

WATER SERVICES AGREEMENT

THIS AGREEMENT (the "Agreement") is executed on the 30th day of January, 2024.

BETWEEN:

MONDI HINTON INC., a corporation incorporated under the laws of the Province of Alberta, and having a registered address at 600-12220 Stony Plain Road NW, Edmonton, Alberta, T5N3Y4
("Mondi")

AND:

TOWN OF HINTON, a municipal corporation with an address at 131 Civic Centre Road, 2nd Floor, Hinton, Alberta, T7V 2E5
(the "Town of Hinton")

WHEREAS:

- A. Pursuant to an asset purchase agreement dated as of July 10, 2023, (the "Purchase Agreement") Mondi will purchase from West Fraser Mills Ltd. its pulp mill in Hinton, Alberta on land adjacent the Athabasca River (the pulp mill and the land are together referred to herein as the "Mill") and West Fraser Mills Ltd. will continue to operate a sawmill (the "Sawmill") in Hinton, Alberta, located adjacent to the Mill;
- B. Upon the Closing Date (as defined in the Purchase Agreement), Mondi will hold a Water Diversion License for Domestic, Municipal or Industrial Purposes (License No. 215) in the Athabasca River Drainage Basin and License No. 10 on the Athabasca River dated November 21, 1968, as amended (the "Water Diversion License") pursuant to which it is entitled to draw water from the Athabasca River for use in the Mill and the supply of water to the Town of Hinton;
- C. The Parties seek to enter into this Agreement setting forth the terms and conditions for Mondi's supply of water to the Town of Hinton and the other rights and obligations of both Parties;
- D. Concurrently to the execution of this Agreement, Mondi and the Town of Hinton entered into a Waste Water Services Agreement and the Town of Hinton has agreed to grant certain property tax exemptions to Mondi pursuant to the Town of Hinton Bylaw # 1161-1.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the Parties, the Parties covenant and agree as follows:

PART 1

DEFINITIONS AND INTERPRETATION

Definitions

1.1 Except as the context otherwise requires, the following capitalized terms, when used in this Agreement, will have the meanings ascribed thereto herein and as follows:

- a) **"Assumption Agreement"** has the meaning set forth in Section 4.16;
- b) **"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in the Province of Alberta;
- c) **"Clearwell"** means that portion of the System identified in Schedule A as the Clearwell and forming part of the Mondi Components;
- d) **"Closure Notice"** has the meaning set forth in Section 4.14;
- e) **"Commencement Date"** means the date which is the day following the Closing Date (as defined in the Purchase Agreement);
- f) **"Commercially Reasonable Efforts"** means the efforts of a prudent owner of equipment and facilities of substantially the same nature, kind, age and condition as the Hinton Components, Mondi Components or the Mill as applicable, desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible provided, however, that such person will not be required to take actions that would result in a material adverse change to the Hinton Components, the Mondi Components or the Mill, as applicable;
- g) **"Drinking Water Guidelines and Standards"** means the Guidelines for Canadian Drinking Water Quality published by Health Canada and the Government of Alberta's Standards and Guidelines for Municipal Waterworks, Wastewater and Storm Drainage Systems, Parts 1 to 5, as each may be amended, revised or replaced from time to time;
- h) **"Force Majeure Event"** has the meaning set forth in Section 9.1;
- i) **"Hinton Components"** means all the components of the water treatment, storage and delivery system at the Mill identified as equipment or facilities owned and operated by the Town of Hinton in Schedule A, as may be amended from time to time;
- j) **"Hinton Components Upgrade"** has the meaning set forth in Section 3.11;
- k) **"Hinton Indemnitees"** has the meaning set forth in Section 8.1;

- l) "**Hinton Personnel**" means all employees, officers, contractors, sub-contractors, representatives and agents engaged by or on behalf of the Town of Hinton for any purpose associated with this Agreement;
- m) "**Incremental Charges**" has the meaning set forth in Section 4.5;
- n) "**Mill**" has the meaning set forth in Recital A;
- o) "**Mill Upgrade**" has the meaning set forth in Section 3.18;
- p) "**Mondi Components**" means all the components of the water pumping, treatment, storage and delivery system identified as equipment or facilities owned and operated by Mondi in Schedule A, as amended from time to time;
- q) "**Notice of Temporary Shutdown**" has the meaning set forth in Section 4.19;
- r) "**Notice to Continue in a Closure**" has the meaning set forth in Section 4.15;
- s) "**Notice to Continue in a Shutdown**" has the meaning set forth in Section 4.19;
- t) "**Operating Agreement**" means the operating principles and guidelines set out in Schedule B;
- u) "**Parties**" means both Mondi and the Town of Hinton and "**Party**" means either of them as applicable;
- v) "**Point of Delivery**" has the meaning set forth in Section 2.7;
- w) "**Process Water**" means water that Mondi considers is generally suitable for use by the Mill in its processes;
- x) "**Pump House**" means the "Raw Water Pump House" as identified in Schedule A;
- y) "**Service Charge**" has the meaning set forth in Section 4.1;
- z) "**System**" means, collectively, the Hinton Components and the Mondi Components;
- aa) "**System Upgrade**" has the meaning set forth in Section 3.12;
- bb) "**Term**" has the meaning set forth in Section 9.5;
- cc) "**Water Diversion License**" has the meaning set forth in Recital B; and
- dd) "**Water Services**" has the meaning set forth in Section 4.1.

Interpretation

1.2 In this Agreement, except as otherwise expressly provided or as the context otherwise requires,

- (a) "this Agreement" means this Water Services Agreement dated as of the date first above written as from time to time supplemented or amended pursuant to the applicable provisions of this Agreement and includes all Schedules attached hereto or subsequently created with reference to this Agreement with the intent of forming part hereof;
- (b) a reference to a Part, Section or Schedule is to a Part of, Section of or Schedule to this Agreement;
- (c) the headings are for convenience only and are not intended as a guide to interpretation of this Agreement or any part of it;
- (d) the word "including", when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope;
- (e) an accounting term will have the meaning assigned to it under the International Financial Reporting Standards (IFRS), and every calculation to be made hereunder is to be made, in accordance with IFRS applied on a consistent basis;
- (f) a reference to currency means Canadian currency;
- (g) a reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations;
- (h) a reference to an entity includes any successor to that entity;
- (i) unless otherwise expressly permitted, any reference to a notice or other communication means a notice or communication in writing (including in electronic form) whether or not expressly stated to be a notice or communication in writing;
- (j) a word importing the masculine gender includes the feminine, neuter or other gender, a word in the singular includes the plural, a word importing a corporate entity includes an individual, and *vice versa*;
- (k) a reference to "knowledge," including the phrases "knows" or "to the knowledge of" or any other similar phrase (singular or plural) in reference to any Party, shall mean

the actual knowledge of the directors or officers of such Party and excludes any deemed or implied knowledge; and

(I) a reference to the Mill will be deemed to include any equipment or processes within or related to the Mill on the site as well as the land on which the Mill is located.

Conflict

1.3 If there is any inconsistency or conflict between the terms of the main body of this Agreement and the terms of any Schedule hereto or other document contemplated by or delivered under or in connection with this Agreement, the terms of the main body of this Agreement will govern and prevail.

Termination of Existing Agreements

1.4 All the agreements and arrangements between the Town of Hinton and West Fraser Mills Ltd. or its affiliates relating to, or in connection with the Process Water (including, but not limited to, whether signed or not, dated or not, expired or not, the agreements listed in Schedule 1.4) (the "**Existing Agreements**") are hereby terminated as of the Commencement Date. From and after the Commencement Date, the Existing Agreements will be of no further force or effect, and the rights and obligations of each of the parties thereunder shall terminate.

1.5 In consideration of the covenants, agreements and undertakings of the Parties under this Agreement, each Party, on behalf of itself and its respective present and former parents, subsidiaries, affiliates, related corporations or entities, officers, directors, shareholders, members, limited partners, successors and assigns (collectively, "**Releasors**") hereby releases, waives and forever discharges the other Party and its respective present and former, direct and indirect, parents, subsidiaries, affiliates, related corporations or entities, employees, officers, directors, shareholders, members, limited partners, agents, representatives, permitted successors and permitted assigns (collectively, "**Releasees**") of and from any and all actions, manner of actions, causes of action, proceedings, suits, losses, liabilities, rights, debts, dues, duties, sums of money, accounts, obligations, costs, expenses, liens, bonds, bills, covenants, contracts, controversies, complaints, indemnities, entitlements, agreements, promises, variances, trespasses, damages, judgments, executions, claims, and demands, of every kind and nature whatsoever or howsoever arising, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law or in equity, in contract or in tort (collectively, "**Claims**"), which any of such Releasors ever had, now have, or hereafter can, shall, or may have against any of such Releasees for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the date of this Agreement arising out of or relating to the Existing Agreements.

