

EXHIBIT “Y”

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made as of the ____ day of _____, 2010 by and between **Fraser Papers Inc.**, a corporation incorporated under the federal laws of Canada, **Fraser Papers Limited**, a corporation incorporated under the laws of the State of Maine, **FPS Canada Inc.**, a corporation incorporated under the federal laws of Canada, **Fraser Papers Holdings Inc.**, a corporation incorporated under the laws of the State of Delaware, **Fraser Timber Limited**, a corporation incorporated under the laws of the State of Maine, and **Fraser N.H. LLC**, a limited liability company formed under the laws of the State of Delaware (collectively, the “**Vendors**”) and **Twin Rivers Paper Company Inc.**, a corporation incorporated under the laws of the Province of Ontario (the “**Canadian Purchaser**”), **Twin Rivers Paper Company LLC**, a limited liability company formed under the laws of the State of Delaware (the “**US Purchaser**”) and PricewaterhouseCoopers Inc. as escrow agent (the “**Escrow Agent**”).

WHEREAS, pursuant to an asset purchase agreement dated as of December 22, 2009, as amended from time to time (the “**Purchase Agreement**”), between the Vendors and Brookfield Asset Management Inc. or its designate(s), as assigned to the Canadian Purchaser and the US Purchaser (the Canadian Purchaser and the US Purchaser, together with the Vendors, the “**Interested Parties**”, and the US Purchaser together with the Canadian Purchaser, the “**Purchasers**” and each a “**Purchaser**”) pursuant to an assignment and assumption agreement dated as of the date hereof;

WHEREAS, pursuant to the Purchase Agreement, the Interested Parties have agreed to deposit certain consideration in escrow with the Escrow Agent to be held and distributed by the Escrow Agent on the terms and conditions set forth herein;

WHEREAS, the Canadian Purchaser has agreed to deposit the Holdback Amount (as defined below) with the Escrow Agent to be held and distributed in accordance with the terms herein; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth in this Agreement, the parties hereto hereby agree as follows:

1. **APPOINTMENT OF THE ESCROW AGENT.** The Purchasers and the Vendors hereby appoint the Escrow Agent to act as escrow agent under this Agreement, and the Escrow Agent hereby accepts such appointment in accordance with and subject to the terms and conditions hereof.
2. **DEPOSIT OF HOLDBACK AMOUNT.** At the Closing, pursuant to paragraph 3.3 of the Purchase Agreement, the Canadian Purchaser hereby agrees to deposit with the Escrow Agent, and the Escrow Agent will acknowledge upon receipt, a promissory note issued by the Canadian Purchaser in the amount of \$10,000,000 (the “**Holdback**”).

Amount”). The Holdback Amount shall be held by the Escrow Agent until the release of the Holdback Amount in accordance with Section 3 hereof. The parties hereto acknowledge and agree that the Holdback Amount shall be held by the Escrow Agent and dealt with only in accordance with this Agreement. For greater certainty, the Interested Parties acknowledge and confirm that the Holdback Amount shall also be dealt with in accordance with the Purchase Agreement. All references in this Agreement to dollars or to \$ are expressed in United States currency unless otherwise specifically indicated.

3. **RELEASE OF HOLDBACK AMOUNT.**

- (a) Holdback Period. The escrow period (the “**Holdback Period**”) for the Holdback Amount or any portion thereof, as applicable, shall end on the date which is the earlier of: (a) for any portion of the Holdback Amount which at any time becomes payable to the Purchaser, as applicable, the date on which such portion is released to such Purchaser; and (b) for the balance of the Holdback Amount, the earlier of the date which is 12 months after the Closing Date and such date, acceptable to the Purchaser, on which a duly approved and sanctioned plan or plans of compromise or arrangement in respect of the Vendors is completed under the CCAA Proceedings.
- (b) Release of Holdback Amount.
 - (i) If release of the Holdback Amount is required pursuant to section 3.3. of the Purchase Agreement, all or a portion of the Holdback Amount shall be released to the Purchaser pursuant to the joint written instructions of the Purchaser and the Vendors within two (2) Business Days of receiving such notice.
 - (ii) Upon termination of the Holdback Period, any remaining portion of the Holdback Amount not payable to the Purchaser shall be released and transferred to the Monitor, in trust for the Vendors, to be distributed according to the terms and conditions of Orders to be subsequently made in respect of the CCAA Proceedings.
- (c) Distribution of Holdback Amount. All releases of the Holdback Amount shall be made in accordance with written instructions from the proper party (or parties) to the Escrow Agent pursuant to the terms herein (i) by delivery to the appropriate party at the address set forth for such party in Section 5 hereof of the promissory note(s) issued by the Canadian Purchaser and or replacement promissory note(s) issued by the Canadian Purchaser evidencing the Holdback Amount or any portion thereof subject to release, as specified in the notice directing such release, or (ii) in such other manner as agreed to between the appropriate party and the Escrow Agent pursuant to the terms herein.

4. **RESPONSIBILITIES OF ESCROW AGENT.**

- (a) Subject to the terms herein, the Escrow Agent shall not be responsible for the genuineness of any signature or document presented to it pursuant to this

Agreement and may rely conclusively upon and shall be protected in acting upon any judicial order or decree, certificate, notice, request, consent, statement, instruction or other instrument believed by it in good faith to be genuine or to be signed or presented by the proper person hereunder, or duly authorized by such person or properly made.

- (b) Notwithstanding anything to the contrary in this Agreement, prior to taking any action hereunder, the Escrow Agent may, if in doubt regarding its duties and obligations, seek instructions from the Interested Parties, and if such instructions are in conflict or if the Escrow Agent deems it appropriate, the Escrow Agent may seek directions, instructions or any other relief (including, but not limited to, interpleader) from a court of competent jurisdiction, and further may request such evidence, documents, certificates or opinions as it may deem appropriate or refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in writing by all of the other parties hereto or by an order or judgment of a court of competent jurisdiction. In addition and notwithstanding anything to the contrary in this Agreement, the Escrow Agent shall have the right to release the Holdback Amount into a court of competent jurisdiction and, if such release is made, the Escrow Agent shall be relieved of and discharged from any further obligations under this Agreement whatsoever. The Escrow Agent shall be entitled to act in reliance upon the advice of counsel in all matters pertaining to this Agreement, and shall not be liable for any action taken or omitted by it in accordance with such advice.
- (c) The Escrow Agent shall not be responsible for any of the agreements contained herein except the performance of its duties as expressly set forth herein. The duties and obligations of the Escrow Agent hereunder shall be governed solely by the provisions of this Agreement, and the Escrow Agent shall have no duties other than the duties expressly imposed herein and shall not be required to take any action other than in accordance with the terms hereof. The Escrow Agent shall not be bound by any notice of, or demand with respect to, any waiver, modification, amendment, termination, cancellation, rescission or supercession of this Agreement, unless in writing and signed by each Purchaser, the Vendors and the Escrow Agent.
- (d) In the event of any controversy or dispute hereunder or with respect to any question as to the construction of this Agreement, or any action to be taken by the Escrow Agent hereunder, the Escrow Agent shall incur no liability for any action taken or suffered in good faith, its liability hereunder to be limited solely to gross negligence, willful misconduct or criminal activity on its part. The Escrow Agent may execute any of its powers and perform any of its duties under this Agreement by or through attorneys, agents, officers or employees. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. In addition, nothing in this Agreement shall be

construed as creating a relationship of trust between the Escrow Agent and any or all of the other parties hereto.

- (e) The Interested Parties, jointly and severally, agree to indemnify and hold the Escrow Agent harmless, and further to protect and defend the Escrow Agent (with counsel selected by the Escrow Agent) against any and all claims, liabilities, losses, damages, fines, penalties and expenses (including reasonable out-of-pocket and incidental expenses and reasonable fees and expenses of outside counsel) ("Losses") arising out of or in connection with (i) its execution and performance of this Agreement, except to the extent that such Losses are due to the gross negligence, willful misconduct or criminal activity of the Escrow Agent, or (ii) its following any instructions or other directions from the Interested Parties, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The respective representations and obligations of the Vendors and the Purchaser to the Escrow Agent in this Agreement shall survive the termination of this Agreement and shall be applicable whether or not PricewaterhouseCoopers Inc. is serving as Escrow Agent. The indemnifications set forth herein are intended to and shall include the indemnification of all affected agents, directors, officers and employees of the Escrow Agent. The Escrow Agent shall not be bound in any way by any agreement or contract among the Vendors and the Purchaser, including, without limitation, the Purchase Agreement and the Ancillary Agreements.

5. **NOTICES AND COMMUNICATIONS.** All notices, demands and other communications hereunder shall be in writing, by facsimile transmittal, or by other means of electronic communication, and shall be deemed to have been duly given if delivered personally or if sent by overnight courier, if sent by facsimile transmittal, or if sent by other means of electronic communication, as follows:

- (a) To the Purchaser, to:

c/o Twin Rivers Paper Company Inc.

■

Attention: ■

Email: ■

Facsimile: ■

with a copy sent contemporaneously to:

Torys LLP
79 Wellington Street West, Suite 3000
Box 270, TD Centre
Toronto, ON M5K 1N2

Attention: Tony DeMarinis/Natasha De Cicco
Email: tdemarinis@torys.com/ndecicco@torys.com
Facsimile: 416.865.7380

(b) To the Vendors, to:

c/o Fraser Papers Inc.
181 Bay Street, Suite 200
Brookfield Place
Toronto, ON M5J 2T3

Attention: Glen McMillan
Email: gmcmillan@toronto.fraserpapers.com
Facsimile: 416.359.8606

with a copy sent contemporaneously to:

ThorntonGroutFinnigan LLP
100 Wellington Street West, Suite 3200
Toronto-Dominion Centre
Toronto, ON M5K 1K7

Attention: Robert Thornton/D.J. Miller
Email: rthornton@tgf.ca/djmiller@tgf.ca
Facsimile: 416.304.1313

(c) To the Escrow Agent, to:

PricewaterhouseCoopers Inc.
Suite 3000, Box 82
Royal Trust Tower, TD Centre
77 King St. West
Toronto, ON M5K 1G8

Attention: John McKenna
Email: john.p.mckenna@ca.pwc.com
Telephone: 416.941.8314
Facsimile: 416.814.3210

with a copy sent contemporaneously to:

Goodmans LLP
333 Bay Street
Suite 3400
Toronto, ON M5H 2S7

Attention: Robert Chadwick/Derek Bulas
Email: rchadwick@goodmans.ca/dbulas@goodmans.ca
Facsimile: 416.979.1234

or to such other address as such party shall designate by written notice to the other parties hereto.

Any such notice shall be effective (a) if delivered personally, when received, (b) if sent by overnight courier, on the next Business Day, (c) if sent by facsimile transmittal, when dispatched, provided that confirmation of transmission of such facsimile is received at the time of dispatch, and (d) if sent by email, when sent. Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to this Section, such communications shall be deemed to have been given on the date received by the Escrow Agent.

6. **SECURITY PROCEDURES.** In the event release instructions are given (other than in writing at the time of execution of this Agreement) by either Interested Party to the Escrow Agent, whether in writing, by telecopier, fax, email or otherwise, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the person or persons designated on Schedule 1 attached hereto ("**Schedule 1**") under the name of such Interested Party, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. Each release instruction shall be executed by an authorized signatory, a list of such authorized signatories is set forth on Schedule 1. The undersigned is authorized to certify that the signatories on Schedule 1 are authorized signatories. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by the Escrow Agent. If the Escrow Agent is unable to contact any of the authorized representatives identified on Schedule 1, the Escrow Agent is hereby authorized to seek confirmation of such instructions by telephone call-back to any one or more of the Interested Party's executive officers ("**Executive Officers**"), which shall include the titles of Chief Executive Officer, President, Senior Vice President, Vice President, or Chief Financial Officer, as the Escrow Agent may select.
7. **SUCCESSOR ESCROW AGENT.** The Escrow Agent may resign on thirty (30) days written notice to the Interested Parties. Upon receipt of notice of the resignation of the Escrow Agent, the Interested Parties shall appoint a successor escrow agent or otherwise provide for the release of the Holdback Amount or any portion thereof held by the Escrow Agent by notice in writing to the Escrow Agent. The Escrow Agent shall transfer the Holdback Amount which has not been distributed to the Purchaser, as applicable, or the Vendors pursuant to Section 3 hereof as provided in said notice. In the event that the Interested Parties do not appoint a successor escrow agent after the expiration of the thirty (30) days after the receipt by the Interested Parties of such notice of resignation from the Escrow Agent, the Escrow Agent so resigning may petition at the Interested Parties' expense any court of competent jurisdiction for the appointment of a successor escrow agent or other appropriate relief and any such resulting appointment shall be binding upon all parties hereto. Any corporation, association or other entity into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust assets and business or any corporation, association or other entity resulting from any such conversion, sale, merger, consolidation or other transfer to which it is a party, ipso facto, shall be and become successor escrow agent hereunder, vested with all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, notwithstanding anything herein to the contrary.

8. **REPRESENTATIONS OF THE ESCROW AGENT, EACH PURCHASER AND THE VENDORS.** The Escrow Agent, each Purchaser and the Vendors each represents and warrants to the other parties that it has the power and authority to enter into this Agreement and to carry out its obligations hereunder, that it has duly authorized, executed and delivered this Agreement, and this Agreement is its valid and binding obligation.
9. **COMPLIANCE WITH COURT ORDERS.** In the event that the Holdback Amount shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Holdback Amount deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.
10. **GOVERNING LAW.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party hereto irrevocably attorns and submits to the exclusive jurisdiction of the Ontario courts situated in the City of Toronto.
11. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter of this Agreement. No prior agreement amongst the parties hereto, either written or oral, shall be construed to change, amend, alter, repeal or invalidate this Agreement. Notwithstanding the foregoing, the Interested Parties acknowledge and confirm that this Agreement and the Purchase Agreement contain the entire agreement and understanding between the Interested Parties with respect to the subject matter hereof.
12. **TERM; AMENDMENTS; SUCCESSORS.** Except as otherwise provided herein, this Agreement shall continue until the date on which all of the Holdback Amount has been distributed as provided in Section 3 hereof, and may be amended only with the prior written consent of all of the parties to this Agreement and shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.
13. **FURTHER ACTIONS.** The parties hereto shall sign such further and other documentation and do and perform and cause to be done and performed, such further and other acts and things as may be reasonably necessary or desirable in order to give effect to this Agreement.
14. **ASSIGNMENT.** No party may assign its rights or obligations under this Agreement without the prior written consent of the other parties hereto except the Escrow Agent may assign its rights and obligations in accordance with Section 7.

15. **FORCE MAJEURE.** In the event that any party hereto is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, equipment or transmission failure or damage reasonably beyond its control, or other cause reasonably beyond its control, the Escrow Agent shall not be liable for damages to the other parties for any damages resulting from such failure to perform otherwise from such causes. Performance under this Agreement shall resume when the Escrow Agent is able to perform substantially.
16. **TIME IS OF THE ESSENCE.** Time shall be of the essence in this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.
17. **COUNTERPARTS.** This Agreement may be executed in any number of counterparts (including by electronic transmission), each of which shall be an original and all of which taken together shall constitute one and the same instrument.
18. **FEES AND EXPENSES OF THE ESCROW AGENT.** The Canadian Purchaser and the Vendors jointly and severally agree to share equally and pay to the Escrow Agent all reasonable and documented fees and expenses charged by the Escrow Agent for its services hereunder, including, without limitation, the reasonable and documented fees and disbursements of its legal counsel.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Escrow Agreement as of the day and year first written above.

TWIN RIVERS PAPER COMPANY INC.

By: _____
Name:
Title:

TWIN RIVERS PAPER COMPANY LLC

By: _____
Name:
Title:

FRASER PAPERS INC.

By: _____
Name:
Title:

FRASER PAPERS LIMITED

By: _____
Name:
Title:

FPS CANADA INC.

By: _____
Name:
Title:

FRASER PAPERS HOLDINGS INC.

By: _____
Name:
Title:

FRASER TIMBER LIMITED

By: _____
Name:
Title:

FRASER N.H. LLC

By: _____
Name:
Title:

PricewaterhouseCoopers Inc.

By: _____
Name:
Title:

Schedule 1 to Escrow Agreement**DESIGNATED PERSONS TO INSTRUCT AND CONFIRM RELEASE INSTRUCTIONS**

If to the Purchaser:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. ■	■	_____
2. ■	■	_____
3. ■	■	_____

If to the Vendors:

<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1. ■	■	_____
2. ■	■	_____
3. ■	■	_____

Telephone call backs shall be made to both the Purchaser and the Vendors if joint instructions are required pursuant to the Agreement. All release instructions must include the signature of the person(s) authorizing said release and must not be the same person confirming said release.

EXHIBIT “Z”

NON-NEGOTIABLE NON-TRANSFERABLE
UNSECURED PROMISSORY NOTE

Toronto, Ontario

Principal Amount: US\$30,000,000

April __, 2010

1. General

(a) FOR VALUE RECEIVED the undersigned, Twin Rivers Paper Company Inc., a corporation incorporated and existing under the laws of the Province of Ontario, having a head office at 27 Rice Street Edmundston, NB E3V 1S9 (hereinafter, together with its successors and permitted assigns, referred to as the "Payor"), hereby promises to pay to Fraser Papers Inc. (hereinafter referred to as the "Payee"), on the Maturity Date, in lawful money of the United States, the sum of Thirty Million Dollars (US\$30,000,000) (the "Principal Amount"), as adjusted pursuant to Section 3.8 of the Purchase Agreement, at its office at Toronto, Ontario, or at such other place as the Payee may designate.

(b) This Promissory Note is issued pursuant to and is subject to the provisions of the Purchase Agreement. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Agreement. The terms and conditions of the Purchase Agreement are incorporated herein by reference with the same force and effect as if such terms and conditions were fully set forth herein.

2. Definitions

In this Promissory Note, capitalized terms used but otherwise defined herein shall have the following meanings ascribed to such terms:

"CIT Facility" means the senior secured credit facility dated as of the date hereof between the Payor, as borrower, certain subsidiaries of the Payor, as guarantors, CIT Business Credit Canada Inc. as agent and lender and the other lenders party thereto from time to time, as may be amended, restated, or otherwise modified from time to time.

"Fraser Papers" shall mean, collectively, Fraser Papers Inc. and its subsidiaries (being, on the date hereof, Fraser Papers Limited, FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited and Fraser N.H. LLC).

"Maturity Date" means April ■, 2020.

"Purchase Agreement" means the asset purchase agreement dated as of December 22, 2009 (as amended, modified or restated from time to time) between Fraser Papers, as Vendors, and Brookfield Asset Management Inc. or its designate(s), as Purchaser, as assigned to the Payor and Twin Rivers Paper Company LLC pursuant to an assignment and assumption agreement dated as of ■, 2010.

"Senior Indebtedness" means the principal of and the interest and premium (or any other amounts payable thereunder), if any, on:

(a) all indebtedness, liabilities and obligations of the Payor in respect of any indebtedness which is secured by liens, encumbrances or charges on any assets of the Payor, whether outstanding on the date of this Promissory Note or thereafter created, incurred, assumed or guaranteed, including, for greater certainty, all indebtedness, liabilities and obligations of the Payor under or in respect of the CIT Facility; and

(b) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are *pari passu* with or subordinate in right of payment to this Promissory Note.

“Trustee” means a trustee appointed to hold an interest in the Principal Amount for the benefit of one or more classes or groups of creditors of Fraser Papers.

3. Term

The Principal Amount shall be payable on the Maturity Date, unless the Principal Amount is prepaid earlier in accordance with the terms and conditions of this Promissory Note.

4. Non-Interest Bearing Promissory Note

The Principal Amount shall not bear any interest.

5. Unsecured, Subordinated Promissory Note

This Promissory Note is a direct obligation of the Payor but is not secured by any mortgage, pledge, hypothec or other charge, lien or encumbrance. This Promissory Note and all Replacement Notes (as such term is defined below) shall rank *pari passu* with all other outstanding direct, unsecured and unsubordinated present and future obligations (except as otherwise prescribed by law) of the Payor and will be payable rateably without preference or priority. The Principal Amount hereof is subordinated and postponed to the repayment in full of all Senior Indebtedness of the Payor.

6. Voluntary Prepayment

The Payor shall have the right and the privilege, at its sole option, of prepaying in whole or in part any portion of the Principal Amount at any time or from time to time prior to the Maturity Date without premium or penalty in minimum increments of US\$1,000,000. In the event that more than one Promissory Note is outstanding as a result of any replacement Promissory Notes being issued pursuant to Section 7 or Section 13, any such voluntary prepayment shall be made in respect of all notes held by parties having claims of equal priority in respect of one another, on a *pro rata* basis. The Payee shall not have the right to require the Payor to redeem or call for the repayment of this Promissory Note at any time prior to the Maturity Date.

