



This is the 2nd affidavit
of Deborah Hamann-Trou in this case
and was made on June 14, 2012

No. S-120712
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, AS AMENDED**

AND

**IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985,
c. C-44**

AND

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

AND

**IN THE MATTER OF CATALYST PAPER CORPORATION
AND THE PETITIONERS LISTED IN SCHEDULE "A"**

PETITIONERS

AFFIDAVIT

I, DEBORAH HAMANN-TROU, legal assistant, of 20th Floor, 250 Howe Street, Vancouver, B.C., V6C 3R8, SWEAR THAT:

1. I am a legal assistant with the law firm of Fraser Milner Casgrain LLP, solicitors for the Ad Hoc 2016 Noteholder Group, and as such, I have personal knowledge of the matters herein deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.

2. Now produced and shown to me and attached as **Exhibit "A"** to my Affidavit is a copy of the entered Order of Mr. Justice Sewell pronounced on June 13, 2012 (the "Disclosure Order").

3. Now produced and shown to me and attached as **Exhibit "B"** to my Affidavit is a copy of the documents received on June 13, 2012 pursuant to the Order of Mr. Justice Sewell as follows: (a) Master Trust Agreement between Norske Skog Canada Limited and CIBC Mellon Trust Company; (b) Participating Trust Agreement between Norske Skog Canada Limited and CIBC Mellon Trust Company; (c) Defined Benefit Pension Plan (for former Pacifica employees); and (d) Defined Benefit Pension Plan.

4. As of the date of this affidavit no further documents have been received pursuant to the Disclosure Order.

SWORN (OR AFFIRMED) BEFORE ME
at Vancouver, British Columbia, on June
12, 2012.

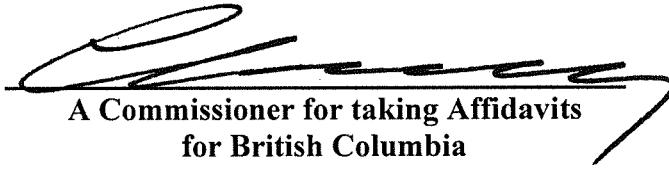
A Commissioner for taking Affidavits
within British Columbia



DEBORAH HAMANN-TROU

CHRISTOPHER J. RAMSAY
Barrister & Solicitor
FRASER MILNER CASGRAIN LLP
20th Floor, 250 Howe Street
Vancouver, B.C. V6C 3R8
Telephone (604) 687-4460

**This is Exhibit "A" referred to in the affidavit
of Deborah Hamann-Trou sworn before me at
Vancouver this 14 day of June, 2012.**


**A Commissioner for taking Affidavits
for British Columbia**

2
SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

JUN 13 2012

ENTERED



NO. S120712
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE **COMPANIES' CREDITORS ARRANGEMENT ACT**,
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S.B.C. 2002, c. 57

AND

IN THE MATTER OF CATALYST PAPER CORPORATION
AND THE PETITIONERS LISTED IN SCHEDULE "A"

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE

MR. JUSTICE SEWELL

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)
)

13/June/2012

ON THE APPLICATION of the Ad Hoc 2016 Noteholder Group coming on for hearing at Vancouver, British Columbia on this day; AND UPON READING the material filed including the Notice of Application of the Ad Hoc 2016 Noteholder Group, dated June 12, 2012 and the Affidavit of Deborah Hamann-Trou, dated June 12, 2012; and UPON HEARING Christopher J. Ramsay, counsel for the Ad Hoc 2016 Noteholder Group and those other counsel listed on Schedule "B" hereto;

THIS COURT ORDERS AND DECLARES that:

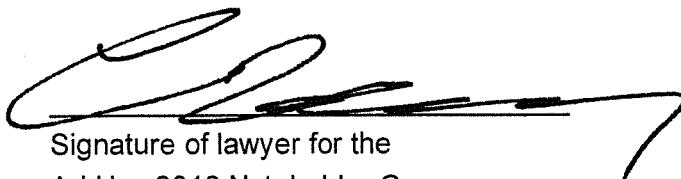
1. Catalyst Paper Corporation ("Catalyst") shall as soon as reasonably practicable disclose and produce in relation to the defined benefit Catalyst Paper Corporation Retirement Plan for Salaried Employees BC Reg No. 85400 (the "Salaried Plan") the following documents, to the extent such documents are in the possession or control of Catalyst:

- any and all correspondence between Catalyst and the Pension Department of the British Columbia Financial Institutions Commission ("FICOM") from January 1, 2009 to date concerning the funding of the Salaried Plan;
- the current plan member booklet and any previous versions of the booklet over the last 10 years;
- the current trust agreement relating to the defined benefit Salaried Plan and any and all correspondence from Catalyst to the Trustee of the Salaried Plan from January 1, 2009 to date;
- audited financial statements of the Salaried Plan from January 1, 2009 to date;
- all Annual Reports provided by Catalyst to members from January 1, 2009 to date;
- actuarial valuations relating to the defined benefit Salaried Plan from January 1, 2007 to date; and,
- any and all ancillary documents relating to the categories of documents set out above.

2. Any of the documents produced and disclosed to any person pursuant to Paragraph 1 of this order are subject to the implied undertaking of confidentiality and cannot be used by any person receiving those documents except for the purposes of this proceeding, until and unless the scope of the undertaking is varied by court order.

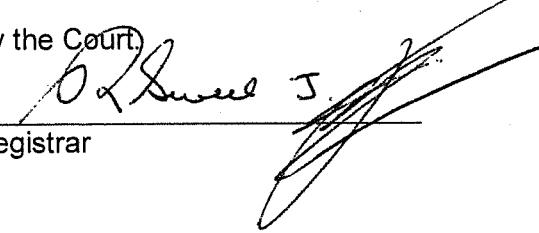
3. Approval of this Order as to form by counsel appearing on this Application, other than counsel for the Applicants, is hereby dispensed with.

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



Signature of lawyer for the
Ad Hoc 2016 Noteholder Group

By the Court,


Registrar



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Schedule "A"

LIST OF ADDITIONAL PETITIONERS

Catalyst Pulp Operations Limited

Catalyst Pulp Sales Inc.

Pacifica Poplars Ltd.

Catalyst Pulp and Paper Sales Inc.

Elk Falls Pulp and Paper Limited

Catalyst Paper Energy Holdings Inc.

0606890 B.C. Ltd.

Catalyst Paper Recycling Inc.

Catalyst Paper (Snowflake) Inc.

Catalyst Paper Holdings Inc.

Pacifica Papers U.S. Inc.

Pacifica Poplars Inc.

Pacifica Papers Sales Inc.

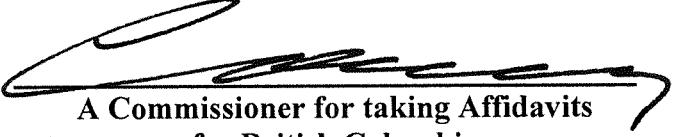
Catalyst Paper (USA) Inc.

The Apache Railway Company

SCHEDULE "B"

NAME OF PARTY	NAME OF COUNSEL
Ad hoc 2016 Noteholders group	Chris Ramsay
Catalyst Petitioners	Peter Rubin
Cross Over 2014 Group	David Gruber
Wells Fargo	V. Sinha
Monitor	Vicki Tickle
Superintendent of Pensions	Sandra Wilkinson
PPWC Local 2	Chris Misura
Catalyst Salaried Employees and Pensioners Group	James Harnum
Ad hoc Group 2014 Noteholders	David McKinnon

This is Exhibit "B" referred to in the affidavit
of Deborah Hamann-Trou sworn before me at
Vancouver this 14 day of June, 2012.



A Commissioner for taking Affidavits
for British Columbia

MASTER TRUST AGREEMENT
BETWEEN
NORSKE SKOG CANADA LIMITED
- and -
CIBC MELLON TRUST COMPANY

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This Master Trust Agreement is entered into the 1st day of October, 2001 to take effect as of the 1st day of September, 2001.

BETWEEN:

Norske Skog Canada Limited, a company incorporated under the laws of Canada (the "Company")

- and -

CIBC Mellon Trust Company, a trust company existing under the laws of Canada (the "Trustee")

WHEREAS:

- (a) Fletcher Challenge Canada Limited ("FCCL") established with The Canada Trust Company (the "Prior Trustee") a master trust fund to provide for the collective investment and reinvestment of all or any portion of the assets of the Participants, as herein defined, pursuant to an agreement dated as of July 10, 1990, as amended from time to time (the "Former Trust Agreement");
- (b) the Trustee has purchased the pension and institutional trust services business of the Prior Trustee which may be transferred to the Trustee in accordance with section 10.2 of the Former Trust Agreement;
- (c) the Company wishes to confirm the Trustee's assumption of trusteeship of the Fund, as herein defined, and the Trustee has agreed to act as trustee of the Fund, subject to the terms and conditions hereof;
- (d) the Trustee wishes to appoint the Canadian Imperial Bank of Commerce as custodian (the "Custodian") of certain of the assets of the Fund, and the Custodian has agreed to accept such appointment;
- (e) FCCL changed its name to Norske Skog Canada Limited effective December 15, 2000; and
- (f) the Company and the Trustee have agreed to enter into this Agreement to:
 - (i) provide for the appointment of the Trustee;
 - (ii) record the Trustee's acceptance of the master trust;
 - (iii) state the duties of the Trustee;

- (iv) replace and supersede the Former Trust Agreement; and
- (v) provide for the appointment of the Custodian.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto the parties agree to be legally bound, as follows:

SECTION 1. INTERPRETATION

1.1. Definitions.

The terms used herein shall have the following meanings:

- (a) "Affiliate" means with respect to a party, that party's affiliated companies within the meaning of the *Canada Business Corporations Act* (CBCA); and with respect to the Trustee only, Affiliate shall be deemed, for the purposes of this Agreement only, to include Canadian Imperial Bank of Commerce, CIBC Mellon Global Securities Services Company and Mellon Bank Canada and each of their affiliates within the meaning of the CBCA.
- (b) "Agreement" means this agreement, including any and all amendments and schedules hereto and thereto.
- (c) "Applicable Laws" means any federal or provincial pension benefits, tax or other legislation and any regulations, policies or administrative practices of any domestic or foreign regulatory authority, as may from time to time apply to the Fund or any Plan.
- (d) "Authorized Instructions" means all directions and instructions from an Authorized Party provided in accordance with Section 4.2.
- (e) "Authorized Party" means any person or entity properly identified to the Trustee in accordance with Section 4.1.
- (f) "Business Day" means each day other than a Saturday, Sunday, a statutory holiday in British Columbia or any day on which the principal chartered banks located in Vancouver are not open for business during normal banking hours.
- (g) "Fiscal Year" means, with respect to the Fund, the period commencing on the day and year first written above and ending on the immediately following December 31 and thereafter the same as a calendar year.
- (h) "Fund" means the Property held pursuant to this Agreement as such shall exist from time to time together with any earnings, profits, increments and accruals arising therefrom, including all amounts delivered to and accepted by the Trustee from any prior trustee or other funding agent, less any payments and disbursements.

- (i) "Investment Manager" means an investment manager with respect to the Fund which has been appointed by the Company as provided in Section 6.2. For greater certainty, an Affiliate of the Trustee may be an Investment Manager.
- (j) "Net Income" as of a Valuation Date means the net income of the Fund for the period from but excluding the immediately preceding Valuation Date to and including such Valuation Date, provided that for greater certainty, net income does not include Net Realized Capital Gains.
- (k) "Net Realized Capital Gains" for any Fiscal Year means the excess of (i): the realized capital gains of the Fund, over (ii) the realized capital losses of the Fund, as determined by the Trustee for the purposes of the Tax Act.
- (l) "Participant" means the trust fund established for a Plan which acquires and maintains one or more Units.
- (m) "Participating Trust Agreement" means an agreement between the Trustee and the Company or an affiliate of the Company which allows for investment in the Fund.
- (n) "Plan" means a registered pension plan as defined in subsection 248(1) of the Tax Act to which contributions are being made or may be made by the Company or an affiliate of the Company.
- (o) "Pro Rata Share" of a Participant on any Valuation Date means the percentage obtained by dividing the number of the Participant's Units outstanding as of such Valuation Date by the number of all Participants' Units outstanding as of such Valuation Date. The number of Units outstanding on a Valuation Date shall include Units to be redeemed as of that date but shall exclude Units to be purchased as of that date.
- (p) "Property" means all tangible and intangible assets and property of the Fund of any nature or type and includes cash, Securities and Real Estate.
- (q) "Real Estate" means direct or indirect investments or interests in real property, leaseholds, mineral interests or participation in real estate investment trusts or corporations, provided that investments in shares or ownership interests that, at the time of acquisition by the Fund, are traded on a public securities exchange shall be deemed not to constitute "Real Estate".
- (r) "Security" has the meaning ascribed to that term in the *Securities Act (British Columbia)*.
- (s) "Tax Act" means the *Income Tax Act (Canada)* and all regulations and policies thereto, as amended and/or restated from time to time. Any reference in this Agreement to a provision of the Tax Act includes any successor provision thereto.
- (t) "Tax Obligations" means the responsibility for payment of taxes (including related interest and penalties), withholding of taxes, certification, reporting and filing requirements, claims for exemptions or refunds and other related expenses of the Fund.

- (u) "Unit" means a unit of participation of the Fund as defined in Section 2.3.
- (v) "Valuation Date" means the last day in each calendar month, the day of termination of the Fund and such additional days as the Company and the Trustee may determine from time to time.

1.2. Interpretation.

Words importing the singular number shall include the plural and vice-versa. All references to sections and schedules are to sections and schedules to, and forming part of, this Agreement.

SECTION 2. ESTABLISHMENT AND ACCEPTANCE OF TRUST FUND

2.1. Appointment of Trustee and Acceptance of Trust Fund.

The Company hereby appoints the Trustee as trustee of the Fund and continues with the Trustee the master trust and the master trust fund as transferred by the Prior Trustee to provide for the collective investment and reinvestment of all or any portion of the assets of the Participants. Such appointment shall be effective immediately following the resignation of the Prior Trustee. The Trustee hereby accepts the trusts herein set out and agrees to hold, invest, distribute and administer the Fund upon the terms and conditions of this Agreement. The Trustee shall have no liability or responsibility for any Property until it in fact is received by the Trustee, Custodian or any sub-custodian.

2.2. Replacement of Former Trust Agreement.

This Agreement replaces and supersedes in its entirety the Former Trust Agreement. For greater certainty, if there is a conflict between the terms of this Agreement and the Former Trust Agreement, the terms of this Agreement shall prevail.

2.3. Division of Fund into Units.

The Fund shall be divided into Units of equal value. Each Unit shall be identical in all respects with every other Unit and shall represent an undivided interest in the assets of the Fund without distinction, preference or priority. The interest of a Participant in the Fund shall be expressed by the number of Units owned by that Participant. There shall be no limits to the number of Units that may be issued. Fractional Units may be issued. Units are not transferable and certificates representing Units shall not be issued by the Trustee.

2.4. Acquisitions.

A Participant may acquire Units from time to time by paying or transferring to the Trustee, on any Valuation Date, Property acceptable to the Trustee. In the event that such Property is in a form other than cash, the Company shall provide a valuation of such Property, if so requested by the Trustee.

