



Tamarack Resources

BILCON – Whites Point Quarry Project
Reply Expert Report of
Tamarack Resources

August 18, 2017



Tamarack Resources Inc.

INTRODUCTION

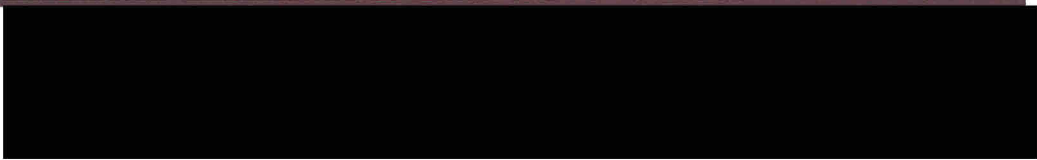
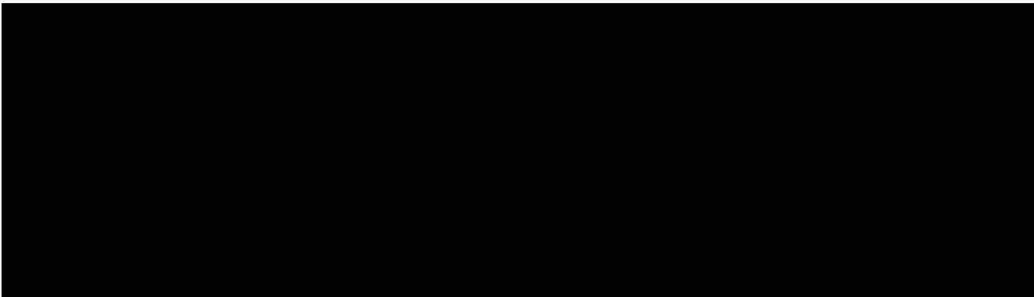
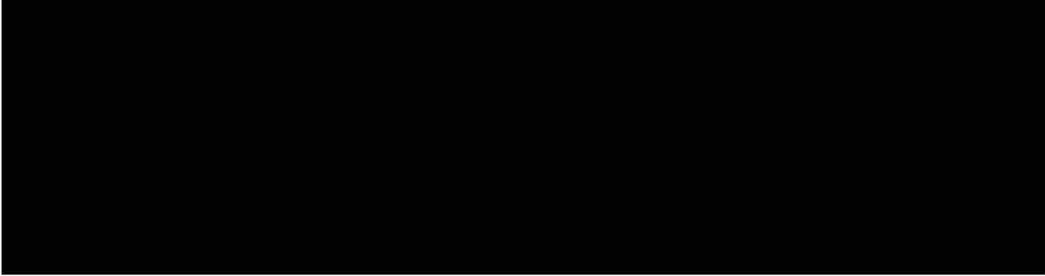
1. You have asked me to provide a Reply Expert Report in these proceedings supplemental to my Expert Report dated December 9, 2017 (“my December Report”). This Reply Expert Report is made in response to the Marsoft report dated June 9, 2017 (the “Marsoft report”).
2. My comments on the Marsoft report are based on my thirty years of experience in the shipping industry, including twenty years as Director of Marketing for Canada Steamship Lines (“CSL”). [REDACTED]
3. In my opinion, much of the analysis and many of the conclusions in the Marsoft report are divorced from the reality of the real-world shipping market, relating to the shipment of aggregate from Whites Point to New York City and New Jersey.

I. INDEPENDENT VERIFICATION THAT MY FREIGHT RATE ESTIMATES ARE REASONABLE

4. In my December Report, at pages 11-13, I set out the freight rates [REDACTED]



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5. 
6. Since I signed my December report, I have been provided with three quotation letters and three invoices issued by Atlantic Coast Materials (“ACM”) to NYSS regarding freight rates for shipping aggregates from ACM’s Bayside Quarry in New Brunswick to NYSS’s facilities in New York City and to Amboy.
7. The three quotation letters (the “Bayside Quotations”) are dated October 22, 2009, December 11, 2009 and December 21, 2009 and are attached to this Expert Report as Appendix A.
8. The three invoices (the “Bayside Invoices”) are dated September 14, 2007, November 19, 2008 and November 24, 2009, and are attached to this Expert Report as Appendix B.
9. I did not see the Bayside Quotations or the Bayside Invoices, nor was I aware of their contents, until after signing my December Report.
10. 
11. 



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12. ACM's October 22, 2009 letter quotes freight rates within the same range as the freight rates set out in my December Report. [REDACTED]

13. The Bayside Quotations and Bayside Invoices provide independent verification that the freight rate estimates in my December Report are reasonable estimates.

14. [REDACTED] I remain of the opinion that the freight rates I estimated in my December Report would have been achievable [REDACTED]

II. [REDACTED]

15. The Marsoft report claims that my December Report [REDACTED] [REDACTED] That is incorrect.

16. [REDACTED]

17. The Marsoft report also asserts that [REDACTED]

¹ Marsoft report, para. 12 and Figure 3 (at para. 46).



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² The suggestion that I assumed

is also incorrect.

18. My December Report estimates freight rates,

It is reasonable to assume that

19.

20. This is a reasonable assumption.

21.

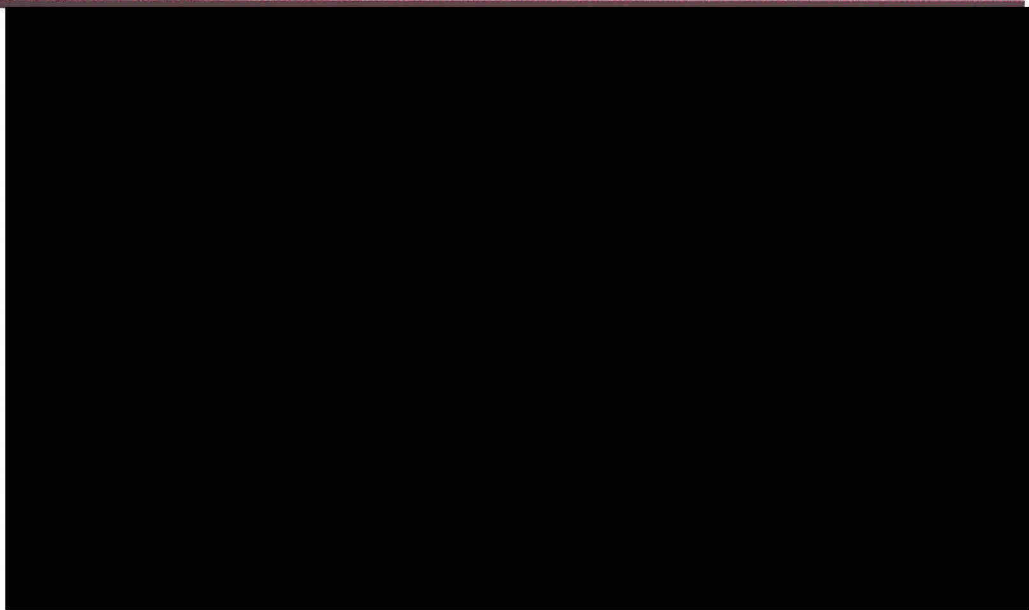
² Marsoft report, para. 17.

