



Government of Newfoundland and Labrador  
Department of Forestry, Agriculture and Lands  
Office of the Minister

DOC/2026/01697

### Letter of Intent

Between Government of Newfoundland & Labrador (the "Province") and Kruger Inc, the parent company that operates Corner Brook Pulp and Paper Limited ("CBPPL")

This letter of intent ("LOI") is made as of April 28, 2026, between the Government of Newfoundland and Labrador (the "Province") and Kruger Inc., the parent company that operates Corner Brook Pulp and Paper Limited ("CBPPL").

Whereas Corner Brook Pulp and Paper Limited ("CBPPL") is a key component of the integrated forest sector and a major employer on the west and central regions of the island. CBPPL directly employs approximately 380 people and sustains 1,000 direct and indirect positions across forestry, lumber, transportation, energy, and related service industries; and

Whereas Corner Brook Pulp and Paper Limited has engaged the Government of Newfoundland and Labrador (the "Province") regarding various opportunities to diversify its revenue sources and to ensure the long-term viability of the pulp and paper mill in Corner Brook (the "Mill"), collectively referred to as the CBPPL Diversification Project (the "Diversification Project"); and

Whereas through its Diversification Project, CBPPL has advised the Province that it is proposing an investment to re-life the Mill operations, strengthen sustainable forest management, upgrade existing renewable energy production, construct a wind farm of 119 MW and stabilize long-term employment; and

Whereas on this basis, the Province has been advised that CBPPL is considering significant investments of approximately \$700M in paper manufacturing, power generation, and forest harvesting operations. CBPPL has advised that through efficient operation of both the electrical generation and modernized Mill manufacturing operations, this new structure would provide diversified mill product manufacturing, firm renewable hydroelectric power capacity to Newfoundland and Labrador Hydro ("NL Hydro") and allow expansion of the provincial sawmill industry which in turn would enable a robust network of forest harvesting, trucking, and silviculture contractors; and

Whereas the Province is committed to supporting rural communities and growing rural economies, securing good paying jobs, and developing its natural resources responsibly, in a way that maximizes benefits for the people of Newfoundland and Labrador; and

Whereas the Parties share the goal of exploring a future for CBPPL that advances these goals, while ensuring a sustainable and vibrant forestry sector.

The purpose of this Letter of Intent (the "Letter") is to reflect the general intentions of the Parties only and does not constitute a legally binding agreement. The Letter sets forth the Parties intent to work on the following initiatives and measures to address some immediate challenges facing the Mill and seek to explore the implementation of the long-term Diversification Project:

**Extension of Interim Power Purchase Agreement (PPA)**

The Province will begin work immediately to extend the current interim PPA between CBPPL and NL Hydro by twelve months, commencing on July 1, 2026, and ending on June 30, 2027, to ensure that the PPA does not expire while the Parties continue to assess and advance the proposed Diversification Project.

The key terms of the PPA will remain the same during this period, but will include the supply of 280,000 megawatt hours, and the power at a rate of \$187 per megawatt hour. For the twelve-month extension of the PPA, the obligations of NL Hydro will be subject to the continued operation of the Mill by CBPPL and maintenance of current employment.

**Discussions on a Long-Term Power Purchase Agreement with NL Hydro**

To provide additional certainty regarding the long-term sustainability and potential growth of this revenue stream for CBPPL, the Parties are prepared to begin discussions on the structure and terms of a potential Long-Term Power Purchase Agreement between NL Hydro and CBPPL.

The Parties agree, by June 30, 2026, to provide information on the quantity and applicable pricing of power, on a non-binding and indicative basis, to further discussions on the feasibility of the Diversification Project and the associated investment of approximately \$700M.

CBPPL agrees to undertake all necessary actions that may be required to support the advancement of such discussions, including but not limited to, the provision of information to support data analysis, initiate necessary regulatory applications and investigate potential sources of project financing. Any costs incurred by CBPPL in exercising such actions shall be the responsibility of CBPPL.

**Exploring Opportunities and Securing Federal Support**

The Parties commit to work collaboratively to explore potential opportunities to secure federal support for front end engineering and design work, including through available federal funding programs, opportunities for targeted assistance for the Mill and the forestry sector, and ongoing federal initiatives to support domestic industries and jobs within Canada and to accelerate and advance major projects.

**Support for an Integrated Forest Sector**

CBPPL commits to continued development of mutually beneficial fibre supply agreements with Burton's Cove Logging and Lumber, Sexton Lumber, and Cottles Island Lumber, and expanded investments in silviculture to support the sustainable harvest goals proposed in the

diversification plan in such a manner that operations at these saw mills will not be negatively impacted by the actions of CBPPL.

**Continued Operation of the Mill**

CBPPL commits to the continued operation of the Mill based on the operation of one paper machine and maintenance of current employment. CBPPL commits that no action will be undertaken to close the Mill nor will any statutory notice to employees on any closure of the Mill be issued while this Letter continues in effect.

It is intended that this Letter will continue until June 30, 2027, or until replaced by a formal Agreement(s) regarding the Diversification Project. The Province or CBPPL may cancel this Letter on 90 days written notice to the other.

**Signature and Date**

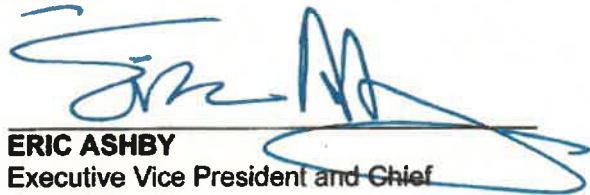
IN WITNESS WHEREOF, the parties agree to the terms and conditions set forth in this Agreement as such is demonstrated by signing below.

 APR 29 2026

**HONOURABLE PLEAMAN FORSEY, MHA**  
District of Exploits  
Minister



**HONOURABLE LLOYD PARROTT, MHA**  
District of Terra Nova  
Minister



**ERIC ASHBY**  
Executive Vice President and Chief  
Operating Officer  
Kruger Inc.