2.5. Power to Alter Unit Number.

The Trustee may, at any time and without notice, consolidate or subdivide the Units, provided that no such consolidation or subdivision shall alter the total value of Units held by any Participant.

2.6. Redemption of Units.

Units may be redeemed as of any Valuation Date at the Unit value computed by the Trustee as of such Valuation Date in accordance with Section 2.8 provided written notice of such redemption from the Participant is received by the Trustee at least five (5) Business Days prior to the Valuation Date. Units shall be redeemed as soon as practicable following the computations described in Sections 2.7 and 2.8. Units shall be redeemed for cash unless the Trustee receives Authorized Instructions otherwise. Where there is insufficient cash to complete a redemption of Units, the Company shall provide Authorized Instructions to the Trustee directing the Trustee as to the method of payment for the Units to be redeemed.

2.7. Valuation Rule.

On each Valuation Date, the Trustee shall determine the value of the Fund and of the Units. The value of the Fund, as of any Valuation Date, shall be determined in accordance with Section 7.1(g). In determining the value of the Fund, there shall be deducted all expenses or current liabilities of the Fund due or accruing due as of such Valuation Date, and the net amount so determined, shall be the value of the Fund as of such Valuation Date. For greater certainty, the value of the Fund on a Valuation Date shall be determined without taking into account any acquisition or redemption of Units which takes place as of such Valuation Date.

2.8. Unit Value.

The value of each Unit as of the Valuation Date shall be determined by dividing the value of the Fund as determined by the Trustee by the number of Units outstanding on that date. The number of Units outstanding on a particular Valuation Date shall include Units to be redeemed as of that date but shall exclude Units to be purchased as of that date.

2.9. Valuation Binding.

The Fund value and the Unit value as established by the Trustee in accordance with this Agreement shall be conclusive and binding upon all Participants and the Company.

2.10. Allocation of Net Income.

As of each Valuation Date, the amount of any Net Income as of such Valuation Date shall be computed by the Trustee in accordance with methods consistently followed and uniformly applied. As of such Valuation Date, the Trustee shall allocate to each Participant the amount equal to such Participant's Pro Rata Share of the Net Income.

2.11. Allocation of Net Realized Capital Gains.

As of each Valuation Date, the Trustee shall allocate to each Participant the amount equal to such Participant's Pro Rata Share of the Net Realized Capital Gains during the period since the immediately preceding Valuation Date.

2.12. Payment and Reinvestment.

There shall be payable to each Participant:

- (a) as of the Valuation Date on which the allocation was made, the Net Income allocated to such Participant pursuant to Section 2.10, and
- (b) as of the Valuation Date on which the allocation was made, the Net Realized Capital Gains allocated to such Participant pursuant to Section 2.11

and the Participant shall have the legal right to enforce payment thereof. Where within ten (10) days of any Valuation Date any Participant notifies the Trustee in writing that it wishes to enforce payment of all amounts payable to it under this Section 2.12, such election shall apply equally to all Participants and there shall be paid to each Participant the amounts payable to it. Where on any Valuation Date none of the Participants elects to enforce payment of all amounts payable to it under this Section 2.12, such amounts shall be deemed to be paid to the Participant and to be reinvested in the Fund by way of the acquisition of additional Units which Units shall be issued as at the close of business on such Valuation Day, at the Unit value on that Valuation Date. Immediately following the issuance of such additional Units, the total number of Units held by each Participant shall be consolidated so that the number of Units held by the Participant following the consolidation shall be equal to the number of Units held by the Participant immediately prior to the issuance of additional Units. Notwithstanding the foregoing, if any Participant notifies the Trustee in writing within three (3) Business Days of the applicable Valuation Date that it does not wish its Units to be consolidated on that date, no Participant's Units shall be consolidated.

2.13. Year End Allocation.

Where in a Fiscal Year, notwithstanding the right of the Participants to enforce the payment of the Net Income and Net Realized Capital Gains pursuant to Section 2.12, the Fund would, but for this Section 2.13, have taxable income for the year for the purposes of the Tax Act or any Applicable Laws in respect of which tax would be payable by the Fund, the Trustee shall, as of the last Valuation Date of that Fiscal Year, allocate, and there shall be payable, to each Participant the amount equal to such Participant's Pro Rata Share of the amount which would otherwise be the taxable income for that year. The Participant shall have the legal right to enforce payment of such amount and the provisions of Section 2.12 shall apply, mutatis mutandis.

SECTION 3. APPOINTMENT OF CUSTODIAN

3.1. Appointment of Custodian and Establishment of Custody Account.

The Trustee is authorized by the Company to, and the Trustee hereby appoints the Custodian as custodian of the Fund for purposes of performing the custodial and related recordkeeping responsibilities of the Trustee set forth in this Agreement. The Trustee, however, shall retain

ultimate responsibility and shall be liable for the acts and omissions of the Custodian and any successor custodian that is an Affiliate of the Trustee.

Except as otherwise directed by the Company or required by law, the Trustee shall deposit certain assets of the Fund with the Custodian for safekeeping and administration and the Trustee shall cause the Custodian to establish a custody account in the name of the Trustee for the account of the Fund in which the Trustee shall deposit or cause to be deposited the assets of the Fund as the Trustee may from time to time determine.

SECTION 4. INSTRUCTIONS

4.1. Authorized Parties.

The Company shall from time to time furnish the Trustee with a written list of the names, signatures and extent of authority of all persons authorized to direct the Trustee and otherwise act on behalf of the Company under the terms of this Agreement. The Company shall cause each Investment Manager appointed in accordance with Section 6.2 to furnish the Trustee upon such appointment and from time to time with a written list of the names and signatures of the person or persons who are authorized to represent the Investment Manager. The Trustee shall be entitled to rely on instructions from persons or entities so identified until it has been notified in writing by the Company or an Investment Manager, as appropriate, of a change of the identity or authority of such person or entities.

4.2. Authorized Instructions.

All directions and instructions to the Trustee given pursuant to this Agreement from an Authorized Party shall be forwarded in writing, by facsimile transmission, or electronic transmission or such other means of transmission as may be agreed upon by the Trustee and the Company, provided that the Trustee may in its discretion act upon receipt of telephone instructions. The Company agrees to forward to the Trustee written confirmation of any telephone instructions on the same day that they are given, however, any such written confirmation shall in no way affect any action taken by the Trustee in reliance upon the telephone instructions.

An Authorized Instruction:

- (a) sent by personal delivery, shall be received at the time of delivery, but if it is delivered either after normal banking hours on a Business Day, or on a non-Business Day, shall be deemed to have been received at the start of normal banking hours on the next Business Day;
- (b) sent by facsimile transmission or electronic transmission, is deemed to be received on the day of receipt, if sent before 5 p.m. (local time of the recipient) on a Business Day, or if received on or after 5 p.m. (local time of the recipient) on a Business Day or a non-Business Day, shall be deemed to have been received at the start of normal banking hours on the next Business Day; and

(c) sent by such other means of transmission agreed by CIBC Mellon and the Company, shall be deemed to have been received at the time and day provided in that agreement;

Unless otherwise expressly provided, each Authorized Instruction shall continue in full force and effect until superseded or cancelled by another Authorized Instruction.

4.3. Errors, Omissions in Authorized Instructions.

Any Authorized Instructions shall, as against the Company and in favour of the Trustee, be conclusively deemed to be Authorized Instructions for the purposes of this Agreement, notwithstanding any error in the transmission thereof or that such Authorized Instructions may not be genuine, if believed by the Trustee acting in accordance with the standard of care in Section 15.1, to be genuine. Provided however that the Trustee must decline to act upon any Authorized Instructions:

- (a) that are insufficient or incomplete; or
- (b) that are not received by the Trustee in sufficient time to give effect to such Authorized Instructions; or
- (c) where the Trustee has reasonable grounds for concluding that the same have not been accurately transmitted or are not genuine.

If the Trustee declines to give effect to any Authorized Instructions for any reason set out in the preceding sentence, it shall notify the Company or the Investment Manager forthwith after it so declines.

4.4. No Duty.

The Trustee shall be under no duty or obligation to question any Authorized Instruction, to review any Securities or other Property held in the Fund, to make any suggestions with respect to the investment and reinvestment of the assets in the Fund, or to evaluate or question the performance of any Authorized Party.

SECTION 5. PAYMENTS FROM THE TRUST FUND

5.1. Payments from the Fund.

Except as otherwise provided in this Agreement, the Trustee shall make payments from the Fund only pursuant to Authorized Instructions which may direct that such payments be made to any person, including the Company, or to any paying agent. Upon any such payments being made by the Trustee, the amount thereof shall no longer constitute a part of the Fund. In each instance the Authorized Instructions shall be deemed to include a certification from the Company to the Trustee that such payments are in accordance with Applicable Laws.

5.2. Payments of Taxes and Expenses.

The Fund shall be responsible for and the Trustee may pay out of the Fund (with or without any Authorized Instructions from the Company), all Tax Obligations and financial obligations for environmental liability which are levied or assessed and are legally enforceable against the Trustee in respect of the Fund, or any part thereof, or directly against the Fund or any part thereof, and may withhold from payments out of the Fund, all Tax Obligations required by law to be so withheld.

SECTION 6. INVESTMENT

6.1. Investment of the Fund.

Except as otherwise provided in Section 6.5, the Trustee shall have no responsibility for the investment or reinvestment of the Fund, or for failure to reinvest the Fund and shall have no responsibility for any investment decisions, which shall be the sole responsibility of the Company unless otherwise delegated by the Company to an Investment Manager in accordance with Section 6.2. The Fund shall be held, invested and reinvested by the Trustee or the Custodian on behalf of the Trustee, in accordance with Authorized Instructions, whether or not any such investment is of a character authorized by laws concerning investments by trustees. The Trustee shall invest the principal and income of the Fund without distinction between principal and income in such investments as may be directed by Authorized Instructions. The Trustee shall not be responsible for the title, validity or genuineness of any Property or evidence of title thereto received by it or any defect in ownership or title. Subject to Section 15.1, the Trustee shall not be responsible for the title, validity or genuineness of any Property or evidence of title thereto delivered by it.

6.2. Investment Managers.

The Company may from time to time appoint one or more Investment Managers to manage the investment of any portion of the Fund and, with respect to such portion, to direct the Trustee with respect to settling investment transactions on behalf of the Fund and exercising such other powers as may be granted to Investment Managers. The Company shall give prompt written notice of any such appointment, upon which the Trustee shall rely until it receives from the Company written notice of the termination of such appointment. In each case where such an appointment is made, the Company shall determine the assets of the Fund to be allocated to the applicable Investment Manager from time to time and shall issue Authorized Instructions to the Trustee with respect thereto.

6.3. Investment Monitoring.

It shall be solely the responsibility of the Company to determine that all transactions entered into by the Trustee pursuant to Authorized Instructions are authorized by and in compliance with Applicable Laws and any Statement of Investment Policies and Procedures applicable to the Fund and that any transaction relating to, or investment of, the Fund's assets if made or retained does not attract any tax, penalty tax or penalty under Applicable Laws.

6.4. Fund to be Segregated.

In carrying out its duties and obligations hereunder, the Trustee shall ensure that the Fund shall always be kept separate and distinct from the general assets of the Trustee. Should any asset or assets of the Fund for any reason become mixed with the general assets of the Trustee, then so long as such mixed fund exists, the entire resulting mixed fund shall be deemed to be held by the Trustee in trust hereunder to the extent necessary to satisfy the Fund's claim on such mixed fund.

6.5. Cash Balances.

The Trustee may retain any cash balance in the Fund and may, but need not, invest same in Authorized Investments; or hold the same in the deposit department of the Custodian or one of the Trustee's Affiliates; but the Trustee shall not be liable to account for any profit to the Company other than at a rate established from time to time by the Trustee or its Affiliates.. For the purposes of this Section 6.5, "Authorized Investments" means short term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada or a Province or a Canadian chartered bank or trust company (which may include the Trustee or an Affiliate or related party or restricted party of the Custodian), provided that each such obligation is rated at least R1 (middle) by Dominion Bond Rating Service Limited, or an equivalent rating service.

SECTION 7. CONCERNING THE TRUSTEE

7.1. General Powers and Duties.

In administering and investing the Fund, the Trustee shall be specifically authorized to:

- (a) **Appointment of Sub-Custodians.** Appoint or cause to be appointed domestic or foreign sub-custodians (including Affiliates of the Trustee) as to part or all of the Fund.
- (b) **Holding Investments.** Hold or cause to be held Property in nominee name, in bearer form, or in book entry form, in whole or in part:
 - (i) in any one or more of its offices in any province in Canada;
 - (ii) at the office of the Custodian or any successor custodian appointed by the Trustee, or any sub-custodian appointed by it;
 - (iii) through the facilities of the Canadian Depository for Securities Limited or the Depository Trust Company or any successor to either of them, or any other domestic or foreign depository or clearing agency authorized in its jurisdiction to operate a book-based system (including a transnational book-based system) (a "Depository"); or
 - (iv) as authorized by Authorized Instructions or as reasonably required to carry out Authorized Instructions;

provided that in all cases, the Property is at all times kept distinct from its own assets and those of its custodians, sub-custodians, nominees or any other person in the registers and other books of account kept by the Trustee. The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of Property (in accordance with market practice, custom or regulation) with any Depository provided, however, that if any Depository causes harm or loss to the Company or the Fund, the Trustee shall pursue any remedies available to it against such Depository, in accordance with paragraph 8.1(j).

- (c) **Collection of Income and Proceeds.** Collect income payable to and distributions due to the Fund and sign on behalf of the Fund any declarations, affidavits, certificates of ownership and other documents required to collect income and principal payments, including but not limited to, tax reclamations, rebates and other withheld amounts and collect proceeds from Securities or other Property, which may mature, provided that whenever a Security or other Property offers the Trustee or the Custodian the option of receiving dividends in shares or cash, the Trustee or the Custodian is authorized to select the cash option unless the Trustee receives Authorized Instructions to the contrary, provided that if the Trustee makes reasonable efforts to collect payments of distributions with respect to Securities or other Property held in the Fund, the Trustee shall not be responsible for the failure to receive payment of (or late payment of) such distributions.
- (d) **Redemption of Securities.** Present for redemption or exchange any Securities or other Property which may be called, redeemed, withdrawn or retired provided that timely receipt of written notice of the same is received by the Trustee from the issuer.
- (e) **Employment of Agents, Advisors and Counsel.** Employ agents, advisors and legal counsel, who may be counsel for the Company, and, as a part of its reimbursable expenses under this Agreement, pay their reasonable fees and expenses.
- (f) **Executing Instruments.** Make, execute and deliver any and all documents, agreements or other instruments in writing as are necessary or desirable for the accomplishment of any of the powers and duties in this Agreement.
- (g) **Determine Value.** Determine the fair market value of the Fund on each Valuation Date, in accordance with methods consistently followed and uniformly applied provided that in determining fair market value of the Fund, the Trustee shall be entitled to rely on and shall be protected in relying on values provided by Authorized Parties and other pricing sources.
- (h) **Borrowing.** Borrow (including borrowing from the Trustee), but only to the extent necessary to carry out Authorized Instructions.
- (i) **Self Dealing.** Deal with any Affiliate of the Trustee on market terms and conditions or in a manner which does not otherwise adversely affect the Fund or

the Company, in which event neither the Trustee nor the Affiliate shall be accountable for any profit earned in the course of such dealing.

