allocation of all other land uses that are not Forestry Activities, including but not limited to minerals in accordance with the *Mineral Resources Act*, and other natural resource rights on or with respect to the Agreement Lands not assigned to the PHP under this Agreement.
- 2.7 The PHP shall provide all information that the Province reasonably requires in order to satisfy itself that the PHP's Forestry Activities have been and are being carried out in compliance with the terms and conditions of this Agreement.
- 2.8 Prior to engaging in any Forestry Activities the PHP is required to receive approval from the Province for all Forest Management Plans in the manner set out in Section 18.
- 2.9 All rights and obligations as set out in this Agreement are subject to the PHP continuing to conduct certain paper manufacturing operations at the Mill Site in accordance with the terms and conditions as set out in this Agreement.

3. AGREEMENT LANDS

- 3.1 Subject to 3.2 and 3.3 the lands to which this Agreement applies (the "Agreement Lands") are:
 - (a) those lands which are shown on a map dated and signed by the Director of Surveys attached hereto at Schedules "B" and "C" forming part of this Agreement and which may be amended from time to time as additions, surrenders, or withdrawals are made in accordance with the terms and conditions of this Agreement; and
 - (b) any other lands which the Province and the PHP hereafter agree shall become subject to the provisions of this Agreement.
- 3.2 Notwithstanding Section 3.1, the Agreement Lands shall not include Crown or other provincial lands which have been included under a legally binding designation that has precluded commercial forestry operations as of January 1, 2012, under the *Wilderness Areas Protection Act*, or the *Special Places Protection Act*.
- 3.3 Notwithstanding Section 3.1, the PHP shall not conduct Forestry Activities on those lands forming any portion of the Agreement Lands which had been identified by the Province as a goal in meeting the *Environmental Goals and Sustainability and Prosperity Act* as potential protected areas under the Province's proposal in that regard dated April 21, 2011, until such time as the Province has completed its current process for selecting additional protected lands; and the PHP shall surrender to the Province,

without compensation, those portions of the Agreement Lands which may become so designated. The process shall be completed by Dec 31, 2014.

4. PROVINCE'S WOOD SUPPLY TO THE PHP

- 4.1 The PHP shall purchase and consume at its Mill a minimum of 200,000 GMT/yr of Pulpwood roundwood from private suppliers from the Commencement Date of this Agreement.
- 4.2 Subject to the provisions of Sections 4.5 to 4.13 inclusive, and provided the PHP is in compliance with Section 4.1, the Province agrees that it will make available to the PHP authority to harvest from the Agreement Lands, or other Crown lands, in each Operating Year of the term of this Agreement, a volume of 400,000 GMT/yr of Pulpwood in roundwood form, or its equivalent in other forms as agreed to by both Parties of spruce and fir species or any other species the PHP may accept for use and that is suitable for the PHP's operations at the Mill Site.
- 4.3 Provided the PHP is in compliance with Section 4.1, if the PHP has not utilized the full amount of 400,000 GMT/yr as approved in any prior Operating Year or Years (the accumulated net shortfall being herein referred to as the "deficit"), then the PHP may make application to the Province for an additional Pulpwood harvest authority of up to 10% of the approved annual Pulpwood harvest in any Operating Year to make up any deficit in the prior five (5) years, net of adjustments made under Sections 4.5, 4.6, 4.8 and 4.10.
- 4.4 Approval of such application shall not be unreasonably withheld provided the requested additional Pulpwood harvest:
 - (a) does not exceed the remaining balance of the deficit; or
 - (b) is not more than 10% of a newly authorized Pulpwood harvest in any year by virtue of the approval of a New Long Term Forest Plan.
- 4.5 If the PHP has harvested or received amounts of Primary Forest Products in excess of the amounts it is eligible to receive in a year under the terms of this Agreement, then the amount in excess shall form part of the supply commitments under Section 4.2 for the following year.
- 4.6 If for any reason the volume of 400,000 GMT/yr of Pulpwood is not economically available from the Agreement Lands in any Operating Year, the Province shall allocate to the PHP additional Primary Forest Products rights on other Crown lands, under terms and conditions as are necessary and sufficient to make up the shortfall and provided that:
 - (a) the Province shall take whatever steps are necessary to ensure that the average cost to the PHP of such additional Pulpwood is not

greater than the average cost on a delivered cost basis of the fibre taken from the Agreement Lands during that Operating Year, with post-year adjustments to be made within three months of the end of the Operating Year; or

- (b) at the request of the Province, the Parties may mutually consider and agree to some alternative arrangements.
- 4.7 The Province cannot guarantee the PHP against the risks due to catastrophic losses or damage to the standing or harvested inventory of Primary Forest Products.
- 4.8 Any amounts of wood harvest or acquisition expressed in an amount per Operating Year and including any future amounts that are subject to calculation or agreement between the Parties are conditional upon the PHP continuously operating its paper mill at the Mill Site for an entire Operating Year in accordance with the terms and conditions of this Agreement.
- 4.9 The Mill Site will be deemed shut down for the purposes of obligations under this Agreement if for any reason it ceases paper production for longer than seven (7) consecutive days. For further certainty, the Mill Site is considered to be in production on any day if it has produced any amount of paper.
- 4.10 The PHP shall maintain and provide to the Province records of its daily paper production and shall be considered to have continuously operated at the Mill Site provided it has not had any shut downs of production in any instance for longer than seven (7) consecutive days, whether or not such shut down has been caused by an act of Force Majeure or is for market related reasons. For further certainty, the Mill Site is considered to be in production on any day if it has produced any amount of paper.
- 4.11 The entitlements of the PHP and the obligations of the Province under any provision of this Agreement shall be reduced in each Operating Year on a pro-rata basis by the total number of days from those shut downs which exceed seven (7) consecutive days as a proportion of an entire Operating Year.
- 4.12 Any amounts of Pulpwood or Biomass Fuel obtained by the PHP by virtue of exchanging any other Primary Forest Products from the Agreement Lands or other Crown lands with third Parties as per Section 9.2 are deemed to have been supplied by the Province against its obligations under this Agreement.
- 4.13 Any amounts of Pulpwood or Biomass Fuel obtained by the PHP from third Parties as per 9.3(a)(ii) are deemed to have been supplied by the Province against its obligations under this Agreement.