³ My December Report, p. 2.

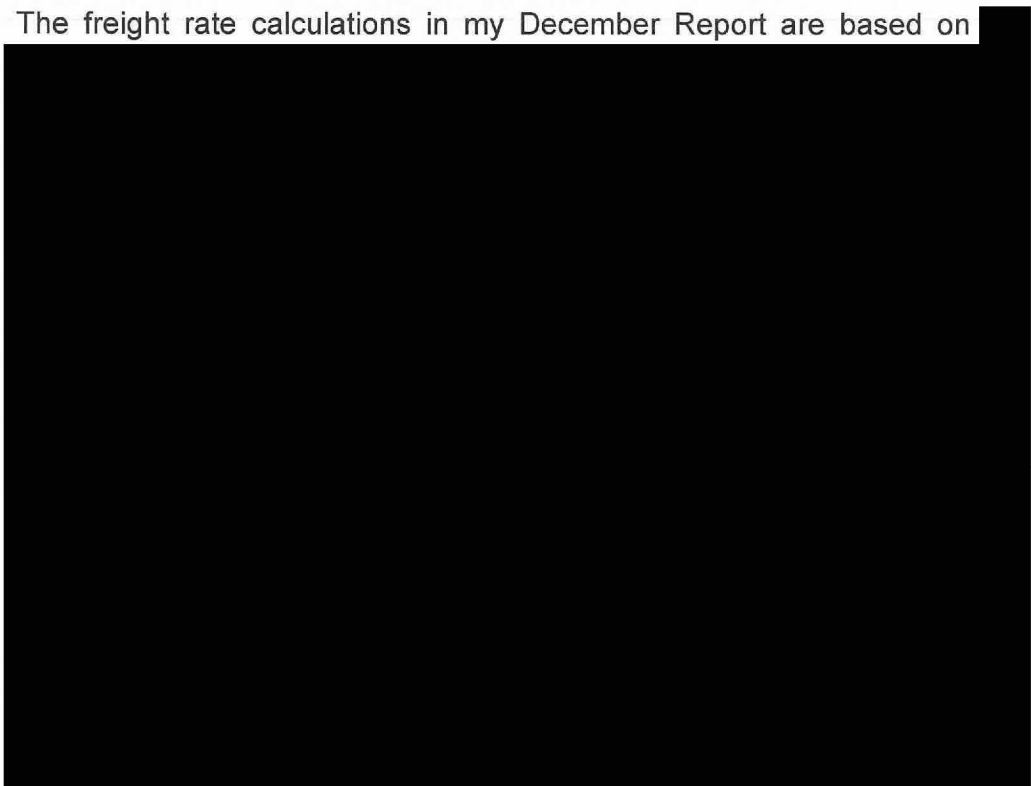


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22.



23. The freight rate calculations in my December Report are based on



24.

25.

4





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26.

27.

III.

28. The Marsoft report claims that my December Report

29. Contrary to the mistaken assumption in the Marsoft report,

⁵ Marsoft report, para. 30.

⁶ Marsoft report, para. 31.

⁷ Marsoft report, para. 57.



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30.

31.

32.

IV.

33. It is common in the shipping industry for freight rates to be set on the basis of

⁸ Marsoft report, para. 33.



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34.

35.

Taking this into account, [REDACTED] are in the same range as my estimated rates for shipping from Whites Point to [REDACTED]

36. The Marsoft report claims that my December Report "did not account for [REDACTED]"

37. To the contrary, I was well aware that [REDACTED] when I drafted my December Report. The reality is that [REDACTED]

⁹ Marsoft report, para. 24.



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38.

[REDACTED]

V. LONG-TERM FREIGHT COSTS USED IN THE ROSEN REPORT

39. I noted in my December Report that, in my experience,

[REDACTED]

40.

41. The Marsoft report suggests that

[REDACTED]

42.

My December Report is based on what we do know. My December Report assumed that

[REDACTED]

In my opinion, this is the most sensible and reasonable approach to

¹⁰ My December Report, p. 10.

¹¹ My December Report, p. 11.

¹² Marsoft report, para. 62.



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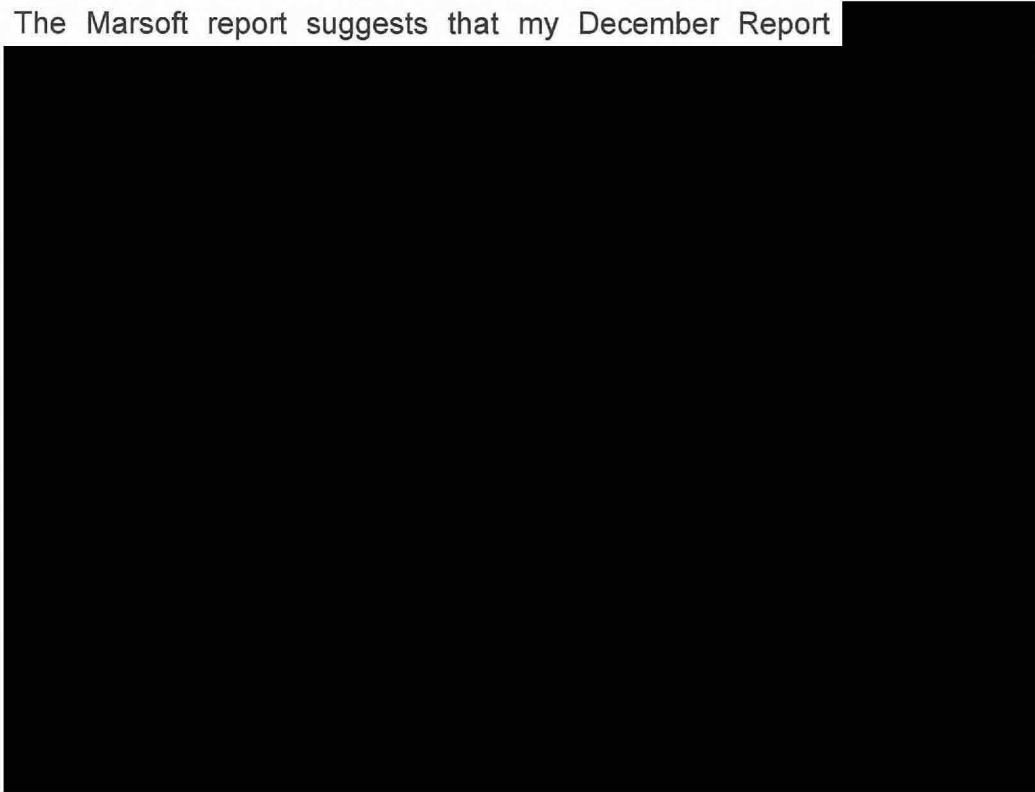
VI.