- (j) **Delivery of Securities.** Accept delivery of Securities and other Property free of payment. With respect to any Authorized Instruction to receive Securities or other Property for transactions not placed through the Trustee, the Trustee shall have no duty or responsibility to take any steps to obtain delivery of the Securities or other Property from brokers or others either against payment or free of payment except that the Trustee shall accept delivery of Securities or other Property in good, deliverable form in accordance with the Authorized Instructions when presented by a delivering party.
- (k) **Power to do any Necessary Act.** Generally take all action, whether or not expressly authorized, which the Trustee may reasonably deem necessary or desirable for the fulfillment of its duties hereunder.

The powers described in this Section 7.1 may be exercised by the Trustee with or without Authorized Instructions, but where the Trustee acts on Authorized Instructions and satisfies the standard of care in Section 15.1, the Trustee shall be fully protected as described in Section 14.1. Without limiting the generality of the foregoing, the Trustee shall not be liable for the acts of any person appointed under paragraphs (a) and (e) of this Section 7.1 pursuant to Authorized Instructions. For greater certainty, despite Section 3.1, the Custodian has not been appointed pursuant to Authorized Instructions.

7.2. Forwarding of Investment Communications.

The Trustee shall use reasonable efforts to submit or cause to be submitted to the Company or such Investment Manager, as designated by the Company pursuant to Authorized Instructions, or, in the absence of Authorized Instructions, to the person or entity charged with the investment responsibility for the asset to which the communication relates, as the case may be, for appropriate action any and all proxies, proxy statements, notices, requests, advice or other communications actually received by the Trustee (or its nominees) as the record owner of Securities or other Property forming part of the Fund. Notwithstanding the foregoing, the Trustee shall be under no duty to investigate, participate in or take affirmative action concerning attendance at meetings, voting, subscription, conversion or other rights attaching to or derived from Securities or other Property comprising the Fund or concerning any merger, consolidation, reorganization, receivership, bankruptcy or insolvency proceedings, compromise or arrangement or the deposit of any Securities or other Property in connection therewith or otherwise, except in accordance with Authorized Instructions, and upon such indemnity and provision for fees and expenses as the Trustee may reasonably require.

SECTION 8. DIRECTED POWERS

8.1. Directed Powers.

In addition to the powers enumerated in Section 7.1, the Trustee shall have and exercise the following powers and authority in the administration of the Fund, only upon Authorized Instructions:

- (a) **Purchase and Sale of Property.** Purchase and sell and engage in other transactions, including receipts and deliveries, exchanges, exercises, conversions, subscriptions, and other voluntary corporate actions, with respect to Securities or other Property, whether income producing or not.
- (b) **Exercise of Owner's Rights.** Vote upon any Securities or other Property; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to all Securities or other Property held as part of the Fund provided that the Trustee shall not be required to take any such actions until it has first been indemnified, as applicable, by the Company to its reasonable satisfaction against any fees and expenses or liabilities which it may incur as a result thereof.
- (c) **Lending.** After the Company and the Trustee and/or one of its Affiliates have executed an agreement with respect thereto, enter into securities lending agreements on behalf of the Fund in accordance with the agreement.
- (d) **Derivatives.** Purchase, hold, issue, exchange or write derivative products, including without limitation, options and enter into derivative contracts and transactions, including without limitation futures contracts and take any and all actions, including the appointment of agents, necessary to enter into and settle transactions in futures and/or options contracts, short-selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments, products or transactions and execute any documents as directed pursuant to Authorized Instructions to give effect to the foregoing including sub-custodial agreements with broker/dealers to hold collateral. Nothing herein shall prevent the Trustee or the Custodian from investing in offsetting positions in options and future contracts.
- (e) **Cash Deposits.** Deposit cash in interest bearing accounts in the deposit department of the Trustee, the banking department of the Custodian, any banking Affiliate of the Custodian or any other banking Affiliate of the Trustee.

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- (f) **Mortgages.** Renew or extend or participate in the renewal or extension of any mortgage, amend the rate of interest on any mortgage or agree to any other modification or change in the terms of any mortgage or of any guarantee pertaining thereto, waive any default whether in the performance of any covenant or condition of any mortgage, or in the performance of any guarantee, or enforce any rights in respect of any such default; exercise and enforce any and all rights of foreclosure, bid on property for sale or foreclosure, take a conveyance in lieu of foreclosure with or without paying consideration therefor and in connection therewith release the obligation on the covenant secured by such mortgage and exercise and enforce in any action, suit, or proceeding at law or in equity any rights or remedies in respect of any such mortgage or guarantee.
- (g) **Pooled Funds.** Invest in any pooled or common investment fund, including a pooled or common investment fund maintained by the Trustee or any of its Affiliates.
- (h) **Real Estate.** Invest in Real Estate and exercise such other powers as may be required in connection with the Fund's investments in Real Estate.
- (i) **Nominate Directors.** Nominate members of the boards of directors of corporations, and appoint representatives or trustees in connection with investments of the Fund whenever or wherever such right of nomination or appointment is available.
- (j) **Dealing with Claims.** Settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Fund and commence or defend suits or legal or administrative proceedings and represent the Fund in all suits and legal and administrative proceedings in any court or before any other body or tribunal as the Trustee shall deem necessary to protect the Fund provided that neither the Trustee nor the Custodian shall be obligated to do so until it has first been indemnified by the Company to its reasonable satisfaction against any fees and expenses or liabilities which it may incur as a result thereof. The Trustee shall provide notice to the Company within a reasonable time after it receives written notice from any person of any claim against the Fund which might require it to undertake any of the actions described in the preceding sentence.

8.2. Contractual Income.

The Trustee shall credit the Fund with income and maturity proceeds on Securities or other Property on contractual payment date net of any taxes or upon actual receipt as agreed between the Company and the Trustee. To the extent the Company and the Trustee have agreed to credit income on contractual payment date, the Trustee may reverse such accounting entries with back value to the contractual payment date if the Trustee reasonably believes that such amount shall not be received by it.

8.3. Contractual Settlement.

The Trustee shall attend to the settlement of Securities or other Property transactions on the basis of either contractual settlement day accounting or actual settlement day accounting as agreed between the Company and the Trustee. To the extent the Company and the Trustee have agreed to settle certain Securities or other Property transactions on the basis of contractual settlement date accounting, the Trustee shall be entitled to reverse with back value to the contractual settlement day any entry relating to such contractual settlement where the related transaction remains unsettled in accordance with established procedures.

8.4. Real Estate Acquisitions.

Notwithstanding Section 8.1(h), the Company shall give the Trustee at least fourteen (14) Business Days' prior notice of any acquisition of Real Estate. Authorized Instructions for the acquisition of Real Estate shall be accompanied by sufficient written material to describe the Real Estate, the nature of the activities carried out on such Real Estate and shall include a phase 1 environmental assessment of such Real Estate.

The Authorized Instructions shall instruct the Trustee to acquire any Real Estate, other than a mortgage, only through a special purpose corporation, or other entity which limits the liability of the Trustee to the investment by the Fund in the entity, of which the Trustee, in its capacity as Trustee of the Fund, shall be an investor and in respect of which neither the Trustee nor the Custodian is required to provide nominees as directors or officers. The Company shall be solely responsible for the establishment and ongoing maintenance of any such special purpose corporation or other entity and for all tax and other filings with respect thereto.

The Company shall comply with the preceding requirements of this Section 8.4 before foreclosing or otherwise taking title to property which is subject to a mortgage in favour of the Trustee, as if the property were a new investment by the Trustee.

8.5. Settlement of Transactions.

Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or Securities (or other Property) without the concurrent receipt of Securities (or other Property) or cash and, in such circumstances, the Company shall have sole responsibility for non-delivery (or late delivery) of Securities or other Property, or for non-receipt of payment (or late payment) by the counterparty.

SECTION 9. SET OFF

9.1. Set Off.

If an Authorized Instruction would create a debt owing, overdraft or short position in a portion of the Fund (an "Overdraft"), then the Trustee is authorized to, but not obliged to, act on the Authorized Instructions provided, however, that, if the Trustee so acts, and the Fund fails to repay or redeliver promptly any cash or Securities advanced by or through the Trustee, the

Trustee shall be entitled to dispose of any assets of the Fund and to apply any proceeds of such disposal to the payment of any amount due from the Fund to the Trustee for so acting.

Interest on any Overdraft in a Canadian dollar account shall be calculated on the daily balance of the amount owing (before and after demand, default and judgment) at a rate established by the Trustee as determined from time to time, subject to such minimum charges as declared by the Trustee from time to time, with interest on overdue interest at the same rate. Charges on foreign currency accounts shall be established by the relevant sub-custodian from time to time using the rates or charges applicable to the relevant foreign market.

The Company acknowledges and agrees that the Trustee may set off any cash held in the Fund against any amount owing by the Fund to the Trustee pursuant to this Section 9.1.

9.2. Spot or Forward Contracts.

For the purpose of setting off cash balances of the Fund against debts incurred in connection with advances made under Section 9.1, the Trustee is authorized to enter into spot or forward foreign exchange contracts, as principal or agent, with or for the Fund.

SECTION 10. TAX OBLIGATIONS

10.1. Tax Obligations.

The Trustee shall prepare and file or issue on a timely basis all income tax returns and forms which, by virtue of the Tax Act it is required to file or issue and, if requested by the Company and upon such terms as the Trustee may agree to, such other returns and forms as may be required under Applicable Laws. Where a tax return or form is required to be filed or issued or tax is payable as a result of any action of the Company, an employee or former employee of the Company or an Investment Manager, the Company shall inform the Trustee by means of Authorized Instructions that such return or form must be filed or issued or that such tax is payable. To the extent the Trustee is responsible under any Applicable Law for any Tax Obligation and the Trustee does not have the necessary information for the performance of its obligations hereunder, the Company shall cause an Authorized Party to provide the Trustee with all information required by the Trustee in respect of such Tax Obligations. The Trustee shall not be required to prepare, file or issue any return or form unless it has the information necessary to prepare, file or issue such return or form.

The Trustee shall use reasonable efforts, based upon available information, to assist the Authorized Party, to the extent the Authorized Party has necessary information, with respect to any Tax Obligations imposed on the Fund, both domestic and international. Subject to the Trustee satisfying the standard of care set out in Section 15.1, the Trustee shall be indemnified and held harmless by the Company for any Tax Obligations now or hereafter imposed on the Company or the Fund or the Trustee in respect of the Fund by any taxing authorities, domestic or international.

SECTION 11. REPORTING AND RECORDKEEPING

11.1. Accounts and Records.

The Trustee shall keep records with respect to the Fund and such records as directly relate to the Fund shall on five Business Days notice to the Trustee be open to inspection during reasonable business hours at the offices of the Trustee in Vancouver, British Columbia by persons duly authorized by the Company provided that prior written notice is given to the Trustee and the Trustee may require that such inspection be conducted in the presence of a representative of the Trustee. To the extent the Trustee is legally obligated to permit any persons other than those authorized by the Company to have such access, the Company agrees, upon notice from the Trustee, that the Trustee shall provide such persons with access to such records. No persons other than those authorized by the Company or those otherwise entitled thereto by Applicable Laws shall have the right to demand or be entitled to any accounting from the Trustee. Except as required by Applicable Laws, no person, except by and through the Company may require an accounting or bring any action against the Trustee with respect thereto.

11.2. Reports.

The Trustee shall furnish to the Company within thirty (30) days following the close of each calendar month, and within ninety (90) days after the removal or resignation of the Trustee or termination of the Fund, a written statement of account setting forth all investments, receipts, disbursements and other transactions effected by it during such period.

11.3. Review of Reports.

If, within one hundred and eighty (180) days after the Trustee sends to the Company a statement with respect to the Fund, the Company has not given the Trustee written notice of any exception or objection thereto, the statement shall be deemed to have been approved, and in such case, the Trustee shall not be liable for any matters in such statement.

11.4. Non-Fund Assets.

The duties of the Trustee shall be limited to the Property held in the Fund, and the Trustee shall have no duties with respect to property held by any other person including, without limitation, any other trustee for the Fund. The Company hereby agrees that the Trustee shall not serve as, and shall not be deemed to be, a co-trustee under any circumstances.

SECTION 12. FORCE MAJEURE

12.1. Force Majeure.

The Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Fund resulting from any event beyond the reasonable control of the Trustee, its agents or sub-custodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of

currency restrictions, exchange controls, levies or other charges affecting the Fund's Property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any similar or third party event. Without limitation, the Trustee's financial inability to perform an act, which inability diminishes its ability to carry out its responsibilities under this Agreement, shall not be considered a factor beyond the Trustee's control. This Section shall survive the termination of this Agreement.

SECTION 13. COMPENSATION AND EXPENSES

13.1. Trustee's Compensation and Expenses

All expenses incurred by the Trustee in the performance of its duties as trustee of the master trust, (including compensation for agents and counsel) and such fees or compensation to the Trustee as may be agreed upon in writing by the Company and the Trustee and all other proper charges and disbursements of the Trustee shall be charged to the Fund unless paid by the Company. The Trustee is authorized to debit from the Fund any such fees and expenses. All Tax Obligations of whatever kind that may be levied or assessed under existing or future laws of any jurisdiction upon or in respect of the Fund or any money, property or securities forming a part thereof, shall be paid from the Fund.

SECTION 14. RESPONSIBILITIES OF THE TRUSTEE

14.1. Reliance on Authorized Instructions.

So long as it is not required by Section 4.3 to decline to act on Authorized Instructions, the Trustee shall be fully protected and is hereby indemnified and held harmless by the Company, to the extent not paid by the Fund, in relying and acting upon an Authorized Instruction which it reasonably believes to have been given by an Authorized Party or in failing to act in the absence thereof and shall be under no liability for any application of the Fund made by it pursuant to such Authorized Instructions and shall not be under any duty of making enquiries with respect to whether any application of the Fund as directed complies with the terms of any Plan or Applicable Laws.

14.2. Investment.

The Trustee shall not be responsible for any loss or diminution of the Fund resulting from the making, retention or sale of any investment or reinvestment made by it in accordance with the Authorized Instruction of the Investment Manager, or the Company if no Investment Manager has been appointed, or as herein provided.

14.3. Plan Administration.

The Trustee shall have no duty or responsibility with respect to administration of any Plan and shall not be responsible for the determination of the amount of or timing of, or the collection from the Company of, any contribution to any Participant or the compliance of the same with Applicable Laws or for the sufficiency of any Participant to meet and discharge any payments and liabilities under any Plan. The Company shall have the exclusive right and obligation to determine the rights of any person to participate in the benefits from the Participants under the terms of any Plan. The Company shall be responsible for ensuring that no Authorized Instructions or other directions given to the Trustee shall require the Trustee to use or divert any part of the Fund for purposes other than those which are in accordance with the terms of any Plan.