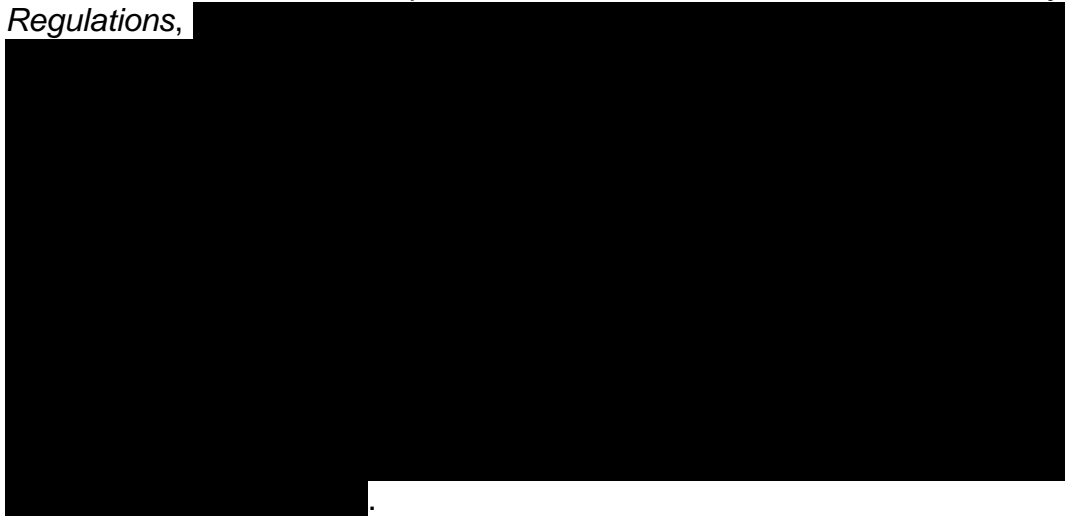
5. **BIOMASS PROJECT**

5.1 The PHP may harvest Biomass Fuel from the Agreement Lands to help supply the Biomass Project up to a maximum of 175,000 tonnes per year (as fired) in accordance with the terms and conditions as set out in this Agreement.



5.3 The PHP shall unless otherwise approved by the Province, supply to the Biomass Project Biomass Fuels from wood waste products generated from its wood room and paper making operations at its Mill Site or from the Bear Head bark dump and from wood yards it may own or operate at the Mill Site or elsewhere.

5.4 The PHP may also supply Biomass Fuel to the Biomass Project acquired from private sources in the Province, subject to the cap on allowable biomass harvest in the province under the *Renewable Electricity Regulations*,



5.5 The Parties further agree the average amount from private and industrial lands in the seven eastern counties shall not be greater than the difference between the total harvest for all non-fuel products plus the harvest of

biomass fuel by other persons who have also been allocated a share of the biomass cap under the Renewable Electricity Regulations and the Province's estimate of the sustainable total harvest from those lands.

- 5.6 The PHP shall not harvest from the Agreement Lands or knowingly acquire from any other private lands or suppliers Biomass Fuel originating from coarse or fine wood debris, tree crowns, tops or stumps from forestry operations.
- 5.7 The PHP shall not produce, supply or consume any Biomass Fuel that is not eligible under the provisions of the Province's Renewable Energy Standard as may be in effect at any time.
- 5.8 The PHP shall adopt fuel procurement specifications, standards, source identification, audit or testing procedures to ensure any fuel it receives is eligible Biomass Fuel and provided that the PHP has adopted a reasonable standard of care and diligence to exclude prohibited fuel types it shall be deemed to have complied with this Section.
- 5.9 For the purposes of the Biomass Project any rights to carbon credit values from any Biomass Fuel used for electricity generation that originated from the Agreement Lands that are held by the Province may be assigned through the PHP to any other party with the consent of the Province, provided that if and when the credits have a market value:
 - (a) the market value of the carbon credits shall be reported in any future power rate approval proceedings as a contribution made by the Province for the benefit of Nova Scotia ratepayers; and
 - (b) the market value of the carbon credits including the credits themselves may not be further sold, assigned, or transferred to any other person, PHP or entity beyond the PHP.
- 5.10 The Province shall reimburse the PHP for Biomass Fuel related silviculture treatments under Section 15 solely from, and not in an amount greater than, the total collected in any three previous years, than the amount of silviculture fees received from the sale of Biomass Fuel.

5.11 [REDACTED]

- (a) [REDACTED]

[REDACTED];

(b) [REDACTED]; and

(c) [REDACTED].

5.12 The PHP and the Province may agree from time to time on alternative methods for measuring amounts of Biomass Fuel harvested and payment of stumpage owed, provided that the net stumpage payable is not less than the minimum stumpage payable for any products as set from time to time by the Province, which is currently (at the Commencement Date) \$[REDACTED] per cubic meter.

5.13 The PHP will seek out opportunities in collaboration with the Mi'kmaq for members of Mi'kmaq communities in eastern Nova Scotia to participate in fuel supply for the Biomass Project.

5.14 The PHP shall support private woodlot owners who may also supply Biomass Fuel to obtain Forest Stewardship Council certifications of their lands.

5.15 Notwithstanding Sections 2.3 and 2.4, if and when the Province adopts a Forest Practice Code or a regulation specifying a policy or practice for the recovery and use of Biomass Fuel that differs from any term or condition of this Agreement, those same requirements shall apply under this Agreement.

5.16 The provisions of Section 5 expire if the Biomass Project has not commenced operation by Dec. 31, 2015.

5.17 The provisions of Section 5 expire if the Biomass Project once started, does not at any time operate for a continuous period of two years.

6. PRIMARY FOREST PRODUCTS, UTILIZATION AND MEASUREMENT

6.1 The Province and the PHP may agree annually on the utilization specifications for any Primary Forest Products to be harvested and until the Parties agree to revisions, the initial specifications in Schedule "D" attached to and forming part of the Agreement shall remain in effect.

6.2 All Primary Forest Products harvested from the Agreement Lands shall be measured and reported in accordance with the methods authorized under

the *Scalers Act* and the *Forests Act Registration and Statistical Returns Regulations*.

- 6.3 Specifications and measurements for any Primary Forest Products not covered by Section 6.2 will be agreed to between the Parties.

7. TRESPASS AND THEFT OF WOOD

- 7.1 The PHP shall be responsible to control theft of Primary Forest Products on the areas approved for harvest under the Yearly Operations Plans.
- 7.2 The Province will undertake investigations with respect to theft or damage to Primary Forest Products and will take any appropriate action on the Agreement Lands for which Yearly Operations Plans have not been approved.
- 7.3 The PHP shall not remove any material under investigation until such material is released by an NSDNR Conservation Officer.

8. WASTED OR DEGRADED PRIMARY FOREST PRODUCTS

- 8.1 Whenever Primary Forest Products in excess of three (3) cubic metres per hectare are wasted for reasons other than Force Majeure, the PHP shall pay double the regular stumpage for such Primary Forest Products as if the same had been cut, removed and utilized by the PHP.
- 8.2 Any such waste includes but is not limited to:
- (a) leaving uncut trees which in the opinion of the Province contain Merchantable material,
 - (b) fracturing logs needlessly,
 - (c) inappropriate utilization,
 - (d) otherwise leaving in the woods or at roadside material which, in the opinion of the Province, is Merchantable and could reasonably have been salvaged and removed.
- 8.3 Any quantities of wasted Primary Forest Products shall be deemed to be included in the quantities of Primary Forest Products which the PHP is otherwise authorized to cut.
- 8.4 The Province may after giving the PHP one (1) month written notice, enter upon the Agreement Lands and salvage and sell or otherwise dispose of such wasted Primary Forest Products.
- 8.5 If the PHP fails to use the Primary Forest Products on a timely basis, resulting in a degraded or deteriorated product not suitable to be utilized

for the products' original use, the stumpage value of the products will be paid to the Province by the PHP based upon the original quality of the products and the stumpage rates applicable at the time of harvest.

