MATERIAL CHANGE REPORT

Filed pursuant to:

s.85 of the *Securities Act* (British Columbia),
s. 118 of the *Securities Act* (Alberta),
s.84 of the *Securities Act* (Saskatchewan),
s.75 of the *Securities Act* (Ontario),
s. 81 of the *Securities Act* (Nova Scotia), and
s. 76 of the *Securities Act* (Newfoundland).

1. Reporting Issuer:

The full name and address of the principal office in Canada of the reporting issuer is:

Norske Skog Canada Limited
9th Floor, 700 West Georgia Street
Vancouver, British Columbia V7Y 1J7

2. **Date of Material Change**:

The material changes described in this report occurred on March 25, 2001 and March 29, 2001.

3. **Publication of the Material Change:**

Press releases disclosing the matters outlined in this Material Change Report were issued by Norske Skog Canada Limited (**"Norske Canada"**) from Vancouver on March 25, 2001 and March 29, 2001 through the facilities of Canada Newswire. Copies of these press releases are attached to this material change report.

4. **Summary of Material Change:**

On March 25, 2001, Norske Canada entered into an Arrangement Agreement (the **"Arrangement Agreement"**) with Pacifica Papers Inc. (**"Pacifica"**) providing for the acquisition of Pacifica by Norske Canada pursuant to a plan of arrangement under the *Canada Business Corporations Act* (the **"CBCA"**). Under the Pacifica plan of arrangement, Pacifica shareholders may elect to receive 2.1 Norske Canada shares for each Pacifica share or, alternatively, one Norske Canada share and $7.50 cash.

On March 25, 2001, Norske Canada also announced a special distribution of $12.00 per share (approximately $1.5 billion in aggregate) to its shareholders prior to giving effect to the acquisition of Pacifica. The special distribution will be made pursuant to a separate plan of arrangement under the *Company Act* (British Columbia) (the **"Company Act"**).

On March 29, 2001 Norske Canada entered into a Purchase and Sale Agreement with Pope & Talbot Inc. (**"Pope & Talbot"**) providing for the sale of Norske Skog Canada Mackenzie Pulp Limited, which owns Norske Canada's pulp mill located at Mackenzie, British Columbia, to Pope & Talbot for approximately $123 million cash (subject to a working capital adjustment) and 1.75 million common shares of Pope & Talbot.

5. **Full Description of Material Change:**

Background

Norske Canada is the largest producer of newsprint and groundwood specialty papers in western North America and is the world's largest producer of sawdust-based pulps. Norske Canada operates two pulp and paper mills in British Columbia at Crofton and Elk Falls on Vancouver Island. Norske Canada also currently owns a third pulp mill at Mackenzie in the northern interior of British Columbia. However, on March 29, 2001 it announced that it has agreed to sell the Mackenzie mill to Pope & Talbot (See "Sale of Mackenzie Pulp Mill" below). Norske Canada's Class A Common Shares (the "**Norske Canada shares**") are listed on The Toronto Stock Exchange.

Pacifica is a producer of value-added groundwood printing and communications papers. Its operations include two paper mill facilities at Powell River and Port Alberni, British Columbia. Pacifica's common shares are listed on The Toronto Stock Exchange.

On March 21, 2001, Norske Canada and Pacifica each announced that they were in talks with respect to the acquisition of Pacifica. On March 25, 2001, Norske Canada and Pacifica entered into the Arrangement Agreement and each announced that Norske Canada had agreed to acquire Pacifica. At the same time, Norske Canada also announced a special distribution to its shareholders.

The acquisition of Pacifica's two pulp and paper mills will give Norske Canada four mills on the south coast of British Columbia, all located within a 160 km radius. Upon completion of the acquisition of Pacifica, Norske Canada will be Canada's third largest paper and forest products company and North America's third largest newsprint and specialty groundwood papers company.

With the acquisition of Pacifica, Norske Canada expects to capture annual synergies anticipated to be approximately $60 million. The transaction is expected to be accretive to earnings in the first 12 months following the completion of the acquisition. Following the acquisition of Pacifica, Norske Canada will be the leading West Coast producer of newsprint, telephone directory paper, lightweight coated paper and hi-brite papers used for newspaper inserts.

The forward-looking statements made by Norske Canada as to expected synergies, accretion to earnings and market position with respect to this transaction are subject to risks and uncertainties that may cause actual results to differ materially from those set out in the statements. These forward-looking statements are not guarantees of future performance. There can be no assurance that these expectations will be met within the stated time frames or at all.

ACQUISITION OF PACIFICA AND SPECIAL DISTRIBUTION

Acquisition of Pacifica

The acquisition of Pacifica will be implemented under a plan of arrangement between Pacifica and its shareholders under the CBCA (the **"Pacifica Arrangement"**). Under the

Pacifica Arrangement, Pacifica shareholders may elect to receive 2.1 Norske Canada shares for each Pacifica share or, alternatively, one Norske Canada share and $7.50 cash (the **"partial cash alternative"**).