14.4. Real Estate Indemnity.

The Trustee shall have no responsibility or discretion with respect to the ownership, management, administration, operation, care or control of any Real Estate. The Trustee is hereby indemnified by the Company, to the extent not paid by the Fund, from all claims, liabilities, losses, damages, and expenses, including reasonable legal and expert's fees and expenses, arising from or in connection with any matter relating to: (i) any violation of any applicable environmental or health or safety law, ordinance, regulation or ruling; or (ii) the presence, use, generation, storage, release, threatened release, or containment, treatment or disposal of any petroleum, including crude oil or any fraction thereof, hazardous substances, pollutants or contaminants or hazardous, toxic or dangerous substances or materials as any of these terms may be defined under any law in the broadest sense from time to time.

14.5. Reliance on Advisors.

The Trustee shall be permitted to rely upon and shall not be liable for actions taken or omitted to be taken on the advice of any counsel, advisors, experts, agents or others employed as herein provided ("Advisors") provided that, where the appointment is being made by the Trustee, the Trustee shall be responsible to discharge its standard of care set out in Section 15.1 in the appointment of any Advisors not appointed pursuant to Authorized Instructions. For greater certainty, a "Depository" (as defined in subparagraph 7.1(b)(iii)) is not an "Advisor" for the purposes of this Section 14.5.

14.6. Prior Trustees.

The Trustee shall have no duties, responsibilities or liability with respect to the acts or omissions of any prior trustee, or other funding agent or custodian, or their agents. However, the foregoing shall not derogate from the Trustee's responsibility for its own acts or omissions during periods prior to its assumption of trusteeship.

14.7. Survival.

The provisions of this Section 14 shall survive the termination of this Agreement and the Fund.

SECTION 15. INDEMNIFICATION

15.1. Standard of Care.

Subject to Section 14.1, in performing its obligations and duties and exercising its rights and powers hereunder, the Trustee shall exercise the degree of care, diligence and skill that a reasonably prudent financial institution would exercise in dealing with the property of another person, provided that the Trustee shall not be responsible or liable for any losses or damages suffered by the Fund arising as a result of the insolvency of any sub-custodian, except to the extent that the Trustee did not discharge its standard of care set out in this Section 15.1 in the selection or continued retention of such sub-custodian.

15.2. Indemnification.

The Trustee and its respective officers, directors, employees and agents (the "Indemnified Parties") are hereby indemnified and held harmless by the Company, to the extent not paid by the Fund, from any and all taxes, claims, liabilities, damages, costs and expenses of any kind, including reasonable legal and expert's fees and expenses (but excluding consequential losses) arising out of the performance of its or their obligations, as applicable, under this Agreement, except as a result of a breach of the standard of care set forth in Section 15.1.

The Trustee hereby indemnifies and holds harmless the Fund and the Company from any and all claims, liabilities, damages, costs and expenses of any kind, including reasonable legal and expert's fees and expenses (but excluding consequential losses) arising out of a breach of the standard of care set out in Section 15.1.

The indemnifications set out in this Section 15 do not derogate from and are in addition to the parties' rights of indemnification under any enactment or rule of law or equity, and shall survive the termination of this Agreement and the Fund.

SECTION 16. AMENDMENT, TERMINATION, RESIGNATION, REMOVAL

16.1. Modification/Amendments

No provision of this Agreement shall be deemed waived, amended or modified by any party unless such waiver, amendment or modification is in writing and signed by the parties hereto.

16.2. Removal or Resignation of Trustee

The Trustee may be removed with respect to the Fund upon receipt by the Trustee of sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) from the Company. The Trustee may resign upon sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) delivered to the Company. In the event of a removal or resignation of the Trustee, a successor trustee or other funding agent permitted under Applicable Laws shall be appointed by the Company and shall have the same powers and duties as those conferred upon the Trustee by this Agreement and the retiring Trustee

shall transfer the Fund, less such amount as may be reasonable and necessary to cover its compensation, expenses and any other amount owing hereunder in accordance with Section 13. In the event the Company fails to appoint a successor trustee within sixty (60) days of receipt of the written notice of resignation, the Trustee, at the expense of the Fund, shall have the right to seek appointment of a successor trustee from a court of competent jurisdiction. The Trustee shall have no duties, responsibilities or liability with respect to the acts or omissions of any successor trustee.

16.3. Removal or Resignation of Custodian

The Custodian may be removed with respect to the Fund upon receipt by the Company of sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) from the Trustee. The Custodian may resign upon sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) delivered to the Trustee and the Company. In the event of the removal or resignation of the Custodian, the Company shall authorize the Trustee to appoint a successor custodian permitted under Applicable Laws and the Trustee shall appoint such successor custodian which shall have the same powers and duties as those conferred upon the Custodian. The Trustee shall take reasonable steps to cause the retiring Custodian to transfer any assets held by it, less such amounts as may be reasonable and necessary to cover its compensation, expenses and any other amount owing to it.

16.4. Termination

The Company may terminate the Fund by providing at least 90 days prior written notice to the Trustee.

In the event of termination of the trust, all assets then constituting the Fund, less any amounts constituting charges and expenses payable from the Fund and any other amounts owing hereunder shall, within a reasonable time following the final Valuation Date, be distributed proportionately to the Participants through the redemption of all units of the Fund outstanding on such Valuation Date.

16.5. Binding on Successor Company.

Any corporation resulting from any merger or consolidation to which the Company may be a party or which succeeds to the business of the Company, or to which substantially all the assets of the Company may be transferred and which becomes administrator of the Fund while the Company continues as a party to this Agreement, shall be the successor to the Company hereunder without any further act or formality with like effect as if such successor company had originally been named as the Company herein.

16.6. Successor Trustee or Custodian.

Any corporation resulting from any merger or consolidation to which the Trustee or Custodian may be a party or which succeeds to the trust business of the Trustee or the custodial business of the Custodian, or to which substantially all of the trust assets of the Trustee or of the custodial assets of the Custodian may be transferred while the Trustee continues to act as trustee or the Custodian continues to act as custodian of the Fund, shall be the successor to the Trustee or the Custodian, as the case may be, hereunder without any further act or formality with like effect as

if such successor trustee or successor custodian, as the case may be, had originally been named as the trustee or custodian herein.

16.7. No Assignment.

Except as provided in Sections 16.4 and 16.5, neither party may assign this Agreement without the prior written consent of the other party hereto. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

SECTION 17. NOTICE

17.1. Notices to Trustee and Custodian.

Any notice, demand or other communication (other than an Authorized Instruction) under this Agreement to the Trustee or to the Custodian shall be in writing addressed to the Trustee as follows:

c/o CIBC Mellon Global Securities Services Company
1066 West Hastings Street
Suite 1600
Vancouver, British Columbia
V6E 3X1

Attention: Relationship Manager
Facsimile: (604) 688-0354

17.2. Notice to the Company.

Any notice, demand or other communication (other than an Authorized Instruction) under this Agreement to the Company shall be in writing addressed to the Company as follows:

Norske Skog Canada Limited
P.O. Box 10058
Pacific Centre
700 West Georgia Street
9th Floor
Vancouver, B.C.
V7J 1J7

Attention: Vice President, Finance
Facsimile: (604) 654-4070

17.3. Delivery.

Notices given pursuant to this Section 15 may be sent by personal delivery (including courier) during business hours or may be sent by ordinary mail or by facsimile. Such notice shall be deemed to have been delivered at the time of personal delivery, or on the fifth (5th) Business Day following the day of mailing (unless delivery by mail is likely to be delayed by strike or

slowdown of postal workers, in which case it shall be deemed to have been given when it would be delivered in the ordinary course of the mail allowing for such strike or slowdown), or if sent by facsimile, on the day of receipt if sent before 5 p.m. (local time of the recipient) on a Business Day or on the next Business Day if sent after 5 p.m. or not on a Business Day. Any party may change its address by giving notice to the other party in the manner set forth in this Section.

SECTION 18. MISCELLANEOUS

18.1. Representation.

Each party represents that it has the power and authority to enter into and perform its obligations under this Agreement, that the person or persons signing this Agreement on behalf of the named party are properly authorized and empowered to sign it and that the Agreement is valid and binding on the party and enforceable against the party in accordance with its terms.

18.2. Residency.

The Company represents that it is a resident of Canada within the meaning of the Tax Act.

18.3. Entire Agreement.

This Agreement shall constitute the entire agreement between the parties as of the date hereof with respect to all matters herein and its execution has not been induced by, nor do any of the parties hereto rely upon or regard as material, any representations or promises whatsoever not incorporated herein or made by a party hereto.

18.4. Invalidity/Unenforceability.

If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired.

18.5. Necessary Parties.

The Trustee reserves the right to seek a judicial or administrative determination as to its proper course of action under this Agreement. To the extent permitted by Applicable Laws, only the Trustee and the Company shall be necessary parties in any application to the courts for an interpretation of this Agreement, and no participant under any Plan or other person having any interest in the Fund shall be entitled to any notice or service of process. Any final judgment entered in such an action or proceeding shall, to the extent permitted by law, be conclusive upon all persons.

18.6. No Third Party Beneficiaries.

The provisions of this Agreement are intended to benefit only the parties hereto and their respective successors and assigns. No person entitled to benefits under any Plan shall have any claim against the Trustee except by or through the Company.

Nothing in this Agreement shall be construed to give any employee of the Company or any employee's beneficiary or legal representative any right, title or interest in or to any assets, profit, earnings or accretions to the Fund.

18.7. Execution in Counterparts.

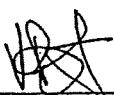
This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument.

18.8. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and any actions, proceedings or claims relating to the Fund shall be commenced in the courts of the Province of British Columbia.

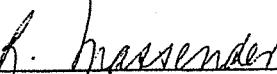
IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers.

CIBC MELLON TRUST COMPANY

By: 

Name:

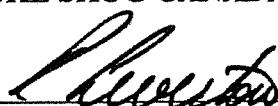
Title: **Van Bot**
Manager, Client Services

By: 

Name:

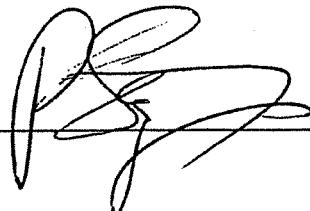
Title: **Roberta Massender**
Account Manager

NORSKE SKOG CANADA LIMITED

By: 

Name:

Title:

By: 

Name:

Title:

COPY

PARTICIPATING TRUST AGREEMENT

BETWEEN

NORSKE SKOG CANADA LIMITED

- and -

CIBC MELLON TRUST COMPANY

Norske Skog Canada Limited Retirement Plan for Salaried Employees

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This Participating Trust Agreement is entered into the 1st day of October, 2001 to take effect as of the 1st day of September, 2001.

BETWEEN:

Norske Skog Canada Limited, a company incorporated under the laws of Canada (the "Company")

- and -

CIBC Mellon Trust Company, a trust company existing under the laws of Canada (the "Trustee")

WHEREAS:

- (a) a pension plan for certain employees known as the "Crown Zellerbach Canada Limited Retirement Plan for Salaried Employees" was established as of January 1, 1965 (the "Plan");
- (b) effective January 1, 1991, the Company, then known as Fletcher Challenge Canada Limited, assumed sponsorship of the Plan and renamed the Plan the "Fletcher Challenge Canada Limited Retirement Plan for Salaried Employees";
- (c) effective December 15, 2000, the Company changed its name to Norske Skog Canada Limited and renamed the Plan the "Norske Skog Canada Limited Retirement Plan for Salaried Employees";
- (d) Montreal Trust Company was designated as the Plan's original trustee, and held the Plan's assets pursuant to a trust agreement effective as of January 1, 1965 (the "Original Trust Agreement");
- (e) pursuant to an agreement made July 10, 1990 between the Company's predecessor, Crown Forest Industries Limited and The Canada Trust Company (the "Prior Trustee"), the Original Trust Agreement was amended and restated in its entirety (the "Second Trust Agreement");
- (f) Crown Forest Industries Limited and the Prior Trustee entered into another pension trust agreement dated July 10, 1990 (the "PBL Trust Agreement") pursuant to which the Prior Trustee held in trust the assets of the Fletcher Challenge Canada Limited Retirement Plan for Salaried Employees Who Are Subject To Pension Benefits Legislation (the "PBL Plan");

- (g) effective January 1, 1991, the Company assumed all rights, duties and obligations of Crown Forest Industries Limited under the Second Trust Agreement and the PBL Trust Agreement;
- (h) effective January 1, 1994, the Plan became comprised of both a defined benefit portion (the "Defined Benefit Portion") and a defined contribution portion (the "Defined Contribution Portion");
- (i) pursuant to an amendment made to the Second Trust Agreement as of January 1, 1994 the assets of the Plan held under the Second Trust Agreement were divided into separate trust funds for employees of the Company and employees of TimberWest Forest Limited ("TimberWest") respectively.
- (j) pursuant to an amendment made to the PBL Trust Agreement as of January 1, 1994 the assets of the PBL Plan were also divided into separate trust funds for employees of the Company and employees of TimberWest respectively;
- (k) effective October 1, 1996, the PBL Plan and the Plan were merged and consolidated;
- (l) effective October 1, 1996, the Company and the Prior Trustee amended and restated the trust agreement between them in respect of the Plan in its entirety (the "Former Trust Agreement");
- (m) pursuant to an amendment and novation agreement made as of January 1, 1997, the merged Plan was divided into two legally separate pension plans for each of the members employed by the Company and Timberwest pursuant to which the assets in respect of the members employed by TimberWest were transferred out of the Plan to a registered pension plan sponsored by TimberWest;
- (n) as of January 1, 1997, the Plan applies only in respect of employees of the Company, and the Fund, as herein defined, consists only of assets in respect of employees of the Company;
- (o) the Trustee has purchased the pension and institutional trust services business of the Prior Trustee which may properly be transferred to the Trustee in accordance with section 13 of the Former Trust Agreement;
- (p) the Company wishes to confirm the Trustee's assumption of trusteeship of the Fund as transferred to it by the Prior Trustee and the Trustee has agreed to act as trustee of the Fund, subject to the terms and conditions hereof;
- (q) the Trustee wishes to appoint the Canadian Imperial Bank of Commerce as custodian (the "Custodian") of certain of the assets of the Fund and the Custodian has agreed to accept such appointment; and
- (r) the Company and the Trustee have agreed to enter into this Agreement to:
 - (i) provide for the appointment of the Trustee;

- (ii) record the Trustee's acceptance of the trust;
- (iii) state the duties of the Trustee;
- (iv) replace and supersede the Former Trust Agreement; and
- (v) provide for the appointment of the Custodian.

For greater certainty, recitals (a) through (n) are recitals of the Company and not of the Trustee.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto the parties agree to be legally bound, as follows:

SECTION 1. INTERPRETATION

1.1. Definitions.

The terms used herein shall have the following meanings:

- (a) "Affiliate" means with respect to a party, that party's affiliated companies within the meaning of the *Canada Business Corporations Act* (CBCA); and with respect to the Trustee only, Affiliate shall be deemed, for the purposes of this Agreement only, to include Canadian Imperial Bank of Commerce, CIBC Mellon Global Securities Services Company and Mellon Bank Canada and each of their affiliates within the meaning of the CBCA.
- (b) "Agreement" means this agreement, including any and all amendments and schedules hereto and thereto.
- (c) "Applicable Laws" means any federal or provincial pension benefits, tax or other legislation and any regulations, policies or administrative practices of any domestic or foreign regulatory authority, as may from time to time apply to the Fund or the Plan.
- (d) "Authorized Instructions" means all directions and instructions from an Authorized Party provided in accordance with Section 4.2.
- (e) "Authorized Party" means any person or entity properly identified to the Trustee in accordance with Section 4.1.
- (f) "Business Day" means each day other than a Saturday, Sunday, a statutory holiday in British Columbia or any day on which the principal chartered banks located in Vancouver are not open for business during normal banking hours.