- 8.6 Trees or portions of trees left or retained on site in order to comply with Section 2.3 or 2.4 shall not be deemed to be wasted.

9. OTHER USERS OF THE AGREEMENT LANDS AND FOREST PRODUCTS

9.1 Mi'kmaq use

- (a) Section 35 of the *Constitution Act*, 1982, protects the existing Aboriginal and treaty rights of the Mi'kmaq, and PHP agrees that it will
- i. provide the Mi'kmaq with continued access to the Agreement lands for traditional activities (fishing, hunting, harvesting of wood for domestic purposes); and
 - ii. respect Mi'kmaq culturally important sites within the Agreement lands and provide the Mi'kmaq with continued access to those sites
- (b) The Province, Canada and the Mi'kmaq entered into an Umbrella Agreement on June 7, 2002, in which all three Parties recognized there are outstanding constitutional rights issues amongst them, including Aboriginal rights and treaty rights;
- (c) Pursuant to the Umbrella Agreement, on February 23, 2007 the Parties signed the Mi'kmaq-Nova Scotia-Canada Framework Agreement that established the negotiation process for the resolution of issues respecting Mi'kmaq rights and title;
- (d) The PHP acknowledges that this Agreement is subject to any negotiated agreements between the Province, Canada and the Mi'kmaq, or the Province and the Mi'kmaq with respect to such rights on the Agreement Lands; and
- (e) The Province may require the PHP modify its forestry plans for the Agreement Lands to accommodate Mi'kmaq rights.
- (f) PHP will make reasonable efforts to negotiate, enter into, and implement a Memorandum of Understanding with the Mi'kmaq of Nova Scotia through the Assembly of Nova Scotia Mi'kmaq Chiefs respecting socio-economic benefits including educational and skills training, employment, reasonable economic opportunities for the Mi'kmaq to benefit from management of the Agreement lands, including biomass fuel supplies, and ongoing community participation processes in forest management planning.

9.2 Use of Forest Products by Third Parties

- (a) Within six (6) months of the Commencement Date, the PHP agrees to enter into written agreements with certain third parties identified in Schedule "E", attached hereto and forming part of this Agreement, on terms and conditions that are mutually satisfactory, subject to the provisions of Section 12.
- (b) An agreement between PHP and the Unama'ki Institute of Natural Resources (UINR) shall build upon the conditions of the former UINR agreement with NewPage Port Hawkesbury.
- (c) Subject to the fibre needs of the PHP, the PHP's approved forest plans shall provide for the sustainable economic production and optimum economic utilization of all species of trees and all kinds of Primary Forest Products capable of being produced therefrom, whether for use by the PHP subject to the provisions of Section 12 or by third parties.
- (d) Within the limits contained in this Agreement, including but not limited to the provisions of Section 12, the PHP shall seek out and offer to supply to other wood buyers such kinds and amounts of Primary Forest Products as can be produced under the forest plans and economically supplied from the Agreement Lands and which are in excess of the requirements of the PHP or committed to other third parties.
- (e) If for any reason the PHP does not identify third parties under the PHP's approved forest plans, or if a third party defaults in its undertaking or agreement with the Province or the PHP, the Province may identify and allocate any portion of such potential harvest to one or more other third parties.
- (f) In the event the Province has identified and allocated any portion of a potential harvest to one or more other third Parties, the PHP shall use its best efforts to establish subject to the provisions of Section 12, supply agreements with such identified third Parties.
- (g) In the event the Province has not identified and allocated any portion of a potential harvest in a timely manner, the Province shall notify the PHP and the PHP may sell or exchange the product to any party, subject to the provisions of Section 12.
- (h) It is agreed that the Province has an obligation to ensure that any direct allocation of Primary Forest Products to a third party shall be integrated to the greatest extent possible with the PHP's approved Long Term Forest Management Plan and its Yearly Operations Plans, and further that the PHP shall have the first option to purchase, exchange or otherwise acquire all by-products from any

allocation of Primary Forest Products to a third party, subject to the provisions of Section 12.

- (i) It is understood that the Province reserves the right to direct an adjustment to all existing or future arrangements for the allocation of Primary Forest Products, in order to make Primary Forest Products available to potential new entrants to the forest industry, so long as any such action does not have the effect of impairing any of the PHP's rights under this Agreement.
- (j) The PHP and the Province shall collaborate and mutually agree on the methodology for the exchange and allocation of potential Primary Forest Products to third parties, other than Pulpwood and Biomass Fuel required for the Mill Site and the biomass power project located thereon, provided that such terms and conditions shall at all times ensure that the PHP is not required to harvest or provide such Primary Forest Products on a non-economic basis and shall be at all times in accordance with the provisions of Section 12.
- (k) The Province and the PHP shall agree upon the standard terms and conditions under which the PHP may sell or exchange Primary Forest Products harvested from the Agreement Lands to or with any third party, and such terms and conditions shall at all times be in accordance with the provisions of Section 12.
- (l) The PHP shall keep the Province informed as to arrangements made with third parties for the supply of Primary Forest Products, as well as any changes to or terminations of such arrangements.
- (m) The PHP shall provide the Province with confidential copies of all such sale or fibre exchange agreements, and the Province shall have the right to review any sale or exchange price, or service fee, to be charged to such third parties.
- (n) All arrangements with third parties shall outline the general breakdown of service costs being recouped by the PHP as a service fee, which may be amended by mutual agreement of the parties.
- (o) All arrangements with third parties will be included in the PHP's Long Term Forest Plans and reports, and will identify incremental road requirements, harvest quantities, treatment prescriptions, and the timing of the harvest.
- (p) If the PHP defaults in any of its obligations under its approved forest plans as they relate to a third party or as set out in an agreement with a third party, the Province may provide authority for the third party through sublicensing or any other means, to enter

upon the Agreement Lands and carry out without cost to the Province such Forestry Activities as the PHP had been required to perform on behalf of the third party and in such instances the Province shall indemnify the PHP against actions or failures of such third parties and others acting on their own behalf under the Province's authority with respect to the default of the PHP.

- (q) The Province and the PHP will cooperate to make available from the Agreement Lands reasonable amounts of domestic firewood for people in local communities.

9.3 Use of Lands by Third Parties for Non Forestry Purposes

(a) Authority of the Province

- (i) Subject to the rights of the PHP under this Agreement, nothing in this Agreement limits or modifies the authority, rights or responsibilities of the Province and no liability arises for costs or compensation for exercising its authority for either granting or denying any approval or permission to the PHP or any other person with respect to the use of the Agreement Lands by any third Parties for non-forestry purposes.