7. **Successors and Assigns**

This Promissory Note shall enure to the benefit of and shall be binding upon the Payor and the Payee and their respective successors and permitted assigns. This Promissory Note shall not be transferable or assignable by the Payee, its successors or its permitted assigns without the prior written consent of the Payor, in its sole and absolute discretion; provided however that:

(a) the Payee may transfer or assign this Promissory Note, in whole and not in part, without consent of the Payor, to a successor (by operation of law or otherwise) of Fraser Papers; and

(b) the Payee may transfer or assign this Promissory Note, in whole or in part, without consent of the Payor, to one or more Trustees or a nominee of such Trustee and any successor trustee or nominee thereof, holding the Promissory Note on behalf of Fraser Papers or any Persons designated by Fraser Papers or to whom an interest in the Promissory Note is to be distributed in accordance with such Orders of the Canadian Court and the Bankruptcy Court as may subsequently be made, provided that no more than ten (10) Promissory Notes shall be outstanding at any one time.

8. **Amendment**

This Promissory Note may not be modified, except and only by a written instrument executed by the Payor and the Payee.

9. **Non-Negotiable Instrument**

This Promissory Note is not and is not intended to be a negotiable instrument.

10. **Governing Law**

This Promissory Note is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

11. **Submission to Jurisdiction**

(a) The Payee hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court thereof, in any action or proceeding arising out of or relating to this Promissory Note, or enforcement of any judgment, and each of the Payor and the Payee hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in Ontario. Each of the Payor and the Payee agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. Nothing in this Promissory Note shall affect any right that the Payor may otherwise have to bring any action or proceeding relating to this Promissory Note against the Payee in the courts of any other jurisdiction.

(b) The Payee hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Promissory Note in any court referred to in this Section 11(b). Each of the Payor and the Payee hereby irrevocably waives, to the fullest extent permitted by applicable law, any *forum non conveniens* defence to the maintenance of such action or proceeding in any such court.

12. Waiver of Jury Trial

EACH OF THE PAYOR AND THE PAYEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS PROMISSORY NOTE (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE PAYOR AND THE PAYEE (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

13. Replacement Notes

(a) Should it be determined pursuant to Section 3.8 of the Purchase Agreement, that the Principal Amount of the Promissory Note is to be adjusted to an amount other than \$30,000,000, the Payee shall promptly return this Promissory Note to the Payor in exchange for a promissory note in identical form in the amount of such adjusted Principal Amount.

(b) Upon receiving written notice of any assignment by the Payee of this Promissory Note made in accordance with Section 7, the Payor shall, upon request by the Payee and return of the original Promissory Note to be replaced, issue a replacement promissory note or notes in identical form to reflect such whole or partial transfer.

(c) It is expressly understood that, notwithstanding anything else contained herein, any Promissory Notes which may be distributed, subject to the claims and rights of prior ranking creditors of Fraser Papers, by the Payee for the benefit of the claims represented by the Pension Plan for NB Hourly Employees and the Pension Plan for NB Salaried Employees shall mature eight (8) years from the Closing Date.

IN WITNESS WHEREOF, the undersigned hereunto sets its hand and seal as of the date first set forth above.

TWIN RIVERS PAPER COMPANY INC.

By: _____
Name:
Title:

Agreed to and acknowledged as of this _____ day of _____, 2010.

FRASER PAPERS INC.

By: _____
Name:
Title:

EXHIBIT “AA”

INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO

SHARES

TWIN RIVERS PAPER COMPANY INC.

This is to Certify that FRASER PAPERS INC.

is the registered holder of Common Shares of

TWIN RIVERS PAPER COMPANY INC.
The class or series of shares represented by this Certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

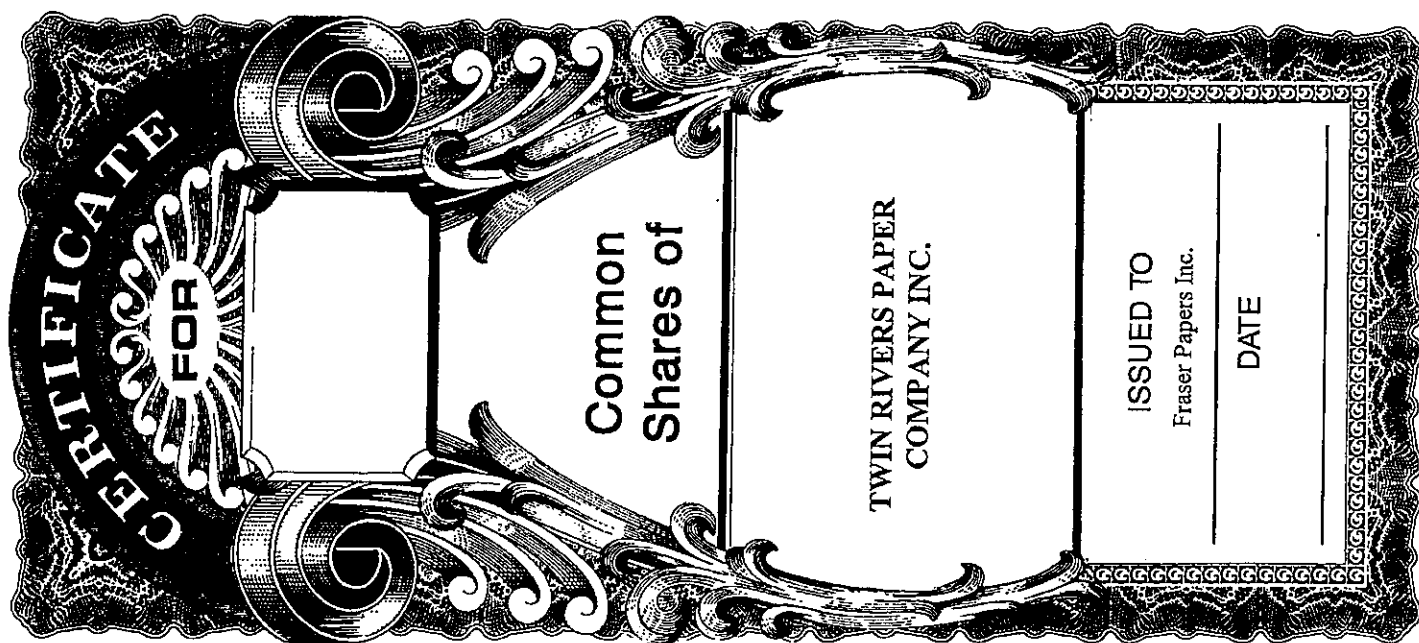
IN WITNESS WHEREOF the Corporation has caused this certificate to be signed by its duly authorized officers

this day of (year)

NO PAR VALUE

The shares represented by this certificate are subject to a unanimous shareholder agreement made as of the _____ day of _____, 2010 among the Corporation and its shareholders, as the same may be supplemented, amended, restated or replaced from time to time, and may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof.

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is four months and a day after the later of (i) _____, and (ii) the date the Corporation became a reporting issuer in any province or territory.



For Value Received, _____ hereby assign and transfer unto

 _____ *Common Shares*

represented by the within Certificate.

Dated _____ *(year)* _____

In the presence of _____

NOTICE THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR. WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

EXHIBIT “BB”

EXHIBIT "BB"

430
DRAFT

TWIN RIVERS PAPER COMPANY INC.

UNANIMOUS SHAREHOLDER AGREEMENT

Dated as of ■, 2010

TABLE OF CONTENTS

ARTICLE 1

INTERPRETATION	5
1.1 Definitions.....	5
1.2 Schedules.....	11
1.3 Headings and Table of Contents.....	11
1.4 Gender and Number.....	11
1.5 Successors	11
1.6 Currency	11
1.7 Invalidity of Provisions.....	12
1.8 Entire Agreement.....	12
1.9 Waiver.....	12
1.10 Governing Law.....	12
1.11 Submission to Jurisdiction	12
1.12 Capitalization.....	13

ARTICLE 2

MANAGEMENT OF THE CORPORATION.....	13
2.1 Board of Directors	13
2.2 Actions of the Board of Directors.....	14
2.3 Compliance with Agreement.....	14
2.4 Subsidiaries	14
2.5 Qualifications of Directors.....	14
2.6 Composition of the Board of Directors.....	14
2.7 Voting Procedures of the Board of Directors.....	15
2.8 Vacancies	16
2.9 Removal	16
2.10 Resignation.....	16
2.11 Place of Meetings	17
2.12 Meetings of Directors	17
2.13 Attendance at Meetings.....	17
2.14 Quorum of Board of Directors	17
2.15 Telephonic Meetings.....	17
2.16 Chairman.....	17
2.17 Committees of the Board of Directors.....	17
2.18 Minutes.....	18
2.19 Compensation of Directors.....	18

2.20	Insurance and Indemnification	18
2.21	Management Compensation and Incentive Arrangements	19
2.22	Reporting to Shareholders	19
2.23	Financing of the Corporation	19

ARTICLE 3

GENERAL MATTERS RELATING TO THE HOLDING OF SHARES AND PERMITTED TRANSFERS.....		19
3.1	Representations and Warranties By Shareholders	19
3.2	General Prohibition on Transfer	20
3.3	Transfers by a Shareholder to a Permitted Transferee	21
3.4	Brookfield Rights of Transfer	21
3.5	Fraser Papers Rights of Transfer	22
3.6	Pledge of Shares	22
3.7	Transferee Must Be Bound	22
3.8	Notation on Share Certificates	22

ARTICLE 4

LIQUIDITY RIGHTS		23
4.1	En Bloc Sale Rights	23
4.2	IPO Rights	24
4.3	Shareholder Approval	25

ARTICLE 5

TRIGGERING EVENTS.....		25
5.1	Triggering Events Defined	25
5.2	Obligation of a Shareholder to Offer to Sell Triggered Affected Securities.....	27

ARTICLE 6

VALUATION AND CLOSING PROCEDURES		28
6.1	Determination of Fair Value	28
6.2	Closing Procedures	29
6.3	Transaction Approvals	31

ARTICLE 7

CONFIDENTIALITY.....		32
7.1	Confidentiality	32
7.2	Obligations Not Exhaustive	33

7.3 Remedies	33
--------------------	----

ARTICLE 8

GENERAL PROVISIONS	34
8.1 All Shares Subject to this Agreement	34
8.2 Amendments to this Agreement	34
8.3 Term	34
8.4 Termination Not to Affect Rights or Obligations.....	34
8.5 Notices	34
8.6 Time of Essence.....	37
8.7 Further Assurances	37
8.8 Enurement	37
8.9 Language	37
8.10 Counterparts	37
8.11 Legal Representation	37

UNANIMOUS SHAREHOLDER AGREEMENT

THIS AGREEMENT is made as of the ■ day of ■, 2010

B E T W E E N:

BROOKFIELD ASSET MANAGEMENT INC., a corporation incorporated under the laws of Ontario

("Brookfield")

- and -

FRASER PAPERS INC., a corporation incorporated under the laws of Canada

("Fraser Papers")

- and -

Any other holder of Shares from time to time who executes this Agreement, an assumption agreement substantially in the form attached as Schedule "A" to this Agreement or other agreement in form and substance satisfactory to the Board of Directors pursuant to which such holder becomes bound by this Agreement

- and -

TWIN RIVERS PAPER COMPANY INC., a corporation incorporated under the laws of Ontario

(the "Corporation")

RECITALS:

- A. The authorized capital of the Corporation consists of an unlimited number of common shares, of which ■ common shares are issued and outstanding, an unlimited number of Class A Preference Shares, none of which are outstanding and an unlimited number of Class B Preference Shares, of which ■ are outstanding; and
- B. Brookfield and Fraser Papers wish to enter into this Agreement to provide for the conduct of the business and affairs of the Corporation, to provide for restrictions on the transfer and ownership of shares in the capital of the Corporation, and to govern their relationship as shareholders of the Corporation.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and

sufficiency of which are hereby acknowledged by each of the parties), the parties hereto agree as follows.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

1.1.1 **“Act”** means the *Business Corporations Act* (Ontario), as the same may be amended from time to time and any successor legislation thereto;

1.1.2 **“Affiliate”** means, with respect to any Person, an affiliate of such first Person within the meaning of the Act, and any partnership, joint venture or other Person that Controls such first Person, that is Controlled by such first Person or is under common Control with such first Person;

1.1.3 **“Agreement”** means this agreement and all schedules attached to this agreement, in each case as they may be supplemented or amended from time to time, and the expressions **“hereof”**, **“herein”**, **“hereto”**, **“hereunder”**, **“hereby”** and similar expressions refer to this agreement, and unless otherwise indicated, references to articles and sections are to the specified articles and sections in this agreement;

1.1.4 **“Arm’s Length”** has the meaning applicable thereto for purposes of the Tax Act; provided that Affiliates of any Person shall be deemed, at all times, to not be acting at Arm’s Length with such Person;

1.1.5 **“Articles”** means, with respect to any corporation, such corporation’s articles of incorporation, certificate of incorporation, constating documents or such similar organizational documents, as the same may be amended from time to time;

1.1.6 **“Brookfield”** means Brookfield Asset Management Inc. and its Affiliates;

1.1.7 **“Board of Directors”** has the meaning attributed thereto in section 2.1;

1.1.8 **“Business Day”** means any day, other than Saturday, Sunday or any statutory holiday in the Province of Ontario;

1.1.9 **“By-Law”** means, with respect to any corporation, any of such corporation’s by-laws, regulations or similar documents, as the same may be amended from time to time;

1.1.10 **“Confidential Information”** means all information relating to the Corporation and/or the business carried on by the Corporation or any of its Subsidiaries (including, without limitation, all such information concerning or relating to the Corporation or any of its Subsidiaries’ assets, liabilities, businesses, customers, or suppliers, the terms of this Agreement and any such information

provided to Directors in their capacity as such) furnished by or on behalf of the Corporation or any of its Representatives, or learned or obtained in any fashion by the Shareholder in connection with visits to the Corporation's facilities (which information learned or obtained in connection with such visits shall be deemed to be disclosed by the Corporation), whether furnished, learned or obtained before or after the date of this Agreement, and whether oral, written or electronic; provided that any such information shall be considered "**Confidential Information**" regardless of the manner or form in which it is furnished, learned or obtained, and includes, without limitation, all data, reports, interpretations, forecasts and records containing or otherwise reflecting any of such information, whether prepared by the Corporation or others, and any summaries, analyses or other documents created by the Shareholder, the Corporation or others which refer to, relate to, discuss, constitute, or embody all or any portion of any of such information. The term Confidential Information shall not include, however, information that: (a) is or becomes generally available to the public other than as a result (directly or indirectly) of a disclosure or other action by the Shareholder or any of its Representatives; (b) was (as demonstrable by written records of the Shareholder) in the Shareholder's possession and obtained on a non-confidential basis prior to the disclosure thereof by the Corporation or any of its Representatives; or (c) becomes available to the Shareholder on a non-confidential basis from a Person other than the Corporation or any of its Representatives who is not otherwise bound by any obligation of confidentiality, including, without limitation, this Agreement, with respect thereto, or (d) has been independently developed by the Shareholder in connection with its investment in the Corporation without the use of any information furnished by the Corporation or any of its Representatives;

1.1.11 "**Conflict of Interest**" exists, in relation to any Director, when the Shareholder which appointed that Director (or any Person exercising that Shareholder's rights to appoint Director(s)) has a material financial interest in the outcome of a decision of the Board of Directors, other than any interest resulting from the holding of Shares; provided that no Conflict of Interest shall exist in respect of any decision concerning the declaration or payment of dividends (or form thereof) on the Shares;

1.1.12 "**Contract Approvals**" means all approvals of third parties who are parties to material contracts with the Corporation or any of its Subsidiaries which may be required to complete any transaction contemplated by this Agreement, including, without limitation, those where the failure to obtain such approval would affect the validity, enforceability or term of any material right of the Corporation or any of its Subsidiaries, or cause the Corporation or any of its Subsidiaries to be in violation of any of its material obligations;

1.1.13 "**Control**" means:

- (a) when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than the greater of 50% of the voting rights

ordinarily exercisable at meetings of shareholders of such corporation and the percentage of voting rights ordinarily exercisable at meetings of shareholders of such corporation that are sufficient to elect a majority of the directors of such corporation;

- (b) when applied to the relationship between a Person and a partnership, joint venture or other unincorporated entity, the beneficial ownership by such Person at the relevant time of more than 50% of the ownership interests of the partnership, joint venture or other unincorporated entity in circumstances where it can reasonably be expected that such Person directs or has the power to direct the affairs of the partnership, joint venture or other unincorporated entity; and
- (c) in the case of any Person, the right to directly or indirectly (i) exercise a majority of the voting rights in respect of that Person, (ii) otherwise control that Person by virtue of provisions contained in its constituting documents, or (iii) manage all or substantially all of the assets of that Person pursuant to any contract or arrangement;

and the words “**Controlled by**”, “**Controlling**” and “**under common Control with**” and similar words have corresponding meanings; provided that a Person who Controls a corporation, partnership, joint venture or other unincorporated entity (the “**second-mentioned Person**”) shall be deemed to Control a corporation, partnership, joint venture or other unincorporated entity which is Controlled by the second-mentioned Person and so on; and the words “**Control Directly**” and similar words mean Control otherwise than by reason of the application of the proviso above;

1.1.14 “**Corporation**” has the meaning attributed thereto in the Preamble;

1.1.15 “**Defaulting Shareholder**” has the meaning attributed thereto in section 5.1.1;

1.1.16 “**Director**” and “**Directors**” have the meanings attributed thereto in section 2.1;

1.1.17 “**En Bloc Sale**” has the meaning attributed thereto in section 4.1.1;

1.1.18 “**En Bloc Sale Notice**” has the meaning attributed thereto in section 4.1.1;

1.1.19 “**En Bloc Sale Offeror**” has the meaning attributed thereto in section 4.1.4;

1.1.20 “**Fair Value**” has the meaning attributed thereto in section 6.1;

1.1.21 “**Fraser Papers**” means Fraser Papers Inc.;

1.1.22 **“Governmental Approval”** means the consent of any Governmental Authority which may be required at any time to ensure that a transaction contemplated by this Agreement is not in contravention of any law, regulation or published policy of, or administered by, the Governmental Authority or which may be required in order to ensure that, notwithstanding the transaction, the holding or continued holding by the Corporation or any of its Subsidiaries of any franchise, licence, permit or other permission or authority required to carry on its business is unaffected;

1.1.23 **“Governmental Authority”** means any (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) self-regulatory organization or stock exchange, (c) subdivision, agent, commission, board, or authority of any of the foregoing, or (d) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

1.1.24 **“Independence Criteria”** means, with respect to any Director, an individual who is not an officer or employee of the Corporation or the Shareholder that appointed him or her (or any Person exercising that Shareholder’s rights to appoint Director(s)), and who does not have any direct or indirect relationship with the Corporation or the Shareholder that appointed him or her (or any Person exercising that Shareholder’s rights to appoint Director(s)), which could reasonably be expected to interfere with the exercise of his or her independent judgment as a Director;

1.1.25 **“IPO”** means a public offering by means of a Prospectus resulting in the listing of equity securities of the Corporation or any of its Subsidiaries (or a successor thereof), on a Qualified Stock Exchange;

1.1.26 **“IPO Notice”** has the meaning attributed thereto in section 4.2.1;

1.1.27 **“Laws”** means all laws (including, without limitation, common law), statutes, regulations, statutory rules, by-laws, orders, ordinances, directives and the terms and conditions of any approvals, permits, licences or judgments of any Governmental Authority, together with any applicable enforceable published notes, guidelines or policies, and the term “applicable”, with respect to such Laws and in the context that refers to one or more Persons, means such Laws that apply to such Person or Persons or its or their business, undertaking, property or securities at the relevant time and that emanate from a Governmental Authority having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

1.1.28 **“Offer”** has the meaning attributed thereto in section 4.1.4;

1.1.29 **“Other Shareholders”** has the meaning attributed thereto in sections 4.2.1 and 5.2.1, as applicable;

1.1.30 **“Outstanding Shares”** means those Shares that are issued and outstanding at the time referred to, and shall, for greater certainty, not include any shares issuable under or in exchange for another security or instrument of the Corporation or other evidence of the right to acquire Shares;

1.1.31 **“Permitted Lien”** means:

- (a) the rights in favour of other parties arising under this Agreement; and
- (b) a pledge to a Qualified Lender pursuant to section 3.6;

1.1.32 **“Permitted Transferee”** means, with respect to any Shareholder, any Affiliate thereof;

1.1.33 **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or Governmental Authority;

1.1.34 **“Proportionate Entitlement”** means, with respect to a Shareholder, its percentage ownership interest of Outstanding Shares relative to all Outstanding Shares held by all Shareholders as a group, or a subset thereof if the context otherwise requires;

1.1.35 **“Prospectus”** means a preliminary prospectus, prospectus, registration statement, information circular or similar offering or disclosure document filed with the appropriate securities regulatory authorities, including, without limitation, amendments, supplements and exhibits thereto and any other documents necessary or incidental thereto to permit a public offering of securities;

1.1.36 **“Qualified Lender”** means a Person that is:

- (a) a pension fund, trust fund, superannuation fund, or other like fund, in each case, created by statute or managed under statutory authority (or any manager acting on behalf of any such Person);
- (b) a banking, insurance, assurance, savings, loan or other financial institution (or manager acting on behalf of any such Person) with a rating of “A” or higher with either Standard & Poor’s or Moody’s Investor Services; or
- (c) any other Person approved by the Board of Directors by a Simple Majority (which approval shall not be unreasonably withheld);

1.1.37 **“Qualified Stock Exchange”** means the Toronto Stock Exchange, the New York Stock Exchange, the NASDAQ Stock Market, the London Stock Exchange or Euronext, or, if so approved by the Board of Directors by a Simple Majority, any other stock exchange or active over-the-counter market;

1.1.38 **“Representative”** means, with respect to any Person, such Person’s Affiliates and its and their respective directors, officers, managers, employees, agents, partners, shareholders, debt or equity investors and advisors (including, without limitation, financial advisors, counsel and accountants);

1.1.39 **“Retiring Director”** has the meaning attributed thereto in section 2.8;

1.1.40 **“Shareholders”** means the holders of Shares from time to time who execute this Agreement or otherwise become party to this Agreement as provided for herein, and **“Shareholder”** means any one of them;

1.1.41 **“Shares”** means the common shares of the Corporation including, for greater certainty, any additional common shares which may be created, and includes any shares or securities into which common shares may be changed or which result from a consolidation, subdivision, reclassification or redesignation of common shares, any shares or securities which are received as a stock dividend or distribution payable on common shares in shares or securities of the Corporation, any shares received on the exercise of any option, warrant or other similar right to purchase common shares and any shares or securities which may be received by the parties hereto or bound hereby in respect of common shares as a result of an amalgamation, merger, arrangement or other reorganization of or including the Corporation, and where the context permits, includes any security or instrument of the Corporation that is exchangeable for Shares or evidences the right to acquire Shares;

1.1.42 **“Simple Majority”** means, with respect to any resolution of the Board of Directors, a written resolution signed by all of the Directors or the approval of a majority of the Directors who vote on that resolution, provided that the majority includes at least one Director appointed by Brookfield;

1.1.43 **“Subsidiary”** means, with respect to any Person, a subsidiary within the meaning of the Act and any partnership, joint venture or other unincorporated entity Controlled by such Person;

1.1.44 **“Super Majority”** means, with respect to any resolution of the Board of Directors, a written resolution signed by all of the Directors or the approval of (a) a majority of the Directors who vote on that resolution, provided that the majority includes at least one Director appointed by Brookfield, and (b) not less than half of such Directors excluding the Directors appointed by Brookfield;

1.1.45 **“Tax Act”** means the *Income Tax Act* (Canada), as the same may be amended from time to time and any successor legislation thereto;

1.1.46 **“Transaction Approvals”** means all Contract Approvals and Governmental Approvals which may be required in order to complete any transaction contemplated by this Agreement;

1.1.47 **“Transfer”** includes any sale, exchange, assignment, gift, bequest, disposition, conveyance, mortgage, charge, pledge, encumbrance, grant of security

interest or other arrangement by which possession, legal title, beneficial ownership, economic interest or economic exposure passes from the transferee to another Person, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and the words “**Transferred**”, “**Transferring**” and similar words have corresponding meanings;

1.1.48 “**Triggered Affected Securities**” has the meaning attributed thereto in section 5.2.1;

1.1.49 “**Triggering Event**” has the meaning attributed thereto in section 5.1.1;

1.1.50 “**Unsubscribed Affected Securities**” has the meaning attributed thereto in section 5.2.5; and

1.1.51 “**Valuation Dispute**” has the meaning attributed thereto in Section 6.1.1.