43.



VII. THE MARSOFT REPORT [REDACTED] DOES NOT REFLECT THE REALITY OF THE SHIPPING MARKET

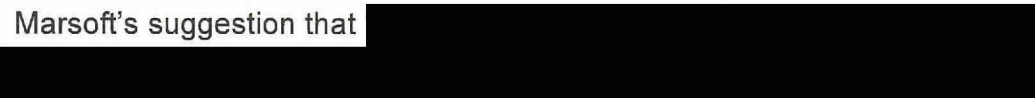
44. The Marsoft report suggests that my December Report [REDACTED]



45.

46.

47. Marsoft's suggestion that [REDACTED]



¹³ Marsoft report, para. 37.

¹⁴ Marsoft report, para. 64. The Marsoft report cites "Tamarack Report, ¶1" for this proposition, but I believe the correct citation is to page 5 of my December Report.



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¹⁵ is also incorrect.

I discuss this further

below.

48. The Marsoft report also suggests that

49. As I have explained above, contrary to the Marsoft report's assertion,

50. Leaving aside this inaccuracy in the Marsoft report, the Marsoft report's theoretical is, in my opinion, divorced from the reality of the shipping market.

A. Bilcon's Decision to
was Sensible

51. The Marsoft report suggests that

¹⁸ This, in my opinion, ignores

¹⁵ Marsoft report, para. 33.

¹⁶ Marsoft report, para. 84.

¹⁷ Marsoft report, para. 84.

¹⁸ Marsoft report, para. 88.



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the many reasons why it would not make sense for [REDACTED]
[REDACTED]

52.

53.

54.

[REDACTED]

B. The “Representative” [REDACTED] relied on by the Marsoft report are not Representative

55. The Marsoft report calculates that the [REDACTED]

¹⁹ This calculation is

based on [REDACTED]

56.

[REDACTED]

¹⁹ Marsoft report, para. 95.

²⁰ Marsoft report, para. 93.



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[REDACTED] In my opinion, Marsoft's calculation of [REDACTED] is flawed.

1. [REDACTED] and [REDACTED]

57.

[REDACTED]

2. [REDACTED]

58.

[REDACTED]

3. [REDACTED]

59.

[REDACTED]



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[REDACTED]

60. In addition, the Marsoft report mischaracterizes [REDACTED]
 [REDACTED] Marsoft claims that it has [REDACTED]
 [REDACTED] The Marsoft report then
 suggests that, as a result, [REDACTED]

61. This is incorrect. [REDACTED]
 [REDACTED] The Marsoft report's suggestion that
 [REDACTED] is also incorrect.

C. Other Inaccurate Assumptions used in [REDACTED]

62. In addition to the problems with [REDACTED]
 [REDACTED] and Marsoft's incorrect use of [REDACTED]
 to calculate [REDACTED] there are various other
 inaccuracies within Marsoft's [REDACTED] which result, in
 my opinion in a further overestimation of freight costs.

63. For example, the Marsoft report's [REDACTED] assumes that
 [REDACTED]

²² Marsoft report, para. 96.

²³ Marsoft report, para. 96.

²⁴ Marsoft report, paras. 99-112.



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64.

Marsoft's

assumes that

65.

are also inaccurate.

66. Both of these scenarios are incorrect which results in an overestimation of per ton freight costs.

VIII. CONCLUSION

67. Taking into account all of the factors that, in my opinion would have affected freight rates from the Whites Point Quarry to New York City and New Jersey in 2010, it remains my opinion that the freight rates set out in my December Report are reasonable estimates of the rates Bilcon of Nova Scotia [REDACTED] would have paid to transport the Whites Point aggregate to New York City/New Jersey during the years

²⁵ Marsoft report, para. 119.



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2010 - 2020. The reasonableness of my estimates is further supported by the Bayside Quotations.

68. The Marsoft report's [REDACTED] is highly theoretical. It is divorced from the reality of the freight rates quoted in the Bayside Quotations [REDACTED]

69. The inaccuracies and incorrect assumptions contained within Marsoft's [REDACTED] cause Marsoft to overestimate freight costs for the shipment of aggregate from Whites Point to New York City and New Jersey.