- (ii) The PHP shall have the first opportunity to harvest or acquire the Primary Forest Products where the non-forestry use of the Agreement Lands granted to other persons by the Province requires the harvest or removal of Primary Forest Products.

(b) Limited liability of the PHP

- (i) Except by mutual written agreement, the PHP has no obligation arising from Section 9.3 to incur any costs to implement or enable the use of the Agreement Lands by any third party for non-forestry purposes.

(c) Notification

- (i) Within twelve (12) months from the Commencement Date, the Province shall notify the PHP of all other occupiers and users of the Agreement Lands of which it is aware, as authorized by permits or authorities from the Province, and of all other encumbrances provided by the Province or by custom.

- (ii) The Province and the PHP shall agree on a protocol that will be updated from time to time, for notifying the PHP of existing and new land use decisions made by the Province

relating to the Agreement Lands.

- (iii) The protocol shall include a mechanism for the PHP to provide the Province with information about the impacts of such intended land use by others, prior to a final decision being made.
- (iv) Nothing in Section 9.3 authorizes the Province to make land use decisions that are contrary to the material provisions of this Agreement.

10. WITHDRAWALS FROM AND ADJUSTMENTS TO AGREEMENT LANDS

- 10.1 The PHP agrees that the Province may from time to time withdraw land from the Agreement Lands or may restrict or limit the harvesting of Primary Forest Products from the Agreement Lands or other Crown lands provided to the PHP for Forestry Activities.
- 10.2 Any withdrawals, restrictions or limitations, are subject to the rights of the PHP as set out in Section 4.

11. STUMPAGE RATES

- 11.1 The stumpage rate to be paid in each fiscal year to the Province for Pulpwood during the Initial Term is specified in the table of rates attached hereto at Schedule "F" and forming part of the Agreement.
- 11.2 The Stumpage rate to be paid in each fiscal year to the Province for Primary Forest Products other than Pulpwood and Biomass Fuel is at a rate to be set by the Province and adjusted on a regular basis.
- 11.3 The PHP acknowledges that it is the intention of the Province to consider and potentially revise its general procedures for setting and adjusting its annual stumpage rate for all softwood lumber forest products and for hardwood sawlogs in order to:
 - (a) harmonize, where desirable, the adjustment procedures used by both Nova Scotia and New Brunswick; and
 - (b) more promptly reflect the market stumpage rates prevailing on private lands in Nova Scotia and the other Maritime provinces.
- 11.4 No adjustments to stumpage rates other than the Pulpwood rate under this Agreement shall be imposed retroactively or shall be payable by the PHP on volumes harvested prior to being notified of such changes.

12. CANADA/UNITED STATES SOFTWOOD LUMBER AGREEMENT ("SLA")

- 12.1 Notwithstanding any other provision in this Agreement, the PHP shall pay stumpage to the Province on fibre harvested from the Agreement Lands

calculated at rates determined by the Province to not be contrary to the provisions of the SLA or any successor agreement between Canada and the United States.

- 12.2 It is the intention of both the Province and the PHP that the provisions of this Agreement are to be solely for the benefit of pulp and paper production, and that no portion of this Agreement shall be implemented in such a manner as to circumvent or affect any obligation applicable to Nova Scotia or softwood lumber producers in Nova Scotia under the SLA or a successor trade agreement. The obligations in this Section apply to any ownership interests the PHP may acquire in the manufacture of softwood lumber products covered by the SLA or successor agreements.
- 12.3 The price received by the PHP for any Crown Softwood Sawlogs or Softwood Studwood sold or exchanged with any third party shall be set at the prevailing market rate based on comparable arm's length transactions at a price that covers stumpage, harvesting, trucking, road building, planning and forest management activities plus a reasonable amount of profit for the PHP.

13. LOCATION OF BOUNDARIES

- 13.1 Where operationally necessary for its own Forestry Activities and using methods acceptable to the Province, the PHP will work together with the Province to locate the boundary lines of the Agreement Lands; and any establishment of such boundaries shall be under the direction of a Nova Scotia Land Surveyor in possession of an Order of Survey from the Director of Surveys.
- 13.2 The Province shall locate and inform the PHP of the proper location for corner posts of lands previously surveyed by the Province and the PHP will work together with the Province to determine the location of corner posts that are required to be established.
- 13.3 Any Nova Scotia Land Surveyor not engaged by the PHP or the Province, with an Order of Survey from the Director of Surveys, is entitled to undertake survey work on any boundary or portions of the boundary of the Agreement Lands, provided that no part of the cost thereof shall be charged to the PHP.

14. CERTIFICATION OF THE AGREEMENT LANDS

- 14.1 The PHP shall maintain its Forest Stewardship Council Certification, or such alternative certification as may be mutually agreed upon on the Agreement Lands throughout the term of this Agreement.

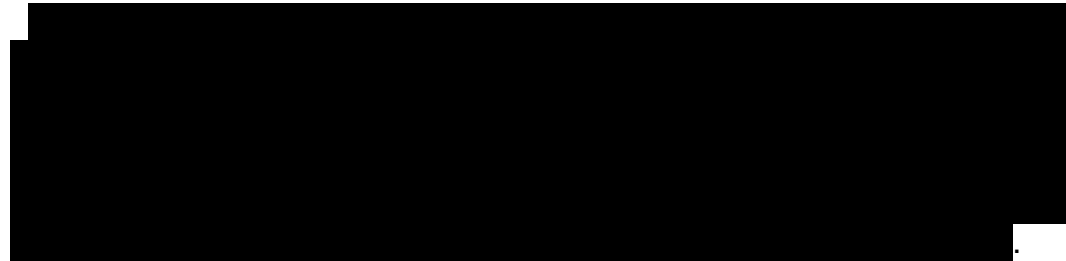
15. SILVICULTURE – CROWN LANDS

- 15.1 The PHP shall have the responsibility for conducting all approved

silviculture treatments on the Agreement Lands as authorized in its approved forest plans.

15.2 The Province will contribute to the PHP's costs of carrying out silviculture treatments approved by the Province, provided that the Province's liability for silviculture costs shall be limited to the amounts collected under the Silviculture Fee arrangements provided for in this Agreement.

15.3



15.4 The funding available in 15.3 for the reimbursement of Biomass harvest related silviculture and harvest sites shall be limited to the amount of Silviculture Fees paid by the PHP from Biomass Fuel harvested.

15.5 The Province in consultation with the PHP may specify maximum activity levels for silviculture treatments by category, as well as standards required to achieve, maintain or enhance the authorized sustainable harvest from the Agreement Lands.

15.6 The Silviculture Fee per unit as set by the Province shall be deposited into the *Crown Land Silviculture Fund* and shall be used to pay silviculture claims received from the PHP.