1.2 Schedules

The following are the schedules attached to this Agreement:

- Schedule “A” – Assumption Agreement
- Schedule “B” – Valuation of Affected Securities

1.3 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing gender include all genders or the neuter, and words importing the neuter include all genders.

1.5 Successors

References in this Agreement to any party to this Agreement shall include references to its respective successors resulting from any amalgamation, merger, arrangement or other reorganization of such party or any continuance of such party under the laws of another jurisdiction.

1.6 Currency

Except as expressly provided in this Agreement, all amounts in this Agreement are stated and shall be paid in Canadian currency.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. The parties shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic and substantive effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.8 Entire Agreement

Except as provided for below or as expressly agreed to in writing by the parties to this Agreement, this Agreement (including any agreement entered into pursuant to this Agreement or attached as a schedule hereto) constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements pertaining to the subject matter of this Agreement. Except as expressly agreed to by the parties to this Agreement in writing, there are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made by any party to this Agreement or its directors, officers and agents to any other party to this Agreement or its directors, officers and agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement and none of the parties has been induced to enter into this Agreement by reason of any such warranty, representation, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent contemplated above.

1.9 Waiver

Except as expressly provided in this Agreement, no waiver of any provision or of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give such waiver and, unless otherwise provided in such written waiver, shall be limited to the specific provision or breach waived. No waiver by any party hereto of any provisions or of any breach of any term, covenant, representation or warranty contained in this Agreement, in one or more instances, shall be deemed to be or construed as a further or continuing waiver of any other condition or provision (whether or not similar) or of any breach of any other term, covenant, representation or warranty contained in this Agreement.

1.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

1.11 Submission to Jurisdiction

1.11.1 Any suit, action or proceeding against any party hereto or any of its assets arising out of or relating to this Agreement shall be brought in a competent court of

the Province of Ontario, and each party hereto hereby irrevocably and unconditionally attorns and submits to the exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. Each party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to the bringing of any such suit, action or proceeding in any such court including, without limitation, any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter. Each party hereto further agrees that any judgment or order in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon it.

1.11.2 Each party hereto agrees that it will appoint an attorney and agent to accept and acknowledge, for and on behalf of it, service of any and all process in the Province of Ontario in any suit, action or proceeding arising out of or relating to this Agreement. Each party hereto further agrees that service of process upon such attorney and agent, by delivering a copy thereof in care of such attorney and agent, shall be conclusively deemed to have come to its notice at the time of such delivery and shall constitute in every respect valid and effective service upon it at the time of such delivery, and that failure by such attorney and agent to give notice of such service shall not affect the validity or effect of such service or any judgment or order based thereon or arising therefrom. Each party hereto shall irrevocably authorize and direct such attorney and agent to accept service on its behalf and agrees to take all action as may be necessary to confirm and continue in full force and effect the appointment of such attorney and agent so that it shall at all times during the continuance of this Agreement have an attorney and agent for service of process in the Province of Ontario.

1.12 Capitalization

The Corporation has an authorized capital of an unlimited number of Shares, an unlimited number of Class A Preference Shares and an unlimited number of Class B Preference Shares. As of the date of this Agreement, Brookfield holds ■ Shares and Fraser Papers holds ■ Shares.

As of the date of this Agreement, there are no Class A Preference Shares outstanding and ■ Class B Preference Shares outstanding.

ARTICLE 2 MANAGEMENT OF THE CORPORATION

2.1 Board of Directors

Except as expressly provided in this Agreement or the Act, the powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the board of directors of the Corporation consisting of those individuals duly appointed and serving as directors of the Corporation (the “**Board of Directors**” and such individuals being referred to collectively as the “**Directors**” and any one of such individuals being referred to as a “**Director**”).

2.2 Actions of the Board of Directors

Subject to the terms of this Agreement, the Shareholders shall cause such meetings to be held, votes to be cast, resolutions to be passed, By-Laws to be made and confirmed, documents to be executed and all other things and acts to be done to ensure that, at all times, all actions of the Board of Directors in accordance with this Agreement are implemented to the fullest extent possible. For greater certainty, the Shareholders shall waive, to the fullest extent possible, any minority approval rights or rights to a separate class or series vote to which they would otherwise be entitled under applicable Law, except where such rights are expressly provided in this Agreement, to ensure that, at all times, all actions of the Board of Directors in accordance with this Agreement are implemented to the fullest extent possible.

2.3 Compliance with Agreement

The Shareholders shall cause such meetings to be held, votes to be cast, resolutions to be passed, By-Laws to be made and confirmed, documents to be executed, and all other things and acts to be done to ensure that, at all times, this Agreement is complied with to the fullest extent possible.

2.4 Subsidiaries

The Corporation shall at all times cause, to the extent it is able to do so, its Subsidiaries to act in accordance with the decisions of the Board of Directors, take all such action as is required to ensure the Corporation complies with all of its obligations and not take any action, directly or indirectly, inconsistent with the terms of this Agreement.

2.5 Qualifications of Directors

Each nominee for the position of Director shall be an individual who is not disqualified under the Act or other applicable Law from acting as a Director.

2.6 Composition of the Board of Directors

[Note to draft: This section assumes that there will be a separate agreement under which Fraser Papers agrees with the union and other unsecured creditor groups regarding the exercise of their rights to appoint directors.]

2.6.1 The number of Directors shall be equal to the sum of the number of Directors that each Shareholder has appointed in accordance with sections 2.6.2 through 2.6.6.

2.6.2 For so long as a Shareholder holds more than 50% of the Outstanding Shares, it shall be entitled to appoint three Directors. For so long as a Shareholder holds more than 40% but not more than 50% of the Outstanding Shares, it shall be entitled to appoint two Directors. For so long as a Shareholder holds not less than 20% but not more than 40% of the Outstanding Shares, it shall be entitled to appoint one Director. Two or more Shareholders may, by written notice to the Chairman and each other Shareholder entitled to appoint a Director, aggregate all or a portion of

their Shares for purposes of appointing one or more Directors (for purposes of sections 2.6, 2.7, 2.8 and 2.9, such aggregated group of Shareholders shall be considered as one Shareholder until written notice is given to the Chairman and each other Shareholder entitled to appoint a Director revoking such arrangements). The number of Shares that is aggregated by a Shareholder pursuant to the preceding sentence shall be excluded from the number of Shares held by such Shareholder for purposes of determining how many, if any, Directors that Shareholder may otherwise appoint in accordance with this section 2.6.2.

2.6.3 Upon a reduction of the percentage of the outstanding Shares held by a Shareholder below each percentage of the Outstanding Shares that previously entitled it to appoint one or more Directors, such Shareholder shall promptly cause the corresponding Director or Directors to resign from the Board of Directors.

2.6.4 Each time a Shareholder entitled to appoint a Director or Directors makes such an appointment, it shall notify the other Shareholders of the Director or Directors appointed by it and the Shareholders may rely upon any such notice until it has been superseded by a further notice.

2.6.5 All Directors appointed by Shareholders other than Brookfield shall satisfy the Independence Criteria and shall be qualified to act as a Director in the opinion of Brookfield, acting reasonably.

2.6.6 At the request of the Board of Directors, a Shareholder entitled to appoint a Director shall be required to appoint a Director that is a resident Canadian, where required to ensure that a majority of the Directors are resident Canadians for purposes of the Tax Act.

2.7 Voting Procedures of the Board of Directors

2.7.1 Subject to section 2.7.2, in order to be effective, a decision of the Board of Directors must be approved by a Simple Majority.

2.7.2 The Corporation shall not do any of the following without the approval of the Board of Directors by a Super Majority:

- (a) make any amendment to its Articles which would (i) add to, remove or change the rights, privileges, restrictions or conditions attaching to the Shares whether directly or indirectly, or (ii) otherwise result in such Articles being inconsistent with the provisions of this Agreement;
- (b) redeem, purchase for cancellation or otherwise retire or pay off any of the outstanding equity securities of the Corporation, other than in accordance with their terms; or
- (c) make any commitment or agreement to do any of the foregoing.

2.7.3 Except to the extent expressly provided herein, the same vote required for any action of the Board of Directors shall also be required for any amendment to, or modification of, such action or ratification of such action not previously approved by it.

2.7.4 A Director shall not be entitled to vote on any resolution at any meeting of the Board of Directors or a committee thereof concerning a matter in relation to which a Conflict of Interest exists with respect to such Director, provided that a Director shall be entitled to vote on any such a resolution that relates to a contract or transaction between the Corporation or any of its Subsidiaries, on the one hand, and an Affiliate of the Shareholder which appointed the Director, on the other hand, where the terms of the contract or transaction are no less favourable to the Corporation or any such Subsidiary than are obtainable by it in a comparable Arm's Length contract or transaction.

2.7.5 In the event that, pursuant to section 2.7.4 or applicable Law, a Director appointed by Brookfield is not entitled to vote on a resolution concerning an action requiring the approval of the Board of Directors, the Corporation shall not take any such action without the prior written consent of Brookfield.

2.8 Vacancies

If a Director ceases to be a Director for any reason (by death, removal, resignation or otherwise) (a "**Retiring Director**"), the Shareholder who appointed the Retiring Director shall be entitled to fill the vacancy thereby created by appointing a replacement Director. The Board of Directors is entitled to continue to transact business and to exercise any of its powers or duties while the vacancy exists provided that there is a sufficient number of Directors to form a quorum as determined under section 2.14.

2.9 Removal

A Director may only be removed:

2.9.1 at the direction of the Shareholder which appointed that Director; or

2.9.2 if such Director does not meet the qualification requirements of the Act or any applicable Law.

2.10 Resignation

A Director may resign at any time. Such resignation shall be made in writing and take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the Board of Directors. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

2.11 Place of Meetings

Meetings of the Board of Directors shall be held in the City of Toronto at such place as may be specified by the Person calling the meeting or at such other city and place in Canada as may be specified by the Person calling the meeting.

2.12 Meetings of Directors

The Board of Directors shall meet at least once during each fiscal quarter of the Corporation for the transaction of such business as may properly be brought before it. Meetings may also be called by the Chairman, the Chief Executive Officer of the Corporation or by a majority of the Directors upon not less than five Business Days' notice, which notice shall contain a statement as to the business proposed to be transacted at such meeting.

2.13 Attendance at Meetings

Attendance by any Director at a meeting of the Board of Directors shall constitute a waiver of notice of such meeting, except where such Director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened or not properly called or commenced in accordance with this Agreement.

2.14 Quorum of Board of Directors

A majority of the Directors at any time shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If at any meeting of the Board of Directors a quorum shall not be present, then the Directors present at such meeting may call an adjourned meeting of the Board of Directors on not less than 48 hours' notice to each Director. The Directors attending the adjourned meeting shall constitute a quorum for the transaction of the business referred to in the notice of meeting.

2.15 Telephonic Meetings

A Director shall be deemed to be present at a meeting if participating by means of telephone, video or visual conference or similar communications equipment.

2.16 Chairman

The Board of Directors shall appoint and replace from time to time a Chairman of the Board of Directors, provided that a Shareholder that holds not less than 50% of the outstanding Shares shall be entitled to nominate the Chairman. The Chairman shall not have a casting vote at any meeting of the Board of Directors or the Shareholders.

2.17 Committees of the Board of Directors

2.17.1 The Board of Directors may establish one or more committees. The Board of Directors shall establish a mandate for each such committee as would be customary for such a committee. Any committee established by the Board of

Directors, to the extent permitted by Law, shall have and may exercise all of the authority of the Board of Directors to the extent provided in the resolution of the Board of Directors establishing such committee. The Board of Directors shall have the power at any time to change the membership of, and to fill vacancies in, any such committee.

2.17.2 At the request of the Board of Directors, a Shareholder entitled to appoint a Director shall be required to cause a Director appointed by it to serve as a member of the audit committee of the Board of Directors.

2.18 Minutes

All decisions and resolutions of the Board of Directors and any committee of the Board of Directors shall be reported in the minutes of its meetings, which shall state the date, time and place of the meeting (or the date of the written consent in lieu of a meeting), the Directors present at the meeting, the resolutions put to a vote (or the subject of a written consent) and whether such resolution has been approved. The minutes of all meetings of the Board of Directors and any committee of the Board of Directors shall be kept at the principal office of the Corporation.

2.19 Compensation of Directors

Directors shall not be entitled to receive any salary, bonus or other compensation for serving as Directors. Directors shall not be entitled to be reimbursed by the Corporation for any expenses, including those incurred in attending meetings of the Board of Directors or meetings of any committee of the Board of Directors.

2.20 Insurance and Indemnification

2.20.1 To the fullest extent permitted by Law, the Corporation shall indemnify all directors, officers, former directors and former officers of the Corporation and all other individuals who act or acted at the Corporation's request as a director or officer, and all other individuals who act in a similar capacity, of another entity, against all costs, charges and expenses, including, without limitation, any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

The intention of this section 2.20.1 is that all individuals referred to in this section 2.20.1 shall have all benefits provided under the indemnification provisions of the Act to the fullest extent permitted by Law, and the Corporation shall forthwith pass all resolutions and take such other steps as may be required to give full effect to this section.

2.20.2 The Corporation shall maintain, or arrange to be maintained, liability insurance for its Directors and officers having such terms and in such amounts as are determined appropriate by the Board of Directors. The Corporation shall not borrow against, pledge, assign, modify, cancel or surrender any directors' and officers'

liability insurance policies, except for the cancellation or surrender in connection with the replacement thereof, which terms shall not, without the prior consent of the Board of Directors, vary in any material manner from such prior insurance.

2.21 Management Compensation and Incentive Arrangements

The Board of Directors may implement equity-based compensation and incentive arrangements for officers, directors and members of management of the Corporation or any of its Subsidiaries, in which case participants in such arrangements who are eligible to receive Shares shall become parties to such agreements regarding the ownership and disposition of such Shares as determined by the Board of Directors from time to time.

2.22 Reporting to Shareholders

2.22.1 The Corporation shall provide, or cause to be provided, to each Shareholder (subject to such Shareholder entering into a confidentiality agreement in favour of the Corporation in form and substance satisfactory to the Corporation):

- (a) audited annual comparative consolidated financial statements of the Corporation, together with the report of the auditors thereon, within 120 days of the end of each fiscal year of the Corporation;
- (b) unaudited interim comparative consolidated financial statements of the Corporation within 90 days of the end of each fiscal quarter of the Corporation; and
- (c) any information any Shareholder may reasonably request in connection with the preparation and/or filing of such Shareholder's tax returns.

2.23 Financing of the Corporation

Shareholders shall not have any obligation to provide any funding to the Corporation or its Subsidiaries nor to provide any guarantee, collateral or security in respect thereof.

ARTICLE 3 GENERAL MATTERS RELATING TO THE HOLDING OF SHARES AND PERMITTED TRANSFERS

3.1 Representations and Warranties By Shareholders

3.1.1 Each Shareholder represents and warrants to and in favour of each of the other parties hereto the matters set out below and acknowledges that each of the other parties is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) that such Shareholder owns beneficially and of record the number of Shares which is expressed to be owned by him, her or it as set out in the Corporation's securities register, and, except for Permitted Liens, such

Shares are not subject to any mortgage, lien, charge, pledge, encumbrance, security interest or adverse claim or any agreement which provides for the manner in which such Shares are to be voted, that such Shareholder is entitled, without restrictions, to exercise all voting rights attached to such Shares, and that no Person has any rights to become a holder or possessor of any of such Shares or of the certificates representing the same, provided that Fraser Papers shall be entitled to enter into agreements to Transfer all or any portion of its Shares in accordance with section 3.5;

- (b) if an individual, that such Shareholder has the capacity to enter into and give full effect to this Agreement;
- (c) if a corporation, that such Shareholder is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and that it has the corporate power and capacity to own the Shares expressed to be owned by it as set out in the Corporation's securities register and to enter into and perform its obligations under this Agreement;
- (d) if a trust, partnership, joint venture, pension fund or a Person other than an individual or corporation, that such Shareholder is duly constituted or organized under the laws which govern it and that it has the power to own the Shares expressed to be owned by it as set out in the Corporation's securities register and to enter into and perform its obligations under this Agreement;
- (e) in the case of a Person other than an individual, that this Agreement has been duly authorized by such Shareholder and duly executed and delivered by or on its behalf and constitutes a valid and binding obligation enforceable against it in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies;
- (f) in the case of a Person other than an individual, that the execution, delivery and performance of this Agreement does not and will not contravene the provisions of its Articles, By-Laws, constating documents or other organizational documents or the documents by which it was created or established or the provisions of any material indenture, agreement or other instrument to which such Shareholder is a party or by which it may be bound; and
- (g) that all of the foregoing representations and warranties will continue to be true and correct during the continuance of this Agreement.

3.2 General Prohibition on Transfer

During the continuance of this Agreement, none of the Shareholders shall Transfer any Shares now or hereafter held by such Shareholder except as specifically contemplated and permitted by this Agreement. A purported Transfer of any Shares in violation of this Agreement shall not be valid and the Corporation shall not register, nor permit any transfer agent to register,

any such Shares on the securities registers of the Corporation. In addition, during the period of the purported Transfer, no voting rights attaching or relating to such Shares may be exercised, no purported exercise of voting rights shall be valid or effective and no dividend or distribution shall be paid or made on those Shares. Any Shareholder who purports to make a Transfer of any Shares in violation of this Agreement agrees to donate and hereby donates to the Corporation all dividends and distributions that would otherwise be paid or made on such Shares during the period of the purported Transfer. The provisions of the immediately preceding sentence are in addition to, and not in lieu of, any other remedies to enforce the provisions of this Agreement.

3.3 Transfers by a Shareholder to a Permitted Transferee

3.3.1 A Shareholder may, at any time and from time to time during the continuance of this Agreement, Transfer all or any portion of the Shares held by such Shareholder to a Permitted Transferee provided that the Permitted Transferee shall have executed and delivered to the Corporation, and for the benefit of all Shareholders, an assumption agreement in the form attached as Schedule "A" or any other agreement in form and substance satisfactory to the Board of Directors. For purposes of determining the number of Shares held by a Shareholder under this Agreement, any Shares that are Transferred to or from a Permitted Transferee or otherwise pursuant to this section 3.3 shall be deemed to be owned by the Shareholder making such Transfer so long as they are held by the Permitted Transferee.