Dated: August 18, 2017


A. WAYNE MORRISON

APPENDIX A

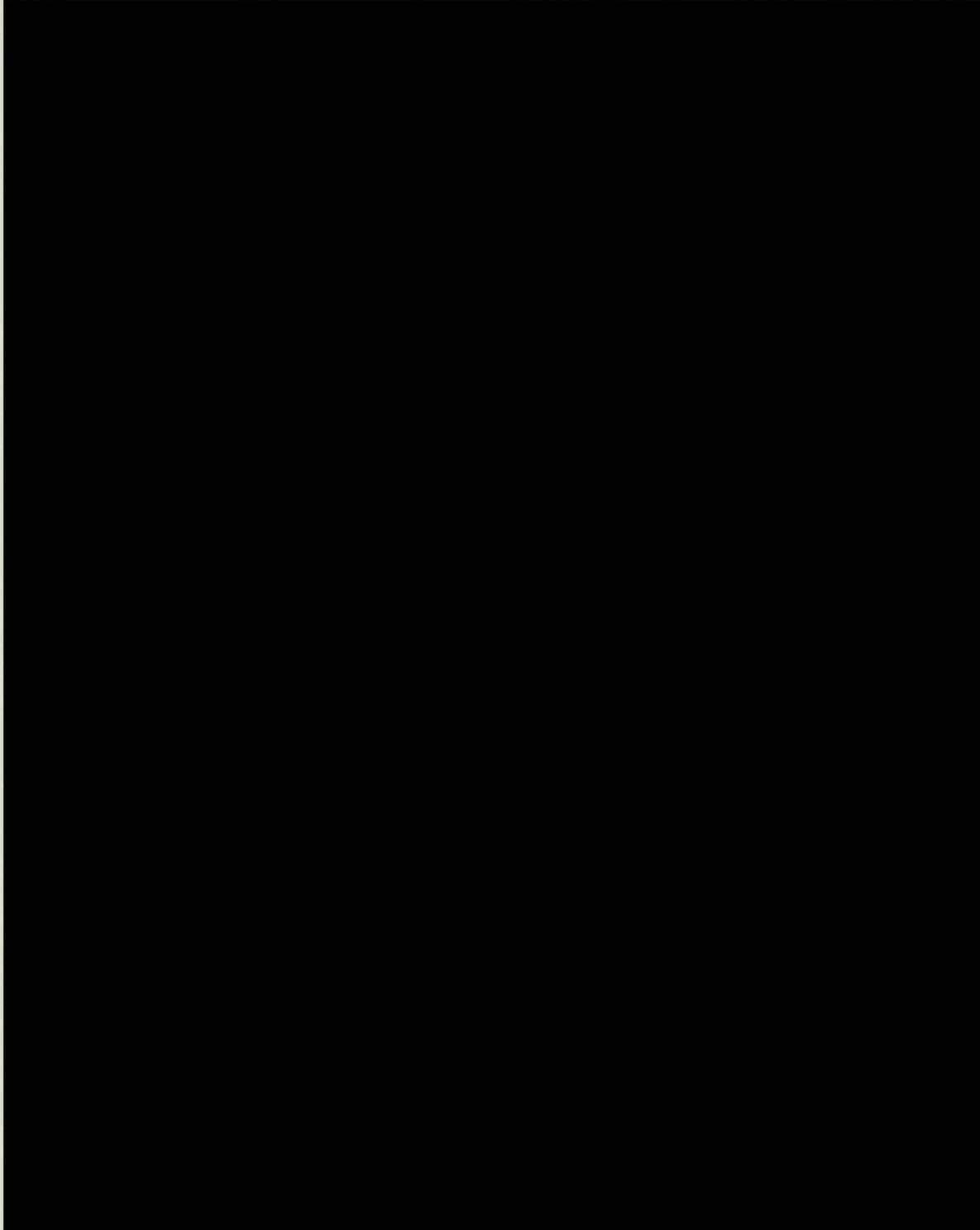
REPLY EXPERT REPORT OF TAMARACK RESOURCES

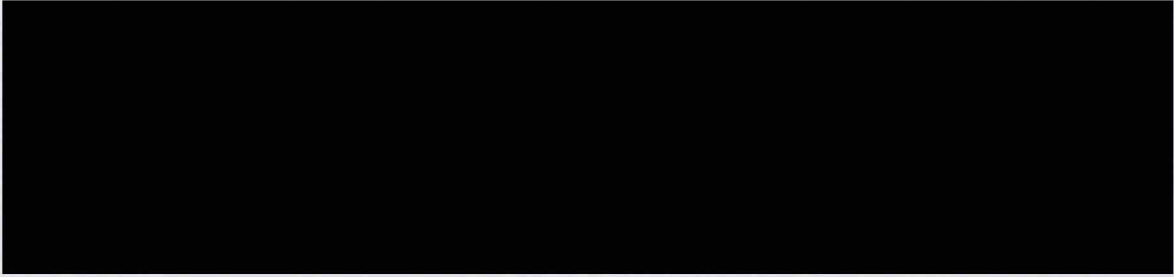


ATLANTIC COAST MATERIALS
P.O. Box 981 Antigonish, N.S. Canada B2G 2S3

Ph: (902) 863-8368
Fax: (902) 863-2051

October 22, 2009





Atlantic Coast Materials

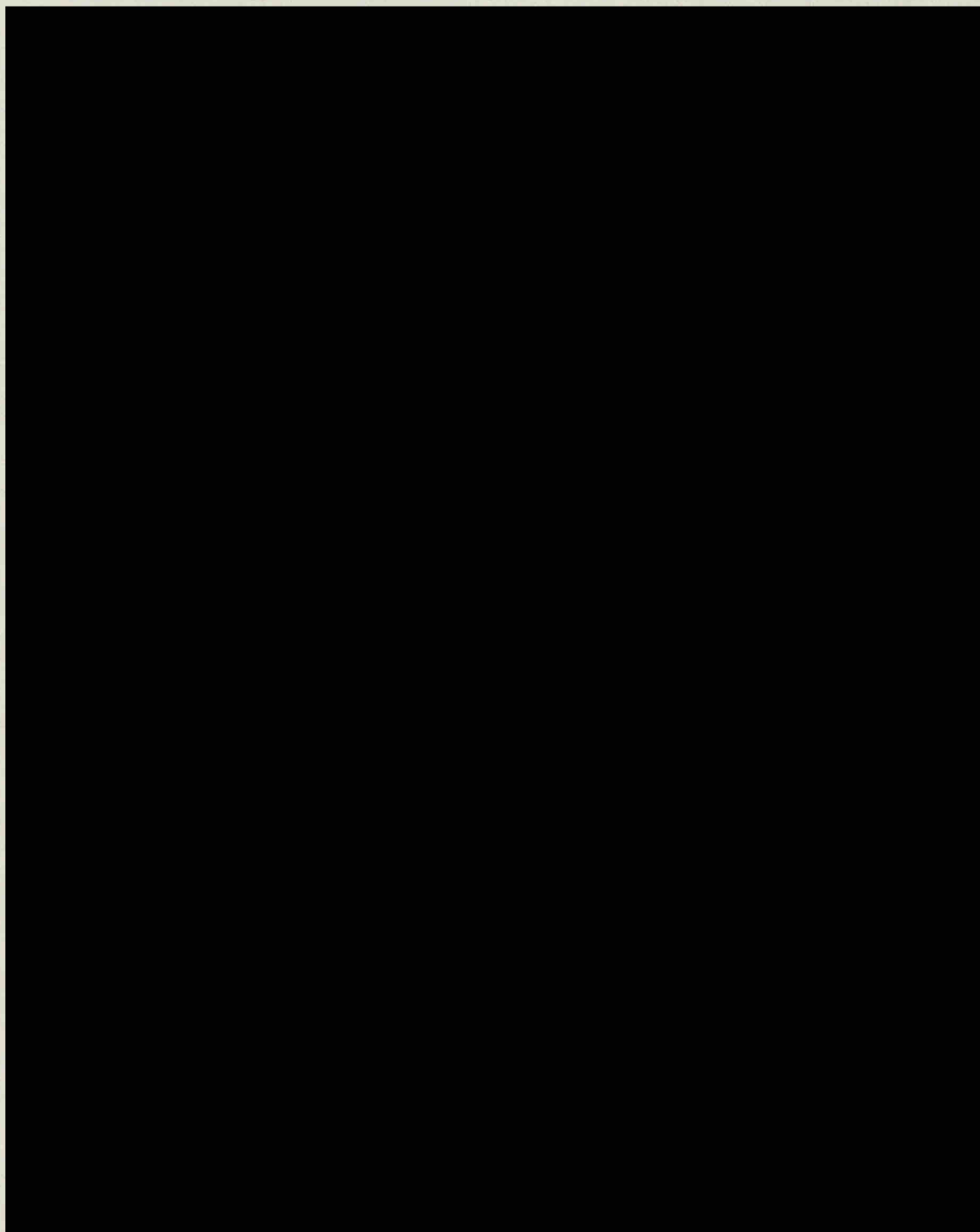
Mike
Mike Power

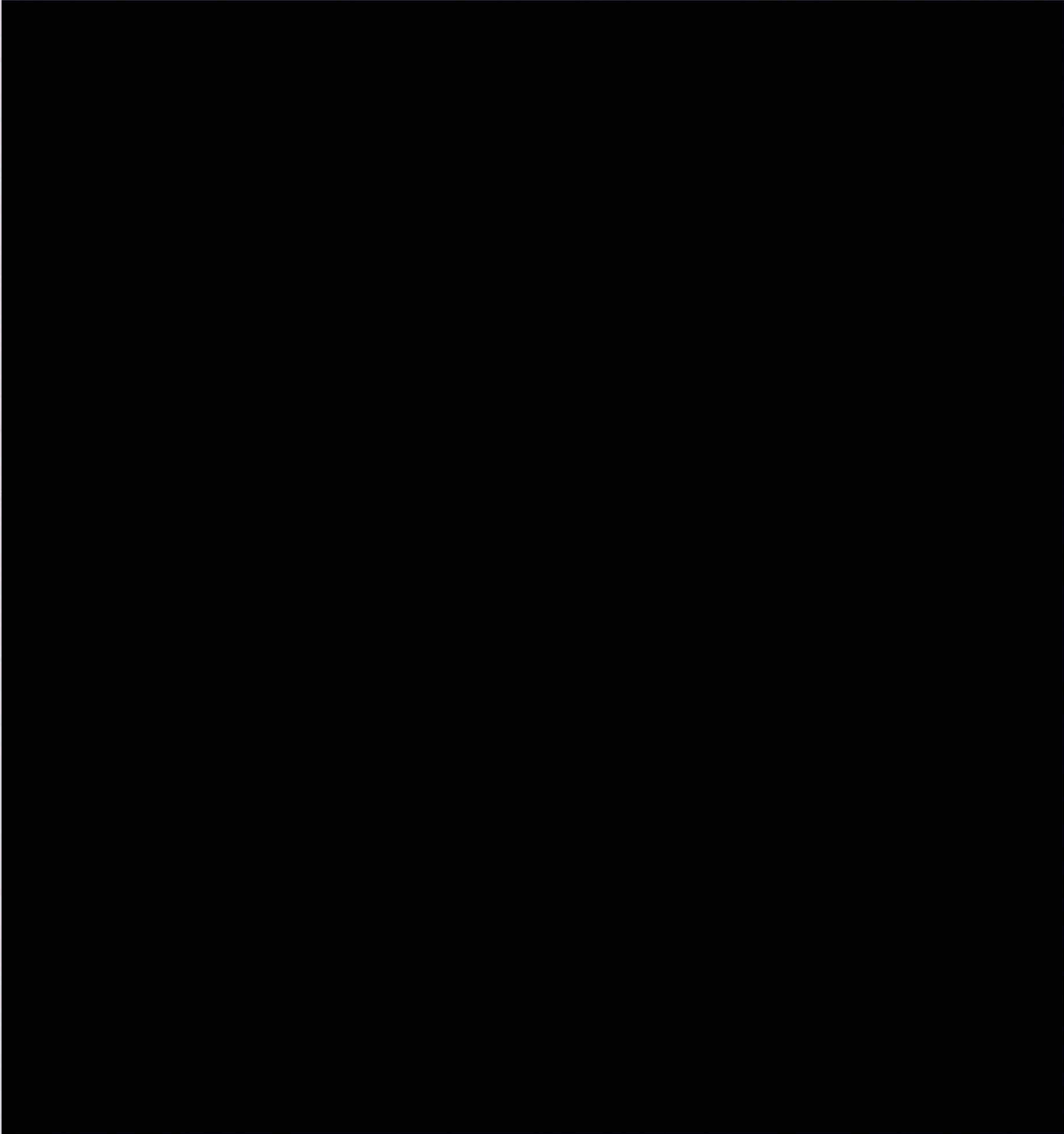