15.7 If the PHP does not fully utilize the Silviculture Fees in the PHP's silviculture program under this Agreement within three Operating Years following payment by the PHP, the Silviculture Fee portion of the stumpage paid by the PHP is forfeited to the Province for use in its regular Crown land silviculture program.

15.8 Within sixty (60) days after the end of each Operating Year, the PHP shall provide an audited claim statement to the Province itemizing all silviculture and the amounts paid by the Province shall be reconciled.

16. ROADS AND TRANSPORTATION

16.1 All roads existing at the Commencement Date or hereafter built on the Agreement Lands shall be deemed to be the property of the Crown.

16.2 Except where a safety or environmental risk is present, the Agreement Lands and roads thereon are open to private citizens engaged in lawful recreation.

- 16.3 The PHP shall have unencumbered use of roads on the Agreement Lands to perform all its Forestry Activities as contemplated in the Agreement and shall maintain such roads to a standard sufficient for the carrying out of the Forestry Activities.
- 16.4 Where and while it is actively engaged in Forestry Activities (including inventorying of wood) or trucking activity or where it is aware of other hazards constituting a safety or environmental risk, the PHP may post portions of the Agreement Lands as restricted or closed, including roads, rights of way or trails thereon, and shall notify the Province of the locations and durations of such restrictions.
- 16.5 The planning for the long term development, maintenance and decommissioning of roads on the Agreement Lands and any other Crown lands allocated for Forestry Activities shall be part of the PHP's ongoing community involvement procedures with the public and with the Mi'kmaq.
- 16.6 Where the PHP will incur specific costs in providing a service or good for use of the forestry roads by other commercial occupiers or users, and the Province is in agreement with the amount, the PHP may impose a fee.
- 16.7 The PHP and the Province may agree upon a set of standard fees, and/or terms and conditions to be applied generally to other users, or the PHP may seek agreement of the Province for each user fee.
- 16.8 The PHP shall be entitled to use without fees or any other charge by the Province *in situ* gravel, stone or materials within the rights-of-way of any roads now existing or hereafter built on the Agreement Lands, and from such borrow pits located on the Agreement Lands that are less than one (1) hectare in area, for its construction or maintenance of forestry roads on the Agreement Lands.

17. NATURAL RESOURCES STRATEGY 2011-2020

- 17.1 The PHP supports the Province's Natural Resources Strategy (the "Strategy") and its underlying values, and agrees to contribute its expertise to further consultations regarding development and adoption of new measures required for effective implementation of the Strategy.
- 17.2 To increase public transparency and informed decision making, the PHP shall maintain ongoing community participation processes with the Mi'kmaq and also with the general public in its forest management planning procedures.
- 17.3 If in the opinion of the Province the PHP has not provided for adequate public consultation in the preparation of its forest plans, the Province may

include public consultation as part of the Province's own review and approval process of the forest plans..

- 17.4 Both Parties acknowledge that in accordance with the *Forests Act*, they are desirous of encouraging the development and management of private forest land as the primary source of forest products for industry in the Province.

18. FOREST PLANNING AND REPORTING PROCEDURES

18.1 Initial Long Term Forest Plan

- (a) The Initial Long Term Forest Plan is the Long Term Forest Plan as prepared by NewPage and as approved by DNR on February 5th, 2003, as updated by NewPage in 2006 and 2012, excepting for the harvest volume level addressed below, and it shall be deemed sufficient to permit the PHP to commence operations, provided that it shall be replaced by the PHP not later than December 31, 2014 unless otherwise authorized by the Province in writing.
- (b) Subject to Sections 4.2, 4.3 and 4.4, the maximum AAC from the Agreement Lands shall be 475,000 M3 of softwood and 230,000 M3 of hardwood, in each Operating Year until such time as the Province authorizes a new or revised Long Term Forest Plan. The maximum AAC includes, in addition to Pulpwood and Biomass Fuel, all other Primary Forest Products.

18.2 New or Revised Long Term Forest Plans

- (a) New or Revised Long Term Forest Plans (the "Long Term Forest Plans") shall be submitted for approval on or before June 30, 2014 and every five (5) years thereafter, subject however to any requirements set out in any renewal agreement under subsection 1.3 of this Agreement.
- (b) The Long Term Forest Plans shall be composed of two parts as follows:
- (i) The planning horizon for a non-declining supply of Primary Forest Products by major category (such as Softwood Pulpwood; Softwood Sawlog and studwood; Hardwood Sawlog; Biomass Fuel and firewood) will be for a minimum of one hundred years, and shall incorporate PHP objectives and the Province's forest resource and land use objectives. The Province and the PHP shall develop the Long Term Forest Plans jointly, sharing information and data in a cooperative and collaborative manner and, in particular, shall jointly undertake wood supply analyses using state of the art methodology, applicable/available growth and yield data and

science, extensive ground level information to inform realistic estimates of forest harvesting, and restriction deductions resulting from various forest resource and land use policies. The Province will specify long term goals, objectives and policies for sustaining a range of forest values and where possible, resource restrictions affecting wood supply will be “stacked” on the same land base to lessen impacts on potential wood supply. Protected areas will be examined to ascertain what they contribute to policy directives; and

- (ii) A twenty (20) year spatial and temporal plan by NSDNR Ecological Planning Units (“EPU”), or other such approach as may be mutually developed over time, which shall directly support the long term planning horizon of 100 years. For each NSDNR EPU a plan will be developed showing, but not limited to, the following in accordance with policy: unique areas, protected areas, old forest, sensitive habitats, wetlands and watercourses, wildlife connectivity corridors, major harvest blocks and main access roads. A twenty (20) year schedule of forest activity by harvest and silviculture treatment will be developed for each ecosystem district. The treatments selected shall be those that best promote biodiversity as well as growth and yield on an ecosystem management basis.
- (c) The Province may specify a minimum required content for the Long Term Forest Plans, including but not limited to the methodology for calculation of sustainable harvest levels. The Province and the PHP shall agree in advance of its preparation, the complete content, format and methods that will be used to produce the Long Term Forest Plans. Where the PHP is obligated in any of its forest certification systems to include additional or more stringent information in its plans or reports, the PHP may exceed the Province’s specified minimum required content.
- (d) The Province will specify any Provincial objectives for necessary minimum forest conditions and other land uses to be provided for in the Long Term Forest Plans.
- (e) In approving each of the Long Term Forest Plans, the Province shall authorize new AACs.
- (f) The Province shall advise the PHP of its approval or disapproval of a Long Term Forest Plan within five (5) months of its submission to the Province. Such approval may be conditional on specified further requirements to be accomplished within specified time periods.
- (g) The Province may require amendments to a New Long Term Forest Plan following notification of any new substantive policy objectives,

species at risk recovery plan, or large scale human-caused natural events causing extensive forest damage.

- (h) In preparing a Long Term Forest Plan the PHP shall coordinate and integrate its activity with other authorized users of the Agreement Lands.