PART 2 **WATER SUPPLY AND TREATMENT**

Supply of Process Water

2.1 Each Party acknowledges and agrees that under this Agreement and until the expiry of the Term (without further obligation from Mondi beyond that date with respect to supply of Process Water):

- (a) Mondi will provide a service to the Town of Hinton in drawing water from the Athabasca River pursuant to the Water Diversion License and supplying Process Water to the Town of Hinton;
- (b) the Process Water supplied by Mondi pursuant to this Agreement is not at any time owned by Mondi;
- (c) no water or Process Water is sold hereunder by Mondi to the Town of Hinton; and
- (d) if circumstances arise in which Mondi knows that the quantity of water available in the Athabasca River to be drawn under the Water Diversion License will not be sufficient to allow Mondi to supply Process Water to the Town of Hinton at the rate described in Section 2.2, Mondi will provide as much notice to the Town of Hinton as reasonably practicable in the circumstances and the Parties will work cooperatively to discuss and use their Commercially Reasonable Efforts to implement reasonable measures to reduce their respective uses of Process Water with the objective of avoiding interruptions or curtailments in supply of Process Water to the operations of the Mill and to the Town of Hinton pursuant to the terms of this Agreement.

2.2 Upon and subject to the terms and conditions of this Agreement and compliance by the Town of Hinton with its own obligations under this Agreement, Mondi will use Commercially Reasonable Efforts to maintain and operate the Mondi Components in such a way as to supply to the Town of Hinton Process Water in accordance with the terms of the Operating Agreement.

Water Treatment

2.3 Mondi will use Commercially Reasonable Efforts to operate the Mondi Components according to the terms of the Operating Agreement in order to produce the Process Water to be supplied to the Town of Hinton. Subject to Section 2.4(iii), the Parties contemplate that the operation of the Mondi Components according to the Operating Agreement will result in the Process Water delivered to the Town of Hinton in a quality that is consistent with past practice and will hence allow the Town of Hinton to treat that Process Water to produce potable water that is compliant with the Drinking Water Standards and Guidelines and any other requirements under applicable law. If Mondi knows of any process upset or other circumstance

that will likely result in Mondi supplying Process Water to the Town of Hinton that is not of a quality that will allow the Town of Hinton to treat that Process Water to produce potable water compliant with the Drinking Water Standards and Guidelines or any other requirement under applicable law, Mondi will (i) provide timely notice to the Town of Hinton, and (ii) use Commercially Reasonable Efforts to mitigate the situation and cooperate with the Town of Hinton for the same.

2.4 The Town of Hinton acknowledges and agrees that (i) the river water will be subject to varying degrees and types of primary treatment as set out in the Operating Agreement as deemed appropriate from time to time by Mondi taking into account the quality of raw water drawn from the Athabasca River and the variability in the primary treatment facilities and processes by which Process Water is produced, (ii) Process Water from the Clearwell is supplied at the Point of Delivery 'as is', and (iii) Mondi does not make any, and expressly disclaims all, representations, warranties and conditions with respect to the quality or characteristics of Process Water supplied hereunder. Notwithstanding any other provision of this Agreement, the Town of Hinton shall be solely responsible for ensuring at all times that it does not deliver water to consumers on the Town of Hinton's water distribution system that does not comply with the Drinking Water Guidelines and Standards and all other legal requirements as applicable from time to time (including with respect to municipal drinking water).

2.5 The Operating Agreement will be reviewed and updated annually to reflect the operation of the System. In addition, the Parties will review and use their Commercially Reasonable Efforts to update the Operating Agreement (i) upon request by either Party as and when required to address any changes, alterations, modifications and upgrades to the System, and (ii) upon request by the Town of Hinton as may be required to implement such changes as may be appropriate to facilitate the Town of Hinton's compliance with its obligations under Section 2.4. The review and updates will be undertaken on a good faith basis by representatives from both Mondi and the Town of Hinton, who are involved in the supervision of those who operate the System. If and to the extent the Parties agree to modify the Operating Agreement and such modifications will result in incremental costs or expenses for Mondi, the Town of Hinton will reimburse Mondi for such costs and expenses to the extent such modifications (a) have been made upon request of the Town of Hinton or (b) benefit the Town of Hinton, and be otherwise liable for any risk or liability associated with such changes, alterations, modification and upgrades to the System in the same proportion.

2.6 If the Town of Hinton is in breach of Section 2.4 or circumstances arise such that the Town of Hinton reasonably believes that it might be unable to comply with its obligations under Section 2.4, the Town of Hinton will provide timely notice to Mondi and the Parties will promptly engage in good faith discussions to attempt to agree upon such changes as may be required to avoid or resolve the breach or potential breach at the Town of Hinton's cost. Mondi will cooperate in any such discussions and provide such records and other information as the Town of Hinton may reasonably request which is required for the supply of Process Water. If an upgrade to the System is required, the Town of Hinton will issue a notice to Mondi pursuant to

Section 3.12. Any such upgrade or adjustment will be implemented pursuant to the provisions of Section 3.10 to Section 3.15, as applicable.

Delivery Point

2.7 The point of delivery for Process Water supplied by Mondi to the Town of Hinton is immediately before the inlet to the membrane feed pump as shown on the schematic diagram included in Schedule A (the "**Point of Delivery**").

The Parties confirm that Schedule A accurately:

- a) identifies components of the System and where they are located; and
- b) identifies the owner of each component of the System.

Permanent Solution

2.8 The Town of Hinton acknowledges and agrees that Mondi is providing the Water Services on a transitional basis to the Town of Hinton in order to allow the Town of Hinton a period of time to obtain or put in place similar services for itself. The Town of Hinton agrees to use Commercially Reasonable Efforts to migrate, reduce and/or terminate its use of the Water Services as soon as reasonably practicable and in all events by the end of the Term unless otherwise agreed to by the Parties.

2.9 By the expiry of the Term, the Town of Hinton shall have put in place its own equipment, systems and solutions to be in a position to supply Process Water without any need for any services from Mondi in this respect, provided that, in all circumstances, the Town of Hinton shall be entitled to receive river water at a diversion point by the Pump House before and independent from Mondi's water treatment facilities and operations (the "**Permanent Solution**").

2.10 The Town of Hinton shall initiate pre-engineering work at least seven (7) years prior to the expiry of this Agreement in order to establish the plan for the Permanent Solution and initiate the process to obtain all permits and approvals in connection with the Permanent Solution.

2.11 At least five (5) years prior to the expiry of this Agreement, the Town of Hinton shall present a detailed project plan on how the Permanent Solution will be implemented. The project plan shall include, unless otherwise agreed between the Parties, a detailed implementation schedule, milestones, cost estimates, financing etc.

2.12 As of the date of the initiation of all pre-engineering work set out in Section 2.10, the Parties will commit to set up a steering committee comprised of three representatives designated by each Party who shall meet once per quarter (and more often as required by one Party) with a view to discuss and monitor the planning, engineering and implementation of the Permanent Solution.

PART 3
SYSTEM OWNERSHIP, ACCESS, OPERATION AND UPGRADES

Ownership and Access

3.1 The Town of Hinton acknowledges that Mondi owns the land on which the System is situated.

3.2 Access to the Mill site by Hinton Personnel shall be governed by the applicable terms of the Operating Agreement. Upon reasonable notice from time to time and subject to compliance with all Mondi policies and regulations related to security and the health and safety of persons and protection of property, Hinton Personnel shall be permitted, as reasonably required, to inspect and observe the operation of the Mondi Components for the purposes of this Agreement.

3.3 Hinton Personnel shall not be permitted access to the Mondi Components except as expressly permitted under this Agreement or the Operating Agreement.

3.4 Notwithstanding any provision herein to the contrary, Mondi shall be entitled to access and inspect the Hinton Components at any time to ensure that there is no threat to human health or safety or to the operation of the Mill. If any such circumstance is identified, Mondi will promptly notify the Town of Hinton and the Town of Hinton will immediately take all steps as may be required to prevent or mitigate such circumstance and fix and replace any required Hinton Component. In case of an emergency or in case the Town of Hinton does not remedy the situation as quickly as possible, Mondi shall be entitled to take immediate action to the extent reasonable and necessary in the circumstances to prevent or mitigate such threat and will give as much notice thereof to the Town of Hinton as may be practicable in the circumstances. The Town of Hinton shall bear the cost of any action undertaken by Mondi for the purposes of mitigating a threat under this Section 3.4.

3.5 The Town of Hinton has no right, title, or interest of any kind or nature in, and no responsibility for, the Mondi Components or any part thereof.

3.6 Mondi has no right, title, or interest of any kind or nature in, and no responsibility for, the Hinton Components or any part thereof.

Maintenance and Operation of the Mondi Components

3.7 Mondi will be responsible for the operation, inspection, maintenance, repair and replacement of the Mondi Components. Mondi will operate and carry out such routine inspection and routine maintenance, routine repair and routine replacement of the Mondi Components in line with Mondi's practices. For all purposes of this Agreement, the terms 'routine inspection', 'routine maintenance', 'routine repair' and 'routine replacement' will be deemed to be maintenance and repair activities that are reasonably forecasted to occur on a predictable and regular annual basis given the nature, kind, age and condition thereof, such

that the costs associated with such inspection, maintenance, repair and replacement activities can be anticipated and provided for in the determination of the Service Charge. Material costs and expenses associated with non-routine inspection, maintenance, repair and replacement activities will be separately invoiced on the basis set out in Section 3.8.