3.3.2 For greater certainty, a Permitted Transferee may at any time, and shall forthwith in the event that such Permitted Transferee ceases to qualify as such pursuant to this Agreement, Transfer back to the Transferring Shareholder all of the Shares held by it.

3.4 Brookfield Rights of Transfer

In addition to its rights pursuant to sections 3.3 and 3.6, Brookfield may, at any time and from time to time during the continuance of this Agreement, Transfer all or any portion of its Shares to any Person, provided that the Person to whom such Shares are Transferred shall have executed and delivered to the Corporation, and for the benefit of all Shareholders, an agreement in form and substance satisfactory to the Board of Directors in which such Person agrees to be bound by this Agreement, makes the representations, warranties and covenants, where applicable, made by the Shareholders in Article 3 and agrees that such Shares are held subject to this Agreement, as if that Person were an original signatory hereto (in which case, the Person shall become entitled to exercise all the rights and become subject to all the obligations of a Shareholder under this Agreement and the Act, provided that, in the event such Person acquires all of the Shares held by Brookfield at the time of such Transfer, such Person shall become entitled to exercise all the rights and become subject to all the obligations of Brookfield under this Agreement).

3.5 Fraser Papers Rights of Transfer

In addition to its rights pursuant to sections 3.3, Fraser Papers may, at any time and from time to time during the continuance of this Agreement, Transfer all or any portion of its Shares to **[one or more trusts formed for the benefit of salaried employees of Fraser Papers, hourly employees of Fraser Papers or other unsecured creditors of Fraser Papers,]** provided that (i) Brookfield is satisfied, acting reasonably, that such Transfer would not result in the Corporation becoming a reporting issuer in any province or territory of Canada (or the equivalent in any other jurisdiction) and (ii) the trust to which such Shares are Transferred shall have executed and delivered to the Corporation, and for the benefit of all Shareholders, an agreement in form and substance satisfactory to the Board of Directors in which such trust agrees to be bound by this Agreement, makes the representations, warranties and covenants, where applicable, made by the Shareholders in Article 3 and agrees that such Shares are held subject to this Agreement, as if that trust were an original signatory hereto (in which case, the trust shall become entitled to exercise all the rights and become subject to all the obligations of a Shareholder under this Agreement and the Act).

3.6 Pledge of Shares

Brookfield may mortgage, hypothecate, pledge or grant any other form of security interest in all or any portion of its Shares as security for a *bona fide* loan from, or an obligation owed by it to, one or more Persons acting at Arm's Length, each of whom is a Qualified Lender, provided that any such Qualified Lender has agreed by instrument, in form and substance satisfactory to the Board of Directors acting reasonably (such instrument to be delivered to the Corporation and the other Shareholders prior to the time the mortgage, hypothecation, pledge or security interest becomes effective or attaches) that, in the event of realization, the Qualified Lender shall deal with such Shares only in accordance with the terms of this Agreement as if the Qualified Lender were Brookfield, it being the intention that all the provisions of this Agreement which relate to Brookfield shall apply to the Qualified Lender.

3.7 Transferee Must Be Bound

No Transfer of Shares will be permitted, made or be effective and no Shares may be issued by the Corporation and no application shall be made to the Corporation or to the Corporation's transfer agent to register the Transfer or issuance, and the Corporation shall not register any such Transfer or issuance, on the securities register of the Corporation until the applicable documentation referred to in the section of this Agreement pursuant to which the Transfer or issuance is being effected, has been delivered.

3.8 Notation on Share Certificates

All share certificates representing Shares shall have the following statements conspicuously noted thereon:

The shares represented by this certificate are subject to a unanimous shareholder agreement made as of the ■ day of ■, 2010 among the Corporation and its shareholders, as the same may be supplemented, amended, restated or replaced from time to time,

and may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof.

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is four months and a day after the later of (i) *[insert the distribution date]*, and (ii) the date the Corporation became a reporting issuer in any province or territory.

All certificates representing securities issued by the Corporation which are convertible into Shares or evidencing a right to acquire Shares and all deposit certificates, if any, or any evidence of debt shall contain statements substantially to the same effect.

ARTICLE 4 LIQUIDITY RIGHTS

4.1 En Bloc Sale Rights

4.1.1 At any time during the continuance of this Agreement Brookfield may give notice (an “**En Bloc Sale Notice**”) to the Corporation requesting a sale (an “**En Bloc Sale**”) of all of the Shares of the Corporation.

4.1.2 Upon receipt of an En Bloc Sale Notice, the Corporation shall forthwith give a copy thereof to each of the Shareholders other than Brookfield.

4.1.3 Upon receipt of an En Bloc Sale Notice, the Corporation and each of the Shareholders agrees to take such action as shall reasonably be required to achieve an En Bloc Sale.

4.1.4 Upon receipt of an offer for an En Bloc Sale (in this section 4.1, an “**Offer**”) from a Person (the “**En Bloc Sale Offeror**”) in a *bona fide* transaction which has been approved by the Board of Directors by a Simple Majority, the Corporation shall accept the Offer on behalf of the Shareholders and shall deliver to each of the Shareholders a copy of the Offer and the Corporation’s acceptance thereof. The Corporation and the Shareholders shall do all things necessary to complete the En Bloc Sale proposed by the Offer. If more than one Offer is received, unless otherwise approved by the Board of Directors by a Simple Majority, the Corporation shall accept the Offer that will provide the highest price on a per Share basis.

4.1.5 In the event of En Bloc Sale, each Shareholder shall:

- (a) receive the same form and amount of consideration per Share;
- (b) be obligated to pay its *pro rata* share (based on the number of Shares Transferred) of expenses incurred in connection with a consummated En Bloc Sale, or to reimburse the Corporation for any such expenses paid on its behalf; and

- (c) (i) provide customary and standard representations, warranties, covenants and indemnities with respect to its status, capacity, authorization and title to its Shares, and shall agree to be liable with respect to the representations, warranties, covenants and indemnities provided by the Corporation or Brookfield relating to the business of the Corporation; provided that liability for any such matters shall (as to each of the Shareholders) be expressly stated to be several and not joint and each of the Shareholders shall not be liable for more than the lesser of (A) its *pro rata* share (based on the number of Shares Transferred) or, where such matters relate solely to a particular Shareholder, the full amount, of any liability and (B) the proceeds received by it in connection with such Transfer, and (ii) be required to bear its proportionate share of any escrows, holdbacks or adjustments in purchase price.

4.1.6 In the event that Brookfield has delivered an En Bloc Sale Notice it shall be entitled, at any time, without regard to any possible or proposed transaction, to withdraw such En Bloc Sale Notice by giving written notice to the Corporation and each of the other Shareholders.

4.1.7 The completion of an En Bloc Sale shall be governed by, and the parties shall comply with, the closing procedures set out in section 6.2, to the extent applicable.

4.2 IPO Rights

4.2.1 At any time during the continuance of this Agreement, Brookfield may give notice (an “**IPO Notice**”) to the Corporation requesting an IPO for the purpose of allowing Brookfield to sell Shares by way of a secondary offering. The Corporation shall forthwith give a copy of such IPO Notice to each of the Shareholders other than Brookfield (in this section 4.2, the “**Other Shareholders**”).

4.2.2 The IPO Notice shall state the number of Shares Brookfield proposes to sell pursuant to the IPO.

4.2.3 Upon receipt of an IPO Notice, the Corporation and each of the Shareholders agrees to take such action as shall reasonably be required to achieve an IPO, including:

- (a) complying with all regulatory requirements in connection with such IPO; and
- (b) agreeing to such undertakings in relation to the retention (on terms not more onerous than those to which Brookfield has agreed), disposal or manner of disposal (known as “lock-ups”) of Shares (other than any Shares to be sold pursuant to the IPO) as are considered by the lead underwriter or other financial advisors appointed in relation to the IPO to be necessary or desirable in connection with the IPO.

4.2.4 In the event that Brookfield has delivered an IPO Notice, it shall be entitled, at any time, without regard to any possible or proposed transaction, to withdraw such IPO Notice by giving written notice to the Corporation and each of the Other Shareholders.

4.2.5 At any time during the continuance of this Agreement, the Corporation shall be entitled to effect an IPO for the purpose of selling Shares issued from treasury. For greater certainty, a determination to proceed with an IPO under this section 4.2.5 shall be made with the approval of the Board of Directors by a Simple Majority. In these circumstances, Brookfield shall be entitled to participate in such IPO on substantially the same terms and conditions as provided in sections 4.2.2 through 4.2.4, provided that, in the event that the lead underwriter or other financial advisor advises the Corporation that, in its opinion, the number of Shares that the Corporation and Brookfield intend to sell pursuant to the IPO exceeds the number of Shares which can be or are likely to be sold, the number of Shares the Corporation wishes to sell pursuant to the IPO shall be given priority over any Shares proposed to be sold by Brookfield.

4.2.6 Immediately prior to the closing of an IPO, the Corporation shall enter into an agreement with Brookfield which shall, for so long as Brookfield holds 10% or more of the Outstanding Shares, grant Brookfield demand registration rights to require the Corporation to prepare and file a Prospectus allowing Brookfield to sell Shares by way of a secondary offering, provided that such rights may not be exercised by Brookfield more than twice in any 12 month period. Such agreement shall provide that the Corporation will indemnify Brookfield for losses arising from misrepresentations and certain securities law compliance requirements with respect to the qualification of Shares, except for losses resulting from misrepresentations with respect to information provided by Brookfield.

4.3 Shareholder Approval

Other than as set forth in this Article 4, no approval of the Board of Directors or of the Shareholders will be required under this Agreement for the initiation or completion of an En Bloc Sale or an IPO.

ARTICLE 5 TRIGGERING EVENTS

5.1 Triggering Events Defined

5.1.1 A “Triggering Event” is the occurrence of any one of the following events with respect to a Shareholder (in each case, the “Defaulting Shareholder”):

- (a) such Shareholder makes an assignment for the benefit of its creditors generally or files a proposal under the *Bankruptcy and Insolvency Act* (Canada) (or similar legislation in any other jurisdiction) or a receiving order is made or a petition is filed under the *Bankruptcy and Insolvency Act* (Canada) (or similar legislation in any other jurisdiction) against such

Shareholder, or such Shareholder makes an application under the *Companies' Creditors Arrangement Act* (Canada) (or similar legislation in any other jurisdiction), provided that the proceedings in respect of Fraser Papers under the *Companies' Creditors Arrangement Act* (Canada) that are ongoing at the date of this agreement shall not constitute a Triggering Event;

- (b) a resolution is passed for, or a judgment or order is issued by any court of competent jurisdiction ordering, the winding-up or other liquidation or dissolution of such Shareholder;
- (c) any receiver, manager, receiver-manager, liquidator or trustee of the property, assets or undertaking of such Shareholder is appointed pursuant to the terms of a debenture or similar instrument and such appointment is not revoked or withdrawn within 30 days of the appointment;
- (d) such Shareholder fails to perform or is otherwise in breach (other than a breach that is not material to the Corporation or the other Shareholders) of its material obligations under this Agreement, or under any instrument or document delivered pursuant to this Agreement at any time hereafter, and, if such failure or breach is curable by the Shareholder within 30 days through the exercise of reasonable efforts, the failure or breach is not corrected within 30 days after receipt by such Shareholder of notice in writing of the failure or breach from any other Shareholder; and
- (e) any representation and warranty of such Shareholder contained in this Agreement, or in any instrument or document delivered pursuant to this Agreement at any time hereafter, is or becomes not true and correct in any material respect and, if such inaccuracy is curable by the Shareholder within 30 days through the exercise of reasonable efforts, such Shareholder has not taken all necessary steps, to the satisfaction of the other Shareholders and the Corporation, each acting reasonably, to ensure that the representation and warranty becomes true and correct no later than 30 days after receipt by such Shareholder of notice in writing from any other Shareholder that the representation and warranty is not true and correct.

5.1.2 A Defaulting Shareholder shall give notice to the other parties then bound by this Agreement that an event has occurred with respect to such Defaulting Shareholder which constitutes a Triggering Event or which would, if such event is not corrected or remedied or otherwise resolved to the satisfaction of the Shareholders other than the Defaulting Shareholder as contemplated above, constitute a Triggering Event. Such notice shall be given forthwith after the occurrence of the particular event.

5.1.3 For the purposes of this Agreement:

- (a) a Triggering Event referred to in section 5.1.1(d) or 5.1.1(e) shall only be deemed to have occurred on the expiry of the 30 day period referred to in that section; and
- (b) all other Triggering Events shall be deemed to have occurred on the earlier of the date the Defaulting Shareholder first gives notice of the occurrence of the particular Triggering Event, or on the date the Corporation or any other Shareholder first becomes aware of the occurrence of such Triggering Event.

5.2 Obligation of a Shareholder to Offer to Sell Triggered Affected Securities

5.2.1 Upon the occurrence of any Triggering Event, the Corporation shall be constituted the agent for the Defaulting Shareholder to forthwith offer to sell all (but not less than all) of the Shares held by the Defaulting Shareholder (in this section 5.2, the **"Triggered Affected Securities"**) to the Shareholders other than the Defaulting Shareholder (in this section 5.2, the **"Other Shareholders"**).

5.2.2 Within 90 Business Days after any Triggering Event is deemed to have occurred, the Corporation shall give notice (in this section 5.2, the **"Sale Notice"**) to each of the Other Shareholders. The Sale Notice shall:

- (a) offer for sale to each of the Other Shareholders its Proportionate Entitlement of the Triggered Affected Securities;
- (b) state the purchase price for any such Triggered Affected Securities, which price shall be payable in cash and shall be equal to the Fair Value of such Triggered Affected Securities (as of the date the Triggering Event is deemed to have occurred), provided that the purchase price of the Triggered Affected Securities shall be equal to 95% of the Fair Value of such Triggered Affected Securities in the case of a Triggering Event under section 5.1.1(d) or 5.1.1(e); and
- (c) state that any Other Shareholder who wishes to purchase an amount of Triggered Affected Securities less than or more than its Proportionate Entitlement shall, in its notice of acceptance under section 5.2.4, indicate how many Triggered Affected Securities less than or more than its Proportionate Entitlement it wishes to purchase.

5.2.3 The offer constituted by the Sale Notice shall be irrevocable and shall remain open for acceptance by the Other Shareholders for a period of 15 Business Days after receipt of the Sale Notice.

5.2.4 Each of the Other Shareholders shall have the right, exercisable by notice given to the Corporation within the period during which the offer constituted by the Sale Notice is open for acceptance under section 5.2.3, to agree that such Other

Shareholder will purchase its Proportionate Entitlement of the Triggered Affected Securities or, if such Other Shareholder wishes to purchase less than or more than its Proportionate Entitlement, to indicate how many Triggered Affected Securities less than or more than its Proportionate Entitlement it wishes to purchase. If no notice is given by an Other Shareholder within the 15 Business Day period provided for above, such Other Shareholder shall be deemed to have rejected the offer made available to it to purchase Triggered Affected Securities.

5.2.5 If any of the Other Shareholders does not agree to purchase all the Triggered Affected Securities which it is entitled to purchase or is deemed to have rejected the offer made available to it to purchase Triggered Affected Securities, the Triggered Affected Securities which have not been accepted for purchase by the Other Shareholders entitled to do so (in this section 5.2, the “**Unsubscribed Affected Securities**”) shall be sold to those Other Shareholders who have agreed to purchase more than their Proportionate Entitlement, provided that if the number of Unsubscribed Affected Securities is less than the aggregate number of Triggered Affected Securities which those Other Shareholders have agreed to purchase, the Unsubscribed Affected Securities shall be allocated to such Other Shareholders on a *pro rata* basis in proportion to the number of Outstanding Shares held by them. No Other Shareholder shall be obliged to purchase any Unsubscribed Affected Securities in excess of the number indicated in its notice of acceptance under section 5.2.4.

5.2.6 If they all agree in writing, the Other Shareholders may purchase the Triggered Affected Securities in proportions otherwise than as provided in sections 5.2.2 through 5.2.5, provided that the Other Shareholders may not purchase less than all of the Triggered Affected Securities.

5.2.7 The completion of all purchases and sales of Triggered Affected Securities under this section 5.2 shall take place concurrently and as part of the same closing on the fifth Business Day after the expiry of the 15 Business Day period referred to in section 5.2.3 (or such longer period provided under section 6.3.1), provided that if the Fair Value of the Triggered Affected Securities has not been determined by such day, the completion shall take place on the tenth Business Day after the date on which the Fair Value of the Triggered Affected Securities has been conclusively determined pursuant to section 6.1. The completion of the purchases and sales will be governed by, and the parties shall comply with, the closing procedures set out in section 6.2, to the extent applicable.

ARTICLE 6 VALUATION AND CLOSING PROCEDURES

6.1 Determination of Fair Value

6.1.1 Subject to Section 6.1.2, the “**Fair Value**” of Shares at any time for purposes of this Agreement shall be:

- (a) the fair value of the Shares as determined by agreement between the Shareholders who are parties to the relevant transaction or are otherwise directly affected provided that such Shareholders shall negotiate in good faith for a period of not less than 10 Business Days or such shorter period as is agreed to by them to reach an agreement on the Fair Value of the Shares; or
- (b) if there is a dispute over the fair value (a “**Valuation Dispute**”), the fair value of the Shares as determined pursuant to Schedule “B”.

6.1.2 The Fair Value of Shares at any time shall be the highest price available for the Shares in a single transaction in an open and unrestricted market between informed and prudent parties, acting at Arm’s Length and under no compulsion to act, provided that such price shall be determined:

- (a) on an en bloc basis, without any minority discount or premium for a majority interest and without taking into account the rights and obligations under this Agreement; and
- (b) without taking into account:
 - (i) any synergistic or other benefits that may be attributable to the combination of the assets of the Corporation and its Subsidiaries with the assets of a purchaser; or
 - (ii) transactions occurring and economic conditions prevailing after the date on which the relevant notice is provided.

6.2 Closing Procedures

If a purchase and sale of Shares is made pursuant to this Agreement, the following shall apply, except in the case of (i) any express provisions to the contrary in this Agreement, and (ii) a purchase and sale involving a third party where the agreement with such third party expressly provides otherwise:

6.2.1 The purchase price shall be paid on closing by wire transfer, negotiable cheque certified by an internationally recognized bank or trust company or official bank draft drawn on an internationally recognized bank against receipt by the purchaser of the certificate or certificates representing the Shares being purchased, duly endorsed for transfer in blank, together with resignations by the vendor and its nominees, if any, as directors of the Corporation or its Subsidiaries and releases in favour of the Corporation and its Subsidiaries of all claims which such directors may have against the Corporation or its Subsidiaries, other than in respect of indemnification in accordance with the By-Laws of the Corporation or its Subsidiaries or other indemnification arrangements.

6.2.2 If the date for completion of any transaction of purchase and sale falls on a day which is not a Business Day, the transaction shall be completed on the first

Business Day following such date. Closing shall take place at 11:00 a.m. on the date for completion at the principal office of the Corporation or at such other time and place as may be agreed to by the parties to the transaction.

6.2.3 The acceptance by the vendor of payment for the Shares being purchased and sold shall constitute a representation and warranty by the vendor that the vendor has good and marketable title to such Shares free and clear of any lien, charge, pledge, encumbrance, security interest or adverse claim, except the terms of this Agreement. Notwithstanding the foregoing, the vendor shall deliver to the purchaser all such documents, instruments and releases and shall do all such acts and things as the purchaser may reasonably request, whether before or after completion of the transaction, to vest such title in the purchaser.

6.2.4 If, at the time of sale, the vendor is indebted to the Corporation, the vendor shall be deemed to have directed the purchaser to satisfy such indebtedness out of the purchase price payable for the Shares.

6.2.5 If, at the time of closing, the vendor shall not complete the sale for any reason, the purchaser shall have the right to deposit the purchase price for the Shares to be purchased and sold for the account of the vendor in an account with the bankers of the Corporation and such deposit shall constitute valid and effective payment of the purchase price to the vendor. Thereafter the purchaser shall have the right to execute and deliver any deeds, stock transfers, assignments, resignations, releases and other documents as may, in the reasonable opinion of the purchaser, be necessary or desirable in order to complete the transaction. If payment of the purchase price is so deposited, then from and after the date of deposit, notwithstanding that certificates or instruments evidencing the Shares may not have been delivered to the purchaser, the purchase of the Shares shall be deemed to have been fully completed and the records of the Corporation shall be amended accordingly and all right, title, benefit and interest, both at law and in equity, in and to the Shares shall be conclusively deemed to have been transferred and assigned to and become vested in the purchaser and all right, title, benefit and interest of the vendor and of any other Person (other than the purchaser) having any interest therein, legal or equitable, in any capacity whatsoever shall cease.

