

Saint-Lambert, August 31<sup>st</sup>, 2009

Minas Basin Pulp and Power Company Limited.  
Att: Mr. Joe Lord; Vice-president  
53 Prince Street  
P.O. Box 401 Hantsport, Nova Scotia, Canada B0P 1P0

**Subject: Verification report for a Greenhouse-Gas Emissions (GHG) reductions report at Minas Basin Pulp and Power Company Limited.**

**Period:** From the years 2007 to 2008 inclusively.

Mr.Lord,

As per your request, we have conducted a Verification of the Greenhouse-Gas Emissions reductions report of Minas Basin Pulp and Power Company Limited for the years 2007 to 2008 inclusively.

The Verification mandate was conducted under ISO 14064-3 International Standard, entitled:  
*Specification with guidance for the validation and verification of greenhouse gas assertions (2006)*

We have deeply examined and corroborate the information included in the Greenhouse-Gas Emissions (GHG) reduction report that you will find enclosed to this letter. We asked the necessary questions and obtained satisfactory answers. Moreover, we visited the Company premises and could note Greenhouse Gas Emissions key elements.

The GHG reductions report indicates emissions reductions of 14463 tCO<sub>2</sub>e for the year 2007, 21398 tCO<sub>2</sub>e for the year 2008. Total reductions for the years 2007 and 2008 totalized 35 861 tCO<sub>2</sub>e.

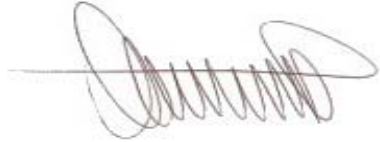
In our opinion; the GHG emission assertions presented in the quantification report dated August 24, 2009 which covers the period from January 1, 2007 to December 31, 2008 are fairly presented. Therefore, the quantification report:

- Is free of Material misstatements and it is an appropriate representation of the data and GHG information.
- Is prepared under the ISO 14064-2 standard: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements.
- Considering a low degree of uncertainty and taking into account the materiality paragraph included in our audit report, please refer to page 4 of 8.

# GDTS

Services Conseils (SPA) inc.

For further details, please consult an enclosed report thus the Greenhouse Gas Emissions (GHG) reductions quantification report dated August 24, 2009 prepared by the firm L2I Financial Solutions.



Roger Fournier CA  
GHG partner  
GDTS Services Conseils SPA Inc.

**Verification report of a Greenhouse-Gas Emissions reduction project  
MINAS BASIN PULP AND POWER COMPANY LIMITED.  
File # 080326**

**Attention to:**

Minas Basin Pulp and Power Company Limited.  
Att: Mr. Joe Lord; Vice-president  
53 Prince Street  
P.O. Box 401 Hantsport, Nova Scotia, Canada B0P 1P0

**Report drafted by:**

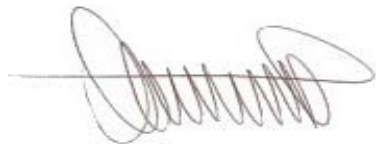


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Freddy Samuel, CGA  
GHG Verifier

August 31<sup>st</sup>, 2009

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Date

**Report reviewed by:**



.....  
Roger Fournier, CA  
GHG Partner  
GDTS Service Conseils (SPA) Inc.

August 31<sup>st</sup>, 2009

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Date

**Verification report of a Greenhouse-Gas Emissions reduction project  
MINAS BASIN PULP AND POWER COMPANY LIMITED.  
File # 080326**

**1. Verification objectives, scope, criteria, and Assurance level**

a) Verification objectives

The Verification steps followed on the documentation supporting the Greenhouse-Gas Emissions (GHG) declaration of Minas Basin Pulp and Power Company Limited thus the visit of the Company's premises held on May 12<sup>th</sup>, 2009 had the purpose of allowing GDTS to issue a verification report regarding the Greenhouse-Gas Emissions reduction project of Minas Basin Pulp and Power Company Limited and this with a reasonable assurance degree, as agreed with the client.

b) Scope:

Minas GHG project emissions reductions obtained through the change of some of its equipment used in its production process in order to reduce its energy consumption and increase production. Minas operates at 53 Prince Street, P.O. Box 401 Hantsport, Nova Scotia, Canada, B0P 1P0. The baseline scenario used in the quantification report is the intensity factor determined before the investments made by Minas with the purpose of improving its equipments efficiency and by consequence its energy consumption.

The main GHG sources for the project are oil and electricity consumption in paper production activities

Types of GHG: Carbon Dioxide CO<sub>2</sub>, Methane CH<sub>4</sub>, and Nitrous Oxide N<sub>2</sub>O

c) Criteria:

The verification mandate was conducted under ISO 14064-3 International Standard, entitled: *Specification with guidance for the validation and verification of greenhouse gas assertions (2006)*

The reader must be aware of the fact this report relates exclusively to the verification of a Greenhouse-Gas reduction project and not on project validation.