3.8 The costs or expenses associated with non-routine inspections, repairs, maintenance and replacements of the Mondi Components will, subject to Section 3.27, be shared and paid for by each Party in the proportion that matches the ratio of the "benefit", if any, received by each Party (which "benefit" will take into account a reasonable projection of each Party's proportionate normalized average annual use of Process Water in the most recently completed calendar year), provided that, if and to the extent such inspections, repairs, maintenance and replacement of the Mondi Components are required as a consequence of a breach by Mondi of its obligations under Section 3.7 in accordance with the standard set out therein, such costs and expenses will be borne by Mondi. If and to the extent Mondi incurs costs or expenses to inspect, maintain, repair or replace equipment or facilities as a consequence of water being recirculated into the Clearwell or through backwash filters (other than as the result of the deliberate action or gross negligence of Mondi) those costs and expenses will be borne by the Town of Hinton. Mondi will invoice the Town of Hinton its portion of the costs or expenses associated with repairs, replacements, one-off upgrades or modifications of the Mondi Components with reasonable supporting information attached to the invoice. The Town of Hinton will pay such invoices that are accepted without justified objection by the Town of Hinton within thirty (30) days of receipt.

3.9 Notwithstanding the terms of this Part 3, the Town of Hinton acknowledges the need to perform certain upgrades to the System (both the Hinton Components and the Mondi Components) for risk mitigation and resilience measures to secure a safe and reliable provision of Process Water by Mondi to the Town of Hinton as at the Commencement Date and as further set out in Schedule 3.9. Town of Hinton expressly agrees, in accordance with the terms and conditions set out in Schedule 3.9 to the measures set out in Schedule 3.9, such measures to be at the Town of Hinton's sole costs and expenses and undertakes to immediately reimburse Mondi for all the measures once implemented by Mondi in connection with those risk mitigation and resilience measures, upon presentation of an invoice with reasonable supporting information. Mondi agrees to operate, inspect, maintain and repair any upgrades to the System implemented pursuant to this Section 3.9, it being understood that Mondi shall be the sole owner of any such upgrades.

Maintenance and Operation of the Hinton Components

3.10 The Town of Hinton has sole and exclusive responsibility for the operation, inspection, maintenance (routine and non-routine), repair and replacement, at its cost, of all the Hinton Components. For clarity, this provision shall not apply to any maintenance of the Hinton Components which is required solely as a result of a failure of Mondi to properly operate or maintain the Mondi Components.

System Upgrades to Meet Town of Hinton Requirements

3.11 Mondi acknowledges and accepts that the Town of Hinton may be required to complete modifications and changes to the Hinton Components to meet (i) increasing demands for potable water for the customers of the Town of Hinton, (ii) changes to the Drinking Water Guidelines and Standards, and (iii) changes to any other applicable legal requirements (each such modification or change, a "**Hinton Components Upgrade**"). In implementing any Hinton Components Upgrade, interface adjustments with the Mondi Components or other equipment or facilities at the Mill may be necessary, as identified in Schedule A. If any such interface adjustments become necessary, such adjustments will be discussed and negotiated at the time of identification in good faith, provided that the Hinton Components Upgrade shall be at sole cost and expense of the Town of Hinton.

3.12 If future additions to, or upgrades or modifications of, the System are required for any reason, including to meet the Drinking Water Guidelines and Standards or other applicable legal requirements, or to increase the amount of potable water produced by the System for delivery by the Town of Hinton to its customers or to increase the amount of Process Water to be supplied by the Mondi Components (each a "**System Upgrade**"), the Parties will engage in a consultative process which may include meeting together with the appropriate regulatory authorities and agreeing on the approach, provided that, the Town of Hinton and Mondi shall decide jointly how to complete such System Upgrades, whether Mondi's consent shall be required (which in any event is not to be unreasonably withheld), and which System Upgrades are strictly required to meet the Drinking Water Guidelines and Standards or by law.

3.13 Each Party will give timely notice to the other Party of any proposed System Upgrade. If any proposed System Upgrade might require a change in, or addition to, the Mondi Components or otherwise adversely affect the operation of the Mill, such proposed upgrade will not be implemented without the prior consent of Mondi, such consent not to be unreasonably withheld, provided that, subject to Section 3.11 above, Mondi shall be entitled to decide of the timing, scope and approach for any System Upgrade and provided further that any adverse effect on the operation of the Mill, as determined by the Parties acting reasonably, will be deemed to constitute a legitimate reason to withdraw consent.

3.14 The Town of Hinton will fully compensate Mondi for any additional operating or capital costs and expenses incurred by Mondi in relation to, or as a consequence of, any System Upgrade proposed by the Town of Hinton, provided that if and to the extent such System Upgrade is required as a consequence of a failure by Mondi to perform its maintenance obligations, then costs and expenses thereof will be borne by Mondi.

3.15 Mondi will invoice the Town of Hinton for any costs referred to Section 3.14 with reasonable supporting information and the Town of Hinton will pay such invoices that are accepted without dispute by the Town of Hinton within thirty (30) days of receipt.

3.16 Without limiting the generality of any other section in this Part 3, and notwithstanding Section 3.13, the Town of Hinton may, upon not less than six (6) months' notice to Mondi,

proceed with the proposed implementation of the twinning of the potable waterline that currently runs above the media filters and to the rear of the Mill's existing water treatment plant, provided that the Town of Hinton shall use the six (6)-month period to consult by Mondi Group's Technical & Sustainability department and the Town of Hinton shall obtain prior written consent from Mondi, not to be unreasonably withheld, with respect to any construction projects taking place on the Mondi Components.

3.17 The Town of Hinton will reimburse Mondi for any costs or expenses incurred by Mondi in relation to any future additions to, or upgrades or modifications to the Mondi Components initiated at the request of the Town of Hinton, or if initiated by Mondi, with the express written agreement of the Town of Hinton with respect to any allocation of costs between the Parties, including all permitting, engineering, legal, procurement, installation and commissioning costs and expenses, that are required related to the supply of Process Water to the Town of Hinton under this Agreement.

Changes, Modifications and Upgrades to the Mill and Mondi Components

3.18 The Town of Hinton acknowledges that Mondi may determine from time to time that it is necessary or desirable to undertake changes, modifications or upgrades to the Mill, to Mill operations or processes, or to the Mondi Components for purposes related to the operation of the Mill (each a "**Mill Upgrade**") that might, directly or indirectly, affect the operation of either the Mondi Components or the Hinton Components. Mondi agrees to operate, inspect, maintain and repair any such Mill Upgrade, it being understood that Mondi shall be the sole owner of the Mill Upgrades.

3.19 If Mondi knows that a Mill Upgrade is likely to materially and adversely affect the provision of Process Water in terms of flow rate or volume or the quality or characteristics of such Process Water or cause the Town of Hinton to contravene the Drinking Water Standards and Guidelines, Mondi shall notify the Town of Hinton and provide reasonable supporting information (i) in the case of a planned Mill Upgrade, as soon as may be reasonably practicable in the circumstances and in any event not less than forty-five (45) days before commencing the work on that Mill Upgrade, and (ii) in the case of an unplanned Mill Upgrade, as soon as reasonably practicable in the circumstances.

3.20 Upon receipt of a notice as contemplated in Section 3.19, the Town of Hinton will (i) in the case of a notice related to a planned Mill Upgrade as provided in Section 3.19(i), within twenty (20) days, and in the case of a notice related to an unplanned Mill Upgrade, as soon as reasonably practicable in the circumstances, give notice to Mondi to advise:

- a) that the Town of Hinton has no objections, or
- b) that the Town of Hinton objects to the Mill Upgrade and to provide reasonable particulars of the basis for its objection, including the expected adverse impacts and the mitigation measures suggested by the Town of Hinton (in this Part 3, a "**Notice of Objection**"). For clarity, the Town of Hinton's sole basis for a Notice of Objection may be

the proportional costs that the Town of Hinton will be subjected to in proceeding with a Mill Upgrade.

3.21 If the Town of Hinton fails to provide a Notice of Objection as contemplated in Section 3.20, it will be deemed to have confirmed that it has no objections to the proposed Mill Upgrade. If the Town of Hinton provides Notice of Objection with respect to an Mill Upgrade as required herein, the Parties will promptly undertake good faith discussions to attempt to agree upon measures to mitigate the adverse impacts identified in the Notice of Objection. In the event the Parties are not able to agree upon measures to mitigate the adverse impacts identified in the Notice of Objection, the Parties shall invoke the dispute resolution process set out in Part 7 hereof, subject to Section 3.22.

3.22 Nothing in this Part 3 will restrict or preclude Mondi from proceeding to implement any Mill Upgrade, modification or addition to the Mondi Components or to the Mill or its processes that Mondi, in its sole discretion, deems to be appropriate, including pending the dispute resolutions of mitigation measures, as applicable under Section 3.21, provided such Mill Upgrade will not materially affect Mondi's ability to provide all Water Services as set out in this Agreement. For clarity, in the event Mondi proceeds with the Mill Upgrade or implements any of the measures set out in this Part 3 subsequent to the Town of Hinton delivering a Notice of Objection but prior to the dispute resolution process set out herein determining the proportional costs or other mitigation measures, Mondi shall be responsible for all costs of the Mill Upgrade or other measure and Mondi shall only be eligible for reimbursement for any costs proportioned to the Town of Hinton once the dispute resolution process is final.

3.23 Subject to Section 3.22, if a Mill Upgrade requires changes or modifications to the System, the costs for any such changes or modifications shall be split among the Parties, with the Town of Hinton being only responsible for the costs associated with benefit received by the Town of Hinton as a result of the Mill Upgrade.

3.24 To meet the needs of good engineering practice and proper plant maintenance, Mondi is entitled, in its sole discretion, to shut down the Mill from time to time for maintenance or repair operations or any other technically, legally, or commercially reasonable grounds (including, but not limited to, Force Majeure Events). Mondi will make Commercially Reasonable Efforts to minimize the number and length of these shutdowns. Except in cases of emergency or unplanned shutdowns, before any planned shutdown, Mondi will give the Town of Hinton reasonable advance notice of any such shutdown in accordance with the Operating Agreement. In the event of an emergency or unplanned shutdown, such events will be managed in accordance with the Operating Agreement.