6.2.6 In the event that a Shareholder enters into or is required to enter into an agreement hereunder, the Corporation shall be entitled to take all steps necessary on behalf of such Shareholder and, for such purpose, each Shareholder hereby appoints the Corporation, as its attorney, with full power of substitution, in the name of the Shareholder to take all steps necessary to complete the transaction and to execute and deliver all documents and instruments to give effect to such transaction (including, for greater certainty, to establish a binding contract or agreement between such Shareholder and each other Shareholder that may be a purchaser and to evidence all approvals or ratifications of the transaction by such Shareholder). Such appointment, being coupled with an interest, is irrevocable by the Shareholder and will not be revoked by the insolvency, bankruptcy, death, incapacity, dissolution, liquidation or other termination of the existence of the Shareholder. Each Shareholder agrees that it

will perform the agreement resulting from such transaction in accordance with its terms and will ratify and confirm all that the Corporation may do or cause to be done pursuant to the foregoing provided it is consistent with the Corporation's rights pursuant to this Agreement. Each Shareholder consents to any transfer of Shares made pursuant to the foregoing.

6.2.7 At the time of the sale, the vendor shall provide to the purchaser either:

- (a) a statutory declaration of the owner(s) of the Shares being sold that such owner(s) is neither a non-resident of Canada or a partnership other than a Canadian partnership for purposes of the Tax Act; or
- (b) a certificate from the Canada Revenue Agency under section 116 of the Tax Act certifying that all taxes payable in connection with the transaction have been paid or that no taxes are payable in respect of the transaction;

provided that if no declaration or certificate is delivered by the vendor, the purchaser shall be entitled to deduct from the purchase price payable to the vendor an amount equal to the amount of tax for which the purchaser may be liable (as determined solely by the purchaser, acting reasonably) under the Tax Act.

6.2.8 For the purposes of this section 6.2, any reference to the vendor shall mean the Shareholder or Shareholders who are deemed to be the holder of the Shares being sold under this Agreement.

6.3 Transaction Approvals

6.3.1 Notwithstanding any other provisions of this Agreement, if a Transaction Approval is required with respect to a Transfer of Shares under any provision of this Agreement or if, in the reasonable opinion of the Board of Directors or of any party to any transaction contemplated in this Agreement, such transaction requires a Transaction Approval, then:

- (a) all of the parties shall cooperate in good faith and shall cause the Corporation to cooperate in diligently pursuing the requisite application (together with any appeal or re-application) to obtain the Transaction Approval;
- (b) provided that the parties to the transaction have entered into a binding agreement, and except in the case of a purchase and sale involving a third party where the agreement with such third party expressly provides otherwise, the closing date for the proposed transaction shall be extended until the tenth Business Day following the date on which the Transaction Approval is obtained, except that any party to the transaction (other than a Defaulting Shareholder) may, subject to section 6.3.1(d), elect not to proceed with the transaction if the Transaction Approval is not received within 12 months of submission of the completed application;

- (c) if the Transaction Approval is not obtained or is obtained subject to any condition to be imposed on any Shareholder that is party to the transaction or on the Corporation, which condition is not acceptable to any such Shareholder (other than a Defaulting Shareholder) or to the Corporation, in each case acting reasonably, the transaction shall not proceed; and
- (d) no Shareholder shall enter into any agreement with a purchasing party unless it is consistent with the provisions of this section 6.3.

6.3.2 The Corporation and the Shareholders shall use commercially reasonable efforts to obtain all Transaction Approvals required to complete the transaction as soon as possible (which, for greater certainty, shall not require the Corporation or any of its Subsidiaries or the Shareholders or any of their Subsidiaries to sell any assets, to pay or incur costs beyond customary fees necessary to obtain such Transaction Approvals, to incur any liability or to take any steps or action that would, in the sole discretion of that party, acting reasonably, affect its right to own, use or exploit any of its assets or carry on its business).

6.3.3 It shall be a condition to the completion of any Transfer of Shares under any provision of this Agreement (other than pursuant to section 4.2) that such Transfer or issuance be exempt from the registration and prospectus requirements or any similar requirements of applicable securities legislation.

ARTICLE 7 CONFIDENTIALITY

7.1 Confidentiality

7.1.1 Subject to section 7.1.2, each Shareholder agrees (a) to keep all Confidential Information strictly confidential, (b) not to disclose or reveal, directly or indirectly, any Confidential Information to any Person other than its Representatives, and (c) not to use, make use of, or appropriate for the benefit of any Person other than the Corporation or its Subsidiaries, or as otherwise expressly provided for in this Agreement, any Confidential Information. Each Shareholder agrees to take all measures reasonably necessary to restrain its Representatives from prohibited or unauthorized disclosure or use of any Confidential Information and, regardless of compliance by the Shareholder with the foregoing, that it shall be responsible and liable for any breach of this section 7.1 by the Shareholder or any of its Representatives.

7.1.2 In the event that a Shareholder or any of its Representatives is requested or legally compelled, pursuant to a subpoena, civil investigative demand, regulatory demand or similar process or pursuant to applicable Law to disclose any Confidential Information or any other information concerning the Corporation, the Shareholder's investment in the Corporation or the business carried on by the Corporation and its Subsidiaries, each Shareholder agrees that it shall, unless restricted by Law, provide the Corporation with prompt notice of such request or requirement together with the

text of the proposed disclosure as far in advance of its disclosure as is reasonably practicable, and will in good faith consult with and consider the suggestions of the Corporation concerning the nature and scope of the information the Shareholder proposes to disclose. Each Shareholder agrees not to oppose any action by the Corporation to obtain a protective order or other appropriate remedy in order to limit such disclosure. In the event that no such protective order or other remedy is obtained, or in the event that the Corporation waives compliance with the terms of this section 7.1, the Shareholder shall use its reasonable best efforts to ensure that all Confidential Information that is so disclosed will be accorded confidential treatment.

7.1.3 In the event that a Person ceases to be a Shareholder, that Person shall, and shall cause its Representatives to: (a) promptly destroy or return to the Corporation all Confidential Information furnished by or on behalf of the Corporation; (b) promptly destroy all copies, summaries, extracts, memoranda, notes and other writings of, containing, or based upon any Confidential Information, regardless of who prepared such writings; and (c) promptly expunge all Confidential Information from all computers and other electronic or other storage devices. Neither such Person nor any of its Representatives shall retain any copies or other reproductions in whole or in part of any such material except to the extent required by Law, all of which Confidential Information so retained shall remain subject to the terms of this section 7.1. An officer of the Person who has ceased to be a Shareholder shall certify to the Corporation and each of the other Shareholders, in writing, within 15 Business Days of ceasing to be a Shareholder, that such Person has satisfied its compliance with this section 7.1.3. Compliance with this section 7.1.3 shall not terminate or relieve a Shareholder from its obligations under this section 7.1.

7.1.4 Each Shareholder acknowledges and agrees that the obligations under this section 7.1 are to remain in effect for a period of five years from the earlier of (a) the date on which a Person ceases to be a Shareholder and (b) the date on which this Agreement is terminated pursuant to section 8.3.

7.2 Obligations Not Exhaustive

Each Shareholder acknowledges that the obligations contained in this Article 7 are not in substitution for any obligations which such Shareholder may now or hereafter owe to the Corporation or any Shareholder and which exist apart from this Article 7 and do not replace any rights of the Corporation or any Shareholder with respect to any such obligation.

7.3 Remedies

Each Shareholder acknowledges that a breach or threatened breach by such Shareholder of any provision of this Article 7 will result in the Corporation and the other Shareholders suffering irreparable harm which cannot be calculated or fully or adequately compensated by recovery of damages alone. Accordingly, each Shareholder agrees that the Corporation and any other Shareholder shall be entitled to interim and permanent injunctive relief, specific performance and other equitable remedies, in addition to any other relief to which the Corporation or any other Shareholder may become entitled.

ARTICLE 8 GENERAL PROVISIONS

8.1 All Shares Subject to this Agreement

Each Shareholder agrees that it shall be bound by the terms of this Agreement with respect to all Shares held by it and all of its Affiliates from time to time.

8.2 Amendments to this Agreement

This Agreement may be amended by an instrument in writing executed by or on behalf of all of the Shareholders, provided that any amendments made (a) to reflect the inclusion or removal of one or more Shareholders, or any Transfers of Shares, in accordance with the terms of this Agreement, (b) to change the name of the Corporation, or (c) to clarify any inaccuracy or ambiguity herein, to reconcile any inconsistent provision herein or to make any other change that, in each case, has no adverse effect on any Shareholder or benefits all Shareholders, may be made with the approval of the Board of Directors by a Simple Majority. The Corporation shall give written notice to all Shareholders promptly after any amendment has become effective.

8.3 Term

8.3.1 This Agreement shall come into force and effect as of the date set out on the first page of this Agreement and, except as provided below, shall continue in force until the earlier of:

- (a) the date on which one Shareholder owns all the Shares;
- (b) the date on which this Agreement is terminated by an instrument in writing executed by or on behalf of all of the Shareholders; or
- (c) the closing of an En Bloc Sale or an IPO.

8.3.2 Notwithstanding the foregoing, following the termination of this Agreement as provided for above, the provisions of Article 7 shall continue in force in accordance with their terms after the termination of this Agreement.

8.4 Termination Not to Affect Rights or Obligations

A termination of this Agreement shall not affect or prejudice any rights or obligations which have accrued or arisen under this Agreement prior to the time of termination and such rights and obligations shall survive the termination of this Agreement.

8.5 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by delivery as hereafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of

postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with this section. Notices and other communications shall be addressed as follows:

if to Brookfield:

Brookfield Asset Management Inc.
Suite 300, Brookfield Place
181 Bay Street, Box 762
Toronto, Ontario
M5J 2T3

Attention: Corporate Secretary
Telecopier number: (416) 365-9642

with a copy to Brookfield's counsel at:

Torys LLP
Suite 3000
79 Wellington Street West
Box 270, Toronto Dominion Centre
Toronto, Ontario M5K 1N2

Attention: Karrin Powys-Lybbe
Telecopier number: (416) 865-7380

if to Fraser Papers:

Fraser Papers Inc.
Suite 200, Brookfield Place
181 Bay Street
Toronto, Ontario
M5J 2T3

Attention: Glen McMillan
Telecopier number: (416) 359-8606

with a copy to Fraser Papers' counsel at:

ThorntonGroutFinnigan LLP
Suite 3200
100 Wellington Street West,
Toronto Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Robert Thornton/D.J. Miller
Telecopier number: (416) 304-1313

if to the Corporation:

Twin Rivers Paper Company Inc.
27 Rice Street,
Edmundston, New Brunswick E3V 1S9

Attention: President
Telecopier number: ■

with a copy to the Corporation's counsel at:

Torys LLP
Suite 3000
79 Wellington Street West
Box 270, Toronto Dominion Centre
Toronto, Ontario M5K 1N2

Attention: Karrin Powys-Lybbe
Telecopier number: (416) 865-7380

The failure to send or deliver a copy of a notice or other communication to the referred to counsel, as the case may be, shall not invalidate any notice given under this section.

8.6 Time of Essence

Time is of the essence of this Agreement.

8.7 Further Assurances

Each of the parties hereto shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each of the parties hereto shall provide such further documents or instruments required by any other party hereto as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

8.8 Enurement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and legal personal representatives.

8.9 Language

The parties hereto confirm that it is their wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. *Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tous avis, cédules et autorisations s'y rattachant, soient rédigés en anglais seulement.*

8.10 Counterparts

This Agreement may be signed in counterparts and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

8.11 Legal Representation

Each of the Shareholders acknowledges and agrees that Torys LLP is legal counsel to the Corporation and its Affiliates (including, without limitation, Brookfield) in connection with this Agreement. Each of the Shareholders consents to the continued representation of the Corporation and its Affiliates by Torys LLP in relation to the foregoing notwithstanding (a) any past or current relationship between the Shareholder (or any related party) and Torys LLP and any duty of loyalty arising therefrom (which duty, if any, is waived for the purposes of the foregoing), and (b) any adversity in interest that currently exists or may hereafter arise between the Shareholder, and the Corporation and its Affiliates. In furtherance thereof, the Shareholder represents and warrants that the foregoing consent is voluntary and informed and is provided following the Shareholder having been given the opportunity to seek the benefit of independent legal advice.

IN WITNESS WHEREOF the parties have executed this Agreement.

BROOKFIELD ASSET MANAGEMENT INC.

By: _____
Name:
Title:

FRASER PAPERS INC.

By: _____
Name:
Title:

TWIN RIVERS PAPER COMPANY INC.

By: _____
Name:
Title:

SCHEDULE "A"

ASSUMPTION AGREEMENT

To: Twin Rivers Paper Company Inc. (the "Corporation")

And To: Each of the Shareholders of the Corporation

Re: Transfer of Common Shares (the "Transferred Securities") by ■ (the "Transferring Shareholder") to ■ (the "Permitted Transferee") pursuant to section 3.3 of the Unanimous Shareholder Agreement made ■, 2010 between Brookfield Asset Management Inc., ■, ■, ■ and the Corporation (the "Shareholder Agreement")

1. The Permitted Transferee, in consideration of being permitted to own the Transferred Securities and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), for the benefit of the other parties bound by the Shareholder Agreement as of the date hereof, hereby:
 - (a) makes the representations, warranties and covenants made by the Shareholders in Article 3 of the Shareholder Agreement; and
 - (b) covenants and agrees to hold the Transferred Securities subject to the Shareholder Agreement, as if the Permitted Transferee were an original signatory to the Shareholder Agreement; and
2. The Transferring Shareholder, in consideration of being permitted to Transfer the Transferred Securities to the Permitted Transferee and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), for the benefit of the other parties bound by the Shareholder Agreement as of the date hereof, hereby:
 - (a) represents and warrants that:
 - (i) the Permitted Transferee qualifies as such pursuant to the Shareholder Agreement by virtue of ■ [Note to draft: Set out the particulars as to the relationship between the Transferring Shareholder and the Permitted Transferee.];
 - (ii) the shares which it owns in the capital of the Permitted Transferee are not subject to the terms of any agreement which provides for the manner in which shares in the capital of the Permitted Transferee are to be voted; and
 - (iii) the Transferring Shareholder is entitled, without restriction, to exercise all voting rights attached to the shares owned by it in the capital of the Permitted Transferee; and

- (b) covenants and agrees that it will:
- (i) ensure that the representations and warranties in (a) above continue to be true at all times;
 - (ii) continue to be bound by all the provisions of the Shareholder Agreement notwithstanding the Transfer of the Transferred Securities to the Permitted Transferee; and
 - (iii) remain liable for the performance by the Permitted Transferee of all its obligations under the Shareholder Agreement.

Capitalized terms used in this Assumption Agreement but not otherwise defined herein have the respective meanings attributed thereto in the Shareholder Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of this ■ day of ■, 20■.

[TRANSFERRING SHAREHOLDER]

By: _____
 Name:
 Title:

By: _____
 Name:
 Title:

**TWIN RIVERS PAPER COMPANY
 INC.**

By: _____
 Name:
 Title:

SCHEDULE "B"

VALUATION OF AFFECTED SECURITIES

1. If there is a Valuation Dispute, the parties to the dispute (each an "Affected Party" and, collectively, the "Affected Parties") shall attempt within five Business Days of the end of the 10 Business Day period referred to in section 6.1.1 of the Agreement (or such shorter period as agreed to by the Affected Parties) in good faith to agree upon a qualified independent valuator who shall be a professional business valuator or major investment dealer carrying on business in Canada to determine the Fair Value of the Affected Securities as at the applicable date. Such independent valuator shall make such determination within 30 days of being retained and such determination shall be final and binding on the Affected Parties.
2. If the Affected Parties cannot agree on an independent valuator pursuant to paragraph 1 within the five Business Day period referred to in paragraph 1, the Affected Party or Parties that are purchasing Affected Securities shall promptly thereafter retain a valuator and the Affected Party or Parties that are selling Affected Securities shall promptly thereafter retain a valuator. Each of such valutors shall make a determination of the Fair Value of the Affected Securities as at the applicable date, expressed as a single number rather than a range of values. Such valutors shall make such determination within 30 days of being retained and shall provide copies of their report to each of the Affected Parties.
3. In the event that the difference between the two determinations of Fair Value made in accordance with paragraph 2 is equal to or less than 10% of the higher of such determinations, the Fair Value of the Affected Securities shall be equal to the simple average of the two amounts so determined, which amount shall be final and binding on the Affected Parties. In the event that the difference between the two determinations exceeds 10% of the higher of them, the Affected Parties shall negotiate in good faith with a view to agreeing on the Fair Value of the Affected Securities. If such an agreement is not reached within five Business Days following the last of the determinations made in accordance with paragraph 2, the two valutors retained pursuant to paragraph 2 shall choose a third independent valuator, who shall determine the Fair Value of the Affected Securities. The Fair Value of Affected Securities shall be equal to the simple average of (i) the value determined by the third independent valuator and (ii) that one of the two values determined by the two valutors retained pursuant to paragraph 2 which is closer (whether higher or lower) to the value determined by the third independent valuator, and such amount shall be final and binding on the Affected Parties. If the two valutors cannot reach agreement on a third independent valuator within five Business Days of the end of the five Business Day period referred to above, any of the Affected Parties may apply to a Judge of the Superior Court of Justice of Ontario, who shall appoint the third independent valuator. Any third valuator appointed pursuant to this paragraph shall be entitled to review the reports and working papers of the two valutors retained pursuant to paragraph 2 and to meet

with such valuator to discuss their reports. Such third valuator shall make its determination of the Fair Value of the Affected Securities within 30 days of being retained and shall provide copies of its report to each of the Affected Parties.

4. The expenses of any independent valuator retained in accordance with paragraph 1 shall be borne by the Corporation, the expenses of each valuator retained pursuant to paragraph 2 shall be borne by the Affected Party or Parties who retained such valuator, and the expenses of any third valuator retained in accordance with paragraph 3 shall be borne by the Affected Party or Parties who retained the valuator which determined a value which, of the two values determined by the two valutors retained pursuant to paragraph 2, was farther (whether higher or lower) from the value determined by the third independent valuator.

EXHIBIT “CC”

ARTICLE 1
INTERPRETATION

1.1 Capitalized terms used herein and not otherwise defined shall have the following definitions:

"Act" means the Ontario *Business Corporations Act*, R.S.O. 1990, c.B16, as amended;

"affiliate" means, with respect to any Person, any other Person which controls, is controlled by or is under common control with, directly or indirectly, such Person, and, for purposes of this definition, "control" means, from time to time (a) the right to exercise more than fifty percent (50%) of the votes exercisable for the election of the directors of a Person (or Persons performing similar functions); and (b) in the case of a limited partnership, control of each of such limited partnership's general partners; and (c) in the case of a partnership other than a limited partnership, the right to exercise more than fifty percent (50%) of the votes exercisable at any meeting of partners of that partnership; and (d) in the case of any Person, the right to (1) exercise a majority of the voting rights in respect of that Person, (2) otherwise control that Person by virtue of provisions contained in its constitutional documents, or (3) manage all or substantially all of the assets of that Person pursuant to any contract or arrangement; and "Controlled" has a corresponding meaning;

"Business Day" means a day other than Saturday, Sunday or any other day that is treated as a statutory holiday in the jurisdiction in which the Corporation's registered office is located;

"Corporation" means Twin Rivers Paper Company Inc., a corporation incorporated under the laws of the Province of Ontario;

"GAAP" means those accounting principles that are from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute;

"ranking as to capital" means ranking with respect to the distribution of assets in the event of a liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs; and

"Person" means an individual, a partnership, limited partnership, a sole proprietorship, a company, a firm, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a union, a group acting in concert, a judicial authority, a governmental authority or any other entity or association of any kind.

Except as expressly provided in these share terms, all amounts referred to in the share terms are stated and shall be paid in Canadian currency.

ARTICLE 2

CLASS A PREFERRED SHARES

2.1 Number and Designation of Class A Preferred Shares

The Corporation shall be authorized to issue an unlimited number of shares designated as “Class A Preferred Shares” having the following rights, privileges, restrictions and conditions attached thereto:

2.2 Directors’ Rights to Issue in One or More Series

The Class A Preferred Shares may be issued at any time or from time to time in one or more series. Before any shares of a series are issued, the board of directors of the Corporation shall fix the number of shares that will form such series and shall, subject to the limitations set out in the Articles, determine the designation, rights, privileges, restrictions and conditions to be attached to the Class A Preferred Shares of such series, the whole subject to the filing with the Director (as defined in the Act) of Articles of Amendment containing a description of such series including the rights, privileges, restrictions and conditions determined by the board of directors of the Corporation.

2.3 Ranking of Class A Preferred Shares

The Class A Preferred Shares of each series shall rank on a parity with the Class A Preferred Shares of every other series with respect to dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Corporation, and shall be entitled to a preference over the common shares of the Corporation and over any other shares ranking junior to the Class A Preferred Shares with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. If any cumulative dividends, whether or not declared, or declared non-cumulative dividends or amounts payable on a return of capital in the event of the liquidation, dissolution or winding-up of the Corporation are not paid in full in respect of any series of the Class A Preferred Shares, the Class A Preferred Shares of all series shall participate rateably in respect of such dividends in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of such return of capital in accordance with the sums that would be payable on such return of capital if all sums so payable were paid in full; provided, however, that if there are insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Class A Preferred Shares with respect to return of capital shall be paid and satisfied first and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Class A Preferred Shares of any series may also be given such other preferences not inconsistent with the rights, privileges, restrictions and conditions attached to the Class A Preferred Shares as a class over the common shares of the Corporation and over any other shares ranking junior to the Class A Preferred Shares as may be determined in the case of such series of Class A Preferred Shares.