ATLANTIC COAST MATERIALS
P.O. Box 981 Antigonish, N.S. Canada B2G 2S3

Ph: (902) 863-8368
Fax: (902) 863-2051

December 11, 2009





Atlantic Coast Materials

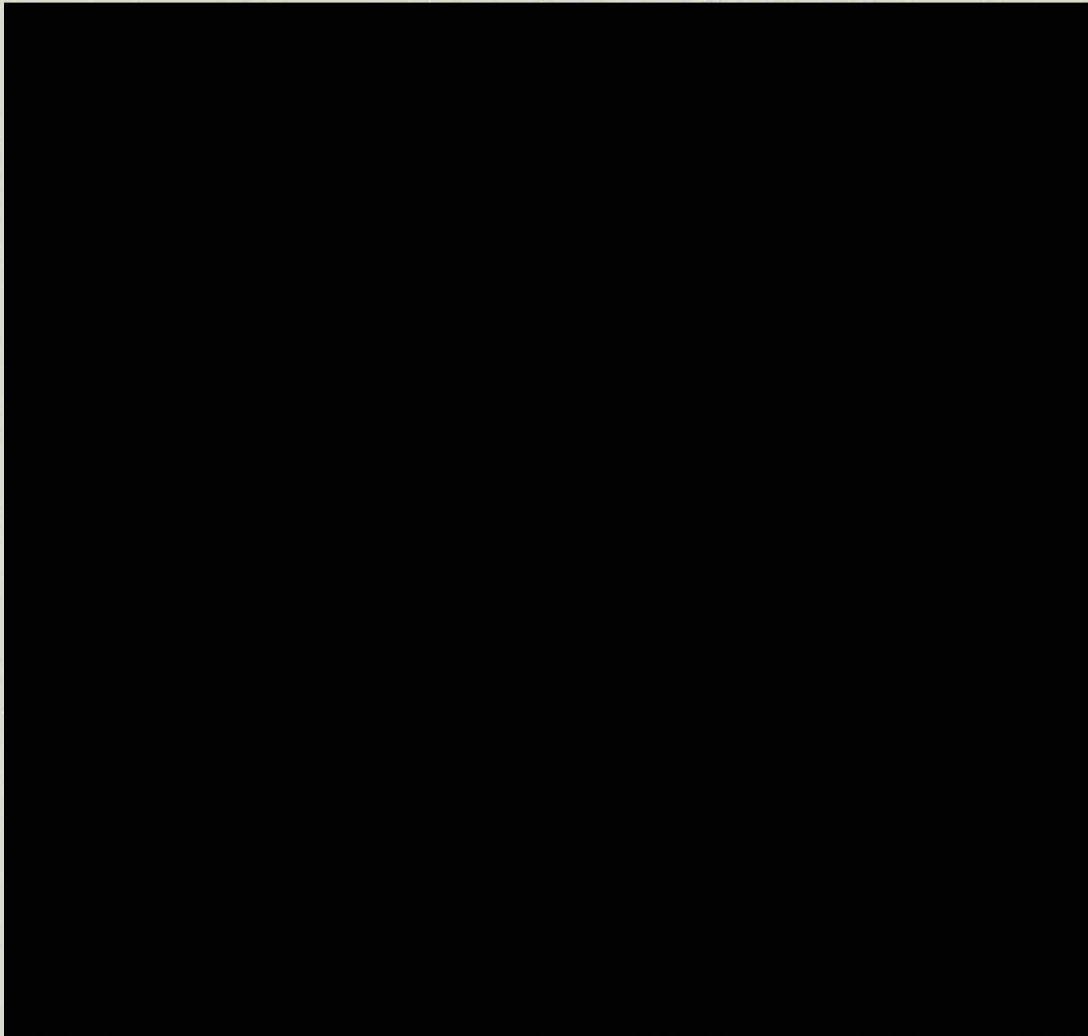
Mike Power



ATLANTIC COAST [REDACTED]
P.O. Box 981 Antigonish, N.S. Canada B2G 2S3

Ph: (902) 863-8368
Fax: (902) 863-2051

December 21, 2009



Regards,

Atlantic Coast Materials LLC

A handwritten signature in cursive script that reads "Mike".