3.25 The Town of Hinton acknowledges and agrees that when the Mill is shutdown or its operations are curtailed, or is in the process of being curtailed, shut down, started up or resuming full operation, Mondi may not be able to supply Process Water as provided in this Agreement and that the quality and characteristics of the Process Water being supplied may change or be affected and Mondi shall not be responsible for any such failure, change or adverse affect. Prior to any planned shutdown or curtailment that might reasonably adversely

affect the delivery of Process Water hereunder, Mondi will provide the Town of Hinton with reasonable advance notice in accordance with the Operating Agreement. Mondi will take all reasonable actions to resume the supply of Process Water as soon as possible.

3.26 In the event of any unplanned shutdown or curtailment of the operation of the Mill, or any event that may affect the Town of Hinton's ability to supply water to its residents, Mondi will make reasonable efforts to notify the Town of Hinton of the shutdown, curtailment or unexpected event which may materially adversely affect the volume or quality and characteristics of Process Water hereunder. Notwithstanding any provision herein to the contrary, nothing in this Agreement shall prevent, delay or restrict Mondi from proceeding with an unplanned shutdown or curtailment of the operation of the Mill.

3.27 In the event that Mondi determines a Mill Upgrade is desirable following the thirteenth (13th) anniversary of the Commencement Date set out in this Agreement and the value of that Mill Upgrade is reasonable expected to cost in excess of One Million (\$1,000,000.00) Dollars, Mondi and the Town of Hinton shall enter a written agreement with respect to any allocation of costs between the Parties, which shall in all circumstances take into account the remaining years of the Term of this Agreement in comparison to the expected lifespan of the benefit to be received from the Mill Upgrade. For clarity, any proportional benefit to the Town of Hinton shall be further qualified on the basis of the following:

[Town of Hinton's proportional cost based on Process Water usage] X [Years remaining in Term/expected life span of benefit]

Permits and Training

3.28 Except as expressly provided in this Agreement, the Town of Hinton will be responsible for obtaining and maintaining in effect all the government permits and approvals needed to permit the Town of Hinton to operate the Hinton Components and to proceed with any Hinton Components Upgrades as required under this Agreement.

3.29 If Mondi is required to apply for, obtain or to take steps to maintain in effect government permits or approvals for the purpose of continuing to draw water from the Athabasca River to be used to supply Process Water, or to supply Process Water to the Town of Hinton as contemplated in this Agreement, the costs and reasonable expenses of applying for and of obtaining and maintaining such permits shall be reimbursed by the Town of Hinton. For clarity, Mondi shall not be entitled to reimbursement for its costs in applying for or maintaining government permits and approvals if and to the extent exclusively required for the purpose of supplying water for the operation of the Mill to the exclusion of any services hereunder.

3.30 If training or certification of any Mondi personnel is required for the purpose of supplying Process Water to the Town of Hinton, the Town of Hinton will reimburse Mondi for all costs of such training or certification.

Monitoring Water

3.31 The Town of Hinton will install, operate and maintain such metering and monitoring instrumentation and telemetry as may be required by the Drinking Water Guidelines and Standards, or otherwise by law, and as required by the Operating Agreement to accurately measure and record the amount of Process Water supplied hereunder by Mondi and to assess the quality of such Process Water to determine the treatment required to produce potable water that complies with the Drinking Water Guidelines and Standards and any other applicable laws. The records and data from this instrumentation will be the property of the Town of Hinton. The Town of Hinton will keep in its control room at the Mill, all information that may be required at law including the information as required by Alberta Environment and Protected Areas ("AEPA") related to the supply of water to the Town of Hinton for ten (10) years. Mondi will be entitled to inspect and copy this information during normal business hours of the Town of Hinton. In addition:

- a) the designated instrument, which will record the volume of Process Water provided by Mondi to the Town of Hinton, shall be the magnetic flowmeter located immediately downstream of the membrane feed pumps which is identified as instrument FIT-6903;
- b) the Town of Hinton will provide on a monthly basis, the daily volumes of Process Water measured by the designate flow meter above, such that Mondi may invoice the Town of Hinton for the Process Water supplied;
- c) Mondi will be entitled to inspect the Process Water metering and monitoring instrumentation on reasonable notice and to receive notice of and to be present to witness their calibration; and
- d) if the Process Water metering or monitoring instrumentation are out of service or have failed to accurately record the quantity of Process Water supplied to the Town of Hinton, both Parties will jointly and in good faith, determine delivery quantities and qualities using available instrumentation or any other process data within both Mondi's and the Town of Hinton's existing infrastructure. Absent any agreement, the average daily rate for the prior ninety (90) days will be used for the determination of the Services Charges as set out in Section 2.2. Mondi shall be entitled to request the Town of Hinton to fix and replace any Process Water metering or monitoring instrumentation at the Town of Hinton's costs.

Recirculation

3.32 The Town of Hinton acknowledges and agrees that, as currently configured, the System permits the recirculation of partially treated water and potable water into the Clearwell for the purposes of safety, equipment rotation and process upset.

3.33 If Process Water that has been delivered to the Town of Hinton is recirculated into the Clearwell for any reason other than as the result of action of Mondi, whether or not such water has been treated or partially treated by Mondi or the Town of Hinton through chlorination, fluoridation or otherwise, the Town of Hinton will immediately notify Mondi in case the water is chlorinated and take all reasonable efforts to minimize the impact of the recirculated water on

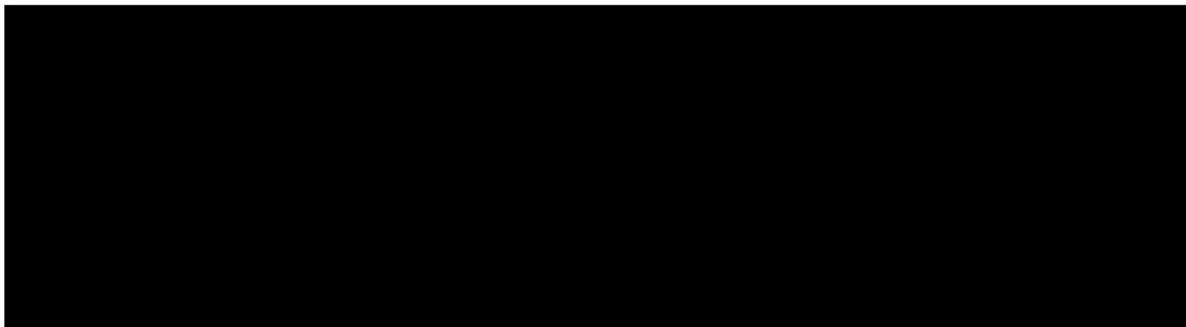
the Clearwell contents, with specific focus on the concentration of chlorine in any water treated by the Town of Hinton that is recirculated into the Clearwell or through backwash filters, other than as the result of the deliberate action or gross negligence of Mondi, the Town of Hinton will be responsible for ensuring that no chlorinated water is discharged into the Athabasca River. In order to allow the Town of Hinton to fulfill this obligation, Mondi shall provide such access and assistance as is reasonably required by the Town of Hinton, at the cost of the Town of Hinton, while minimizing any adverse effect on the operation of the Mill.

PART 4 **FINANCIAL MATTERS**

Charges for Services

4.1 Except as expressly set out in this Part 4, the Town of Hinton will pay Mondi a fee plus all applicable sales taxes (the "**Service Charge**") as full compensation for the following services, in each case as required under the terms of this Agreement: (i) maintaining the Water Diversion License in good standing, (ii) drawing water from the Athabasca River, (iii) performance of routine inspection and maintenance, repair and replacement of the Mondi Components as provided in Section 3.7, (iv) carrying out such primary and secondary treatment as required to produce Process Water, (v) supplying Process Water and (vi) rental fee for Hinton Components on Mondi's land corresponding to the Mondi Components (collectively, the "**Water Services**").

4.2 The Service Charge will be calculated, as set out in Section 4.4, based upon the sum of the following:



For clarity, (A) will be calculated by multiplying the total effective costs that Mondi incurs by the proportionate share of the Town of Hinton's water consumption compared to the total water consumption.

4.3 Schedule 4.1 hereto sets out a sample calculation of the Service Charge based on the actual figures for the twelve (12) month period from September 2022 to August 2023. For certainty, the Parties agree that the annual Service Charge shall be calculated in line with past practices and the sample calculation set out in Schedule 4.1.

4.4 Mondi shall calculate the Service Charge on an annual basis based upon Mondi's reasonable forecast of Mondi's total annual costs and expenses in providing the Water Services.

If Mondi incurs any costs or expenses in a year related to the performance of the Water Services that were not forecasted and included in the determination of the Service Charge in effect for that year, Mondi may give notice and particulars thereof to the Town of Hinton and may include those costs and expenses in the determination of an adjustment to the Service Charge for the following year, subject to the restrictions set out in Section 4.3.

4.5 In addition to the Service Charge, but without duplication in respect of any cost or expense for which Mondi is compensated through the Service Charge (including any adjustment to the Service Charge pursuant to Section 4.6), the Town of Hinton will reimburse Mondi for all incremental costs and expenses incurred by Mondi, in accordance with the provisions of this Agreement, including pursuant to Section 2.5, Part 3 (including Section 3.8), Section 4.21, Section 4.24, Section 5.6, Section 6.1 and Section 9.8 ("**Incremental Charges**").