2.4 Voting Rights

Except as hereinafter referred to or as required by law or unless provision is made in the Articles relating to any series of Class A Preferred Shares that such series is entitled to vote, the holders of the Class A Preferred Shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation.

2.5 **Amendment With Approval of Holders of the Class A Preferred Shares**

The rights, privileges, restrictions and conditions attached to the Class A Preferred Shares as a class may be added to, changed or removed but only with the approval of the holders of the Class A Preferred Shares given as hereinafter specified.

2.6 **Approval of Holders of the Class A Preferred Shares**

The approval of the holders of the Class A Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Class A Preferred Shares as a class or in respect of any other matter requiring the consent of the holders of the Class A Preferred Shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all the holders of the Class A Preferred Shares or passed by the affirmative vote of at least 2/3 of the votes cast at a meeting of the holders of the Class A Preferred Shares duly called for that purpose.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders, or if not so prescribed, as required by the Act as in force at the time of the meeting. On every poll taken at every meeting of the holders of the Class A Preferred Shares as a class, or at any joint meeting of the holders of two or more series of Class A Preferred Shares, each holder of Class A Preferred Shares entitled to vote thereat shall have one vote in respect of each \$1.00 of the issue price of each Class A Preferred Share held.

ARTICLE 3

CLASS B PREFERRED SHARES

3.1 **Number and Designation of Class B Preferred Shares**

The Corporation shall be authorized to issue an unlimited number of shares designated as the "Class B Preferred Shares", having the following rights, privileges, restrictions and conditions attached thereto:

3.2 **Ranking of the Class B Preferred Shares**

The Class B Preferred Shares shall rank senior to all other classes of shares of the Corporation with respect to payment of dividends and shall rank senior to all other classes of shares of the Corporation in the distribution of assets in the event of dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. If any cumulative dividends, whether or not declared or amounts payable on a return of capital in the event of liquidation, dissolution or winding up of the Corporation are not paid in full in respect of the Class B Preferred Shares, the Class B Preferred Shares shall participate rateably in respect of such dividends in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of such return of capital in accordance with the sums that would be payable on such return of capital if all sums so payable were paid in full, provided, however, that if there are insufficient assets to satisfy in full all such claims as aforesaid, the claims of the holders of the Class B Preferred Shares with respect to return of

capital shall be paid and satisfied first and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends.

3.3 Consideration for Issue

The consideration for the issue of each Class B Preferred Share shall be \$10.

3.4 Dividends

3.4.1 Payment of Dividends

The holders of the Class B Preferred Shares will be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation, subject to the insolvency provisions of applicable law, a fixed cumulative dividend of 4.7% per Class B Preferred Share per annum in equal quarterly amounts on or about the 1st day of March, June, September and December in each year (each a "**Dividend Payment Date**"). Dividends on Class B Preferred Shares shall be fully cumulative, shall accrue without interest from and including such date as may be determined by the board of directors of the Corporation prior to the issue of such shares or, if no such date is so determined, then from and including the date of the issue thereof.

Subject to the immediately preceding paragraph, for any period which is less than a full quarter with respect to any Class B Preferred Share:

- (i) which is issued, redeemed or purchased during such quarter; or
- (ii) in respect of which assets of the Corporation are distributed to the holders thereof pursuant to section 3.9 during such quarter;

dividends shall be deemed to accrue on a daily basis and shall be equal to the amount calculated by multiplying the dollar amount of dividend entitlement per quarter by a fraction of which the numerator is the number of days in such period (including the day at the beginning of such period and excluding the day at the end of such period) and the denominator is the number of days in such quarter (including the day at the beginning thereof and excluding the Dividend Payment Date at the end thereof).

3.4.2 Method of Payment

Dividends shall be paid, as determined by the board of directors of the Corporation, in (i) lawful money of Canada, (ii) Class B Preferred Shares (one Class B Preferred Share to be given for each \$10 of aggregate dividend to be so paid) or (iii) a combination of cash and Class B Preferred Shares. If the Corporation elects to pay all or any portion of a dividend in Class B Preferred Shares, no fractional Class B Preferred Shares shall be issued in payment of any such dividend, and the Corporation shall pay cash in respect of any fraction of a Class B Preferred Share that would otherwise be issuable in payment of such dividend.

Dividends payable on the Class B Preferred Shares (less any tax required to be withheld by the Corporation) shall be paid by (i) cheque payable in lawful money of Canada to the order of each registered holder of Class B Preferred Shares in respect of which it has been declared and/or (ii) a share certificate representing the Class B Preferred Shares issued by way of dividend to each registered holder of Class B Preferred Shares in respect of which it has been declared, in each case mailed by registered mail on or before any Dividend Payment Date to such registered holder at the address of such holder in

the Corporation's securities register, unless the Corporation and such holder of Class B Preferred Shares agree on some other means for payment of dividends to such holder. If the dividend is paid in Class B Preferred Shares, the Corporation shall amend the share register accordingly. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, and the mailing of such certificate shall satisfy and discharge the liability for the dividend to the extent of (i) the sum represented by such cheque plus the amount of any tax the Corporation is required to and does withhold and/or (ii) the number of Class B Preferred Shares represented by such share certificate multiplied by \$10.

In the event of non-receipt of any dividend cheque or share certificate by the Person to whom it is sent as aforesaid, the Corporation shall issue to such Person a replacement cheque for a like amount or a replacement share certificate for a like number of shares, on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the directors may from time to time prescribe, whether generally or in any particular case.

The directors may fix in advance a date, of not more than 50 and not less than three (3) days preceding the date for payment of the quarterly dividend, as a record date for the determination of the Persons entitled to receive payment of such dividend and notice of any such record date shall be given not less than two (2) days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the Persons entitled to receive payment of any dividend on the Class B Preferred Shares of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend is passed by the directors.

Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

In the event that any date on which any dividend on the Class B Preferred Shares is payable by the Corporation, or on or by which any other action is required to be taken by the Corporation or the holders of Class B Preferred Shares hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding date that is a Business Day.

3.4.3 Cumulative Payment of Dividends

If on any Dividend Payment Date the dividends accrued to such date are not paid in full on all of the Class B Preferred Shares then outstanding, such dividends, or the unpaid part thereof, shall continue to accrue and be paid on a subsequent date or dates determined by the board of directors of the Corporation. The holders of the Class B Preferred Shares shall not be entitled to any dividends other than or in excess of the cumulative quarterly dividends herein provided for.

3.5 Redemption

3.5.1 Redemption

Subject to the provisions of this section 3.5.1 and section 3.6, the Corporation may, upon giving notice as hereinafter provided, redeem at any time, in whole or in part, and shall, on [April ■], 2020, redeem the then outstanding Class B Preferred Shares at a price (the "**Class B Preferred Share Redemption Price**") equal to the issue price of \$10 per share plus accrued and unpaid dividends.

3.5.2 Partial Redemption

In case only a part of the Class B Preferred Shares is to be redeemed at any time, the shares to be redeemed shall be selected pro rata or by some other selection method as the board of directors of the Corporation in its sole discretion determines to be equitable. If a holder of Class B Preferred Shares presents and surrenders for redemption only a part of the Class B Preferred Shares represented by any certificate or certificates, the Corporation shall issue and deliver to such holder at the expense of the Corporation a new certificate representing the Class B Preferred Shares which are not being surrendered for redemption.

3.5.3 Method of Redemption

In any case of redemption of Class B Preferred Shares, the Corporation shall, not more than 60 days and not less than five (5) days before the date specified by the board of directors of the Corporation for redemption (the "**Redemption Date**"), send by prepaid first class mail or deliver to each Person who at the date of mailing or delivery is a registered holder of Class B Preferred Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Class B Preferred Shares. Such notice shall be mailed or delivered to each registered holder of Class B Preferred Shares to be redeemed at the last address of such holder as it appears on the securities register of the Corporation, or in the event of the address of any such holder not so appearing, then to the last address of such holder known to the Corporation. Any such notice shall be validly and effectively given on the date on which it is sent. Such notice shall set out the number of Class B Preferred Shares held by the Person to whom it is addressed which are to be redeemed, the Class B Preferred Share Redemption Price, the Redemption Date and the place or places in Canada at which holders of Class B Preferred Shares may present and surrender the certificate or certificates representing such shares for redemption.

On and after the Redemption Date, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class B Preferred Shares to be redeemed the Class B Preferred Share Redemption Price of such shares on presentation and surrender, at the registered office of the Corporation or any other place or places in Canada specified in the notice of redemption, of the certificate or certificates representing the Class B Preferred Shares called for redemption. Payment in respect of the Class B Preferred Shares being redeemed shall be made by cheque payable to the respective holders thereof in lawful money of Canada at any branch in Canada of the Corporation's bankers for the time being or by any other reasonable means the Corporation deems desirable.

The Corporation shall have the right, at any time after the mailing or delivery of notice of its intention to redeem Class B Preferred Shares, to deposit the Class B Preferred Share Redemption Price of the Class B Preferred Shares so called for redemption, or of such of the Class B Preferred Shares which are represented by certificates which have not, at the date of such deposit, been surrendered by the holders thereof in connection with such redemption, in a separate account in any chartered bank or trust company in Canada named in the redemption notice or in a subsequent notice in writing to the holders of the Class B Preferred Shares in respect of which the deposit is made, to be paid without interest to or to the order of the respective holders of the Class B Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon the date such deposit is made or upon the Redemption Date, whichever is the later, the Class B Preferred Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving, without interest, the Class B Preferred Share Redemption Price of their respective Class B Preferred Shares being redeemed upon presentation and surrender of the certificate or certificates representing such shares. Any interest allowed on any such deposit shall belong to the Corporation.

From and after the Redemption Date, the Class B Preferred Shares called for redemption shall cease to be entitled to dividends or any other participation in any distribution of the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof unless payment of the Class B Preferred Share Redemption Price shall not be made upon presentation and surrender of the certificates representing such shares in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit in a separate account as provided for above) for a period of six (6) years from the Redemption Date shall be forfeited to the Corporation.

3.6 **Retraction Privilege**

3.6.1 **Right to Require Retraction**

Subject to this section 3.6, if, in one or more transactions, Brookfield Asset Management Inc. ("Brookfield") sells common shares of the Corporation for cash proceeds to any Person other than an affiliate of Brookfield, then a holder of Class B Preferred Shares is entitled to require the Corporation to redeem the number of Class B Preferred Shares set out below. The resulting number of common shares of the Corporation held by Brookfield and its affiliates indicated below is represented by a percentage of the number of common shares of the Corporation (the "Reference Number") initially held by Brookfield, being ■ common shares of the Corporation.

Resulting Aggregate Ownership of Common Shares by Brookfield and its affiliates	Total Cumulative Class B Preferred Shares to be Redeemed
More than 40% and less than 60% of the Reference Number of common shares	963,125
More than 35% but less than 41% of the Reference Number of common shares	1,926,250
More than 30% but less than 36% of the Reference Number of common shares	2,118,875
More than 25% but less than 31% of the Reference Number of common shares	2,311,500
More than 20% but less than 26% of the Reference Number of common shares	2,504,125
More than 15% but less than 21% of the Reference Number of common shares	2,696,750
More than 10% but less than 16% of the Reference Number of common shares	2,889,375
More than 5% but less than 11% of the Reference Number of common shares	3,082,000

More than 0% but less than 6% of the Reference Number of common shares	3,274,652
No common shares	3,852,500

The number of Class B Preferred Shares to be redeemed following any sale shall be calculated as the relevant total Class B Preferred Shares to be redeemed less any Class B Preferred Shares previously redeemed.

3.6.2 Retraction Subject to Sufficient Liquidity

The Corporation will redeem the Class B Preferred Shares surrendered pursuant to the retraction privileges set out in s. 3.6.1 only if the Corporation has sufficient liquidity (as determined by the board of directors of the Corporation in its sole discretion) to fund the redemption of the Class B Preferred Shares. If the Corporation has insufficient liquidity to redeem such shares, the retraction rights of the holders of Class B Preferred Shares set out in Section 3.6.1 shall survive until such liquidity (as determined by the board of directors of the Corporation in its sole discretion) is available to redeem these shares and be effected in accordance with Section 3.6.6.

So long as the board of directors of the Corporation has acted in good faith in making any of the determinations referred to above as to the sufficiency of the liquidity of the Corporation to fund the redemption of the Class B Preferred Shares which the Corporation is required to redeem, neither the Corporation nor the directors shall have any liability whatsoever in the event that any such determination proves to be inaccurate.

3.6.3 Retraction Procedure

The Corporation shall send a written notice to the registered holders of Class B Preferred Shares describing Brookfield's sale of the common shares of the Corporation to a Person other than an affiliate of Brookfield in excess of the threshold amounts set out in Section 3.6.1 within [10] days of the sale, describing the holder's retraction privilege, setting forth the dates specified for tender and for redemption pursuant thereto, indicating the amount of common shares of the Corporation sold by Brookfield, the percentage of such common shares in the total amount of common shares of the Corporation originally held by Brookfield and the amount of Class B Preferred Shares such holder is entitled to require the Corporation to redeem pursuant to section 3.6.1. The Corporation shall send such written notice by prepaid first class mail or deliver to each Person who at the date of mailing or delivery is a holder of Class B Preferred Shares.

In order to elect to require the Corporation to redeem Class B Preferred Shares pursuant to the retraction privilege provided in section 3.6.1, a holder of Class B Preferred Shares must tender to the Corporation, at its registered office, the certificate or certificates representing the Class B Preferred Shares which the holder desires the Corporation to redeem, together with a written request (the "**Retraction Notice**") specifying that the holder desires to have a specified number of shares represented by such certificate or certificates redeemed by the Corporation.

The tender of the certificate or certificates by a holder of Class B Preferred Shares pursuant to this section 3.6.3 shall be irrevocable unless payment of the Class B Preferred Shares Retraction Price (as defined below) shall not be duly made by the Corporation to the holder on or before the Retraction Payment Date (as defined below). In the event that payment of the Class B Preferred Share

Retraction Price is not made by the Corporation on or before the Retraction Payment Date, the Corporation shall forthwith thereafter return the holder's deposited share certificate or certificates to the holder. If a holder of Class B Preferred Shares tenders for redemption pursuant to the above retraction privilege only a part of the Class B Preferred Shares represented by any certificate or certificates, the Corporation shall issue and deliver to such holder, at the expense of the Corporation, a new certificate representing the Class B Preferred Shares which are not being tendered for redemption.

From and after the Retraction Payment Date, the Class B Preferred Shares so redeemed shall cease to be entitled to (i) participation in any distribution of the assets of the Corporation and (ii) the dividends of 4.7% per annum, and the holders thereof shall not be entitled to exercise any of the other rights of shareholders in respect thereof unless payment of the Class B Preferred Share Retraction Price shall not be made on the Retraction Payment Date, in which event the rights of such holders shall remain unaffected.

3.6.4 Class B Preferred Share Retraction Price

Retraction payments for Class B Preferred Shares will be made within (10)[ten] days of the date on which the Retraction Notice is tendered in accordance with the terms set out in section 3.6.3 (a "**Retraction Payment Date**").

Subject to section 3.6.2, a holder who surrenders a Class B Preferred Share for retraction will receive on the Retraction Payment Date the amount (the "**Class B Preferred Share Retraction Price**") equal to the issue price of \$10 per Class B Preferred Share together with an amount equal to all dividends accrued and unpaid thereon up to (but not including) the Retraction Payment Date.

3.6.5 Retraction Subject to Applicable Law

If, as a result of (i) insolvency provisions, (ii) other provisions of applicable law, or (iii) the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking prior to the Class B Preferred Shares, the Corporation is not permitted to redeem all of the Class B Preferred Shares duly tendered pursuant to the above retraction privileges, then the Corporation shall redeem only the maximum number of Class B Preferred Shares (rounded to the next lower multiple of 1,000 shares) which the board of directors of the Corporation determines the Corporation is then permitted to redeem. Such redemption shall be made pro rata, disregarding fractions of shares, from each holder of tendered Class B Preferred Shares according to the number of Class B Preferred Shares tendered for redemption by each such holder and the Corporation shall issue and deliver to each such holder, at the expense of the Corporation, a new certificate representing the Class B Preferred Shares not redeemed by the Corporation (the "**Non-Redeemed Class B Preferred Shares**").

3.6.6 Partial Retraction

If, as a result of section 3.6.3 or 3.6.5, the Corporation fails to redeem all of the Class B Preferred Shares duly tendered pursuant to the retraction privileges, then the Corporation shall redeem on each subsequent Retraction Payment Date thereafter, from the Non-Redeemed Class B Preferred Shares tendered for redemption by the holders thereof in the same manner as set forth in section 3.5, the lesser of (i) the number of Class B Preferred Shares so tendered, and (ii) the number of Class B Preferred Shares (rounded to the next lower multiple of 1,000 shares and selected pro rata, disregarding fractions of shares, from each holder of tendered Class B Preferred Shares according to the number of Class B Preferred Shares tendered by each such holder) which the board of directors of the Corporation determines the

Corporation is then permitted to redeem. The Corporation shall provide notice to the holders of Class B Preferred Shares in respect of the redemptions provided for in this paragraph.

So long as the board of directors of the Corporation has acted in good faith in making any of the determinations referred to above as to the number of Class B Preferred Shares which the Corporation is permitted at any time to redeem, neither the Corporation nor the directors shall have any liability whatsoever in the event that any such determination proves to be inaccurate.

3.6.7 **Payment of Class B Preferred Share Retraction Price**

The Class B Preferred Share Retraction Price payable on any Retraction Payment Date shall be paid by cheque payable in lawful money of Canada to the order of each registered holder of the retracted Class B Preferred Shares and mailed by prepaid ordinary mail on the Retraction Payment Date to such registered holder at the address of such holder in the Corporation's securities register, unless the Corporation and such holder of Class B Preferred Shares agree to some other means for payment of the Class B Preferred Share Retraction Price to such holder. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the Class B Preferred Share Retraction Price to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

In the event of non-receipt of any cheque representing the Class B Preferred Share Retraction Price by the Person to whom it is sent as aforesaid, the Corporation shall issue to such Person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the directors of the Corporation may from time to time prescribe, whether generally or in any particular case.

3.7 **Participation Rights**

So long as Her Majesty the Queen in Right of the Province of New Brunswick, as represented by the Minister of Business New Brunswick ("**GNB**") holds at least 30% of the outstanding 3,852,500 Class B Preferred Shares, the Corporation agrees that each time that Brookfield (or its successor by way of amalgamation) or any of its affiliates, whether alone or with third parties, agrees to provide debt or equity financing for the Corporation, the terms of which are to be determined by the board of directors of the Corporation (the portion of any such financing to be provided by Brookfield or its affiliates being referred to herein as the "**Related Party Financing**"), GNB shall have the right to participate in the Related Party Financing on the same terms and conditions as Brookfield (or its successor by way of amalgamation), or its affiliate, as applicable, in an amount up to a maximum of 50% of the Related Party Financing as adjusted downward by multiplying 50% of the Related Party Financing amount by a fraction the numerator of which is the number of Class B Preferred Shares outstanding at the time of the Related Party Financing and the denominator of which is 3,852,500 Class B Preferred Shares (the "**Pro Rata Percentage**").

3.7.1 **Issuance Notice**

The Corporation, not less than 10 days prior to the anticipated issuance date shall deliver a notice by registered mail ("**Issuance Notice**") to GNB stating (i) its bona fide intention to offer common shares (or other securities) to Brookfield or any of its affiliates or to participate in any other form of financing by Brookfield or any of its affiliates, (ii) the price and material terms, if any, upon which it may offer the common shares (or other securities) to Brookfield or any of its affiliates, or upon which it will participate in any other form of financing by Brookfield or any of its affiliates and (iii) the period during

which such financing is intended to be completed (which period shall not extend beyond 60 Business Days from the date of such notice). Any such notice shall be validly and effectively given on the date on which it is sent.

3.7.2 **Purchase Notice**

By written notification ("**Purchase Notice**") received by the Corporation within five (5) Business Days after receipt of the Issuance Notice, GNB may elect to purchase, obtain or participate in, at the price and on the terms specified in the Issuance Notice, up to the Pro Rata Percentage of the Related Party Financing calculated as of the date of the Issuance Notice. The Purchase Notice shall set forth the exact amount of common shares (or other securities) that GNB wishes to purchase and shall constitute such holder's binding offer to purchase such common shares (or other securities), subject only to there being no material change to the terms of such financing that could reasonably be expected to be materially adverse to such holder. The failure of GNB to deliver a Purchase Notice within five (5) Business Days after receipt of the Issuance Notice shall be deemed to be a waiver of its right to participate in the offering of common shares (or other securities) described by such Issuance Notice. The closing of the sale of such common shares (or other securities) shall be held at the time and place as the parties shall agree.

3.8 **Voting Rights**

Except as required by law, the holders of the Class B Preferred Shares will not be entitled to notice of, to attend or to vote at meetings of the shareholders of the Corporation other than meetings of holders of the Class B Preferred Shares in which case the holders will be entitled to cast one vote for each Class B Preferred Share held.