The verification report is formally presented on section 6.0. However, it remains important the entire verification report should be taken into account for the purpose of project decision making.

d) Assurance level:

Reasonable assurance degree, as agreed with the client.

**1.1 Client Engagement**

It is the client's responsibility to ensure the information stated in the GHG quantification report is free from material misstatements, whether due to fraud or error.

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**2. Verification team**

The team conducting the Verification was composed by:

-Roger Fournier CA, Internal peer reviewer

-Freddy Samuel CGA, Lead verifier

-Laurent Fournier, Verifier

**3. Information about the organization aimed by the Verification**

The GHG reductions report clearly defines the project description, project scenario, baseline scenario, GHG emissions sources, and the time frame covered by the project.

We did not considered necessary to provide to the intended users' report with full details of the information contained in this project. However, the reader will find below pertaining information useful for decision making.

3.1 Project

Minas is specialized in producing recycle paper. Until the year 2003, Minas was using two paper machines in its production.

Following to important investments with the purpose to improve the efficiency of the machine # 2, Minas decided to stop using the paper machine # 1 from the year 2003 on and concentrate its production only under one machine, machine #2.

Minas was able to undertake the changes thanks to the efforts made during the last years with the purpose to improve the efficiency of its machine # 2 and therefore increase the energy efficiency of its operations.

During the years following 2002, the annual production was higher under a single machine than from using two machines in 2002 and this is for the years 2007 and 2008.

The Minas project is an energy efficiency project.

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3.2 Baseline scenario

The baseline scenario used in the quantification report is the intensity factor determined before the investments were made by Minas with the purpose of improving its equipments efficiency and by consequence its energy consumption.

The intensity factor (GHG per metric ton of production) is calculated based on the 2002 year's energy-consuming equipments (Paper Machine No. 1 & No. 2) since the new equipment was operational in January 2003.

The intensity factor will be found by dividing the production (in tons) by the CO2e emissions of the different energy sources.

The updated year 2002 intensity factor, obtained due to updated emission rates values from official sites sources, is 1.19 tCO2e as opposed of 1.36 tCO2e disclosed on the verification report covering the period from January 2003 to December 2006. This revised 2002 baseline intensity factor will be compared with the intensity factor of each year from 2007 to 2008 inclusively.

3.3 Emission sources (Table drawn from the project)

**Table 3 - Emission sources comparison (metric ton of CO2e)**

<b>Baseline scenario</b>		<b>Project scenario</b>	
	<b>Emission factors -No project -</b>		<b>Emission factors -Project</b>
<b>BS 1: Cardboard recovery, sorting and transportation</b>	Related sources not modified by the project	<b>PS 1: Cardboard recovery, sorting and transportation</b>	Related sources not modified by the project
<b>BS 2 : Linerboard Production</b>	Quantified sources 2 BS1 et BS2  Oil : 3.124184 X 10 <sup>-3</sup> Elect. production: 3.5 X 10 <sup>-6</sup> Elect. consumption: 5.49 X 10 <sup>-4</sup>	<b>PS 2 : Linerboard Production</b>	Quantified sources <sup>3</sup> PS1 et PS2  Oil : 3.124184 X 10 <sup>-3</sup> Elect. prod.: 3.5 X 10 <sup>-6</sup> Elect. cons: 5.49 X 10 <sup>-4</sup>
<b>BS 3 : Transport of linerboard product</b>	Related sources not modified by the project	<b>PS 3 : Transport of linerboard product</b>	Related sources not modified by the project
<b>BS 4 : Consumer product production</b>		<b>PS 4 : Consumer product production</b>	

BS: CO2 emission source, baseline scenario PS: CO2 emission source, project scenario

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3.4 Period covered by the project

Years 2007 to 2008 inclusively.

3.5 Organisation GHG declaration (Table drawn from the project)

**Table 9 -GHG offsets (CCX) and VER (OTC) per year**

Allowance	OTC
Year	tCO <sub>2</sub> e q u iv.
Go o d s	VER
2007	<b>14 4 6 3</b>
2008	<b>2 1 3 9 8</b>
Total	<b>3 5 8 6 1</b>

3.6 Materiality

The Verification planning process ought to take into account the concept of materiality. Materiality threshold was evaluated as an aggregated issue for the entire file. During the Verification process, the materiality threshold has not been reached or exceeded.

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**4. Context and Verification activities**

GDTS has been mandated by Minas Basin Pulp and Power Company Limited. to undertake the Verification of a quantification Project that was submitted to us on February 27, 2009. Thereafter, a visit to the Company's premises was held on May 12<sup>th</sup>, 2009. A Verification plan was given to Mr. Joseph Lord, CFO of Minas Basin Pulp and Power Company Limited.