Adjustments in Service Charge

4.6 Except for costs and expenses included in the Incremental Charges, any increase in the cost of supplies or materials, or operating and maintenance costs incurred by Mondi in relation to the performance of its obligations under this Agreement, will be addressed through an increase in the Service Charge determined in accordance with Section 4.2. Mondi hereby reserves the right to adjust item (B) in Section 4.2 on an annual basis and increase it by the percentage of the Canadian Consumer Price Index, annual average not seasonally adjusted, published by Statistics Canada during the immediately preceding last twelve (12)-month period on each and every anniversary of the Commencement Date throughout the Term (including for the last twelve (12)-month period preceding the Commencement Date).

4.7 Upon request of the Town of Hinton, Mondi will provide reasonable documentary support for each proposed increase in the Service Charge.

4.8 An increase in the Service Charge referenced within Section 4.6, shall not be used to cover Mondi's costs with regard to repairs, replacements, one-off upgrades or modifications which are to be invoiced in accordance with Section 3.17.

4.9 Mondi will provide a breakdown of the costs and expenses incorporated in its calculation of any proposed increase in the Service Charge and will, upon request by the Town of Hinton, provide copies of invoices and other reasonable documentary evidence to verify and support the calculation of the Service Charge, including, on an annual basis. If the Town of Hinton in good faith wishes to dispute the validity of the calculation of the Service Charge or a proposed increase, the Town of Hinton will give written notice of the dispute to Mondi, including reasonable particulars of the reasons for the dispute, within thirty (30) days of its receipt of the notice of the annual regularization or proposed amendment. If the Town of Hinton disputes the calculation of the Service Charges as provided herein, the Parties will, in good faith, attempt to resolve the dispute. If the Parties fail to resolve the dispute promptly, either Party may refer the dispute for resolution pursuant to the dispute resolution process set out in Part 7.

Invoices and Payment

4.10 On or before the first Business Day of each calendar month, the Town of Hinton will provide Mondi with a statement setting out the volume of Process Water supplied hereunder each day by Mondi in the preceding month.

4.11 Mondi will subsequently invoice the Town of Hinton on a monthly basis for the Service Charge based on the volume of Process Water withdrawn from the Clearwell and based on its reasonable forecast of its total annual costs and expenses in providing the Water Services as determined pursuant to Part 4. As applicable, Mondi will also prepare an invoice for any Incremental Charges. With respect to any disbursements or out of pocket costs incurred by Mondi and invoiced as provided herein to the Town of Hinton, Mondi will provide reasonable documentary support.

4.12 The Town of Hinton will pay the invoice, provided the Town of Hinton does not dispute its amount or services for objectively justifiable reasons, in full within thirty (30) days of its receipt, unless such invoice is for Incremental Charges and exceeds twenty-five percent (25%) of the annual Services Charges for that annual period, in which case such invoice shall be paid as agreed between the Parties.

4.13 Interest will accrue on any invoice not paid to Mondi when due, from the due date until paid in full at the rate of interest equal to the prime rate published by Bank of Canada on its website, plus seven percent (7%). For clarity, interest shall not accrue on any invoice disputed by the Town of Hinton within thirty (30) days of receipt of the same by the Town of Hinton.

Mill Closure Adjustments

4.14 If Mondi wishes to permanently cease or shutdown operations at the Mill, Mondi will give the Town of Hinton as much notice in advance as may be commercially reasonable and practical in the circumstances (a "**Closure Notice**"). The Town of Hinton will, and will ensure that the Hinton Personnel will, keep any Closure Notice in strict confidence.

4.15 If the Town of Hinton wishes Mondi to continue the operation of the Mondi Components during the event specified in the Closure Notice, the Town of Hinton will provide written notice to continue the operation of the Mondi Components ("**Notice to Continue in a Closure**") to Mondi as soon as practicable and in any event within twenty (20) days following its receipt of the Closure Notice.

4.16 Subsequent to the delivery of a Notice to Continue in a Closure by the Town of Hinton, both Parties will forthwith enter into good faith discussions to agree upon the terms of a new agreement (the "**Assumption Agreement**") which will include terms that provide that

- a) the Town of Hinton will assume full responsibility for the operation and maintenance of the Mondi Components as agreed, as of the effective date of the closure as set out in the Closure Notice, or such earlier or other date as the Parties may agree;

- b) Mondi will have no further responsibility, obligations, liability or risk of any kind or nature whatsoever, direct or indirect with regard to the operation and maintenance of the Mondi Components; and
- c) this Agreement will terminate on the effective date of the Assumption Agreement.

4.17 Mondi shall be restricted from permanently seizing or shutting down operations at the Mill, to the extent such action would breach Mondi's obligation to provide the Town of Hinton with Process Water, for a period of one hundred eighty (180) days following the delivery of a Closure Notice. After the expiry of this period, nothing in this Agreement will be deemed to prevent or restrict Mondi from permanently ceasing or shut downing operations at the Mill, even if the Parties cannot agree on the terms of an Assumption Agreement.

Mill Temporary Shutdown

4.18 Except as provided in Section 3.24, Section 3.25 or Section 3.26, if Mondi wishes to temporarily cease, shutdown or substantially curtail the operations at the Mill, Mondi will provide the Town of Hinton as much notice in advance as is reasonably practicable in the circumstances and in any event no less than sixty (60) days ("**Notice of Temporary Shutdown**").

4.19 If Mondi issues a Notice of Temporary Shutdown, the Town of Hinton will have the option, at its election, to either:

- a) continue to receive the Process Water contemplated by this Agreement subject to the adjustments provided in this Agreement, by providing written notice to continue the operation of the Mondi Components ("**Notice to Continue in a Shutdown**") to Mondi as soon as practicable and in any event within twenty (20) days following its receipt of the Notice of Temporary Shutdown; or
- b) cease receiving the Process Water contemplated by this Agreement for the duration of the event specified in the Notice of Temporary Shutdown.

4.20 If the Town of Hinton does not give Notice to Continue in a Shutdown as provided in Section 4.19, it will be deemed to have elected irrevocably to suspend receipt of the Process Water services for the duration of the event specified in the Notice of Temporary Shutdown.

4.21 If the Town of Hinton gives Notice to Continue in a Shutdown under Section 4.19, the Service Charge will be temporarily adjusted for the duration of the event specified within the Notice of Temporary Shutdown, in accordance with terms and conditions of Section 4.5. The adjustment in Service Charge will be applied to cover all of Mondi's ongoing costs and any incremental costs to continue operating the Mondi Components to provide the Process Water services contemplated under this Agreement for the duration of the event specified in the Notice of Temporary Shutdown.

4.22 Any Notice of Temporary Shutdown from Mondi and any other notice or information from Mondi to the Town of Hinton regarding a proposed temporary or permanent curtailment,

cessation or shutting down of the operations of the Mill, and all related information and discussions, will be maintained in strict confidence by the Town of Hinton.

Alternative Provisions to Provide Process Water

4.23 In the event of a Closure Notice, Notice of Temporary Shutdown or any other prolonged event that jeopardizes, in the reasonable opinion of the Town of Hinton, the provision of sufficient Process Water, Mondi accepts that the Town of Hinton may, acting reasonably,

- a) at the Town of Hinton's cost, expense and risk, make alternate arrangements to supply Process Water to the Hinton Components in accordance with the provisions of this Agreement; or
- b) request that Mondi make alternative arrangements to supply Process Water to the Hinton Components and Mondi will make Commercially Reasonable Efforts to implement alternative arrangements to supply Process Water provided that the Town of Hinton will be fully responsible for all related operating and capital costs and expenses incurred by Mondi.

4.24 If and to the extent necessary to implement alternative arrangements contemplated under the conditions stated in Section 4.23, Mondi will, on the condition that the actions of the Town of Hinton and its authorised agents do not affect the operation or safety of the Mill's operations, permit the Town of Hinton and its authorized agents:

- a) upon reasonable prior notice, reasonable access to the Mill and existing infrastructure associated with the System, in accordance with Mondi's engineering standards pertaining to safety and fire protection, access and safety conditions listed within the Operating Agreement;
- b) to modify Mondi's Components at the Town of Hinton's cost, risk and expense to facilitate the provision of Process Water to the Town of Hinton; and
- c) to install additional process and transfer equipment at the Town of Hinton's cost, risk and expense to facilitate the provision of Process Water to the Town of Hinton.

4.25 Upon resolution of the issues that resulted in a Notice of Temporary Shutdown or any other prolonged event that jeopardizes, in the reasonable opinion of the Town of Hinton, the provision of sufficient Process Water,

- a) the Town of Hinton and the Hinton Personnel will return the Mondi Components and infrastructure to the same status they were in upon commencement of implementing these alternative provisions, and
- b) both Parties will be subject to the terms and conditions included within this Agreement.

4.26 All costs, expenses and risk for the implementation of these alternative provisions, and the restoration of the Mondi Components and infrastructure in accordance with Section 4.25(a) will be borne by the Town of Hinton.

PART 5 INSURANCE

5.1 The Town of Hinton will, at its cost, obtain and maintain insurance in such amounts and upon such terms and conditions as are satisfactory to Mondi, acting reasonably.