- (g) "Fiscal Year" means, with respect to the Fund, the period commencing on the day and year first written above and ending on the immediately following December 31 and thereafter the same as a calendar year.
- (h) "Fund" means the Property held pursuant to this Agreement as such shall exist from time to time together with any earnings, profits, increments and accruals arising therefrom, including all amounts delivered to and accepted by the Trustee from any prior trustee or other funding agent, less any payments and disbursements.
- (i) "Investment Manager" means an investment manager with respect to the Fund which has been appointed by the Company as provided in Section 6.2. For greater certainty, an Affiliate of the Trustee may be an Investment Manager.
- (j) "Master Trust Fund" means the unitized pooled trust fund established by the Company with the Trustee to provide for the collective investment of the Fund and other pension trust funds of the Company and its affiliates.
- (k) "Property" means all tangible and intangible assets and property of the Fund of any nature or type and includes cash, Securities and Real Estate.
- (l) "Real Estate" means direct or indirect investments or interests in real property, leaseholds, mineral interests or participation in real estate investment trusts or corporations, provided that investments in shares or ownership interests that, at the time of acquisition by the Fund, are traded on a public securities exchange shall be deemed not to constitute "Real Estate".
- (m) "Security" has the meaning ascribed to that term in the *Securities Act (British Columbia)*.
- (n) "Tax Act" means the *Income Tax Act (Canada)* and all regulations and policies thereto, as amended and/or restated from time to time. Any reference in this Agreement to a provision of the Tax Act includes any successor provision thereto.
- (o) "Tax Obligations" means the responsibility for payment of taxes (including related interest and penalties), withholding of taxes, certification, reporting and filing requirements, claims for exemptions or refunds and other related expenses of the Fund.
- (p) "Valuation Date" means the last day in each calendar month, the day of termination of the Fund and such additional days as the Company and the Trustee may determine from time to time.

1.2. Interpretation.

Words importing the singular number shall include the plural and vice-versa. All references to sections and schedules are to sections and schedules to, and forming part of, this Agreement.

SECTION 2. ESTABLISHMENT AND ACCEPTANCE OF TRUST FUND

2.1. Appointment of Trustee and Acceptance of Trust Fund.

The Company hereby appoints the Trustee as trustee of the Fund and continues with the Trustee the trust and the trust fund established in connection with the Plan as transferred by the Prior Trustee to the Trustee. Such appointment shall be effective immediately following the resignation of the Prior Trustee. The Trustee hereby accepts the trusts herein set out and agrees to hold, invest, distribute and administer the Fund upon the terms and conditions of this Agreement. The Trustee shall have no liability or responsibility for any Property until it in fact is received by the Trustee, Custodian or any sub-custodian.

2.2. Replacement of Former Trust Agreement.

This Agreement replaces and supersedes in its entirety the Former Trust Agreement. For greater certainty, if there is a conflict between the terms of this Agreement and the Former Trust Agreement, the terms of this Agreement shall prevail.

2.3 Contributions.

All contributions made by the Company to the Trustee are made on a conditional basis only and are subject to repayment in whole or in part to the Company if it is determined by the actuary that over-contributions have been made; provided that all such repayments to the Company are made only with the consent of any regulatory authorities having jurisdiction over the Plan and provided that all such repayments are made by the end of the year in which such over-contributions occurred.

SECTION 3. APPOINTMENT OF CUSTODIAN

3.1. Appointment of Custodian and Establishment of Custody Account.

The Trustee is authorized by the Company to, and the Trustee hereby appoints the Custodian as custodian of the Fund for purposes of performing the custodial and related recordkeeping responsibilities of the Trustee set forth in this Agreement. The Trustee, however, shall retain ultimate responsibility and shall be liable for the acts and omissions of the Custodian and any successor custodian that is an Affiliate of the Trustee.

Except as otherwise directed by the Company or required by law, the Trustee shall deposit certain assets of the Fund with the Custodian for safekeeping and administration and the Trustee shall cause the Custodian to establish two custody accounts in the name of the Trustee one for the Defined Benefit Portion of the Fund and the other for the Defined Contribution Portion of the Fund in which the Trustee shall deposit or cause to be deposited the assets of the Fund as the Trustee may from time to time determine.

SECTION 4. INSTRUCTIONS

4.1. Authorized Parties.

The Company shall from time to time furnish the Trustee with a written list of the names, signatures and extent of authority of all persons authorized to direct the Trustee and otherwise act on behalf of the Company under the terms of this Agreement. The Company shall cause each Investment Manager appointed in accordance with Section 6.2 to furnish the Trustee upon such appointment and from time to time with a written list of the names and signatures of the person or persons who are authorized to represent the Investment Manager. The Trustee shall be entitled to rely on instructions from persons or entities so identified until it has been notified in writing by the Company or an Investment Manager, as appropriate, of a change of the identity or authority of such person or entities.

4.2. Authorized Instructions.

All directions and instructions to the Trustee given pursuant to this Agreement from an Authorized Party shall be forwarded in writing, by facsimile transmission, or electronic transmission or such other means of transmission as may be agreed upon by the Trustee and the Company, provided that the Trustee may in its discretion act upon receipt of telephone instructions. The Company agrees to forward to the Trustee written confirmation of any telephone instructions on the same day that they are given, however, any such written confirmation shall in no way affect any action taken by the Trustee in reliance upon the telephone instructions.

An Authorized Instruction:

- (a) sent by personal delivery, shall be received at the time of delivery, but if it is delivered either after normal banking hours on a Business Day, or on a non-Business Day, shall be deemed to have been received at the start of normal banking hours on the next Business Day;
- (b) sent by facsimile transmission or electronic transmission, is deemed to be received on the day of receipt, if sent before 5 p.m. (local time of the recipient) on a Business Day, or if received on or after 5 p.m. (local time of the recipient) on a Business Day or a non-Business Day, shall be deemed to have been received at the start of normal banking hours on the next Business Day; and
- (c) sent by such other means of transmission agreed by CIBC Mellon and the Company, shall be deemed to have been received at the time and day provided in that agreement;

Unless otherwise expressly provided, each Authorized Instruction shall continue in full force and effect until superseded or cancelled by another Authorized Instruction.

4.3. Errors, Omissions in Authorized Instructions.

Any Authorized Instructions shall, as against the Company and in favour of the Trustee, be conclusively deemed to be Authorized Instructions for the purposes of this Agreement, notwithstanding any error in the transmission thereof or that such Authorized Instructions may not be genuine, if believed by the Trustee acting in accordance with the standard of care in Section 15.1, to be genuine. Provided however that the Trustee must decline to act upon any Authorized Instructions:

- (a) that are insufficient or incomplete; or
- (b) that are not received by the Trustee in sufficient time to give effect to such Authorized Instructions; or
- (c) where the Trustee has reasonable grounds for concluding that the same have not been accurately transmitted or are not genuine.

If the Trustee declines to give effect to any Authorized Instructions for any reason set out in the preceding sentence, it shall notify the Company or the Investment Manager forthwith after it so declines.

4.4. No Duty.

The Trustee shall be under no duty or obligation to question any Authorized Instruction, to review any Securities or other Property held in the Fund, to make any suggestions with respect to the investment and reinvestment of the assets in the Fund, or to evaluate or question the performance of any Authorized Party.

SECTION 5. PAYMENTS FROM AND TO THE TRUST FUND

5.1. Payments from the Fund.

Except as otherwise provided in this Agreement, the Trustee shall make payments from the Fund only pursuant to Authorized Instructions which may direct that such payments be made to any person, including the Company, or to any paying agent. Upon any such payments being made by the Trustee, the amount thereof shall no longer constitute a part of the Fund. In each instance the Authorized Instructions shall be deemed to include a certification from the Company to the Trustee that such payments are in accordance with the terms of the Plan and Applicable Laws.

5.2. Payments of Taxes and Expenses.

The Fund shall be responsible for and the Trustee may pay out of the Fund (with or without any Authorized Instructions from the Company), all Tax Obligations and financial obligations for environmental liability which are levied or assessed and are legally enforceable against the Trustee in respect of the Fund, or any part thereof, or directly against the Fund or any part thereof, and may withhold from payments out of the Fund, all Tax Obligations required by law to be so withheld.

5.3. Contributions to the Fund.

All contributions made by the Company to the Trustee are made on a conditional basis only and are subject to repayment in whole or in part to the Company if it is determined by the actuary that contributions have been made which jeopardize or could jeopardize the registration of the Plan under the Tax Act; provided that all such repayments to the Company are made only with the consent of any regulatory authorities having jurisdiction over the Plan and provided that all such repayments are made by the end of the year in which such over-contributions occurred.

SECTION 6. INVESTMENT

6.1. Investment of the Fund.

Except as otherwise provided in Section 6.5, the Trustee shall have no responsibility for the investment or reinvestment of the Fund, or for failure to reinvest the Fund and shall have no responsibility for any investment decisions, which shall be the sole responsibility of the Company unless otherwise delegated by the Company to an Investment Manager in accordance with Section 6.2. The Fund shall be held, invested and reinvested by the Trustee or the Custodian on behalf of the Trustee, in accordance with Authorized Instructions, whether or not any such investment is of a character authorized by laws concerning investments by trustees. The Trustee shall invest the principal and income of the Fund without distinction between principal and income in such investments as may be directed by Authorized Instructions. The Trustee shall not be responsible for the title, validity or genuineness of any Property or evidence of title thereto received by it or any defect in ownership or title. Subject to Section 15.1, the Trustee shall not be responsible for the title, validity or genuineness of any Property or evidence of title thereto delivered by it.

6.2. Investment Managers.

The Company may from time to time appoint one or more Investment Managers to manage the investment of any portion of the Fund and, with respect to such portion, to direct the Trustee with respect to settling investment transactions on behalf of the Fund and exercising such other powers as may be granted to Investment Managers. The Company shall give prompt written notice of any such appointment, upon which the Trustee shall rely until it receives from the Company written notice of the termination of such appointment. In each case where such an appointment is made, the Company shall determine the assets of the Fund to be allocated to the applicable Investment Manager from time to time and shall issue Authorized Instructions to the Trustee with respect thereto.

6.3. Investment Monitoring.

It shall be solely the responsibility of the Company to determine that all transactions entered into by the Trustee pursuant to Authorized Instructions are authorized by and in compliance with Applicable Laws and the Statement of Investment Policies and Procedures applicable to the Plan and that any transaction relating to, or investment of, the Fund's assets if made or retained does not attract any tax, penalty tax or penalty under Applicable Laws.

6.4. Fund to be Segregated.

In carrying out its duties and obligations hereunder, the Trustee shall ensure that the Fund shall always be kept separate and distinct from the general assets of the Trustee. Should any asset or assets of the Fund for any reason become mixed with the general assets of the Trustee, then so long as such mixed fund exists, the entire resulting mixed fund shall be deemed to be held by the Trustee in trust hereunder to the extent necessary to satisfy the Fund's claim on such mixed fund.

6.5. Cash Balances.

The Trustee may retain any cash balance in the Fund and may, but need not, invest same in Authorized Investments; or hold the same in the deposit department of the Custodian or one of the Trustee's Affiliates; but the Trustee and its Affiliates shall not be liable to account for any profit to the Company other than at a rate established from time to time by the Trustee or its Affiliates. For the purposes of this Section 6.5, "Authorized Investments" means short term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada or a Province or a Canadian chartered bank or trust company (which may include the Trustee or an Affiliate or related party or restricted party of the Custodian), provided that each such obligation is rated at least R1 (middle) by Dominion Bond Rating Service Limited or an equivalent rating service.

SECTION 7. CONCERNING THE TRUSTEE

7.1. General Powers and Duties.

In administering and investing the Fund, the Trustee shall be specifically authorized to:

- (a) **Appointment of Sub-Custodians.** Appoint or cause to be appointed domestic or foreign sub-custodians (including Affiliates of the Trustee) as to part or all of the Fund.
- (b) **Holding Investments.** Hold or cause to be held Property in nominee name, in bearer form, or in book entry form, in whole or in part:
 - (i) in any one or more of its offices in any province in Canada;
 - (ii) at the office of the Custodian or any successor custodian appointed by the Trustee, or any sub-custodian appointed by it;
 - (iii) through the facilities of the Canadian Depository for Securities Limited or the Depository Trust Company or any successor to either of them, or any other domestic or foreign depository or clearing agency authorized in its jurisdiction to operate a book-based system (including a transnational book-based system) (a "Depository"); or
 - (iv) as authorized by Authorized Instructions or as reasonably required to carry out Authorized Instructions;

provided that in all cases, the Property is at all times kept distinct from its own assets and those of its custodians, sub-custodians, nominees or any other person in the registers and other books of account kept by the Trustee. The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of Property (in accordance with market practice, custom or regulation) with any Depository provided, however, that if any Depository causes harm or loss to the Company or the Fund, the Trustee shall pursue any remedies available to it against such Depository, in accordance with paragraph 8.1(k).

- (c) **Collection of Income and Proceeds.** Collect income payable to and distributions due to the Fund and sign on behalf of the Fund any declarations, affidavits, certificates of ownership and other documents required to collect income and principal payments, including but not limited to, tax reclamations, rebates and other withheld amounts and collect proceeds from Securities or other Property, which may mature, provided that whenever a Security or other Property offers the Trustee or the Custodian the option of receiving dividends in shares or cash, the Trustee or the Custodian is authorized to select the cash option unless the Trustee receives Authorized Instructions to the contrary, provided that if the Trustee makes reasonable efforts to collect payments of distributions with respect to Securities or other Property held in the Fund, the Trustee shall not be responsible for the failure to receive payment of (or late payment of) such distributions.
- (d) **Redemption of Securities.** Present for redemption or exchange any Securities or other Property which may be called, redeemed, withdrawn or retired provided that timely receipt of written notice of the same is received by the Trustee from the issuer.
- (e) **Employment of Agents, Advisors and Counsel.** Employ agents, advisors and legal counsel, who may be counsel for the Company, and, as a part of its reimbursable expenses under this Agreement, pay their reasonable fees and expenses.
- (f) **Executing Instruments.** Make, execute and deliver any and all documents, agreements or other instruments in writing as are necessary or desirable for the accomplishment of any of the powers and duties in this Agreement.
- (g) **Determine Value.** Determine the fair market value of the Fund on each Valuation Date, in accordance with methods consistently followed and uniformly applied provided that in determining fair market value of the Fund, the Trustee shall be entitled to rely on and shall be protected in relying on values provided by Authorized Parties and other pricing sources.
- (h) **Borrowing.** Borrow (including borrowing from the Trustee), but only to the extent necessary to carry out Authorized Instructions.
- (i) **Self Dealing.** Deal with any Affiliate of the Trustee on market terms and conditions or in a manner which does not otherwise adversely affect the Fund or

the Company, in which event neither the Trustee nor the Affiliate shall be accountable for any profit earned in the course of such dealing.