3.9 **Dissolution, Liquidation or Winding-Up**

In the event of dissolution, liquidation or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class B Preferred Shares shall be entitled to receive an amount per Class B Preferred Share held equal to the Class B Preferred Share Redemption Price, the whole before any amount shall be paid by the Corporation or any assets by the Corporation shall be distributed to holders of Class A Preferred Shares, the common shares or any shares of any other class of shares of the Corporation ranking junior to the Class B Preferred Shares. After payment to the holders of the Class B Preferred Shares of the amounts so payable to them, the holders shall not be entitled to share in any further distribution of the assets of the Corporation.

3.10 **Amendment**

The rights, privileges, restrictions and conditions attached to the Class B Preferred Shares may be added to, changed or removed by Articles of Amendment, but only with the approval of the holders of the Class B Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

3.11 **Approval of Holders of the Class B Preferred Shares**

The approval of the holders of the Class B Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Class B Preferred Shares as a class or in

respect of any other matter requiring the consent of the holders of the Class B Preferred Shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all of the holders of the Class B Preferred Shares or passed by the affirmative vote of at least 2/3 of the votes cast at a meeting of the holders of the Class B Preferred Shares.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders, or if not so prescribed, as required by the Act as in force at the time of the meeting. On every poll taken at every meeting of the holders of the Class B Preferred Shares as a class, each holder of Class B Preferred Shares entitled to vote thereat shall have one vote in respect of each Class B Preferred Share held.

3.12 Restricted Transactions

So long as GNB holds at least 30% of the 3,852,500 Class B Preferred Shares of the Corporation, the Corporation shall not at any time, without the prior written approval of GNB given as hereinafter specified:

- (a) call for redemption, redeem, purchase, otherwise pay off or retire for value, or make any capital distribution in respect of any shares ranking junior to the Class B Preferred Shares; or
- (b) declare, pay or set apart for payment any dividends on or distribution in respect of any shares of the Corporation ranking junior to the Class B Preferred Shares (other than dividends payable in shares of the Corporation ranking as to capital and dividends junior to Class B Preferred Shares),

unless, in each such case, (i) all accumulated and unpaid dividends on the Class B Preferred Shares and on all other shares of the Corporation ranking as to dividends prior to or on a parity with the Class B Preferred Shares which have accrued up to and including the dividends payable on the immediately preceding date or dates for the payment of such dividends thereon shall have been declared and paid or set apart for payment, respectively and (ii) the Corporation is not otherwise in default under the rights, privileges, restrictions and conditions attached to the Class B Preferred Shares set out herein or any other shares of the Corporation ranking as to capital or dividends prior to or on a parity with the Class B Preferred Shares.

3.13 Board Approval

So long as s GNB holds at least 30% of the 3,852,500 Class B Preferred Shares of the Corporation, the Corporation shall not, without the approval by simple majority of the board of directors of the Corporation do any of the following:

- (a) repay loans or pay interest to shareholders of the Corporation;
- (b) repay any inter-company loans, other than (i) upon the specified maturity thereof, or (ii) otherwise in the normal course of business;
- (c) make, directly or indirectly, any loans to or investments in third parties, other than in the normal course of business or in conjunction with any acquisition;

- (d) provide a guarantee to any third party, other than in the normal course of business; or
- (e) enter into transactions outside the normal course of business between the Corporation and any affiliates of the Corporation that are not on terms that are less favourable to the Corporation than terms that would be available to the Corporation in the same transaction with a person dealing with the Corporation at arm's length

3.14 Restricted Issuance of Class B Preferred Shares

So long as GNB holds at least 30% of the 3,852,500 Class B Preferred Shares of the Corporation, the Corporation shall not at any time, without the prior written consent of GNB, issue any Class B Preferred Shares to any Person other than GNB.

3.15 Affirmative Covenants

So long as GNB holds at least 30% of the 3,852,500 Class B Preferred Shares of the Corporation, the Corporation shall comply with the following affirmative covenants except where, in the case of Sections 3.15.1, 3.15.2, 3.15.3 and 3.15.5, a failure to do so would not in the aggregate be reasonably likely to cause or result in a change having a material adverse effect on the business, assets, liabilities, operations, results of operations or condition (financial or other) of the Corporation or the ability of the Corporation to carry on its business.

3.15.1 Insurance

The Corporation shall maintain or shall cause to be maintained insurance policies on its property and assets located in the Province of New Brunswick with financially sound and reputable insurance companies or associations in amounts and against risks that the Corporation determines to be appropriate and commercially prudent in the circumstances, given the Corporation's business and common industry practice. The Corporation shall provide GNB with an annual confirmation of insurance maintained pursuant to this section.

3.15.2 Maintenance of Property

The Corporation shall keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted. The Corporation shall manage and operate its business or cause its business to be managed and operated in accordance with prudent industry practice in all material respects and in compliance in all material respects with the terms and provisions of all applicable licenses, leases, contracts and agreements.

3.15.3 Environmental Compliance

The Corporation shall comply with all material environmental statutes, regulations or by-laws applicable to the Corporation except to the extent that any non-compliance would not in the aggregate reasonably be expected to have a material adverse effect on the business, assets, liabilities, operations, results of operations or condition (financial or other) of the Corporation or the ability of the Corporation to carry on its business.

3.15.4 Taxes

The Corporation shall pay or discharge, or cause to be paid or discharged, as and when due, before the same will become delinquent, all taxes, including property taxes, rates and public charges, imposed upon it or upon its income or profits or in respect of its business, property or assets that are lawfully assessed and levied against the Corporation, and file all tax returns in respect thereof. However, the Corporation may contest in good faith any such taxes, assessments and other charges and in such event may permit such taxes, assessments and charges so contested to remain unpaid during any period, including appeals, when the Corporation is in good faith contesting the same.

3.15.5 Books and Records

The Corporation shall maintain adequate books and records with respect to its business activities in which the entries reflecting all financial transactions are made in accordance with GAAP, will maintain at all times a system of accounting established and administered in accordance with GAAP and ensure that all financial statements prepared by the Corporation are accurate, complete in all material respects and are in accordance with GAAP.

3.15.6 Board Minutes

The Corporation shall make available to GNB, promptly upon request of such shareholders but upon reasonable notice and during normal business hours of operation, at such shareholder's expense, the copies of the minutes of the board of directors of the Corporation.

3.15.7 Board Meetings

So long as GNB holds at least 385,250 Class B Preferred Shares, GNB shall be permitted to designate a representative to attend the meetings of the board of directors of the Corporation as an observer.

3.16 Reporting Requirements

The Corporation shall provide GNB with the following information, so long as GNB holds at least 30% of the 3,852,500 Class B Preferred Shares of the Corporation and subject to GNB entering into a confidentiality and non-disclosure agreement in the form acceptable to the Corporation in relation to the information described below (other than the information that GNB, as a shareholder, is entitled to receive from the Corporation under the Act).

3.16.1 Annual Reports

As soon as available and in any event within 90 days after the end of each fiscal year, the Corporation shall provide GNB with the annual audited financial statements of the Corporation prepared on a consolidated basis.

3.16.2 Annual Budget and Forecast

The Corporation shall provide GNB with the following: (i) for each fiscal year prior to the end of the preceding fiscal year, an [annual] budget for operating results and cash flows [on a

monthly basis], (ii) an annual capital expenditure budget, and (iii) an annual forecast relating to capital asset dispositions and encumbrances.

3.16.3 Quarterly Reports

As soon as available and in any event within 90 days of the end of each fiscal quarter, the Corporation shall provide GNB with the quarterly audited financial statements of the Corporation prepared on a consolidated basis.

3.16.4 Quarterly Reconciliation

As soon as available and in any event within [90] days of the end of each fiscal quarter, the Corporation shall provide GNB with a reconciliation of the quarterly financial results to the budget.

3.16.5 Management Letters

The Corporation shall provide GNB with a copy of any management letter issued by the Corporation's auditors and the Corporation's comments thereon as soon as available and in any event within [10] days of receipt of such letter.

3.16.6 Summary of Outstanding Legal Claims

The Corporation shall provide GNB with an annual statement summarizing the status of material legal claims outstanding against the Corporation (as at the end of the fiscal year) within [90] days of the end of such fiscal year.

3.16.7 Business Updates

The Corporation shall provide GNB with quarterly updates on the business of the Corporation as reasonably requested in writing by GNB.

3.16.8 Books and Records of Subsidiaries

The Corporation shall make available to GNB, promptly upon reasonable written request and at the expense of such shareholders but upon reasonable notice and during normal business hours of operation, copies of books and records of all subsidiaries of the Corporation.

ARTICLE 4 COMMON SHARES

The holders of the common shares shall be entitled to vote at all meetings of shareholders of the Corporation except meetings at which only the holders of the Class A Preferred Shares or Class B Preferred Shares as a class or the holders of one or more series of the Class A Preferred Shares or Class B Preferred Shares are entitled to vote, and shall be entitled to one vote at all such meetings in respect of each common share held.

After payment to the holders of the Class A Preferred Shares and Class B Preferred Shares of the amount or amounts to which they may be entitled, the holders of the common shares shall

- 16 -

be entitled to receive any dividend declared by the board of directors of the Corporation and to receive the remaining property of the Corporation upon dissolution.

EXHIBIT “DD”

Memorandum of Agreement

March 29, 2010

WHEREAS the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) AFL-CIO (the "Union") and Fraser Papers Limited (the "Employer") are parties to a Collective Bargaining Agreement (the "CBA");

WHEREAS an asset purchase agreement involving a sale of assets to a purchaser ("Newco") was approved by the Ontario Court on December 10, 2009, in the ongoing insolvency proceedings relating to the Employer (the "APA");

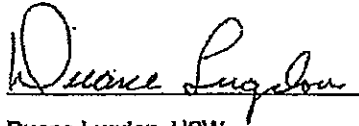
WHEREAS Newco and the Union have negotiated a revised Collective Bargaining Agreement ("Revised CBA") which will apply upon the closing of the transaction which is the subject of the APA;

AND WHEREAS, the Revised CBA does not obligate Newco to sponsor or maintain the Pension Plan for Eligible Employees of Fraser Papers Limited (the "Plan");

NOW THEREFORE THE parties agree that upon the closing of the transaction set out in the APA as follows:

1. Consistent with the Revised CBA, the Union agrees that Newco shall have no obligation to fund or pay pension benefits under the Plan notwithstanding any contrary provision of the CBA.
2. Consistent with the Revised CBA, and without modifying any obligation of the Employer arising under the CBA prior to the closing of the transaction, the Union agrees that no arbitrator or any other decision maker or regulatory body will have jurisdiction to entertain any grievance or application or proceeding filed by the Union, pensioners or employees, against Newco or any affiliate of Newco with respect to the Plan. The Union will not take a position adverse to the Employer and/or Newco with respect to any action of the Pension Benefits Guaranty Corporation ("PBGC") or any other regulator or administrative body with respect to the Plan. Nothing herein shall limit the ability of the Union to assist any Plan participant, or group of Plan participants, in an administrative appeal of benefit calculations brought with the PBGC following the termination of the Plan.
3. This Memorandum of Agreement will be filed with the Ontario Superior Court of Justice and the United States Bankruptcy Court for the District of Delaware in connection with final approval of the APA transaction and will become effective immediately upon the closing of the APA transaction. Upon the closing of the APA sale transaction, Newco will immediately assume the Revised CBA. If, for any reason, the Court does not grant final approval of the APA or the APA sale transaction does not close, the Union's obligations under this Memorandum of Agreement shall be voided.

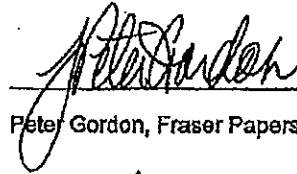
-2-



Duane Lugdon, USW

3/29/10

Date



Peter Gordon, Fraser Papers Limited

March 29, 2010

Date



Bill Peterson, Newco

March 29, 2010

Date

MOA, MARCH 29, 2010, Pg. 2 of 2

EXHIBIT “EE”

Memorandum of Agreement

March 29, 2010

WHEREAS the Office & Professionals Employees International Union, A.F.L. – C.I.O. (the "Union") and Fraser Papers Limited (the "Employer") are parties to a Collective Bargaining Agreement (the "CBA");

WHEREAS an asset purchase agreement involving a sale of assets to a purchaser ("Newco") was approved by the Ontario Court on December 10, 2009, in the ongoing insolvency proceedings relating to the Employer (the "APA");

WHEREAS Newco and the Union have negotiated a revised Collective Bargaining Agreement ("Revised CBA") which will apply upon the closing of the transaction which is the subject of the APA;

AND WHEREAS, the Revised CBA does not obligate Newco to sponsor or maintain the Pension Plan for Eligible Employees of Fraser Papers Limited (the "Plan");

NOW THEREFORE THE parties agree that upon the closing of the transaction set out in the APA as follows:

1. Consistent with the Revised CBA, the Union agrees that Newco shall have no obligation to fund or pay pension benefits under the Plan notwithstanding any contrary provision of the CBA .
2. Consistent with the Revised CBA, and without modifying any obligation of the Employer arising under the CBA prior to the closing of the transaction, the Union agrees that no arbitrator or any other decision maker or regulatory body will have jurisdiction to entertain any grievance or application or proceeding filed by the Union, pensioners or employees, against Newco or any affiliate of Newco with respect to the Plan. The Union will not take a position adverse to the Employer and/or Newco with respect to any action of the Pension Benefits Guaranty Corporation ("PBGC") or any other regulator or administrative body with respect to the Plan. Nothing herein shall limit the ability of the Union to assist any Plan participant, or group of Plan participants, in an administrative appeal of benefit calculations brought with the PBGC following the termination of the Plan.
3. This Memorandum of Agreement will be filed with the Ontario Superior Court of Justice and the United States Bankruptcy Court for the District of Delaware in connection with final approval of the APA transaction and will become effective immediately upon the closing of the APA transaction. Upon the closing of the APA sale transaction, Newco will immediately assume the Revised CBA. If, for any reason, the Court does not grant final approval of the APA or the APA sale transaction does not close, the Union's obligations under this Memorandum of Agreement shall be voided.

- 2 -


OPEIU
3/30/10
Date


Peter Gordon, Fraser Papers Limited
3/30/10
Date


Bill Peterson, Newco
March 29, 2010
Date

EXHIBIT “FF”

Court File No. CV-09-8241-00CL

**FRASER PAPERS INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER
TIMBER LTD., FRASER PAPERS LIMITED,
FRASER N.H. LLC**

**MONITOR'S EIGHTH REPORT TO THE COURT
February 2, 2010**

Court File No. CV-09-8241-00CL

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT WITH
RESPECT TO FRASER PAPERS INC., FPS CANADA INC., FRASER PAPER HOLDINGS
INC., FRASER TIMBER LTD., FRASER PAPERS LIMITED, FRASER N.H. LLC

Applicants

EIGHTH REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS MONITOR
OF THE APPLICANTS

INTRODUCTION

1. The purpose of this, the Monitor's eighth report (the "**Eighth Report**"), is to provide the Court with information pertaining to:
 - a) The Bid Process in respect of the sale of the Specialty Papers Business ("SPB");
and
 - b) An offer to purchase the Thurso mill.
2. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. Dollars. Capitalized terms used herein not otherwise defined are as defined in the Initial Order, the Bid Process Order, the Monitor's seven prior reports, in the affidavit of J. Peter Gordon sworn December 3, 2009 (the "**December Gordon Affidavit**").
3. The Monitor has based this report, in part, on information it has obtained from the Applicants but has not audited, reviewed, or otherwise attempted to verify the accuracy

or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Report.

A. SPECIALTY PAPERS BUSINESS BID PROCESS

4. The Bid Process for the SPB was approved by this Honourable Court by Order dated December 10, 2009 (the "Bid Process Order").
5. In accordance with the terms of the Bid Process Order, the Monitor, with the assistance of the Applicants, has solicited the market to obtain offers to purchase, on a going concern basis, the SPB as set out in Schedule A of the Bid Process Order. A summary of the activities conducted by the Monitor is set out below.
6. The Monitor prepared a list of potential strategic and financial buyers (the "Prospective Purchasers") for the SPB. This list was prepared based on several sources including:
 - a) pulp and paper industry and packaging industry association membership listings;
 - b) analyst reports and research reports on the pulp, paper and packaging sectors;
 - c) a listing of potential buyers provided by the Applicants consisting of competitors, customers, suppliers and financial buyers;
 - d) buyer lists from prior sales processes that were conducted by the Monitor in the pulp and paper industry; and
 - e) industry research conducted by the Monitor including research to identify financial buyers with a focus on operational turnaround/distressed situations and/or current or historical investments in the forestry or paper sectors.
7. The initial buyer list was completed on December 10, 2009 and consisted of 101 Prospective Purchasers, including 53 strategic buyers and 48 financial buyers.

8. Immediately after the approval of the Bid Process by this Honourable Court on December 10, 2009, the Monitor began contacting Prospective Purchasers by telephone. Information regarding the Bid Process and the Bid Process Order was posted on the Applicants' website and the Monitor's website.
9. The Bid Process and a description of the opportunity to acquire the SPB was also mentioned in several newswire, print and electronic media sources including Bloomberg, The Globe and Mail, Pulp and Paper Canada and RISI. We attach as Exhibit 1, a listing of several relevant media releases describing the Bid Process.
10. In accordance with the Bid Process Order, commencing Monday, December 14, 2009, an introductory "teaser" letter, which had been prepared by the Applicants with input from the Monitor, was sent to Prospective Purchasers and posted on the Applicants' web site. We attach a copy of the teaser letter as Exhibit 2.
11. Additionally, on December 15, 2009, the Monitor sent an email communication to the 900 members of its global corporate finance practice. The email included the teaser letter and an outline of the Bid Process and requested that recipients contact the Monitor with the names and contact details of any additional potential interested parties.
12. As a result of the email communication by the Monitor to its global corporate finance practice and the electronic and print media outlining the opportunity to acquire the SPB, the Monitor either identified or was contacted by an additional 32 Prospective Purchasers including 14 strategic purchasers and 18 financial purchasers.
13. By close of business on December 15, 2009, the Monitor had contacted 93 Prospective Purchasers and had distributed 60 Teaser Letters. The Monitor had also distributed 60 Confidentiality Agreements ("CA"), the execution of which was a prerequisite to any Prospective Purchaser commencing its due diligence.

14. All parties that signed the CA were then provided with the following:
- a) a Confidential Information Memorandum ("CIM") providing in-depth information on the SPB, its operations and financial results which had been prepared by the Applicants, with input from the Monitor. The CIM placed a particular focus on the operational improvements and restructuring initiatives that are being implemented for the SPB and are expected to significantly improve profitability. The CIM also outlined the Sale Agreement (being the Sale Agreement with BAM) and the Bid Process;
 - b) an opportunity to attend a webcast management presentation ("Management Presentation"), which was held at 11:00am EST on December 21, 2009. The Management Presentation provided further detail on the SPB's business plan and was presented by Mr. Jeff Dutton, President and Chief Operating Officer, together with input from Mr. Jim Gehrman, Vice President of Sales, Mr. Matt Nightingale, Vice President of Marketing and Mr. Wayne Johnson, Corporate Controller. The webcast was recorded and subsequently made available to all Prospective Purchasers that executed a CA and were not able to attend the December 21, 2009 presentation. The Management Presentation required viewers to submit questions by email to the Monitor and did not permit an interactive dialogue between the Applicants and the Prospective Purchasers that were viewing the presentation live. Consequently, Potential Purchasers that subsequently listened to the webcast recording were not disadvantaged in comparison to the Prospective Purchasers that participated in the live presentation; and
 - c) access to an electronic data room (the "Data Room"), which consisted of detailed financial, operational, human resources, legal, customer and supplier information to assist Prospective Purchasers in analyzing the SPB and determining if they would submit an LOI. The Data Room also contained the Sale Agreement together with all Schedules. All Prospective Purchasers that executed a CA were

informed in writing that they could access the Data Room upon submission to the Monitor of the name, phone number and email address for those individuals requesting Data Room access. For Prospective Purchasers that had executed the CA but had not requested Data Room access, the Monitor either telephoned or communicated by email to provide them with a second notice that they could access the Data Room. The Data Room was opened to Prospective Purchasers on December 22, 2009.

15. In summary, during the Bid Process, the Monitor contacted a total of 133 Prospective Purchasers including 67 strategic purchasers and 66 financial purchasers. The Monitor contacted each Prospective Purchaser at least three times during the Bid Process by either telephone call or email unless the Prospective Purchaser declined the opportunity on a previous contact. The Monitor distributed 113 Teaser Letters and CAs to 52 strategic purchasers and 61 financial purchasers. Of the Prospective Purchasers contacted, 19 executed the CA and received the CIM and had the opportunity to access the Management Presentation and Data Room.
16. On January 14 and 15, 2010, the Monitor contacted all Prospective Purchasers that had executed the CA, other than those that had already informed the Monitor that they declined to submit an LOI. The Monitor reminded each of the remaining Prospective Purchasers of the January 22, 2010 bid deadline and enquired if they had any requests for additional information or questions pertaining to the SPB or Bid Process. For the Prospective Purchasers that had accessed the Data Room, the Monitor offered to arrange a conference call with the management of the SPB to address any due diligence questions.
17. On January 14, 2010, the Monitor arranged and facilitated a conference call with one Prospective Purchaser (the "Interested Party") and Mr. Jeff Dutton and Mr. Wayne Johnson to answer the Prospective Purchaser's due diligence questions.