5.2 To operate and maintain the Potable WTP (as defined in the Operating Agreement), the Town of Hinton, shall maintain insurance in accordance with Mondi's requirements for the Hinton Personnel working within the Mill site. This is currently stated as:

- a) Commercial General Liability Insurance covering legal liability with limits as contained in such insurance or a minimum of [REDACTED] whichever is greater, for injury, death, or property damage resulting from each occurrence;
- b) Automobile liability insurance for any vehicle that is brought onto the Mill site, which includes owned, non-owned, and rented automotive equipment used in connection with work or services provided by Hinton Personnel. The coverage shall provide a minimum of [REDACTED] coverage for injury, death, or property damage per occurrence.

5.3 Each third-party consultant, sub-consultant, contractor or sub-contractor engaged by the Town of Hinton as part of the Hinton Personnel (each a "**Hinton Contractor**") shall use best efforts to adhere to the same requirements for insurance placed upon the Town of Hinton by Mondi. In addition, if any Hinton Contractor is to perform consulting, engineering or other services at the Mill, such Hinton Contractor shall carry Errors and Omissions insurance having an aggregate limit of not less than [REDACTED] Any Hinton Contractor found to be at fault will be responsible for the deductible amount. The policy shall be maintained continuously from the commencement of the services to be provided by the Hinton Contractor until two (2) years after completion of those services.

5.4 The insurance to be obtained by the Town of Hinton will include Mondi and its officers, directors and employees as additional insureds and the policy shall be endorsed to add Mondi and those persons as insureds entitled to the full benefits of the policy regardless of whether a claim for coverage is related to a claim against the primary insured, and to waive subrogation against such additional insureds.

5.5 The Town of Hinton will provide true copies of certificates or other evidence of such insurance as may be reasonably requested from time to time by Mondi.

5.6 If the Town of Hinton fails to obtain or maintain insurance as required in this Part 5, or fails to provide true copies of certificates or other evidence of such insurance, as required in this Part 5, Mondi may obtain and maintain such insurance at the cost of the Town of Hinton.

PART 6 WATER RIGHTS

Water Diversion License

6.1 Mondi will be responsible for making any required payments or filings to maintain the Water Diversion License in good standing in accordance with its current terms provided that if and to the extent any such payments or filings are attributable to the proportional supply of Process Water by Mondi to the Town of Hinton, the Town of Hinton will reimburse Mondi for such payments and costs incurred in connection with such filings.

PART 7 DISPUTE RESOLUTION

Escalation/Informal Dispute Resolution

7.1 Any dispute arising out of or in connection with this Agreement shall initially be submitted for resolution pursuant to the provisions of this Part 7 before any Party may commence any action (other than an action solely for injunctive relief) in respect of such dispute. A Party's failure to comply with the preceding sentence shall constitute a cause for dismissal without prejudice of any such action.

7.2 Any dispute shall initially be submitted for resolution to a representative for each of the Town of Hinton and Mondi. The Town of Hinton and Mondi shall each cause their representatives to act in good faith in connection with the negotiation and resolution of such dispute.

7.3 If the Parties' representatives fail to resolve the dispute within five (5) Business Days of the submission of such dispute for resolution pursuant to Section 7.2, and the dispute is between the Parties in respect of any matter relating to the terms, conditions or other requirements of this Agreement, either Party may request, by notice to the other Party to that effect, that the dispute be submitted for determination by arbitration in accordance with the following:

- a) the arbitration will be conducted by a single arbitrator agreed to by the Parties, and if no agreement is reached within five (5) Business Days after the notice which requested the arbitration:
 - i. each Party will, within five (5) Business Days, select one arbitrator, and a third arbitrator will, within five (5) Business Days, be agreed to by the selected arbitrators and failing agreement, by the Court of King's Bench of Alberta; or
 - ii. if either Party fails to select an arbitrator, the arbitrator selected by the other Party will act as the sole arbitrator;

- b) the decision of a majority of the arbitrators or the sole arbitrator, as the case may be, including any decision as to costs, will be final and binding on the Parties, but will not be a precedent in any subsequent arbitration under this Agreement;
- c) except as expressly provided herein, all arbitrations will be conducted according to the laws governing commercial arbitrations in Alberta. Any dispute referred to arbitration will be dealt with on an expeditious basis with both Parties using all Commercially Reasonable Efforts to obtain and implement a timely decision of the arbitrator.

PART 8 **LIMITATIONS OF LIABILITY AND INDEMNITY**

Exclusion of Liability

8.1 It is a condition of this Agreement that Mondi will not be liable in any way to the Town of Hinton, including, but not limited to, its officers, employees, associates, affiliates and contractors or to any other person (including customers of the Town of Hinton) (the "**Hinton Indemnitees**") for any claim, action, cause of action, loss, cost, damage or death, illness or injury of any kind or nature whatsoever, direct or indirect, whether in contract, in tort including negligence, by statute, or under any quasi-contract or other theory of liability, caused by or related to (i) an interruption or curtailment in Process Water supply, or (ii) the quantity, quality or characteristics of the Process Water supplied hereunder.

Limitation of Liability

8.2 Without limiting in any way the exclusions of liability in Section 8.1, under no circumstance will Mondi be liable to the Town of Hinton, and the Hinton Indemnitees in respect of any claim, action, cause of action, loss, cost, damage or death, illness or injury of any kind or nature whatsoever, direct or indirect, whether in contract, in tort including negligence, by statute, or under any quasi-contract or other theory of liability, in an amount greater than Two Million (\$2,000,000.00) dollars.

8.3 If liability arises as the result of more than one claim, action, cause of action, loss, cost, damage or injury or otherwise as contemplated under Section 8.2, the limitation of liability provided in Section 8.2 will apply for each period of one (1) calendar year (being January 1 to December 31) to the aggregate of the claims that arose in that same one (1) calendar year.

8.4 Without limiting in any way the exclusions and limitations on liability in Section 8.1, Section 8.2 and Section 8.3, in no event will Mondi be liable to the Town of Hinton or any other party for any direct, indirect, special or consequential damages or loss including, but not limited to, lost profits, lost business revenue or opportunity or contracts and failure to realize expected savings, regardless of the form of action, whether in contract, in tort including negligence, by statute, or under any quasi-contract or other theory of liability, even if a Party has been advised of the possibility of such damages.

8.5 The limitations and exclusions of liability under this Agreement apply:

- a) regardless of the basis on which any party is entitled to claim, including breach of contract, even if a fundamental breach, or tort, including negligence or misrepresentation; and
- b) in relation to Mondi and each of Mondi's directors, officers, employees, agents, subcontractors, affiliates and personnel (individually and collectively in any combination).

Indemnity

8.6 The Town of Hinton will indemnify and save Mondi and each of Mondi's directors, officers, employees, agents, subcontractors, affiliates and personnel (individually and collectively in any combination) harmless from any losses, costs, damages, claims, actions, causes of action, investigations or other proceedings incurred by or affecting Mondi or any of Mondi's directors, officers, employees, agents, subcontractors, affiliates and personnel (individually and collectively in any combination, "Claims") related to this Agreement including Claims by or related to:

- a) the services provided by Mondi under this Agreement, including claims related to the quantity, quality or treatment (or lack thereof) of Process Water supplied;
- b) any other person or third parties, including customers of the Town of Hinton, who are supplied, directly or indirectly, by the Town of Hinton with water, supplied by Mondi to the Town of Hinton under this Agreement;
- c) arising from the Town of Hinton's action or inaction in fulfilling its obligations or exercising its rights under this Agreement including those related to construction, installation, commissioning, maintenance, repair or use of the System or the Hinton Components or which affect power and gas utility lines or sewer facilities;
- d) injury to or death of Hinton Personnel for any reason related to this Agreement;
- e) the need to obtain or maintain easements and right-of-ways to carry out the terms of this Agreement; and
- f) shutdowns or curtailments in the Mill's operations or damages suffered by Mondi for economic loss, including loss of profit, if the Town of Hinton or any Hinton Personnel interrupt or disrupt the operation of the Mill through actions outside of the procedures and policies set out in the Operating Agreement.

8.7 The Town of Hinton will not be responsible for costs, losses or damages incurred or suffered by Mondi as a direct result of Mondi's employees or agents wilful misconduct or gross negligence.

8.8 In ensuring that there will be no cost to Mondi from any the events or circumstances outlined in Section 8.6, "cost", "Claims" or "proceeding" will be broadly interpreted, without limitation, as follows:

- a) "cost" will be deemed to include legal fees before and during any actual or threatened litigation or other proceeding or investigation, costs or expenses including fees paid to consultants and experts, all applicable taxes, fines, penalties, assessments, damages, losses, liabilities, amounts paid in settlement of a claim and expenses related to a claim;
- b) "Claim" will be deemed to include any decision by a body with legal authority, including a court, regulatory body, or government or quasi-governmental department or agency; and
- c) "proceeding" in relation to any matter for which a claim for indemnification might be made will be deemed to include any notice from a government or regulatory body or potential claimant and any step in response thereto an investigation, preliminary inquiry, formal inquiry, regulatory hearing or process, prosecution or civil action.