- (j) **Delivery of Securities.** Accept delivery of Securities and other Property free of payment. With respect to any Authorized Instruction to receive Securities or other Property for transactions not placed through the Trustee, the Trustee shall have no duty or responsibility to take any steps to obtain delivery of the Securities or other Property from brokers or others either against payment or free of payment except that the Trustee shall accept delivery of Securities or other Property in good, deliverable form in accordance with the Authorized Instructions when presented by a delivering party.
- (k) **Power to do any Necessary Act.** Generally take all action, whether or not expressly authorized, which the Trustee may reasonably deem necessary or desirable for the fulfillment of its duties hereunder.

The powers described in this Section 7.1 may be exercised by the Trustee with or without Authorized Instructions, but where the Trustee acts on Authorized Instructions and satisfies the standard of care in Section 15.1, the Trustee shall be fully protected as described in Section 14.1. Without limiting the generality of the foregoing, the Trustee shall not be liable for the acts of any person appointed under paragraphs (a) and (e) of this Section 7.1 pursuant to Authorized Instructions. For greater certainty, despite Section 3.1, the Custodian has not been appointed pursuant to Authorized Instructions.

7.2. Forwarding of Investment Communications.

The Trustee shall use reasonable efforts to submit or cause to be submitted to the Company or such Investment Manager, as designated by the Company pursuant to Authorized Instructions, or, in the absence of Authorized Instructions, to the person or entity charged with the investment responsibility for the asset to which the communication relates, as the case may be, for appropriate action any and all proxies, proxy statements, notices, requests, advice or other communications actually received by the Trustee (or its nominees) as the record owner of Securities or other Property forming part of the Fund. Notwithstanding the foregoing, the Trustee shall be under no duty to investigate, participate in or take affirmative action concerning attendance at meetings, voting, subscription, conversion or other rights attaching to or derived from Securities or other Property comprising the Fund or concerning any merger, consolidation, reorganization, receivership, bankruptcy or insolvency proceedings, compromise or arrangement or the deposit of any Securities or other Property in connection therewith or otherwise, except in accordance with Authorized Instructions, and upon such indemnity and provision for fees and expenses as the Trustee may reasonably require.

SECTION 8. DIRECTED POWERS

8.1. Directed Powers.

In addition to the powers enumerated in Section 7.1, the Trustee shall have and exercise the following powers and authority in the administration of the Fund, only upon Authorized Instructions:

- (a) **Purchase and Sale of Property.** Purchase and sell and engage in other transactions, including receipts and deliveries, exchanges, exercises, conversions, subscriptions, and other voluntary corporate actions, with respect to Securities or other Property, whether income producing or not.
- (b) **Exercise of Owner's Rights.** Vote upon any Securities or other Property; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to all Securities or other Property held as part of the Fund provided that the Trustee shall not be required to take any such actions until it has first been indemnified, as applicable, by the Company to its reasonable satisfaction against any fees and expenses or liabilities which it may incur as a result thereof.
- (c) **Lending.** After the Company and the Trustee and/or one of its Affiliates have executed an agreement with respect thereto, enter into securities lending agreements on behalf of the Fund in accordance with the agreement.
- (d) **Derivatives.** Purchase, hold, issue, exchange or write derivative products, including without limitation, options and enter into derivative contracts and transactions, including without limitation futures contracts and take any and all actions, including the appointment of agents, necessary to enter into and settle transactions in futures and/or options contracts, short-selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments, products or transactions and execute any documents as directed pursuant to Authorized Instructions to give effect to the foregoing including sub-custodial agreements with broker/dealers to hold collateral. Nothing herein shall prevent the Trustee or the Custodian from investing in offsetting positions in options and future contracts.
- (e) **Cash Deposits.** Deposit cash in interest bearing accounts in the deposit department of the Trustee, the banking department of the Custodian, any banking Affiliate of the Custodian or any other banking Affiliate of the Trustee.

- (f) **Mortgages.** Renew or extend or participate in the renewal or extension of any mortgage, amend the rate of interest on any mortgage or agree to any other modification or change in the terms of any mortgage or of any guarantee pertaining thereto, waive any default whether in the performance of any covenant or condition of any mortgage, or in the performance of any guarantee, or enforce any rights in respect of any such default; exercise and enforce any and all rights of foreclosure, bid on property for sale or foreclosure, take a conveyance in lieu of foreclosure with or without paying consideration therefor and in connection therewith release the obligation on the covenant secured by such mortgage and exercise and enforce in any action, suit, or proceeding at law or in equity any rights or remedies in respect of any such mortgage or guarantee.
- (g) **Pooled Funds.** Invest in the Master Trust Fund or any other pooled or common investment fund, including a pooled or common investment fund maintained by the Trustee or any of its Affiliates.
- (h) **Real Estate.** Invest in Real Estate and exercise such other powers as may be required in connection with the Fund's investments in Real Estate.
- (i) **Nominate Directors.** Nominate members of the boards of directors of corporations, and appoint representatives or trustees in connection with investments of the Fund whenever or wherever such right of nomination or appointment is available.
- (j) **Insurance Contracts.** Enter into an insurance contract or contracts for the purpose of funding the benefits under the Plan in whole or in part.
- (k) **Dealing with Claims.** Settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Fund and commence or defend suits or legal or administrative proceedings and represent the Fund in all suits and legal and administrative proceedings in any court or before any other body or tribunal as the Trustee shall deem necessary to protect the Fund provided that neither the Trustee nor the Custodian shall be obligated to do so until it has first been indemnified by the Company to its reasonable satisfaction against any fees and expenses or liabilities which it may incur as a result thereof. The Trustee shall provide notice to the Company within a reasonable time after it receives written notice from any person of any claim against the Fund which might require it to undertake any of the actions described in the preceding sentence.

8.2. Contractual Income.

The Trustee shall credit the Fund with income and maturity proceeds on Securities or other Property on contractual payment date net of any taxes or upon actual receipt as agreed between the Company and the Trustee. To the extent the Company and the Trustee have agreed to credit income on contractual payment date, the Trustee may reverse such accounting entries with back value to the contractual payment date if the Trustee reasonably believes that such amount shall not be received by it.

8.3. Contractual Settlement.

The Trustee shall attend to the settlement of Securities or other Property transactions on the basis of either contractual settlement day accounting or actual settlement day accounting as agreed between the Company and the Trustee. To the extent the Company and the Trustee have agreed to settle certain Securities or other Property transactions on the basis of contractual settlement date accounting, the Trustee shall be entitled to reverse with back value to the contractual settlement day any entry relating to such contractual settlement where the related transaction remains unsettled in accordance with established procedures.

8.4. Real Estate Acquisitions.

Notwithstanding Section 8.1(h), the Company shall give the Trustee at least fourteen (14) Business Days' prior notice of any acquisition of Real Estate. Authorized Instructions for the acquisition of Real Estate shall be accompanied by sufficient written material to describe the Real Estate, the nature of the activities carried out on such Real Estate and shall include a phase 1 environmental assessment of such Real Estate.

The Authorized Instructions shall instruct the Trustee to acquire any Real Estate, other than a mortgage, only through a special purpose corporation, or other entity which limits the liability of the Trustee to the investment by the Fund in the entity, of which the Trustee, in its capacity as Trustee of the Fund, shall be an investor and in respect of which neither the Trustee nor the Custodian is required to provide nominees as directors or officers. The Company shall be solely responsible for the establishment and ongoing maintenance of any such special purpose corporation or other entity and for all tax and other filings with respect thereto.

The Company shall comply with the preceding requirements of this Section 8.4 before foreclosing or otherwise taking title to property which is subject to a mortgage in favour of the Trustee, as if the property were a new investment by the Trustee.

8.5. Settlement of Transactions.

Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or Securities (or other Property) without the concurrent receipt of Securities (or other Property) or cash and, in such circumstances, the Company shall have sole responsibility for non-delivery (or late delivery) of Securities or other Property, or for non-receipt of payment (or late payment) by the counterparty.

SECTION 9.

SET OFF

9.1. Set Off.

If an Authorized Instruction would create a debt owing, overdraft or short position in a portion of the Fund (an "Overdraft"), then the Trustee is authorized to, but not obliged to, act on the Authorized Instructions provided, however, that, if the Trustee so acts, and the Fund fails to repay or redeliver promptly any cash or Securities advanced by or through the Trustee, the

Trustee shall be entitled to dispose of any assets of the Fund and to apply any proceeds of such disposal to the payment of any amount due from the Fund to the Trustee for so acting.

Interest on any Overdraft in a Canadian dollar account shall be calculated on the daily balance of the amount owing (before and after demand, default and judgment) at a rate established by the Trustee as determined from time to time, subject to such minimum charges as declared by the Trustee from time to time, with interest on overdue interest at the same rate. Charges on foreign currency accounts shall be established by the relevant sub-custodian from time to time using the rates or charges applicable to the relevant foreign market.

The Company acknowledges and agrees that the Trustee may set off any cash held in the Fund against any amount owing by the Fund to the Trustee pursuant to this Section 9.1.

9.2. Spot or Forward Contracts.

For the purpose of setting off cash balances of the Fund against debts incurred in connection with advances made under Section 9.1, the Trustee is authorized to enter into spot or forward foreign exchange contracts, as principal or agent, with or for the Fund.

SECTION 10. TAX OBLIGATIONS

10.1. Tax Obligations.

The Trustee shall prepare and file or issue on a timely basis all income tax returns and forms which, by virtue of the Tax Act, a trustee of a registered pension plan trust is required to file or issue and, if requested by the Company and upon such terms as the Trustee may agree to, such other returns and forms as may be required under Applicable Laws. Where a tax return or form is required to be filed or issued or tax is payable as a result of any action of the Company, an employee or former employee of the Company or an Investment Manager, the Company shall inform the Trustee by means of Authorized Instructions that such return or form must be filed or issued or that such tax is payable. To the extent the Trustee is responsible under any Applicable Law for any Tax Obligation and the Trustee does not have the necessary information for the performance of its obligations hereunder, the Company shall cause an Authorized Party to provide the Trustee with all information required by the Trustee in respect of such Tax Obligations. The Trustee shall not be required to prepare, file or issue any return or form unless it has the information necessary to prepare, file or issue such return or form.

The Trustee shall use reasonable efforts, based upon available information, to assist the Authorized Party, to the extent the Authorized Party has necessary information, with respect to any Tax Obligations imposed on the Fund, both domestic and international. Subject to the Trustee satisfying the standard of care set out in Section 15.1, the Trustee shall be indemnified and held harmless by the Company for any Tax Obligations now or hereafter imposed on the Company, or the Fund or the Trustee in respect of the Fund by any taxing authorities, domestic or international.

SECTION 11. REPORTING AND RECORDKEEPING

11.1. Accounts and Records.

The Trustee shall keep records with respect to the Fund (excluding for further clarification, individual Plan account member information as it relates to the Defined Contribution Portion of the Fund) and such records as directly relate to the Fund shall on five Business Days notice to the Trustee be open to inspection during reasonable business hours at the offices of the Trustee in Vancouver, British Columbia by persons duly authorized by the Company provided that prior written notice is given to the Trustee and the Trustee may require that such inspection be conducted in the presence of a representative of the Trustee. To the extent the Trustee is legally obligated to permit any persons other than those authorized by the Company to have such access, the Company agrees, upon notice from the Trustee, that the Trustee shall provide such persons with access to such records. No persons other than those authorized by the Company or those otherwise entitled thereto by Applicable Laws shall have the right to demand or be entitled to any accounting from the Trustee. Except as required by Applicable Laws, no person, except by and through the Company may require an accounting or bring any action against the Trustee with respect thereto.

11.2. Reports.

The Trustee shall furnish to the Company within thirty (30) days following the close of each calendar month, and within ninety (90) days after the removal or resignation of the Trustee or termination of the Fund, a written statement of account setting forth all investments, receipts, disbursements and other transactions effected by it during such period.

11.3. Review of Reports.

If, within one hundred and eighty (180) days after the Trustee sends to the Company a statement with respect to the Fund, the Company has not given the Trustee written notice of any exception or objection thereto, the statement shall be deemed to have been approved, and in such case, the Trustee shall not be liable for any matters in such statement.

11.4. Non-Fund Assets.

The duties of the Trustee shall be limited to the Property held in the Fund, and the Trustee shall have no duties with respect to property held by any other person including, without limitation, any other trustee for the Plan. The Company hereby agrees that the Trustee shall not serve as, and shall not be deemed to be, a co-trustee under any circumstances.

SECTION 12. FORCE MAJEURE

12.1. Force Majeure.

The Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Fund resulting from any event beyond the reasonable control of the Trustee, its agents or sub-custodians, including but not limited to nationalization, strikes, expropriation,

devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Fund's Property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any similar or third party event. Without limitation, the Trustee's financial inability to perform an act, which inability diminishes its ability to carry out its responsibilities under this Agreement, shall not be considered a factor beyond the Trustee's control. This Section shall survive the termination of this Agreement.

SECTION 13. COMPENSATION AND EXPENSES

13.1. Trustee's Compensation and Expenses.

All expenses with respect to the operation and administration of the Plan or Fund, including without limitation such fees or compensation to the Trustee as may be agreed upon in writing by the Company and the Trustee from time to time, the reasonable expenses and compensation of agents and counsel, and any expenses incurred by the Company in the administration of the Plan, shall be paid out of the Fund unless paid directly by the Company, in which case the Company may be reimbursed therefore from the Fund unless prohibited by Applicable Laws. The Trustee is authorized to debit from the Fund any such fees and expenses. All Tax Obligations of whatever kind that may be levied or assessed under existing or future laws of any jurisdiction upon or in respect of this trust or the Fund or any money, property or securities forming a part thereof, shall be paid from the Fund.

SECTION 14. RESPONSIBILITIES OF THE TRUSTEE

14.1. Reliance on Authorized Instructions.

So long as it is not required by Section 4.3 to decline to act on Authorized Instructions, the Trustee shall be fully protected and is hereby indemnified and held harmless by the Company, to the extent not paid by the Fund, in relying and acting upon an Authorized Instruction which it reasonably believes to have been given by an Authorized Party or in failing to act in the absence thereof and shall be under no liability for any application of the Fund made by it pursuant to such Authorized Instructions and shall not be under any duty of making enquiries with respect to whether any application of the Fund as directed complies with the terms of the Plan or Applicable Laws.

14.2. Investment.

The Trustee shall not be responsible for any loss or diminution of the Fund resulting from the making, retention or sale of any investment or reinvestment made by it in accordance with the

Authorized Instruction of the Investment Manager, or the Company if no Investment Manager has been appointed, or as herein provided.