18.3 Yearly Operations Plans

- (a) In the Commencement Year of this Agreement the parties will agree to an interim Yearly Operations Plan until such time as a complete Yearly Operations Plan as per (b) is approved.
- (b) The PHP shall prepare and submit to the Province for approval by October 31 in each Operating Year an updated Yearly Operations Plan showing:
 - (i) the areas of planned forest operations for a minimum period of three Operating Years;
 - (ii) all planned road construction during that period;
 - (iii) the planned silviculture work for one year with an estimate of total cost; and
 - (iv) silviculture funding requirement by treatment category for the following year as per provisions of this Agreement.
 - (v) Previously approved areas shall not be rejected from the updated planning each year without compensation for costs.
- (c) The Province may specify the required content, including that the Yearly Operations Plan shall identify the use and destination of all Primary Forest Products to be harvested, whether to the Mill Site, Biomass Project or to third Parties and that it shall be directly related to the spatial and temporal component of the Long Term Forest Plan, and that estimated amounts and exchange volumes for Pulpwood or pulp Chips are to be shown where applicable.
- (d) Approval Process
 - (i) The Province shall approve or reject the Yearly Operations Plan as submitted by January 31 and any special terms and conditions of operation or timing of operations will be specified at that time.
 - (ii) Approval of the Yearly Operations Plan by the Province constitutes consent to the PHP to sell or barter Primary Forest Products to alternate users identified in the Plan.

- (iii) The PHP and the Province will jointly prepare a procedural document for the Yearly Operations Plan and the silviculture program contained therein for the Province's approval which shall be consistent with the provisions of this Agreement and any other silviculture funding agreements currently in effect. Such document will outline the Yearly Operations Plan format, plan content, timing, distribution, silviculture treatments, forest ecosystem classification and the procedure for effective application, research and special projects, the content of forest management reports, net cost accounting, treatment rates, treatment eligibility, treatment criteria, standards, deductions for unsuccessful work, unsatisfactory claim procedure, and the calculation, timing and payment of claims.
- (iv) The PHP and the Province shall form a technical committee to meet from time to time to prepare the procedural document. In the event of any disagreement between the Parties the Province will notify the PHP of the required procedures, technical criteria and standards, silviculture assistance deductions, plan content and reporting requirements.

18.4 Reports and Payment

- (a) The Province shall specify in writing the required content, timing and format of all reports.
- (b) The PHP shall submit annually by June 30 a report to the Province on all road, silviculture and harvest operations completed in the preceding Operating Year.
- (c) The PHP shall submit to the Province every five (5) years from the date of approval of each Long Term Forest Plan a progress report on its compliance with and achievement of all of the goals, objectives or policies set out in its previously approved Long Term Forest Plan.

- (d) The PHP shall submit stumpage reports and payment for stumpage at the end of the month following each calendar quarter (January 1 to March 31; April 1 to June 30; July 1 to September 31; October 1 to December 31) for all Primary Forest Products cut and removed from the Agreement Lands or other Crown lands and such reports will show where each category of Primary Forest Products were sold or utilized in format and detail acceptable to the Province.
- (e) Measurement of all Primary Forest Products shall be in accordance with mutually agreed upon scaling procedures.
- (f) Monies owed to the Province by the PHP sixty (60) days beyond the end of each calendar quarter shall be subject to a monthly interest charge calculated at the Prime Business Loan rate in effect each full week immediately previous to the end of each month (currently published by the Bank of Canada as data series No. B113855) plus three percentage points adjusted and implemented as follows:
 - (i) the Prime Business Loan rate component of the interest rate charge shall be adjusted on the last working day of each month based on the prime rate being currently quoted by the Royal Bank of Canada. The adjusted interest charge will then be applied to any balance that was due and not paid during that month; and
 - (ii) an invoice will be forwarded with respect to outstanding accounts showing the outstanding balance to which interest has been applied, the interest rate and the interest amount, together with any new dollar amounts owing with respect to the most recent quarterly form of return.
- (g) The Province may suspend any Forestry Activities under this Agreement until satisfactory payment arrangements are made.
- (h) The Province may, after thirty (30) days' written notice, offset the amount owed to the Province by the PHP by withholding silviculture or other payments.
- (i) The Province may, after thirty (30) days' written notice, suspend or withdraw any operational approvals or portions thereof, if amounts payable have not been paid as required.

19. **SUSPENSION AND TERMINATION**

- 19.1 The Province and PHP may mutually agree to temporarily suspend the PHP's Forest Utilization License to enter on the Agreement Lands or any part thereof if the PHP notifies the Province of valid reasons for necessary shut downs of production and provides notice of a date and conditions in a written plan for resuming production.
- 19.2 The Province may terminate this Agreement if the PHP breaches or defaults on any material term or condition of this Agreement and fails to remedy the same in a manner deemed satisfactory to the Province within three (3) months of being given written notice by the Province specifying of the breach or default; provided however that if the breach or default is not capable of being remedied within such three (3) month period, the PHP shall be deemed to be in compliance with this Agreement so long as it has commenced to remedy such breach or default within such three (3) month period and continues diligently and in good faith to effect such remedy until such time as either the Province deems such remedy to have been completed, or the PHP abandons its efforts to effect a remedy, whichever first occurs.
- 19.3 Except in cases of Force Majeure, this Agreement shall be deemed terminated by the PHP if the PHP ceases to conduct business at the Mill Site for a continuous period of one (1) year, or earlier if the PHP notifies the Province in writing that a cessation of operations is permanent in nature, or the actions of the PHP make such permanent nature of cessation readily apparent.
- 19.4 This Agreement shall be deemed terminated immediately in the event the PHP becomes insolvent or makes an assignment under the *Bankruptcy and Insolvency Act*, makes a proposal to creditors (whether voluntary or involuntary) under the *Bankruptcy and Insolvency Act*, has a petition filed or presented against it pursuant to the *Bankruptcy and Insolvency Act*, takes or proposes to take the benefit or any provision of the *Companies Winding Up Act*, or the *Companies' Creditors Arrangements Act* or similar legislation, is subject to or takes steps similar to any of the foregoing pursuant to any other legislation, or ceases to carry on business in the Province of Nova Scotia.

20. DISPUTE RESOLUTION

20.1 The Parties agree to act reasonably and in good faith in the exercise of their authority under this Agreement, and shall make all reasonable efforts to resolve any disputes or issues by amicable negotiations and agree to provide, without prejudice, frank, candid and timely disclosure of relevant facts, information and documents to facilitate such efforts. In particular, the Province and the PHP shall use their best efforts to resolve issues in a timely and efficient manner.

20.2 Without limiting the right of either party to terminate the Agreement pursuant to Section 19 all disputes under this Agreement shall be subject to the following escalation process:

- (a) Staff and Executive level representatives of both Parties;
- (b) Deputy Minister of the NSDNR and Chief Operating Officer of the PHP;
- (c) Arbitration pursuant to the Nova Scotia *Commercial Arbitration Act*.