PART 9 **GENERAL MATTERS**

Force Majeure

9.1 Neither Party will be responsible for failing to meet its obligations under this Agreement if such failure is the result of any cause or circumstance beyond its reasonable control and unforeseeable at the time of the Agreement including, but not limited to, acts of God, fire, strike or other labour disruption, lockout, sabotage, terrorist attack, riot, war, flood, extraordinary breakdown or system failure (notwithstanding diligent maintenance work being carried out), explosion, changes in laws or regulations, court order, act of any government body or agency having jurisdiction over the Mill, state of emergency or public health emergency declared by a governmental authority, pandemic, epidemic, government mandated quarantine, blockade, civil commotion or disobedience (lawful or unlawful) or for any similar reason, including, for Mondi, as applicable, and the delay or failure of any government body to issue (or the suspension of) material authorizations or approvals necessary to operate the Mill and the shortage of any material supplies required for Mondi's operations of the Mill (any such event a "Force Majeure Event").

9.2 If a Force Majeure Event occurs, the affected Party will give prompt notice to the other Party and will use all Commercially Reasonable Efforts to overcome such event.

9.3 In no event will a Force Majeure Event excuse a failure to meet any financial obligation including an obligation to:

- a) indemnify under Section 8.6, Section 8.7 and Section 8.8; or
- b) make any payments required by this Agreement.

Term and Termination of this Agreement

9.4 This Agreement is conditional upon the Town of Hinton granting the property tax exemptions to Mondi pursuant to the Town of Hinton Bylaw # 1161-1 as amended, in accordance with the application made by Mondi in this respect (the "**Tax Exemptions**"), and in the event that the Tax Exemptions are not granted or are revoked or rescinded by the Town of Hinton, unless such revocation or rescission occurs as a result of actions by Mondi affecting the conditions set out in the Tax Exemptions, this Agreement shall be null and void.

9.5 This Agreement shall be effective and commence on the Commencement Date and terminate (the "**Term**") on the date which is the later of:

- a. The twentieth (20th) anniversary of the Commencement Date; and
- b. The last date on which the Tax Exemptions remain in place,

except if terminated earlier in accordance with the provisions of this Agreement.

9.6 This Agreement is conditional upon the occurrence of Closing (as defined in the Purchase Agreement), and in the event that Closing does not occur, this Agreement shall be null and void.

9.7 If a Party (the "**Breaching Party**") is in breach of a material obligation under this Agreement, the other Party (the "**Non-Breaching Party**") may give written notice of the breach ("**Notice of Breach**") to the Breaching Party. The Notice of Breach will provide reasonable particulars of the breach. If the Breaching Party fails to cure such breach within sixty (60) days following its receipt of the Notice of Breach, or make all Commercially Reasonable Efforts to do so, should such breach require more than sixty (60) days to cure, the Non-Breaching Party may, upon not less than ten (10) additional days notice, terminate this Agreement.

9.8 Upon expiration or termination for any reason of this Agreement, the Town of Hinton will be entitled, subject to the following conditions, to remove Hinton Components from the Mill site:

- a) the Town of Hinton must give Mondi a notice (the "**Removal Notice**") of its intention to do so within twenty (20) days of the earliest of (i) its receipt of a notice to terminate from Mondi, and (ii) the effective date of any notice to terminate by the Town of Hinton;
- b) if not all the Hinton Components are to be removed, the Removal Notice must specify which components are to be removed;
- c) as soon as reasonably practicable following delivery of the Removal Notice, and in any event not less than twenty (20) days before any proposed removal, the Town of Hinton will give written notice to Mondi as to the date or dates on which the removal is to take place and both Parties will subsequently cooperate reasonably to ensure that the

removal and related activity takes place during normal business hours of the Mill and does not interrupt, disrupt or adversely affect the operations of or at the Mill;

- d) the Town of Hinton will be responsible for all costs and expenses associated with the removal of the Hinton Components including the cost of repairing any damage to the remainder of the System or to any other Mondi equipment or property, that results from the removal of the Hinton Components;
- e) the Town of Hinton will take all measures that are reasonable in the circumstances to restore the Mill site to substantially the condition it was in before the Hinton Components (or any components the removed Hinton Components replaced) were originally installed; and
- f) if the Town of Hinton fails to perform any of its obligations under this Section 9.8, Mondi may, at the cost, expense and risk of the Town of Hinton, perform such obligation.

Sale of Mill

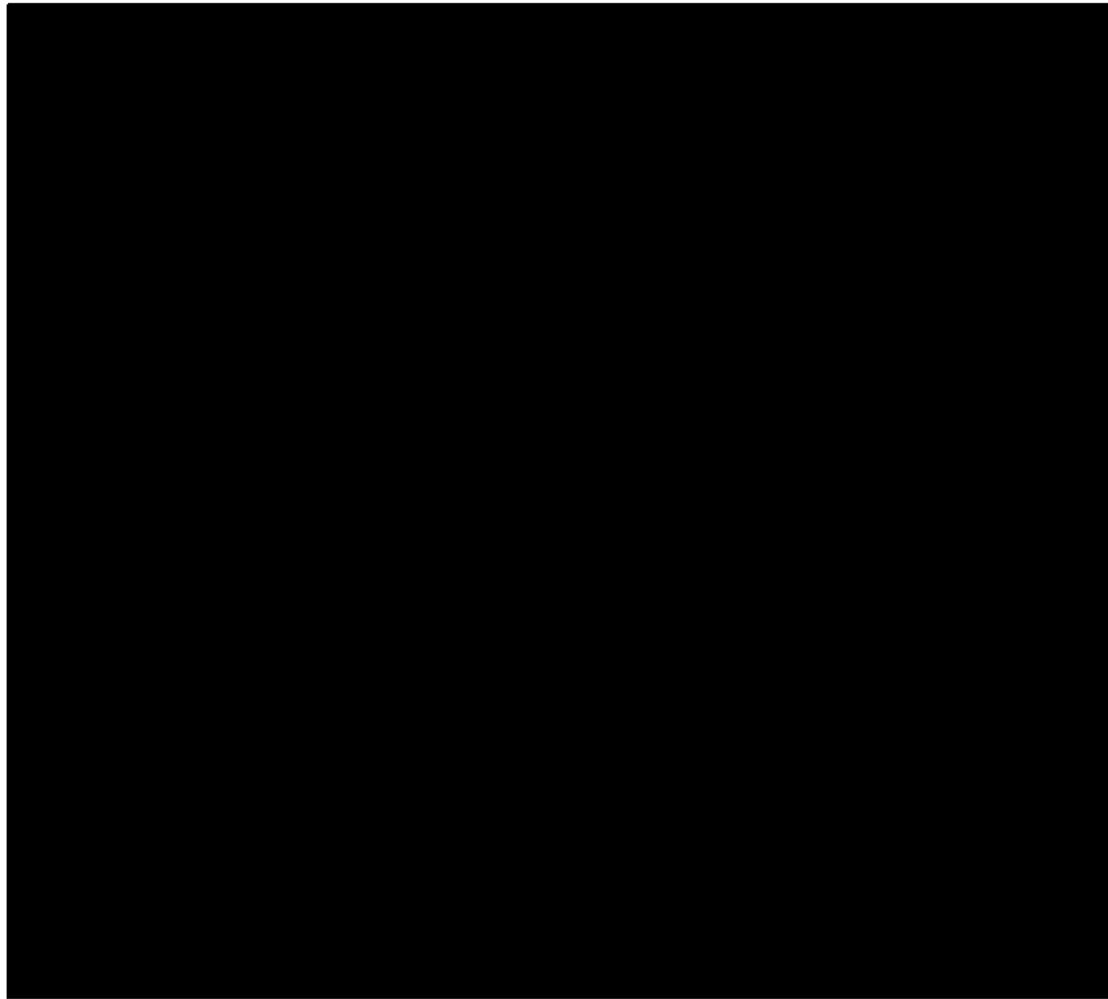
9.9 In the event that the Mill is sold or transferred to a third party, Mondi will notify the Town of Hinton and will require the purchaser continues to supply Process Water pursuant to the terms of this Agreement or to otherwise allow the Town of Hinton to obtain water under the Water Diversion License, acceptable to the Town of Hinton. Once any third-party purchaser or transferee agrees to assume Mondi's obligations under this Agreement and upon sale or transfer of the Mill, Mondi will be, and will be deemed to have been, fully and unconditionally released and discharged from any further obligation under this Agreement from and after the effective date of the purchase or transfer.

9.10 Nothing in this Agreement will prevent Mondi from transferring the Mill to an affiliate provided that, in the event of such a transfer, Mondi will not be relieved from the performance of all obligations under this Agreement.

Notice

9.11 Any written notice or demand required by this Agreement will be sent by registered or certified mail, personal delivery, overnight commercial carrier, with a copy by electronic mail. If hand delivered, the notice will be effective upon delivery. If mailed, the notice will be effective five (5) Business Days after being deposited with Canada Post by certified mail, return receipt requested, addressed appropriately to the intended recipient, as follows:

If to Mondi at:



9.12 Either Party may change the address at which it receives notices by giving written notice to the other Party in the manner prescribed by Section 9.11.

Enurement

9.13 This Agreement will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

Independent Contractors

9.14 Mondi and the Town of Hinton are independent contractors and neither Party will act as the legal agent of the other or otherwise cause the other to incur liability in any manner whatsoever.

9.15 Neither Party will issue a news release, public announcement or advertisement concerning the existence of this Agreement or its efforts in connection with this Agreement without the prior written approval of the other Party.

Amendments

9.16 No deletions, supplements, additions, modifications or changes to the terms and conditions of this Agreement will be effective unless specified in a written amendment to this Agreement signed by both Parties.