14.3. Plan Administration.

The Trustee shall have no duty or responsibility with respect to administration of the Plan and shall not be responsible for the collection from the Company of, or any contribution to the Fund or the compliance of the same with Applicable Laws or for the sufficiency of the Fund to meet and discharge any payments and liabilities under the Plan. Subject to Applicable Laws, the Trustee shall have no duty or responsibility for the determination of the amount of or timing of any contribution to the Fund. The Company shall have the exclusive right and obligation to determine the rights of any person to participate in the benefits from the Fund under the terms of the Plan. The Company shall be responsible for ensuring that no Authorized Instructions or other directions given to the Trustee shall require the Trustee to use or divert any part of the Fund for purposes other than those which are in accordance with the terms of the Plan.

The Trustee shall have no duty or responsibility to determine, record or report individual Plan member account information as it relates to the Defined Contribution Portion of the Fund, which shall be the sole responsibility of the Company or a third party recordkeeper, if so appointed by the Company.

14.4. Real Estate Indemnity.

The Trustee shall have no responsibility or discretion with respect to the ownership, management, administration, operation, care or control of any Real Estate. The Trustee is hereby indemnified by the Company, to the extent not paid by the Fund, from all claims, liabilities, losses, damages, and expenses, including reasonable legal and expert's fees and expenses, arising from or in connection with any matter relating to: (i) any violation of any applicable environmental or health or safety law, ordinance, regulation or ruling; or (ii) the presence, use, generation, storage, release, threatened release, or containment, treatment or disposal of any petroleum, including crude oil or any fraction thereof, hazardous substances, pollutants or contaminants or hazardous, toxic or dangerous substances or materials as any of these terms may be defined under any law in the broadest sense from time to time.

14.5. Reliance on Advisors.

The Trustee shall be permitted to rely upon and shall not be liable for actions taken or omitted to be taken on the advice of any counsel, advisors, experts, agents or others employed as herein provided ("Advisors") provided that, where the appointment is being made by the Trustee, the Trustee shall be responsible to discharge its standard of care set out in Section 15.1 in the appointment of any Advisors not appointed pursuant to Authorized Instructions. For greater certainty, a "Depository" (as defined in subparagraph 7.1(b)(iii)) is not an "Advisor" for the purposes of this Section 14.5.

14.6. Prior Trustees.

The Trustee shall have no duties, responsibilities or liability with respect to the acts or omissions of any prior trustee, or other funding agent or custodian, or their agents. However, the foregoing

shall not derogate from the Trustee's responsibility for its own acts or omissions during periods prior to its assumption of trusteeship.

14.7. Survival.

The provisions of this Section 14 shall survive the termination of this Agreement and the Fund.

SECTION 15. INDEMNIFICATION

15.1. Standard of Care.

Subject to Section 14.1, in performing its obligations and duties and exercising its rights and powers hereunder, the Trustee shall exercise the degree of care, diligence and skill that a reasonably prudent financial institution would exercise in dealing with the property of another person, provided that the Trustee shall not be responsible or liable for any losses or damages suffered by the Fund arising as a result of the insolvency of any sub-custodian, except to the extent that the Trustee did not discharge its standard of care set out in this Section 15.1 in the selection or continued retention of such sub-custodian.

15.2. Indemnification.

The Trustee and its respective officers, directors, employees and agents (the "Indemnified Parties") are hereby indemnified and held harmless by the Company, to the extent not paid by the Fund, from any and all taxes, claims, liabilities, damages, costs and expenses of any kind, including reasonable legal and expert's fees and expenses (but excluding consequential losses) arising out of the performance of its or their obligations, as applicable, under this Agreement, except as a result of a breach of the standard of care set forth in Section 15.1.

The Trustee hereby indemnifies and holds harmless the Fund and the Company from any and all claims, liabilities, damages, costs and expenses of any kind, including reasonable legal and expert's fees and expenses (but excluding consequential losses) arising out of a breach of the standard of care set out in Section 15.1.

The indemnifications set out in this Section 15 do not derogate from and are in addition to the parties' rights of indemnification under any enactment or rule of law or equity, and shall survive the termination of this Agreement and the Fund.

SECTION 16. AMENDMENT, TERMINATION, RESIGNATION, REMOVAL

16.1. Modification/Amendments

No provision of this Agreement shall be deemed waived, amended or modified by any party unless such waiver, amendment or modification is in writing and signed by the parties hereto.

16.2. Removal or Resignation of Trustee

The Trustee may be removed with respect to the Fund upon receipt by the Trustee of sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) from the Company. The Trustee may resign upon sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) delivered to the Company. In the event of a removal or resignation of the Trustee, a successor trustee or other funding agent permitted under Applicable Laws shall be appointed by the Company and shall have the same powers and duties as those conferred upon the Trustee by this Agreement and the retiring Trustee shall transfer the Fund, less such amount as may be reasonable and necessary to cover its compensation, expenses and any other amount owing hereunder in accordance with Section 13. In the event the Company fails to appoint a successor trustee within sixty (60) days of receipt of the written notice of resignation, the Trustee, at the expense of the Fund, shall have the right to seek appointment of a successor trustee from a court of competent jurisdiction. The Trustee shall have no duties, responsibilities or liability with respect to the acts or omissions of any successor trustee.

16.3. Removal or Resignation of Custodian

The Custodian may be removed with respect to the Fund upon receipt by the Company of sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) from the Trustee. The Custodian may resign upon sixty (60) days' written notice (unless a shorter or longer period is agreed to between the parties hereto) delivered to the Trustee and the Company. In the event of the removal or resignation of the Custodian, the Company shall authorize the Trustee to appoint a successor custodian permitted under Applicable Laws and the Trustee shall appoint such successor custodian which shall have the same powers and duties as those conferred upon the Custodian. The Trustee shall take reasonable steps to cause the retiring Custodian to transfer any assets held by it, less such amounts as may be reasonable and necessary to cover its compensation, expenses and any other amount owing to it.

16.4. Termination of the Fund

This Trust Agreement may be terminated by the Company at any time, where the Company has discontinued contributions to the Fund and has terminated the Plan in accordance with the plan provisions and applicable legislation. Termination of the trust is subject to prior approval required under pension benefits legislation or pursuant to the statutes, regulations, policies and administrative practices of the Canada Customs and Revenue Agency applicable to the Plan.

In the event of termination of the trust, all assets then constituting the Fund, less any amounts constituting charges and expenses payable from the Fund, shall be applied in accordance with the provisions of the Plan.

Notwithstanding any other provision hereof or any amendment hereto to the contrary, at no time shall any part of the Fund revert to or be recoverable by the Company, or be used for, or diverted to, purposes other than of the exclusive benefit of the participants, annuitants, joint annuitants and beneficiaries under the Plan except such funds, if any, as may remain at the termination of the trust after satisfaction all liabilities with respect to participants, annuitants, joint annuitants and beneficiaries under the Plan and which are due to erroneous actuarial calculations.

The Company shall give the Trustee at least 90 days' prior written notice of the termination of this Trust Agreement. The Company shall issue Authorized Instructions to the Trustee regarding the distribution of the assets of the Fund.

16.5. Binding on Successor Company.

Any corporation resulting from any merger or consolidation to which the Company may be a party or which succeeds to the business of the Company, or to which substantially all the assets of the Company may be transferred and which becomes administrator of the Plan while the Company continues as a party to this Agreement, shall be the successor to the Company hereunder without any further act or formality with like effect as if such successor company had originally been named as the Company herein.

16.6. Successor Trustee or Custodian.

Any corporation resulting from any merger or consolidation to which the Trustee or Custodian may be a party or which succeeds to the trust business of the Trustee or the custodial business of the Custodian, or to which substantially all of the trust assets of the Trustee or of the custodial assets of the Custodian may be transferred while the Trustee continues to act as trustee or the Custodian continues to act as custodian of the Fund, shall be the successor to the Trustee or the Custodian, as the case may be, hereunder without any further act or formality with like effect as if such successor trustee or successor custodian, as the case may be, had originally been named as the trustee or custodian herein.

16.7. No Assignment.

Except as provided in Sections 16.4 and 16.5, neither party may assign this Agreement without the prior written consent of the other party hereto. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

SECTION 17. NOTICE

17.1. Notices to Trustee and Custodian.

Any notice, demand or other communication (other than an Authorized Instruction) under this Agreement to the Trustee or to the Custodian shall be in writing addressed to the Trustee as follows:

c/o CIBC Mellon Global Securities Services Company
1066 West Hastings Street
Suite 1600
Vancouver, British Columbia
V6E 3X1

Attention: Relationship Manager
Facsimile: (604) 688-4301

17.2. Notice to the Company.

Any notice, demand or other communication (other than an Authorized Instruction) under this Agreement to the Company shall be in writing addressed to the Company as follows:

Norske Skog Canada Limited
P.O. Box 10058
Pacific Centre
700 West Georgia Street
9th Floor
Vancouver, B.C.
V7J 1J7

Attention: Vice President, Finance
Facsimile: (604) 654-4070

17.3. Delivery.

Notices given pursuant to this Section 15 may be sent by personal delivery (including courier) during business hours or may be sent by ordinary mail or by facsimile. Such notice shall be deemed to have been delivered at the time of personal delivery, or on the fifth (5th) Business Day following the day of mailing (unless delivery by mail is likely to be delayed by strike or slowdown of postal workers, in which case it shall be deemed to have been given when it would be delivered in the ordinary course of the mail allowing for such strike or slowdown), or if sent by facsimile, on the day of receipt if sent before 5 p.m. (local time of the recipient) on a Business Day or on the next Business Day if sent after 5 p.m. or not on a Business Day. Any party may change its address by giving notice to the other party in the manner set forth in this Section.

SECTION 18. **MISCELLANEOUS**

18.1. Representation.

Each party represents that it has the power and authority to enter into and perform its obligations under this Agreement, that the person or persons signing this Agreement on behalf of the named party are properly authorized and empowered to sign it and that the Agreement is valid and binding on the party and enforceable against the party in accordance with its terms.

18.2. Residency.

The Company represents that it is a resident of Canada within the meaning of the Tax Act.

18.3. Entire Agreement.

This Agreement shall constitute the entire agreement between the parties as of the date hereof with respect to all matters herein and its execution has not been induced by, nor do any of the parties hereto rely upon or regard as material, any representations or promises whatsoever not incorporated herein or made by a party hereto.

18.4. Invalidity/Unenforceability.

If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired.

18.5. Necessary Parties.

The Trustee reserves the right to seek a judicial or administrative determination as to its proper course of action under this Agreement. To the extent permitted by Applicable Laws, only the Trustee and the Company shall be necessary parties in any application to the courts for an interpretation of this Agreement, and no participant under the Plan or other person having any interest in the Fund shall be entitled to any notice or service of process. Any final judgment entered in such an action or proceeding shall, to the extent permitted by law, be conclusive upon all persons.

18.6. No Third Party Beneficiaries.

The provisions of this Agreement are intended to benefit only the parties hereto and their respective successors and assigns. No person entitled to benefits under the Plan shall have any claim against the Trustee except by or through the Company.

Nothing in this Agreement shall be construed to give any employee of the Company or any employee's beneficiary or legal representative any right, title or interest in or to any assets, profit, earnings or accretions to the Fund.

18.7. Execution in Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument.

18.8. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and any actions, proceedings or claims relating to the Fund shall be commenced in the courts of the Province of British Columbia.

JN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers.

CIBC MELLON TRUST COMPANY

By: _____

Name: Van Bot
Title: Manager, Client Services

By: Roberta Massender
Name: Roberta Massender
Title: Account Manager

NORSKE SKOG CANADA LIMITED

By: John Doe

Name:
Title:

By: John Doe
Name: John Doe
Title: President

Defined Benefit Pension Plan (for former Pacifica employees)

The Defined Benefit (DB) Pension Plan for former Pacifica employees provides a lifetime pension based on your earnings and years of participation.

Plan members may participate in the Core Plan or one of three contributory options that provide the opportunity to purchase specific pension enhancements for service from July 1, 1996. Effective January 1, 2002, Plan members were asked to make a final choice of Plan options for service from that date forward.

Plan Overview

If you were hired before July 1, 1996 and decided to stay in the DB Plan for former Pacifica employees, you were required to make a final choice of Plan options for service from January 1, 2002. Here is an overview of the Plan options.

Features	Core Plan	Option 1	Option 2	Option 3
Benefit Formula Factor	1.6%	1.6%	2%	2%
Final Average Earnings	Best 5 years	Best 3 years	Best 5 years	Best 3 years
Normal Form of Pension	5-year guarantee	10-year guarantee or 60% Joint & Survivor	5-year guarantee	10-year guarantee or 60% Joint & Survivor
Guaranteed Pension Increases	None	2% annual indexing	None	2% annual indexing
Cost per Pay If you Are:	Company-paid	% of Pay	% of Pay	% of Pay
Under Age 30		1.0	0.5	2.0
Age 30-34		1.5	1.0	3.0
Age 35-39		2.2	1.2	4.0
Age 40-44		3.0	1.6	5.3
Age 45-49		3.7	2.0	6.3
Age 50-54		4.4	2.2	7.3
Age 55 or over		4.6	2.4	7.8

Eligibility

Participation in the Pacifica DB Plan is restricted to permanent salaried employees who elected to remain in the Plan effective January 1, 2002. The Pacifica DB Plan is closed to all other employees.

Contributions

Catalyst Paper pays the full cost of the Core Plan.

If you participate in one of the contributory options, you are required to contribute a set percentage of your base salary each pay period, based on your age:

If you are	Percentage You are Required to Contribute			
	Core Plan	Option 1	Option 2	Option 3
Under age 30	N/A	1.0%	0.5%	2.0%
Age 30-34	N/A	1.5%	1.0%	3.0%
Age 35-39	N/A	2.2%	1.2%	4.0%
Age 40-44	N/A	3.0%	1.6%	5.3%
Age 45-49	N/A	3.7%	2.0%	6.3%
Age 50-54	N/A	4.4%	2.2%	7.3%
Age 55 or over	N/A	4.6%	2.4%	7.8%

Your contributions (up to Income Tax Act limits) are deducted from your pre-tax earnings, which automatically reduces your taxable income each pay period.

Retirement Dates

Your normal retirement date is the first of the month coinciding with or following your 65th birthday.

You can retire as early as age 60, with no reduction to the pension you have earned.

The earliest you may retire is age 55. However, if you retire before age 60, the pension you have earned will be reduced by 0.25% for each month (3% per year) you are under age 60.

If you postpone your retirement beyond age 65, you will continue to earn pension benefits based on the Plan terms and provincial pension legislation.

Pension Formula

Service After July 1, 1996

You earn a pension benefit for each period of credited service, based on the applicable pension formula, as follows:

Core Plan	Option 1	Option 2	Option 3
1.6% of your final 5-year average earnings Times your credited service in the Core Plan after July 1, 1996	1.6% of your final 3-year average earnings Times your credited service in Option 1 after July 1, 1996	2.0% of your final 5-year average earnings Times your credited service in Option 2 after July 1, 1996	2.0% of your final 3-year average earnings Times your credited service in Option 3 after July 1, 1996

Automatic indexing of 2% per year will be applied to any pension earned under Option 1 and Option 3. The indexing starts on January 1 of each year following the pension commencement date. There is no

indexing between the date of termination of membership in the plan and the date of pension commencement.