18. By January 21, 2010, of the 19 Prospective Purchasers that had executed a CA, 18 had declined to submit an LOI. While not all parties explained their rationale for not submitting an LOI, the reasons that were provided are summarized below:
 - a) The purchase price reflected in the Sale Agreement was in excess of the fair value of the SPB in the opinion of several Prospective Purchasers;
 - b) Potential synergies between the SPB and certain Prospective Purchasers were less than initially anticipated due to minimal customer overlap and geographic synergies;
 - c) A lack of strategic fit between the SPB and certain Prospective Purchasers that are more focused on commodity paper grades; and
 - d) Concerns regarding the economic attractiveness of the paper sector in general, and the SPB's competitive positioning in the industry.
19. Prior to the bid deadline, on January 22, 2010 at 12:00pm EST, the "Interested Party indicated to the Monitor that they were considering submitting an LOI but would not be able to meet the bid deadline. The Monitor consulted with the Applicants and jointly concluded that it was in the best interest of the creditors to extend the bid deadline to provide the Interested Party with an opportunity to submit an LOI. By Endorsement of Justice Pepall dated December 10, 2009, the Bid Process could be extended by the Monitor for up to a two week period if facts and circumstances required modification to the terms or timelines of the bid process.
20. The Monitor contacted the Interested Party on January 22, 2010 and, after consultation with the Applicants, it was agreed that the bid deadline would be extended until January 26, 2010 at 9:00pm EST. From January 22, 2010 until January 26, 2010, the Interested Party had several due diligence questions, which, to the knowledge of the Monitor, were responded to. On January 26, 2010, the Interested Party contacted the Monitor to

indicate that it had decided to not submit an LOI, as it concluded that the proposed consideration in the Sale Agreement was in excess of its view of the fair value of the SPB.

21. While the time-frame of the Bid Process was condensed, particularly given the Christmas vacation period, the Monitor received the full cooperation of the Applicants during the Bid Process, including over the holiday period. Within three business days of receiving the Bid Process Order, the Monitor had contacted 93 Prospective Purchasers and had distributed 60 Teaser Letters and CAs. The Monitor and Applicants were available throughout the Bid Process to respond to Prospective Purchasers and the Monitor continued to solicit the market during the holiday period. The Monitor also notes that from commencement of the CCAA proceedings on June 18, 2009 to approval of the Bid Process on December 10, 2009, the Monitor did not receive any serious expressions of interest to invest in or acquire the Applicants or the SPB and, to the knowledge of the Monitor, neither had the Applicants.
22. It is the opinion of the Monitor that the market has been fully canvassed and that it is unlikely that any further marketing would generate an offer superior to the Sale Agreement. To the best of its knowledge, the Monitor believes that all requests for additional information made through the Monitor by Prospective Purchasers were satisfied. Other than for the Interested Party for which the Bid Process was extended, to the best of its knowledge, the Monitor is unaware of any Prospective Purchaser that either requested an extension to the Bid Process or indicated to the Monitor that the time-frame of the Bid Process was unreasonable.
23. The Monitor notes that as no LOIs were received by the bid deadline, as extended, the Applicants, in consultation with the Monitor, have terminated the Bid Process in accordance with the Bid Process Order. The Monitor understands that the Applicants now are working towards satisfying the conditions precedent in the Sale Agreement. If all the conditions precedent are satisfied, the Monitor understands the Applicants will

then appear before this Honourable Court to seek to have the Sale Agreement with BAM and the transaction pursuant thereto approved, and the Monitor will provide a further report to this Honourable Court at that time..

B. OFFER ON THE THURSO MILL

24. As set out in the Monitor's Sixth Report, the Residual Assets were not going to be actively marketed in the period from December 2009 until the SPB Bid Process was complete.
25. The Residual Assets include a pulp mill located in Thurso, Quebec (the "Thurso Mill"), which has been closed since June 2009, due to market conditions. The Applicants had been working on a business plan, which would have seen the mill re-started and a co-generation plant built on the site and, in this respect, had secured an expression of interest from the Quebec government to provide new funding. Any future commitment for funding is subject to obtaining a strategic equity investor to invest in the Thurso Mill on terms acceptable to the Quebec government. The Applicants had contacted a number of third parties in this respect, but no such strategic equity investors had been found.
26. In late December, the Monitor was approached by a third party (the "Third Party") who expressed an interest in purchasing the Thurso Mill. Discussions between the Applicants and the Third Party were held during late December and early January, which appeared promising.
27. As a result of this interest, the Applicants decided, in conjunction with the Monitor, that the Thurso Mill should be actively marketed to Potential Purchasers to ensure the Thurso Mill had been exposed to the market.
28. Accordingly, in conjunction with the Applicants and including prior activities by the Thurso Mill management to obtain a strategic equity investor, the Monitor created a list of 36 potential purchasers for the Thurso Mill ("Thurso Potential Purchasers"). The Thurso Potential Purchasers included wood product companies, pulp and paper

companies, energy companies and financial buyers. The Thurso Potential Purchasers were contacted by telephone and email by the Monitor and provided with an email summarizing the opportunity to either invest in, or acquire the Thurso Mill along with a confidentiality agreement. Those parties that executed the confidentiality agreement were provided with a copy of the Thurso Mill's detailed business plan which also contained detailed financial projections.

29. However, to date, no expressions of interest have been received as a result of this marketing process.
30. During this period, additional discussions were held between the Applicants, the Quebec Government and the Third Party, which culminated with a letter of intent to acquire the Thurso Mill being received from the Third Party (the "Thurso LOI") on January 22, 2010. The Thurso LOI has been subsequently negotiated by the Applicants and the Third Party, which culminated with an amended Thurso LOI being signed by both the Applicants and the Third Party on February 1, 2010.
31. The Thurso LOI is conditional and subject to confidentiality restrictions pending completion of the Third Party's due diligence activities and, hence, the Monitor has not summarized the terms of the Thurso LOI in this report.
32. The Applicants and the Third Party have until March 5, 2010 to enter into a definitive agreement of purchase and sale. During this period of time, the Third Party has exclusivity with respect to the Thurso Mill and the Applicants may not continue to market or solicit offers to purchase the Thurso Mill. If a definitive agreement is reached, the Applicants will then appear before this Honourable Court to seek to have the definitive agreement and the transaction pursuant thereto approved and the Monitor will provide a further report to this Honourable Court at that time.

The Monitor respectfully submits to the Court this, its Eighth Report.

Dated at Toronto, this 2nd day of February, 2010.

PricewaterhouseCoopers Inc.
in its capacity as Monitor of
Fraser Papers Inc. et al

A handwritten signature in black ink that reads "John McKenna". The signature is written in a cursive, slightly slanted style.

John McKenna
Senior Vice President

Exhibit 1 – Bid Process Media Releases:

- bloomberg.com
 - <http://www.bloomberg.com/apps/news?pid=20601082&sid=aISn7luV4CdM>
- Papermoney [pulp & paper industry website]
 - <http://www.globalpapermoney.org/news.php?viewStory=4165>
- Pulp and Paper Canada
 - <http://www.pulpandpapercanada.com/issues/Search.asp?ntkws=t>
- Lesprom [Russian wood industry website]
 - <http://wood.lesprom.com/news/42203/>
- Marketwire
 - <http://www.marketwire.com/press-release/Fraser-Papers-Receives-Approval-for-Restructuring-Proposal-1089482.htm>
- RISI [leading information provider for the global forest products industry]
 - <http://www.risiinfo.com/wood/news/Fraser-Paper-gains-approval-to-sell-mills.html>
- 680 News
 - <http://www.680news.com/business/article/6825--fraser-papers-wins-approval-for-restructuring-plan-first-phase-to-go-ahead>
- Earthtimes [PR website]
 - <http://www.earthtimes.org/articles/show/fraser-papers-receives-approval-for-restructuring-proposal,1085474.shtml>
- Globeandmail
 - http://www.globeinvestor.com/servlet/story/CCNM.20091203.572403_1/GIStory
- Trading Markets [traders website]
 - <http://www.tradingmarkets.com/.site/news/Stock%20News/2699871/>
- News Blaze [news agency]
 - <http://newsblaze.com/story/2009120318340200001.cc/topstory.html>
- FinanzNachrichten [German news source]
 - <http://www.finanznachrichten.de/nachrichten-2009-12/15627509-brief-fraser-papers-files-restructuring-proposal-020.htm>

FORWARD-LOOKING INFORMATION

The attached information document contains forward-looking information and statements about the specialty papers business (the "Business") operated by Fraser Papers Inc. (together with its subsidiaries ("the Company") relating, but not limited to: anticipated or prospective financial performance; results of operations; future investment in the Business; projected or anticipated cost savings, the operating platform of the Business; manufacturing capacity, energy reduction initiatives; expectations of the results of the modernization of the Plaster Rock lumbermill; the expected impact of economic events on financial results in the future; and the certain details about the process of selling the Business.

Forward-looking information typically contains statements with words such as "potential", "proposed", "providing", "estimate", "long-term", "continue", "can", "future", "expected", "will", "are to be", and similar words, or variations of those words that suggest future outcomes. In addition, forward-looking statements may reflect the outlook on future changes in production volumes, prices, costs, estimated amounts and timing of cash flows of the Business, or other expectations or beliefs, objectives or assumptions about future events or performance. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

Factors that could cause actual results, manufacturing, investments, cost savings, or the process of selling the business to differ materially from those set forth in the forward-looking statements include: the completion of proposed changes to energy markets in New Brunswick, unforeseen production issues, reduced demand or lower selling prices for the Business's products, increases in production and manufacturing costs, changes in the value of the Canadian dollar relative to the United States dollar, unforeseen administrative or legal issues associated with Government sponsored programs, unforeseen and unknown future changes in environmental regulation, future operating strategies of the Business, unforeseen inability to meet the conditions of certain Government programs; the market position and operating strategies of the competitors of the Business; the impact of previous and future orders made by courts in Canada and the United States under the Company's court supervised restructuring; various and general economic conditions; other risks detailed from time to time in the documents filed by the Company with the securities regulators in Canada and with commercial courts in Canada and the United States.

In addition, the Company and its subsidiaries are currently operating under creditor protection laws in Canada and the United States. Many of the Company's plans are subject to the review of commercial courts in Canada and the United States. The Company cannot anticipate when such plans will be the subject of consideration by the commercial courts or, if they are, what impact that consideration will have on the plans or intentions of the Company.

The significant risks that impact the business and future performance of the Company and the Business are discussed in the Annual Report and other filings with Canadian securities regulatory authorities, as well as documents filed with the commercial courts in Canada and the United States. The Company cautions that the list of risks and factors discussed in those documents may not be exhaustive. Readers should consider those risks, as well as other uncertainties and factors and potential events. Although the Company believes it has reasonable basis for making the forward-looking statements included in this report, readers are cautioned not to place undue reliance on such forward-looking information.

Neither the Company nor the Business undertakes any obligation, except as required by law, to update publicly or otherwise revise any forward-looking information, whether as a result of new information, future events or otherwise.

SPECIALTY PAPERS INVESTMENT OPPORTUNITY

FraserPapers

Fraser Papers Inc. (the "Company") is selling its integrated specialty papers business (the "Specialty Papers Business") as part of a court supervised restructuring of the Company. The Specialty Papers Business manufactures and markets high-value, specialty lightweight printing and premium packaging papers from its manufacturing facilities in New Brunswick and Maine.

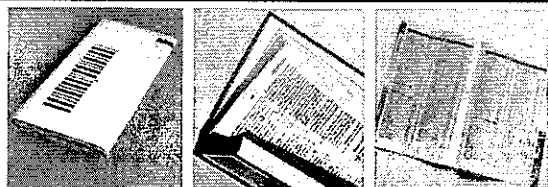
The Specialty Papers Business has the capacity to produce up to 380,000 tons of coated and uncoated groundwood and woodfree papers on five paper machines. Fibre security is achieved through the ownership of two lumbermills, long-term fibre supply agreements and Crown license tenures.

Business improvements through selected capital investments, product development initiatives and product and manufacturing consolidation are available to a potential purchaser of the Specialty Papers Business. In addition to an estimated \$8 million in potential electricity cost savings from the proposed sale of NB Power to Hydro Québec, the Specialty Papers Business is expected to benefit from cost reductions, in excess of \$30 million annually, as a result of a number of initiatives including:

- Approximately \$14 million labour cost savings through job reductions, many through attrition and retirement, and new collective agreements;
- Reduction in fibre costs of approximately \$6 million from new contracts and additional allocation of crown logs, chips and biomass in New Brunswick;
- C\$23 million funding from the Canadian Federal Government's Green Transformation Program for high-return capital projects in Edmundston, providing approximately \$7 million in long-term savings; and
- An estimated \$4 million benefit from the recent modernization project at the Plaster Rock lumbermill, which provides security of lower cost softwood chips.

Specialty Publishing Papers

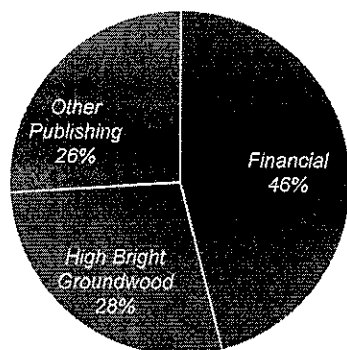
210,000 tons per year



Pharmaceutical

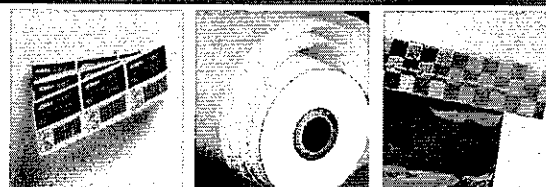
Bible

Financial



Technical Specialty Papers

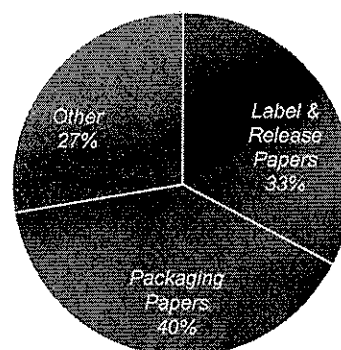
170,000 tons per year



Label

Thermal Papers

Pet Food Bags



SELECTED FINANCIAL INFORMATION (US\$ millions)

	2007	2008	Sept. YTD 2009	2010P	2011P	2012P
Revenue	438	435	293	417	424	426
Cost of Sales	480	455	305	397	395	395
EBITDA	(42)	(20)	(12)	20	29	31
Capital Investments ⁽¹⁾	15	20	6	3	5	10

(1) Capital investments exclude C\$15 million invested in 2009 to modernize the Plaster Rock lumbermill. 2010-2011 excludes proposed capital investments of C\$23 million funded through the Green Transformation Program

An integrated pulp and paper complex capable of producing up to 380,000 tons of specialty printing and packaging papers per year

Investment Highlights

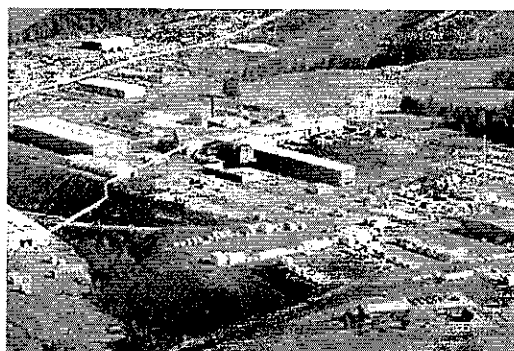
- Integrated pulp and paper complex situated in New Brunswick and Maine
- Broad manufacturing capabilities, certified ISO 9001:2000 and ISO 14001
- Track record of product development, replacing 22% of products per year
- Industry-recognized customer service and technical field representation
- Influential market share in a number of product segments
- Attractive industry dynamics as environmental trends continue to support the use of renewable resources
- Environmental certifications include SFI® fibre sourcing procurement and FSC chain of custody



Madawaska, Maine paper mill in the foreground and Edmundston, New Brunswick pulp mill in the background, connected by cross-border pipelines

The pulp and paper manufacturing complex benefits from fibre integration

- 26% of chip requirements can be met from two owned New Brunswick lumbermill operations with 270 MMfbm annual lumber capacity, located at Plaster Rock and Juniper, New Brunswick.
- SFI® fibre sourcing procurement certification at lumbermill operations
- Crown cutting rights up to 360,000 m³ and long-term fibre supply contracts
- Recently completed C\$17.6 million modernization project at Plaster Rock lumbermill



Plaster Rock, New Brunswick lumbermill

The pulp and paper manufacturing complex is powered by on-site biomass cogenerator

- Self-generates approximately 100% of its steam energy requirements at an on-site 38MW biomass cogeneration plant and pulp recovery boiler
- Future additional energy efficiency is expected from C\$23 million in capital projects funded under the Green Transformation Program



Juniper, New Brunswick lumbermill

SALE PROCESS OVERVIEW

On June 18, 2009, the Company and all its subsidiaries filed for protection from its creditors under the Companies' Creditors Arrangement Act ("CCAA"). PricewaterhouseCoopers Inc. has been appointed as monitor ("the Monitor") pursuant to the CCAA proceedings. For further information regarding the CCAA restructuring, sale process and timeline, please refer to www.pwc.com/ca/en/car/fraser-papers

A Confidential Information Memorandum and access to an electronic data room will be made available to interested parties that execute a confidentiality agreement.

Non-binding Letters of Intent are to be submitted to the Monitor on or before January 22, 2010.

All Requests for information should be made to the Monitor:

PricewaterhouseCoopers Inc.
Royal Trust Tower, TD Centre
Suite 3000, Box 82
Toronto, ON M5K 1G8

Eric Castonguay
Managing Director
416.815.5094

eric.castonguay@ca.pwc.com

Geoff Polon
Vice President
416.941.8342

g.polon@ca.pwc.com

Kate Hogan
Asst. Vice President
416.869.2459

kaitlin.e.hogan@ca.pwc.com

TAB “GG”

Industry Canada > Business Tools and Resources > Corporations Canada > Online Filing Centre

Federal Corporation Information

Glossary of Terms used on this page

Corporation Number

4248821

Business Number (BN)

854616604RC0002

Governing Legislation

Canada Business Corporations Act -
2004-06-30

Corporate Name

Fraser Papers Inc.
Papiers Fraser Inc.

Status

Active

Registered Office Address

181 BAY STREET, BROOKFIELD PLACE
SUITE 200, P.O. BOX 762
TORONTO ON M5J 2T3
Canada

Active CBCA corporations and cooperatives are required to update this information within 15 days of any change.

Directors

Minimum	Maximum
3	7

Directors

DOMINIC GAMMIERO
SAMUEL POLLOCK
PAUL GAGNÉ
ALDÉA LANDRY
J. GORDON

Email or fax Corporations Canada to obtain addresses of directors.

Active CBCA corporations and cooperatives are required to update this information within 15 days of any change.

Annual Filings

Anniversary Date (MM-DD)
06-30

Date of Last Annual Meeting
2009-04-29

Annual Filing Period (MM-DD)
06-30 - 08-29

Type of Corporation
Distributing corporation

Status of Annual Filings

2010 - Not due
2009 - Filed
2008 - Filed

Corporate History
Previous Name(s)

2004-06-30 4229401 Canada Inc.

Certificates Issued

Certificate of Amalgamation

2004-06-30 Corporations amalgamated:

- 4229401 4229401 CANADA INC.
- 4229428 4229428 CANADA INC.

Certificate of Amendment *

2009-05-01 Amendment details: Number of directors

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. Contact Corporations Canada for more information.

Date Modified: 2010-03-20

ТАВ “НН”

**MAINE**

Department of the Secretary of State

Bureau of Corporations, Elections and Commissions

Corporate Name Search

Information Summary

Subscriber activity report

This record contains information from the CEC database and is accurate as of: Mon Mar 22 2010 13:16:14. Please print or save for your records.

Legal Name	Charter Number	Filing Type	Status
FRASER TIMBER LIMITED	19800191 D	BUSINESS CORPORATION	GOOD STANDING

Filing Date	Expiration Date	Jurisdiction
08/13/1979	N/A	MAINE

Other Names (A=Assumed ; F=Former)

J. PAUL LEVESQUE & SONS, INC. F

Clerk/Registered Agent

DAVID J. CHAMPOUX
ONE MONUMENT SQUARE

PORTLAND, ME 04101

[Back to previous screen](#)[New Search](#)

Click on a link to obtain additional information.

[List of Filings](#)[View list of filings](#)

Obtain additional information:

[Additional Addresses](#)[Plain Copy](#)[Certified copy](#)[Certificate of Existence \(more info\)](#)

Short Form without amendments	Long Form with amendments
(\$30.00)	(\$30.00)

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC.,
FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LTD., FRASER PAPERS LIMITED and FRASER N.H. LLC

Court File No.: CV-09-8241-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF J. PETER GORDON
(Sworn March 30, 2010)

ThorntonGroutFinnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, ON M5K 1K7

Robert I. Thornton (LSUC# 24266B 1B)
D.J. Miller (LSUC# 34393P)

Tel: 416-304-1616

Fax: 416-304-1313

Lawyers for the Applicants