Mike Power

APPENDIX B

REPLY EXPERT REPORT OF TAMARACK RESOURCES



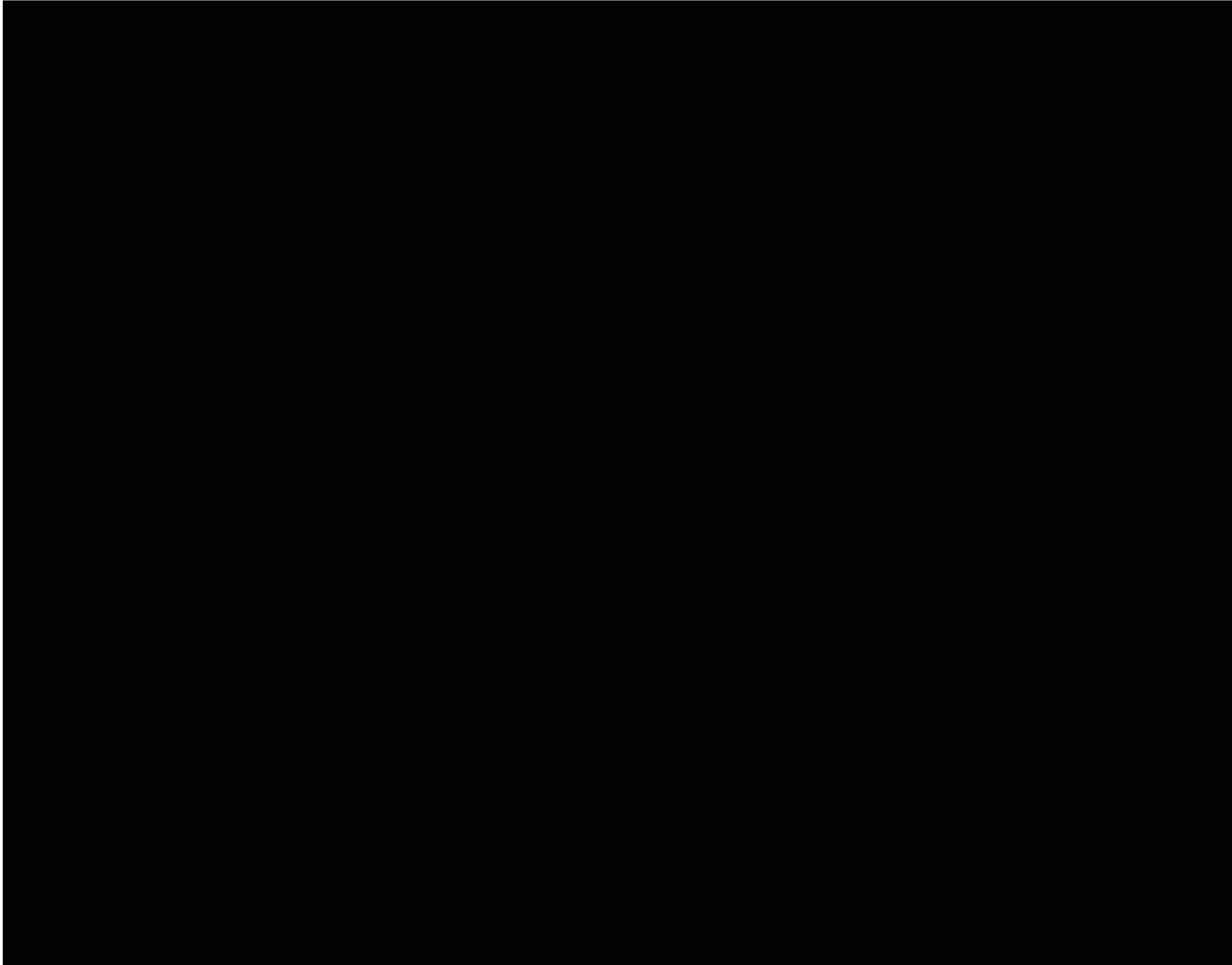
ATLANTIC COAST MATERIALS
P.O. Box 981 Antigonish, N.S. Canada B2G 2S3

Ph: (902) 863-8368
Fax: (902) 863-2051

September 14, 2007

INVOICE

INVOICE # 07-027



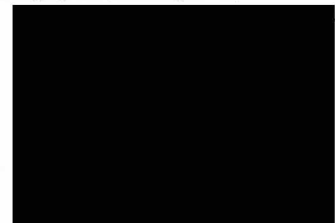
Thank you,

Atlantic Coast Materials

A handwritten signature in black ink, appearing to read 'M.R. Power', is written over the company name.

