



Saint-Lambert, August 19, 2008

Mr. Joe Lord
President
Minas Basin Pulp and Power Company Limited.
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 2003 to 2006 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 2003 to 2006 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 5121 tCO₂e for the year 2003, 17402 tCO₂e for the year 2004, 9780 tCO₂e for the year 2005, and 19359 tCO₂e for the year 2006. Total reductions for the years 2003 to 2006 inclusively totalized 51662 tCO₂e.

In our opinion; based on our review, nothing has come to attention that cause us to believe that the GHG emission assertion presented in the quantification report is not presented fairly and in accordance with relevant criteria. Therefore, the GHG declaration

- 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 7.



For further details, please consult an enclosed report thus the Greenhouse Gas Emissions (GHG) reductions quantification report dated August 19th, 2008 prepared by the firm L2I Financial Solutions.

A handwritten signature in grey ink, appearing to read "Roger Fournier", is positioned above the typed name.

Roger Fournier CA
President
Fondation Carbon Quantum



**Verification report of a Greenhouse-Gas Emissions reduction project
MINAS BASIN PULP AND POWER COMPANY LIMITED.
File # 070310**

Presented to:

Mr. Joe Lord
President
Minas Basin Pulp and Power Company Limited.
53 Prince Street
P.O. Box 401
Hantsport, Nova Scotia, Canada
B0P 1P0

Prepared by:

Roger Fournier CA
President
Fondation Carbon Quantum

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1. Verification objectives, Criteria, and Assurance level

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 December 10th, 2007 had the purpose of allowing Carbon Quantum 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.

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.

2. Verification team

The team conducting the Verification was composed by:

- Roger Fournier CA , verifier in charge
- Freddy Samuel CGA, 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.

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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 2004 and 2006.

The Minas project is an energy efficiency project.

3.2 Baseline scenario

The baseline scenario used in the quantification report is the intensity factor determined by the use of different energy sources in the Minas year 2002 production and this was while Minas was using two paper machines.

The intensity factor will be found by dividing the production (in tons) by the CO₂e emissions of the different energy sources. The intensity factor found in 2002 is 1.36 tCO₂e. It will be compared with the intensity factor of each year from 2003 to 2006 inclusively.

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3.3 Emission sources (Table drawn from the project)

Table 3 - Emission sources comparison (metric ton of CO_{2e})

Baseline scenario		Project scenario	
	Emission factors - No project -		Emission factors - Project -
BS1: Cardboard recovery, sorting and transportation	Related sources not modified by the project	PS1: Cardboard recovery, sorting and transportation	Related sources not modified by the project
BS2: Linerboard Production	Quantified sources BS1 et BS2 Oil : 3.08 X 10 ⁻³ Elect. production: 3.5 X 10 ⁻⁶ Elect. consumption: 7.63 X 10 ⁻³	PS2: Linerboard Production	Quantified sources PS1 et PS2 Oil : 3.08 X 10 ⁻³ Elect. prod.: 3.5 X 10 ⁻⁶ Elect. cons: 7.63 X 10 ⁻³
BS3: Transport of linerboard product	Related sources not modified by the project	PS3: Transport of linerboard product	Related sources not modified by the project
BS4: Consumer product production		PS4: Consumer product production	

BS: CO₂ emission source, baseline scenario

PS: CO₂ emission source, project

3.4 Period covered by the project

Years 2003 to 2006 inclusively.

3.5 Organisation GHG declaration (Table drawn from the project)

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Table 2 - GHG Emission Reductions Summary

Table 1 - GHG offsets (CCX) and VER (OTC) per year

Allowance	OTC
Year	tCO₂ equiv.
Goods	VER
2003	5 121
2004	17 402
2005	9 780
2006	19 359
Total	51 662

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.

4. Context and Verification activities

Carbon Quantum 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 December 3rd, 2007. Thereafter, a visit to the Company's premises was held on December 10th, 2007. A Verification plan was given to Mr. Joseph Lord, CFO of Minas Basin Pulp and Power Company Limited.

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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 December 3rd, 2007. 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 and Mr. John Woods. We revised with them 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.

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

5.1 Standard used

As per information provided by the quantifier; the quantification report was prepared based on ISO 14064-2 standard.

In the development of the quantification report, the quantifier has well respected the principles of pertinence, completeness, coherence, accuracy, transparency and acted conservatively.

The requirement call for ISO 14064-2 Standard was fulfilled.

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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

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 following years. For every project year, the intensity factor was lower than the baseline intensity emission factor.

Thus, for every year of the project (2003 to 2006 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 (CO₂), Methane (CH₄), and Nitrous oxide (N₂O).

The GHG quantities resulting from the project and the baseline scenario were compared from the years 2003 to 2006 inclusively, in order to determine the GHG reductions. The GHG reductions are presented in tons of CO₂ equivalent.

Data concerning the production thus the energy consumptions were given by the client. Regarding emission factors, they were given by the quantifier. We have verified the overall provided data.

5.3 Choice of baseline scenario

The baseline scenario choice is the one of the intensity emissions related to energy consumption because the project itself is in an efficiency energy project.

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 come from the IPCC, which is an official source.

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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.

6- Verification notice on the declaration of GHG reductions.

In our opinion; based on our review, nothing has come to attention that cause us to believe that the GHG emission assertion presented in the quantification report is not presented fairly and in accordance with relevant criteria. Therefore, the GHG declaration

- Is free of Material misstatements and it is an appropriate representation of the data and GHG information.
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Confidentiality

Carbon Quantum 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 the Carbon Quantum.