No Assignment

9.17 Neither Party may assign its obligations under this Agreement without the prior written consent of the other Party, which consent may not be unreasonably withheld, conditioned or delayed.

9.18 Except as provided in Section 9.9, the assignor will remain liable for any failure by any assignee to perform any of its obligations under this Agreement.

Waiver

9.19 No waiver by either Party of any delay, default or omission by the other Party will affect or impair the rights of the non-defaulting Party in respect of any subsequent delay, default or omission of the same or different kind.

Governing Law

9.20 This Agreement will be governed by the laws in force in the Province of Alberta, and the Parties hereby irrevocably submit to the jurisdiction of the courts located at the Province of Alberta. The remedies specified in the Agreement will be considered the sole or exclusive remedies of the Parties.

Entire Agreement

9.21 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no unwritten agreements or understandings, except as referenced and attached hereto.

Survival

9.22 All those provisions of this Agreement which by their nature ought reasonably to survive the expiration or termination of this Agreement, including Parts 7 (*Dispute Resolution*) and 8 (*Limitations of Liability and Indemnity*) and this Part 9, will survive the expiration or termination for any reason of this Agreement.

Severability

9.23 If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination will not impair or affect

the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

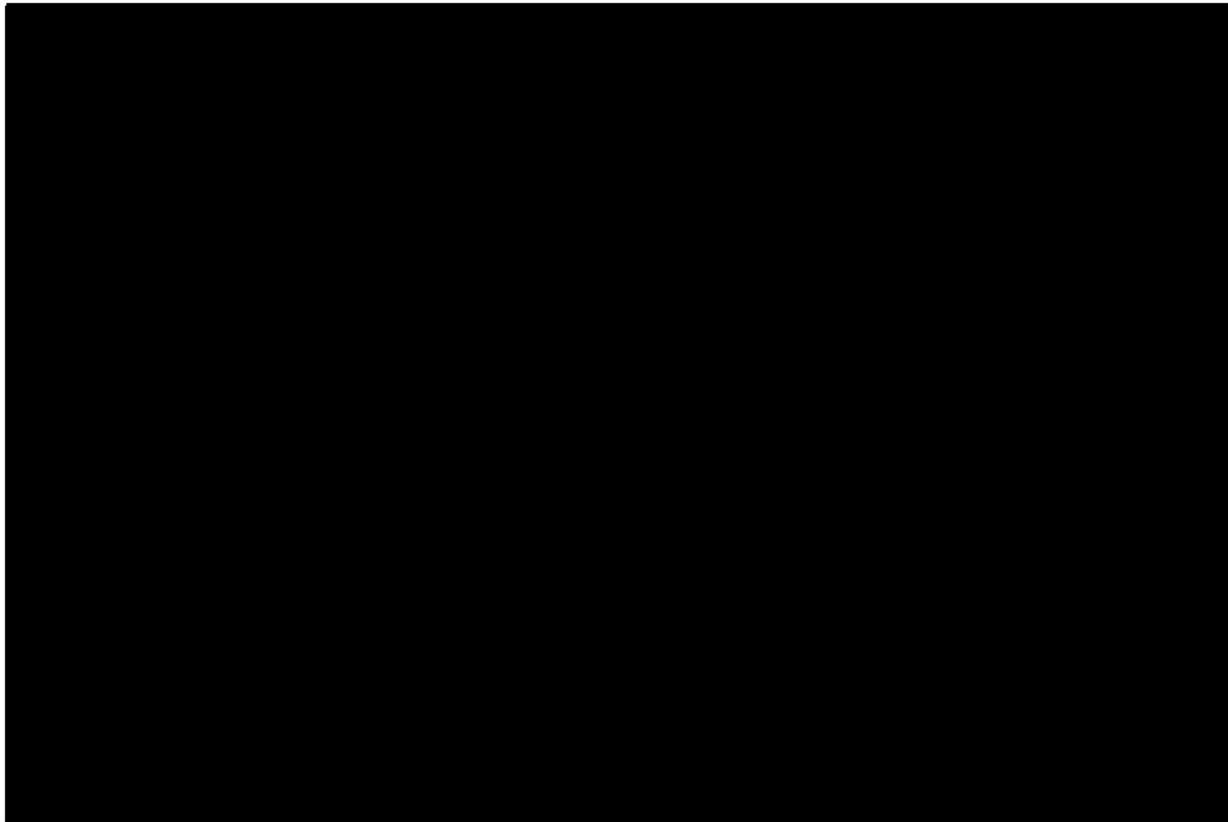
Time of Essence

9.24 Time is of the essence in the performance of this Agreement.

Counterparts

9.25 This Agreement may be executed in two or more counterparts and all counterparts so executed will for all purposes constitute one agreement binding on both Parties.

(Signature Page follows)



SCHEDULE 1.4
LIST OF EXISTING AGREEMENTS

1. Services Agreement, as amended in 1988, 1998, and 2014, attaching the Operating Agreement as a schedule;
2. Transition Agreement for Water Services effective as of January 1, 2018, attaching the Transition Operating Agreement as a schedule;
3. Umbrella Agreement Water Supply Services effective as of May 17, 2018;
4. Form of Interim Water Services Agreement, attached as a schedule to the Umbrella Agreement; and
5. Operating Agreement, attached as a schedule to the Interim Agreement.

SCHEDULE 3.9

RISK AND RESILIENCE MEASURES

1. The risk mitigation and resilience measures to be completed within the first five (5) years of the Term of this Agreement shall include (the "**Risk and Resilience Measures**"):
 - a) All measures implemented in connection with raw water clarifier gearbox (including equipment and materials (including new drive gearbox unit), construction and demolition (including scaffolding, carnage, electrical connection), labor (including mechanical millwrights on 14 shifts), preparation of the site, and project management);
 - b) All measures implemented in connection with stave line replacement (including equipment and materials (including piping materials – 304L S/S), construction and demolition (demolition trucks, excavators), labor (including mechanical fitting, welding), preparation of the site, and project management); and
 - c) All measures implemented in connection with water and effluent generator backup (including equipment and materials (including 1x800, 2x1000kWe generators, plus TX in filter plant, pond, pumphouse), construction and demolition (including freight haul, craneage), labor (including Electrical & automation installation), preparation of the site, and project management).
2. The Town of Hinton and Mondi shall discuss in good faith to agree on these risk and resilience mitigation measures, provided that:
 - a) the Town of Hinton shall not unreasonably withhold, delay or deny consent to the measures proposed by Mondi, and the consent will be deemed given failing an express denial within thirty (30) days from the date on which the measure has been proposed to the Town of Hinton in writing;
 - b) in case the Town of Hinton does not agree with any measure proposed by Mondi, the Town of Hinton shall propose alternative reasonable measures to Mondi that fulfills the same requirements within sixty (60) days from consent denial; and
 - c) failing such alternative reasonable measures proposed by the Town of Hinton in accordance with the above, Mondi can proceed with the initially proposed measures.
3. The Parties acknowledge that Appendix 3.9 is an estimate of the scope and costs of the Risk and Resilience Measures to secure a safe and reliable provision of Process Water, and the Parties shall work together to agree on a reasonable scope and cost before commencing with the measures. Notwithstanding the foregoing or any other provisions of this Agreement, the Town of Hinton's obligations with respect to the Risk and Resilience Measures shall be limited to the actual costs incurred by Mondi and shall not exceed, in any circumstances, [REDACTED]

Appendix 3.9

Overview of \$6m in risk mitigation measures to secure a safe and reliable water supply to ToH

Preliminary

1 Raw Water Clarifier Gearbox (replacement of drives)	2 Stave Line Replacement (assuming above ground replacement with S/S piping)	3 Water & Effl. Generator Backup (generators for filter plant, ponds, river pump house)
Equipment and materials:		
<ul style="list-style-type: none"> New drive gearbox unit 	<ul style="list-style-type: none"> Piping materials (304L S/S) 	<ul style="list-style-type: none"> 1x800, 2x1000kWe generators, plus TX in filter plant, pond, pumphouse
Construction/demolition:		
<ul style="list-style-type: none"> Scaffolding, craneage, electrical conn. 	<ul style="list-style-type: none"> Demolition trucke, excavators 	<ul style="list-style-type: none"> Freight haul, craneage
Labor:		
<ul style="list-style-type: none"> Mechanical millwrights on 14 shifts 	<ul style="list-style-type: none"> Mechanical fitting, welding 	<ul style="list-style-type: none"> Electrical & automation installation
Preliminary general:		
<ul style="list-style-type: none"> Site est., project management 	<ul style="list-style-type: none"> Site est., project management 	<ul style="list-style-type: none"> Site est., project management
Total est. project cost:		
		TOTAL SUM: Σ 6,056 k\$

Notes:

* All dollar amounts are Canadian dollars.

** Overview shows preliminary estimates and final offers may deviate from these estimates subject to detailed scoping and contract negotiations.



SCHEDULE 4.1
SAMPLE CALCULATION OF SERVICE CHARGE

Schedule 4.1 | Charges for Services

[A] Subtotal rate [d/a]	[CAD/m3]	0.1297
[B] Subtotal rental fee [A*9]		
[C] Administration fee as per Section 4.2		
[C] Administration fee	[%]	5.0%
2024 Rate [A*(1+C)]	[CAD/m3]	0.1362
2024 Rental fee [B*(1+C)]	[CAD]	51 325.05

¹ For clarity, the ToH will not be charged with depreciation for measures that the ToH has either fully or partially financed