M.R. Power

Please remit payment to: Atlantic Coast Materials LLC, c/o Florida Rock Industries
155 East 21st Street Jacksonville FL 32206 Att: Chuck Burke





ATLANTIC COAST MATERIALS

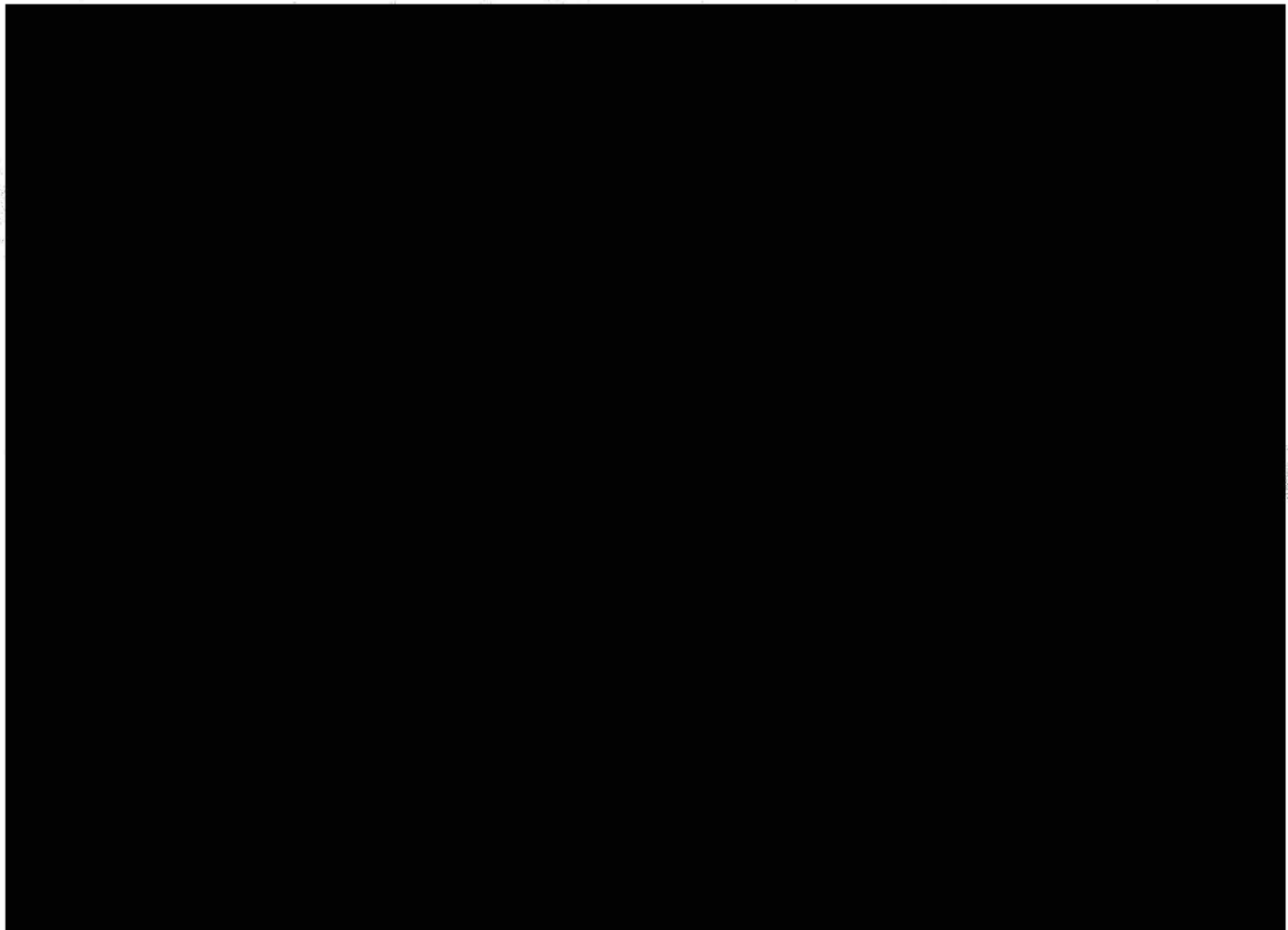
P.O. Box 981 Antigonish, N.S. Canada B2G 2S3

Ph: (902) 863-8368
Fax: (902) 863-2051

November 19.2008

INVOICE

INVOICE # 08-033



Thank you,

Atlantic Coast Materials

A handwritten signature in black ink, appearing to read 'M.R. Power'. The signature is written in a cursive, flowing style.

M.R. Power

Please remit payment to: Atlantic Coast Materials, c/o Florida Rock Industries 155
East 21st Jacksonville Fl 32206, Att: Chris Spell



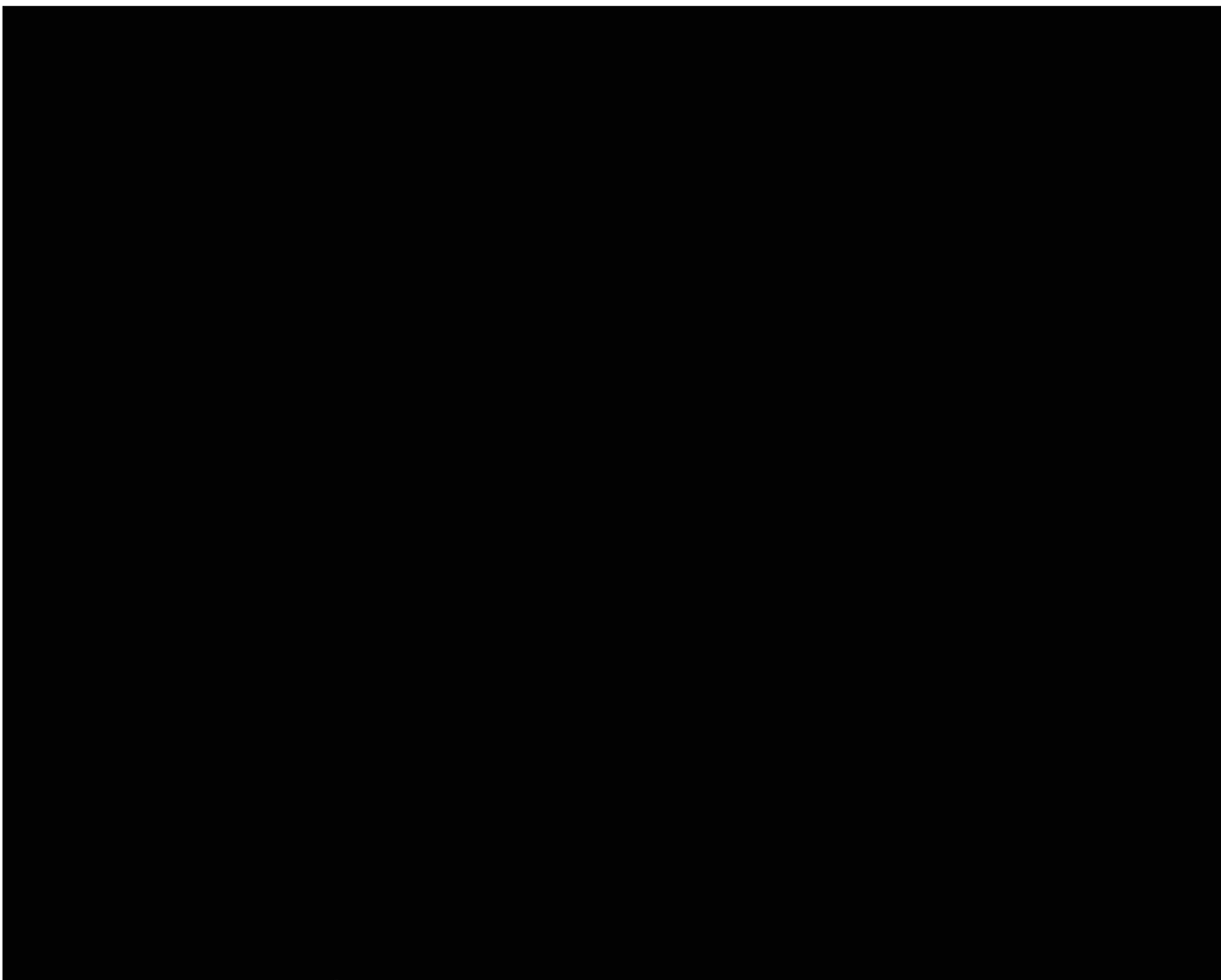
ATLANTIC COAST MATERIALS
P.O. Box 981 Antigonish, N.S. Canada B2G 2S3