21. ASSIGNMENT

21.1 This Agreement and the benefits and obligations thereunder is not assignable in whole or in part.

22. AMENDMENTS

22.1 This Agreement may be amended in writing by mutual agreement signed by both Parties.

23. AUDIT

23.1 The PHP agrees to maintain proper and accurate accounts and records relating to this Forestry Utilization Licence Agreement which shall be open to audit and examination by the Province or the Province's appointed auditors at all reasonable time during the term of this Agreement and for a period of two years (2) thereafter.

24. NOTICES

24.1 All notices under this Agreement shall be deemed duly given: upon delivery, if delivered by hand; or three days after posting if sent by registered mail, receipt requested, to a party at the address set out in this Agreement. Nothing in this section shall prevent notice from being given by any other means, provided that such notice has been actually received.

NSDNR
Attn: Executive Director, Renewable Resources Branch
1701 Hollis Street
Founders Square
P.O. Box 698
Halifax, NS
B3J 2T9

PHP
Attn: General Manager
P.O. Box 9500
Port Hawkesbury, NS
B9A 1A1

And copied to:

Stern Partners Inc.
Suite 2900 - P.O. Box 11583
650 W. Georgia Street
Vancouver, BC V6B 4N8
Tel: 604-681-8817
Fax: 604-681-8861

25. ENTIRE AGREEMENT

25.1 This Agreement including the preamble and the Schedules attached or referred to (together referred to as "the Agreement") shall constitute the whole agreement between the Parties with respect to the Forest Utilization License unless duly amended in writing and signed by both Parties. No representation or statement not expressly contained in the Agreement shall be binding upon either party.

26. LAWS AND JURISDICTION

26.1 This Agreement shall be interpreted in accordance with the laws of the Province of Nova Scotia and any dispute arising under this Agreement shall be determined within the exclusive jurisdiction of the courts of the Province of Nova Scotia.

IN WITNESS WHEREOF the Parties have hereunto set their hands and affixed their seals on the day and year first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of)

Witness)

Witness)

Witness)

HER MAJESTY THE QUEEN in Right)
of the Province of Nova Scotia)

Charlie Parker)

Hon. Charlie Parker)
Minister of Natural Resources)

PORT HAWKESBURY PAPER L.P.)

Per: Ronald Stern)

Per: _____)



IN WITNESS WHEREOF the Parties have hereunto set their hands and affixed their seals on the day and year first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of)

[Signature]
Witness)

[Signature]
Witness)

[Signature]
Witness)

HER MAJESTY THE QUEEN in Right
of the Province of Nova Scotia

[Signature]
Hon. Charlie Parker
Minister of Natural Resources

PORT HAWKESBURY PAPER L.P.

Per: [Signature]

Per: [Signature]

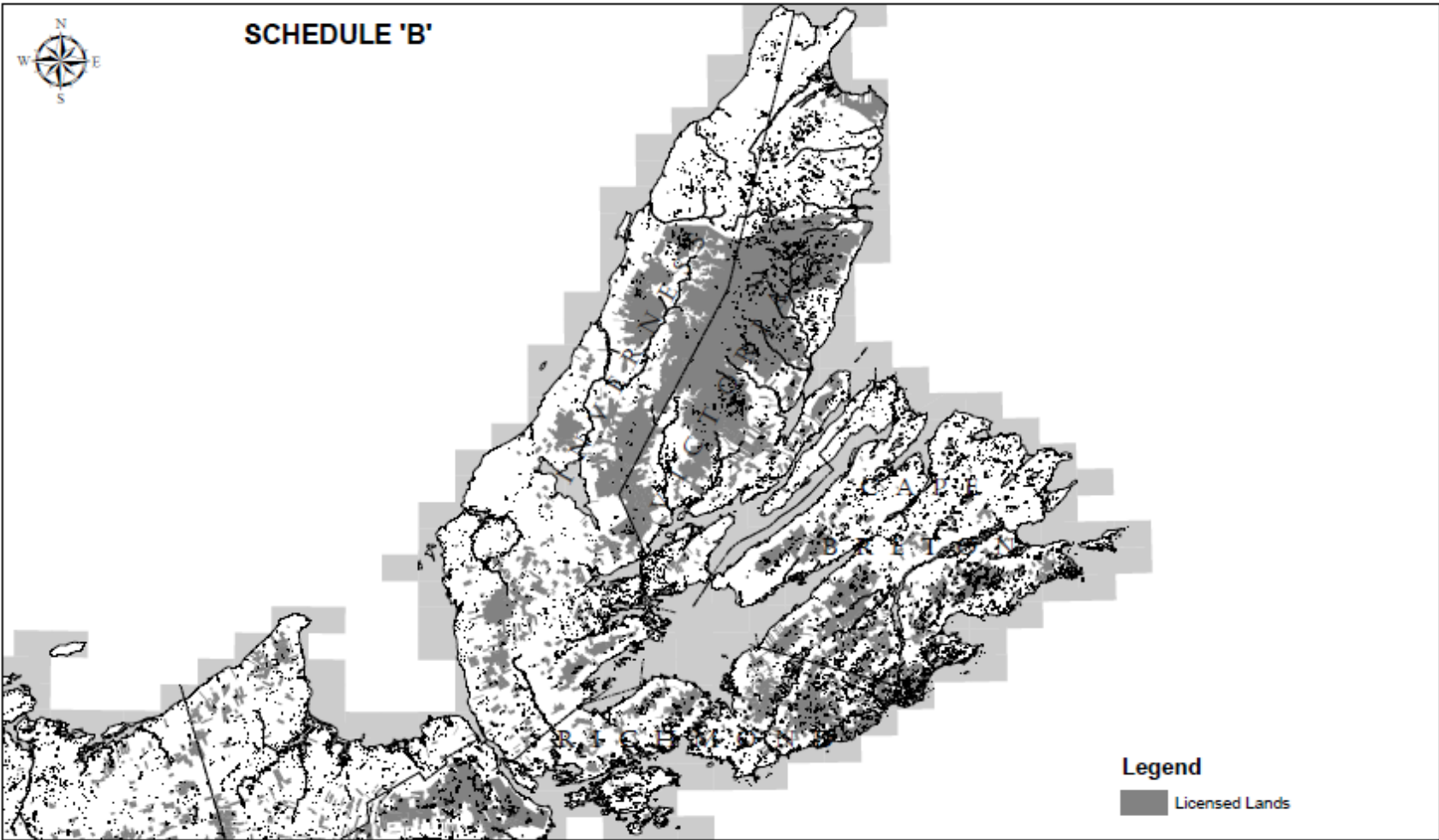
Schedule “A”

Policies approved as of August 2012:

- Marten Recovery Plan
- Endangered Canada Lynx Special Management Practices
- Boreal Felt Lichen Special Management Practices
- Special Management Practice for Heron Colonies
- Atlantic Coastal Plain Flora Recovery Plan
- Boreal Felt Lichen Recovery Plan
- Lynx Recovery Plan
- Mainland Moose Recovery Plan
- Wood Turtle Management Plan
- Wood Turtle Special Management Practices
- Endangered Mainland Moose Special Management Practices
- Bald Eagle Special Management Practices
- White-Tailed Deer Wintering Areas Special Management Practices
- Code of Forest Practice
- Old Forest Policy
- Forest Ecosystem Classification for Nova Scotia (2010)
- Forest/Wildlife Guidelines and Standards (1989)

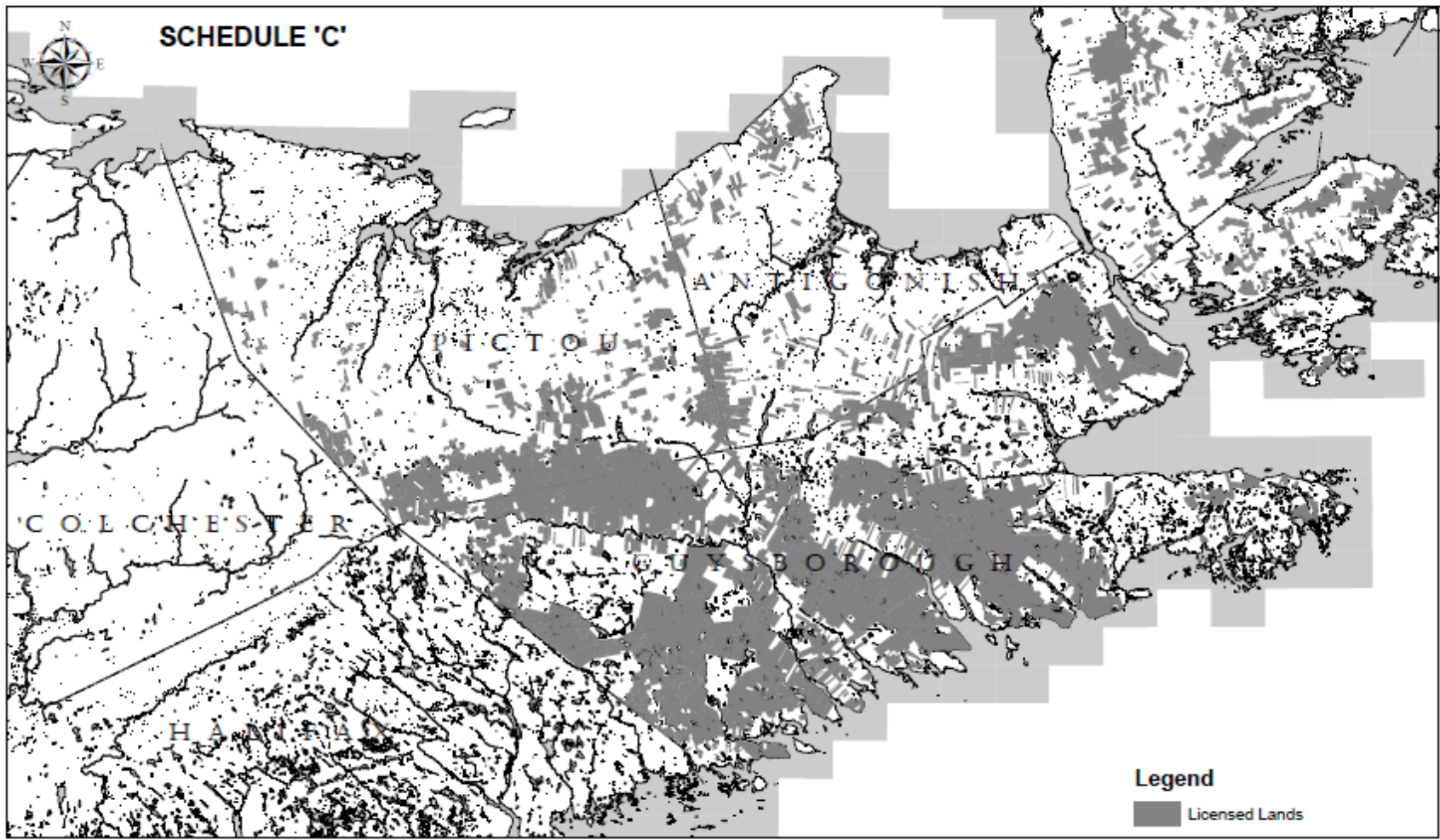


SCHEDULE 'B'



Legend

■ Licensed Lands



Schedule “D”
Definitions of Forest Product Specifications

“Biomass Fuel” or wood waste means logs, bolts or pieces of wood of any size or form, from any species of hardwood or softwood tree having no higher valued potential and if originating from a forest harvest or silviculture operation shall be made only from the wood or bark of a Tree Stem from which the branches have been removed or if originating from a non-harvesting operation may be made from any portion of a tree and also includes secondary wood waste by-products generated at a wood processing facility from the processing of Primary Forest Products or the re-manufacture of wood articles and without limiting the generality of the forgoing includes fuel chips, slabs, trim ends, sawdust, shavings, bark, wood particles, and other solid waste and may also include secondary forest products or parts thereof that have been rejected, culled or are defective..

“Chips” means any softwood or hardwood pieces (small and thin) suitable for processing in the PHP’s Mill or for sale to any other user, except as Biomass Fuel.

“Hardwood Sawlog” means any hardwood bolt suitable for the manufacturing of lumber or hardwood components such as flooring, wainscoting, or furniture blanks.

“Palletwood” means hardwood or softwood that is not suitable for sawing into either dimensioned softwood lumber or in the manufacture of hardwood lumber products, but is usable as low grade lumber suitable only for the manufacture of pallets.

“Pulpwood” means any softwood or hardwood bolt which:

- (i) is cut from a tree of any species ; and
- (ii) is sufficiently free of defects so as to be usable.

“Softwood Sawlog” means any softwood bolt suitable for the manufacturing of lumber.

“Softwood Studwood” means a softwood bolt which:

- (i) has a minimum length of 2.47 metres and a maximum length of 3.15 metres, unless otherwise agreed in writing by both Parties;
- (ii) is sufficiently straight and defect free to produce a minimum of one piece of 5.0 centimetres by 7.6 centimetres and 2.44 metres in length; and
- (iii) has a top diameter (inside bark) between 10.0 centimetres and 30.0 centimetres.

“Tree Stem” means the principal axis of a tree from which buds, shoots and branches develop. Many Nova Scotia trees species can develop ‘forks’, and may contain two or more stems. The Tree Stem does not include the stump or wood below the root collar.

Schedule "E"

List of third parties with whom Port Hawkesbury Paper will make new wood fibre agreements

(schedule redacted)

Schedule "F"
Pulpwood Stumpage Rates

(schedule redacted)