4.1 Preparation of visit to the Company's premises and Verification procedures for the visited premises.

On first review of the documentation was undertaken on March 23, 2009. Before visiting the premises, allowing us to plan ahead the aforementioned visit among the required Verification procedures.

With the purpose of pursuing with the Verification undertaken at Minas Basin Pulp and Power Company Limited., we met with Mr. Joseph Lord. We revised with him the following points:

- Company's internal control with the purpose of assessing Verification risk
- Comprehension of the different productions stages.
- Environmental aspects
- Emission sources and GHG involved

A part of the necessary documents for the application of our Verification sampling procedures was provided to us. Thereafter, we were in the capacity of obtaining all the Verification required documents to be submitted to our Verification procedures.

During the course of our Verification, we got all the necessary cooperation and documents required from Company's management.

4.2 Preparation of the verification report

The preparation of the verification report was conducted following the visit to the Company's premises, thus the documents revisions. Information requests and corrective measures were sent to the quantifier and client with the purpose of completing the verification report. The information we gathered was considered satisfactory.

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**5. Evaluation of the GHG quantification method related to the project**

5.1 Standard used

This quantification report was prepared by L2I Financial Solutions in accordance with ISO 14064-2 “*Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancement*” Standard for Minas Basin Pulp and Power Company limited energy efficiency project

Throughout our verification process, the quantifier has well respected the ISO 14064-2 principles of relevance, completeness, consistency, accuracy, transparency and conservativeness.

5.2 Choice of quantification methods, emission sources, and pertinent types of GHG emissions

The quantifier evaluated some quantification methodology choices, and finally chose a study carried out by the IPCC Guidelines for National Greenhouse Gas Inventories, 2006, Volume2 Energy for the project scenario. But for the baseline scenario, the quantifier has used a different approach since the linerboard production is different from one year to the other.

The emission factors chosen are principally based on the IPCC Guidelines Methodology.

We are satisfied with this study choice made by the quantifier.

The approach that was used for the quantification of the GHG emissions reductions was the one of comparing the intensity factors of the sources of energy used. The quantifier determined the GHG emissions for every source of energy by using appropriate emissions factors multiplied by the consumption of every respective GHG source. An intensity factor with thereafter was calculated by dividing the annual production by the total of emissions. The year 2002 has served as baseline scenario which was compared with the intensity factors of the years 2007 and 2008. For every project year, the intensity factor was lower than the baseline intensity emission factor. Thus, for every year of the project (2007 to 2008 inclusively) the reductions were obtained by multiplying the annual production by the difference between the respective annual intensity emission factor and the baseline intensity emission factor.

We are comfortable with the method used by the quantifier.

The various gas involved at Minas Basin are Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), and Nitrous oxide (N<sub>2</sub>O).

The GHG quantities resulting from the project and the baseline scenario were compared from the years 2007 to 2008 inclusively, in order to determine the GHG reductions. The GHG reductions are presented in tons of CO<sub>2</sub> equivalent.

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Data concerning the production thus the energy consumptions were given by the client.

Regarding emission factors, they were given by the quantifier and we requested corrections on the initially provided GHG emissions factors in order to reflect the latest GHG emissions factors provided by environment Canada as an official source. We have verified the overall provided data including the required data changes.

5.3 Choice of baseline scenario

The baseline scenario used in the quantification report is the intensity factor determined before the investments made by Minas with the purpose of improving its equipments efficiency and by consequence its energy consumption.

We are comfortable with the use of this baseline scenario.

5.4 Evaluation and consideration of the uncertainty

We agree on the analysis done by the quantifier regarding the degree of uncertainty, which is considered low. Indeed, the emissions factors mostly come from the IPCC and environment Canada, which are official sources. We consider the internal control of the company as being good and limit the uncertainty related to data collection.

5.5 Data Quality Project Management and safeguard of documentation.

Regarding data management thus documents safeguard, this report is specific on the subject. Moreover, following the Company's internal control evaluation, we are comfortable with the data given by the client thus the Company's data control management system.

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**6- Verification notice on the declaration of GHG reductions.**

In our opinion; the GHG emission assertions presented in the quantification report dated August 24, 2009 which covers the period from January 1, 2007 to December 31, 2008 are fairly presented. Therefore, the quantification report:

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**Confidentiality**

**GDTS Services Conseils SPA Inc. assures the confidentiality of all information provided to them during the course of the verification as well as documents provided by the Company will be preserved in there files afterwards. No relative information to the present Verification will be communicated to a third party, other than the organization that accredit without obtaining the written authorization from the client. Besides, the content of this verification report cannot be used in it's entirely or in part without obtaining the authorization from GDTS Services Conseils SPA Inc.**