Ph: (902) 863-8368
Fax: (902) 863-2051

November 24, 2009

INVOICE

INVOICE # 09-024



Thank you,

Atlantic Coast Materials

A handwritten signature in black ink, appearing to read 'M.R. Power', is written over the printed name.

M.R. Power

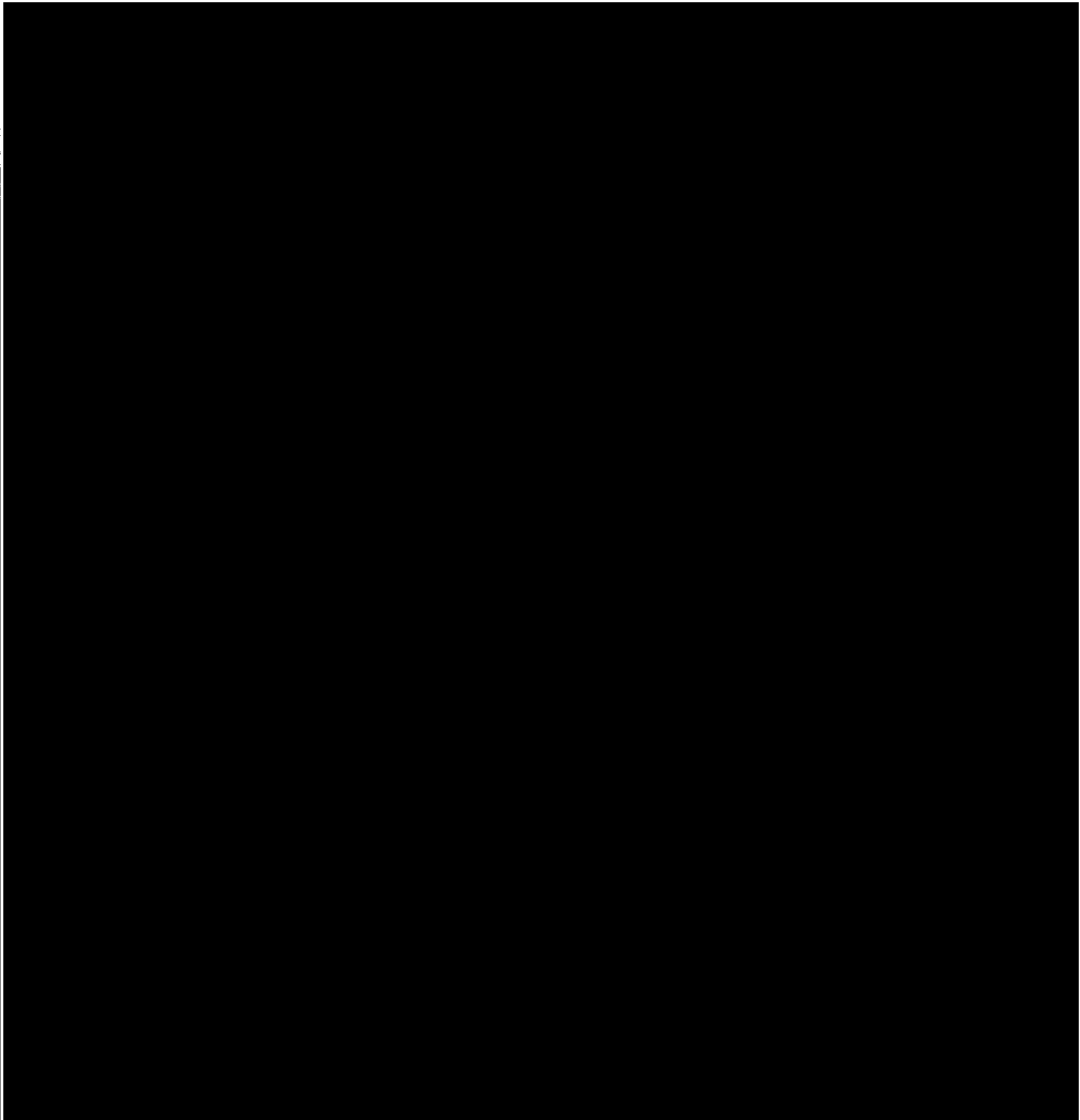
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East 21st Street Jacksonville FL 32206 Att: Chris Spell

APPENDIX C

REPLY EXPERT REPORT OF TAMARACK RESOURCES

Joe Forestieri

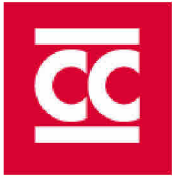
From: Mike Power [mikepower.acmi@ns.sympatico.ca]
Sent: Thursday, December 16, 2004 2:38 PM
To: Tom Dooley





APPENDIX D

REPLY EXPERT REPORT OF TAMARACK RESOURCES



ABOUT
 GOVERNANCE
 FINANCIAL
 DIVISIONS
 SUSTAINABILITY

Mining
 Trading
Logistics
 Shipping

LOGISTICS

Intro **Services and solutions** Gallery Worldwide presence **Project Team** Projects Video Contact

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