Service Before January 1, 1996

If you participated in the Retirement Plan for Salaried Employees of MacMillan Bloedel Limited (Plan 90), your pension for service prior to July 1, 1996 will be calculated as follows:

- 2.0% of your average **prior plan earnings** during the 60 consecutive full months in which your earnings were highest times your **credited service** prior to July 1, 1996

Plus, if you were employed on or before August 1, 1979:

- 1.0% of your average **prior plan earnings** times your continuous service prior to enrollment in the prior plan

If you make contributions under Option 1, 2 or 3 for service prior to January 1, 1990, the benefits for that contributory period will be determined by the formula for the applicable option.

Minimum Pension

The minimum benefit payable at normal retirement age for each year of service recognized under the DB Plan is \$40 per month. In other words, if you have 30 years of service, the minimum benefit you would receive at normal retirement is \$1,200 per month (\$40 X 30 years of service).

Maximum Pension

The maximum annual pension that the Canada Revenue Agency (CRA, formerly known as Revenue Canada) allows you to receive from a registered pension plan is currently \$2,222.22 per year of service (although service prior to 1990 is limited to a maximum of 35 years). The company will pay any benefits you earn in excess of this limit outside the Plan.

Pension Offset

Your pension determined under the DB Plan formula will be reduced by any benefit you receive from any other pension plan to which the company or a predecessor company has contributed covering the same period of service.

Payment Of Pension

Normal Form

When you retire, your pension will be paid in monthly installments for your lifetime, based on the applicable Plan provisions.

Core Plan

The normal form of pension for your **credited service** in the Core Plan includes a five-year guarantee, which means that if you die within five years of retirement, your pension will be continued to your **beneficiary** for the balance of the five-year term.

If you have a **spouse** when you retire, pension law requires that you choose a **Joint & Survivor** pension that guarantees continuation of 60% of your pension to your surviving spouse in the event of your death

(unless your spouse waives this requirement in writing before you retire). Your benefit for **credited service** in the Core Plan will be actuarially reduced to provide this benefit.

Option 1

If you are participating in Option 1, the normal form of pension for your **credited service** in that option includes a 10-year guarantee, which means that if you die within 10 years of retirement, your pension will be continued to your **beneficiary** for the balance of the 10-year term.

If you have a spouse when you retire, the normal form of pension for your **credited service** in Option 1 will be a 60% **Joint & Survivor** pension.

Option 2

The same payment terms as the Core Plan apply to Option 2.

Option 3

The same payment terms as Option 1 apply to Option 3

Optional Forms

The Plan offers the following optional forms of payment:

- 0-Year, 5-Year, 10-Year or 15-Year Guarantee: if you die before the end of the term you selected, the remainder of the guaranteed payments will be paid to your **beneficiary**.
- 66-2/3% or 75% or 100% **Joint & Survivor** Pension: If you would like more than 60% of your pension to continue to your **spouse** in the event of your death, you may choose either a 66-2/3%, a 75% or a 100% surviving spouse's pension
- Level Income Option: This option offers you a level income throughout your lifetime by increasing the pension paid from the pension plan up to age 65 (the increase amount is equal to the OAS pension) and then reducing it after age 65 so that the total pension that you receive from both the company pension & OAS before and after age 65 would remain leveled.

If you choose one of these options, your pension will be reduced to cover the value of the larger guarantee or increased spousal pension.

In the Event...

You take maternity or parental Leave

If you take maternity or parental leave with the intention of returning to work, you will continue to earn pension benefits, based on your earnings at the time your leave began. If you are participating in a contributory option, you must continue to make your required contributions by providing post-dated cheques before your leave begins.

You become disabled

If you become disabled and are receiving company-sponsored disability benefits, you will continue to earn pension benefits up to age 65, based on your earnings at the time your disability began. If you are participating in the contributory option and are in receipt of benefits under a Participating Company's short term or long term disability plan, your required contributions will cease and you will continue to earn benefits based on the terms of the Core Plan.

You terminate employment

If you leave the company before you are eligible to retire, you are entitled to the pension you have earned. You may:

- Receive your pension commencing at age 65, or any time after age 55 on an actuarially reduced basis.
- Transfer the **commuted value** of your pension to a **locked-in RRSP** or similar vehicle
- Transfer the **commuted value** of your pension to another employer's registered pension plan (if that plan accepts transfers).
- Use the **commuted value** of your pension to purchase an immediate or deferred annuity.

You die before retirement

If you die before age 55 while employed by the company, your **spouse** (or your **beneficiary** if you do not have a spouse) will receive the **commuted value** of the pension you earned to the date of your death.

If you die after age 55 while employed by the company and you have a **spouse**, he or she will receive at least the pension you would have received if you had retired on the date of your death and elected a 60% **Joint & Survivor** pension. If you do not have a spouse, your beneficiary will receive the **commuted value** of the pension you earned to the date of your death.

Pension Adjustment

Each year, Catalyst Paper is required to report a Pension Adjustment (PA) on your T-4 for your participation in the DB Plan. Your PA reduces the amount you may contribute to a Registered Retirement Savings Plan (RRSP) in the following year.

Your PA is the "deemed" value the government places on the pension benefit you earned in the year. The government formula for calculating your PA is:

- 9 times the pension you earned in the year (based on the pension formula for the option you are in)
- Minus \$600.

Pension Adjustment Reversal (PAR)

If you terminate membership in the DB Plan before age 55 and elect to transfer your pension out of the DB Plan you may be eligible to receive a Pension Adjustment Reversal (PAR). The PAR reinstates lost RRSP contribution room due to government overvaluing of employer-sponsored pension benefits. You're eligible for a PAR if the sum of your Pension Adjustments and Past Service Pension Adjustments since 1990 is greater than the **commuted value** of your pension for the same period.

If you qualify for a PAR, the amount will be reported on a federal tax slip and filed with the CRA within 60 days after the calendar quarter in which you terminate your DB Plan membership (within 30 days if you terminate membership during the last calendar quarter). The PAR amount will be added to your existing RRSP contribution room.

Defined Benefit Pension Plan

The Defined Benefit (DB) Pension Plan provides a lifetime pension based on your earnings and years of participation.

Effective January 1, 2002, Plan members were given a one-time option to remain in the Core Plan or switch to the contributory option for service from that date forward. If you participate in the contributory option, your contributions are used to purchase specific enhancements to the pension you earn after January 1, 2002, including a shorter averaging period for final average earnings, enhanced survivor benefits, and guaranteed post-retirement indexing.

Eligibility

Participation in the DB Plan is restricted to permanent salaried employees who elected to remain in the Plan effective January 1, 1994. In addition, employees hired before January 1, 1994 who transfer from a union to a salaried position have the option to join the DB Plan. The DB Plan is closed to all other employees.

Contributions

The Core Plan is totally company-paid. Catalyst Paper will contribute the amount determined by our actuaries necessary to provide your Core pension.

If you chose to participate in the contributory option as of January 1, 2002, you are required to contribute a set percentage of your base salary each pay period, based on your age:

If you are	% You are Required to Contribute
Under age 30	1.0%
Age 30-34	1.5%
Age 35-39	2.2%
Age 40-44	3.0%
Age 45-49	3.7%
Age 50-54	4.4%
Age 55 or over	4.6%

Your contributions (up to Income Tax Act limits) are deducted from your pre-tax earnings, which automatically reduces your taxable income each pay period.

Retirement Dates

Your normal retirement date is the first of the month coinciding with or following your 65th birthday.

You can retire as early as age 60, with no reduction to the pension you have earned.

The earliest you may retire is age 55. However, if you retire before age 60, the pension you have earned will be reduced by 0.25% for each month (3% per year) you are under age 60.

If you postpone your retirement beyond age 65, you will continue to earn pension benefits based on the DB Plan terms and provincial pension legislation.

Pension Formula

Service After January 1, 2002

You earn a pension benefit based on the applicable DB Plan provisions, as follows:

Core Plan	Contribution Option
1.3% of your final 5-year average earnings up to the 5-year average YMPE plus	1.3% of your final 3-year average earnings up to the 3-year average YMPE Plus
2% of your final 5-year average earnings above the 5-year average YMPE Times	2% of your final 3-year average earnings above the 3-year average YMPE Times
Your credited service in the Core Plan after January 1, 2002	Your credited service in the contributory option after January 1, 2002

Automatic indexing of 2% per year will be applied to any pension earned under the contributory option after January 1, 2002. The indexing starts on January 1 of each year following the pension commencement date. There is no indexing between the date of termination of membership in the plan and the date of pension commencement.

Service from January 1, 1989 to December 31, 2001

You earn a pension benefit based on the following formula:

- 1.3% of your **final 5-year average earnings** up to the 5-year average YMPE
Plus
- 2% of your **final 5-year average earnings** above the 5-year average YMPE
Times
- Your **credited service** from January 1, 1989 to December 31, 2001

Service Before January 1, 1989

If you participated in the Crown Forest Industries Limited (CFIL) Retirement Plan, your pension for service prior to January 1, 1989 will be calculated as follows:

- 1.0% of your **final 5-year average earnings** up to the 5-year average YMPE
Plus
- 1.75% of your **final 5-year average earnings** in excess of the 5-year average YMPE
Multiplied by
- Your **credited service** to December 31, 1988.

If you participated in the British Columbia Forests Products (BCFP) Retirement Plan, your pension for service in that Plan will be calculated as follows.

For credited service from May 1, 1952 to December 31, 1965:

- 1.5% of your final 5-year average earnings
Multiplied by
- Your credited service from May 1, 1952 to December 31, 1965

Plus

For credited service from January 1, 1966 to December 31, 1988

- 1.0% of your final 5-year average earnings up to the 5-year average YMPE
Plus
- 2.0% of your final 5-year average earnings in excess of the 5-year average YMPE
Multiplied by
- Your credited service from January 1, 1966 to December 31, 1988

In addition, former BCFP Plan members will be provided with a benefit in respect of years of continuous service before December 31, 1988 while not a member of the BCFP Plan, calculated as follows:

- 1.0% of your final 5-year average earnings
Multiplied by the mandatory waiting period under the BCFP plan
- Plus
- 0.5% of your final 5-year average earnings
Multiplied by your years of continuous service other than the mandatory waiting period

Minimum Pension

The minimum benefit payable at normal retirement age for each year of service recognized under the DB Plan is \$40 per month. In other words, if you have 30 years of service, the minimum benefit you would receive at normal retirement is \$1,200 per month (\$40 X 30 years of service).

Maximum Pension

The maximum annual pension that the Canada Revenue Agency (CRA, known formerly as Revenue Canada) allows you to receive from a registered pension plan is currently **\$2,222.22** per year of service (although service prior to 1990 is limited to a maximum of 35 years).

Pension Offset

Your pension determined under the DB Plan formula will be reduced by any benefit you receive from any other pension plan to which the company or a predecessor company has contributed covering the same period of service.

Payment Of Pension

Normal Form

When you retire, your pension will be paid in monthly installments for your lifetime, based on the applicable Plan provisions.

Core Plan

The normal form of pension for your **credited service** in the Core Plan includes a five-year guarantee, which means that if you die within five years of retirement, your pension will be continued to your **beneficiary** for the balance of the five-year term.

If you have a **spouse** when you retire, pension law requires that you choose a **Joint & Survivor** pension that guarantees continuation of 60% of your pension to your surviving spouse in the event of your death (unless your spouse waives this requirement in writing before you retire). Your benefit for **credited service** in the Core Plan will be actuarially reduced to provide this benefit.

Contributory Option

If you are participating in the contributory option, the normal form of pension for your **credited service** in that option includes a 10-year guarantee, which means that if you die within 10 years of retirement, your pension will be continued to your **beneficiary** for the balance of the 10-year term.

If you have a spouse when you retire, the normal form of pension for your **credited service** in the contributory option will be a 60% **Joint & Survivor** pension.

Optional Forms

The Plan offers the following optional forms of payment:

- 0-Year, 5-Year, 10-Year or 15-Year Guarantee: if you die before the end of the term you selected, the remainder of the guaranteed payments will be paid to your **beneficiary**.
- 66-2/3% or 75% or 100% **Joint & Survivor** Pension: If you would like more than 60% of your pension to continue to your **spouse** in the event of your death, you may choose either a 66-2/3%, a 75% or a 100% surviving spouse's pension.
- Level Income Option: This option offers you a level income throughout your lifetime by increasing the pension paid from the pension plan up to age 65 (the increase amount is equal to the OAS pension) and then reducing it after age 65 so that the total pension that you receive from both the company pension & OAS before and after age 65 would remain leveled.

If you choose one of these options, your pension will be reduced to cover the value of the larger guarantee or increased spousal pension.

In the Event...

You take maternity or parental Leave

If you take maternity or parental leave with the intention of returning to work, you will continue to earn pension benefits, based on your earnings at the time your leave began. If you are participating in the contributory option, you must continue to make your required contributions by providing post-dated cheques before your leave begins.

You become disabled

If you become disabled and are receiving company-sponsored disability benefits, you will continue to earn pension benefits up to age 65, based on your earnings at the time your disability began. If you are participating in the contributory option and are in receipt of benefits under a Participating Company's short term or long term disability plan, your required contributions will cease and you will continue to earn benefits based on the terms of the Core Plan.

You terminate employment

If you leave the company before you are eligible to retire, you are entitled to the pension you have earned. You may:

- Receive your pension commencing at age 65, or any time after age 55 on an actuarially reduced basis. (If you were employed by BCFP prior to January 1, 1989 and have completed 20 years of service, you may receive an unreduced pension at age 60.)
- Transfer the **commuted value** of your pension to a **locked-in RRSP** or similar vehicle
- Transfer the **commuted value** of your pension to another employer's registered pension plan (if that plan accepts transfers).
- Use the **commuted value** of your pension to purchase an immediate or deferred **annuity**.

You die before retirement

If you die before age 55 while employed by the company, your **spouse** (or your **beneficiary** if you do not have a spouse) will receive the **commuted value** of the pension you earned to the date of your death.

If you die after age 55 while employed by the company and you have a **spouse**, he or she will receive at least the pension you would have received if you had retired on the date of your death and elected a 60% **Joint & Survivor** pension. If you do not have a spouse, your beneficiary will receive the **commuted value** of the pension you earned to the date of your death.

Pension Adjustment

Each year, Catalyst Paper is required to report a Pension Adjustment (PA) on your T-4 for your participation in the DB Plan. Your PA reduces the amount you may contribute to a Registered Retirement Savings Plan (RRSP) in the following year.

Your PA is the "deemed" value the government places on the pension benefit you earned in the year. The government formula for calculating your PA is:

- 9 times the pension you earned in the year (based on the pension formula)
- Minus \$600.

Pension Adjustment Reversal (PAR)

If you terminate membership in the DB Plan before age 55 and elect to transfer your pension out of the DB Plan you may be eligible to receive a Pension Adjustment Reversal (PAR). The PAR reinstates lost RRSP contribution room due to government overvaluing of employer-sponsored pension benefits. You're eligible for a PAR if the sum of your Pension Adjustments and Past Service Pension Adjustments since 1990 is greater than the **commuted value** of your pension for the same period.

If you qualify for a PAR, the amount will be reported on a federal tax slip and filed with the CRA within 60 days after the calendar quarter in which you terminate your DB Plan membership (within 30 days if you terminate membership during the last calendar quarter). The PAR amount will be added to your existing RRSP contribution room.