The Pacifica Arrangement must be approved by not less than two-thirds of the votes cast at a meeting of Pacifica's shareholders. The Pacifica Arrangement must also be approved by the British Columbia Supreme Court and is subject to the satisfaction or waiver of certain other conditions (see "Conditions Precedent" below).

Shareholders representing approximately 55% of Pacifica's outstanding shares have signed support agreements in which they have agreed to support the Pacifica Arrangement and vote in favour of it. Of these, shareholders representing approximately 33% of Pacifica's outstanding shares have agreed to elect to receive only shares of Norske Canada in exchange for their shares of Pacifica, and not to elect the partial cash alternative.

Norske Skogindustrier ASA, which currently holds 50.8% of Norske Canada's outstanding shares, has also agreed to support the transactions and vote in favour of the resolution approving the Norske Canada plan of arrangement (the **"Norske Canada Arrangement"**). As a result of the acquisition of Pacifica, Norske Skogindustrier ASA's stake in Norske Canada will fall below its current 50.8% majority interest. Its level of shareholding will depend on how many Pacifica shareholders choose the partial cash alternative, but is estimated to be between 35% and 39% of Norske Canada's outstanding shares following completion of the acquisition.

Norske Canada Special Distribution

Norske Canada will ask its shareholders to approve the Norske Canada Arrangement authorizing a special distribution to shareholders of Norske Canada prior to completion of the acquisition of Pacifica. The special distribution will be a cash distribution of $12.00 per share in cash (approximately $1.5 billion in aggregate).

Although it is anticipated that the special distribution will be paid immediately before the completion of the acquisition of Pacifica, the special distribution is not conditional on the Pacifica acquisition and, subject to receipt of necessary approvals, will proceed even if the acquisition of Pacifica does not.

The Norske Canada Arrangement is subject to approval by not less than three-quarters of the votes cast at a meeting of Norske Canada's shareholders and approval by the British Columbia Supreme Court. The special distribution is also subject to the satisfaction or waiver by Norske Canada of certain conditions precedent.

Under the Norske Canada Arrangement the following will take place:

- Norske Canada will pay the special distribution of $12.00 per Norske Canada share, consisting of a dividend of $4.40 and a reduction and return of capital of $7.60 per share; and

- the authorized capital of Norske Canada will be increased by creating 850,000,000 additional Norske Canada shares and the Norske Canada shares will be redesignated as "Common Shares".

Norske Canada has received from the Department of Finance a "comfort letter" confirming that approximately $7.60 of the special distribution of $12.00 can be distributed as a tax-free return of capital. Shareholders will receive the balance of the special distribution ($4.40) as a taxable dividend.

Financing of Special Distribution and Acquisition of Pacifica

Norske Canada has arranged committed financing facilities of $1 billion from two Canadian chartered banks and an investment bank, consisting of:

- a $250 million revolving operating loan with a three year term;
- a $250 million reducing non-revolving term loan with a five year term; and
- a US$ equivalent of $500 million reducing non-revolving term loan with a six year term.

Norske Canada will pay the special distribution, pay the cash portion of the consideration for the Pacifica acquisition, and repay Pacifica's existing bank indebtedness with cash on hand, cash received from the sale of the Mackenzie pulp mill and funds drawn under these financing facilities. As at March 31, 2001, cash on hand was approximately $960 million.

The acquisition of Pacifica and the special distribution are subject to the funds necessary to complete these transactions being made available under these financing facilities. It is anticipated that Pacifica's outstanding US$200 million of 10% Senior Notes will be assumed by Norske Canada and will not be repaid as part of the acquisition.

Effective Time

It is anticipated that the Norske Canada extraordinary general meeting to consider the Norske Canada Arrangement and the Pacifica annual and special meeting to consider the Pacifica Arrangement will take place in late May 2001. Subject to receipt of regulatory approvals, it is anticipated that payment of the special distribution and the acquisition of Pacifica will occur in June 2001.

Break Fees and Expenses

The Arrangement Agreement requires Pacifica to pay to Norske Canada a break fee of $20 million in certain circumstances, including if the Arrangement Agreement terminates because the board of directors of Pacifica fails to recommend (or in certain circumstances fails to reaffirm its recommendation), or withdraws or modifies in a manner adverse to Norske Canada its recommendation, to Pacifica shareholders to approve the Pacifica Arrangement. The break fee is also payable if Pacifica accepts or recommends a competing acquisition proposal that its board of directors has, based on the criteria set out in the Arrangement Agreement and in accordance with their fiduciary duties, determined is superior to the Pacifica Arrangement.

Norske Canada must pay to Pacifica a break fee of $5 million if the Arrangement Agreement terminates because the Norske Canada financing condition precedent has not been satisfied before August 31, 2001 or such other date as the parties may agree.

If Pacifica's shareholders fail to approve the Pacifica Arrangement or if the Arrangement Agreement terminates because Pacifica has materially breached the Arrangement Agreement or the break fee payable to Norske Canada has been triggered, Pacifica must pay to Norske Canada $3 million in respect of Norske Canada's expenses. If Norske Canada's shareholders fail to approve the Arrangement or if the Arrangement Agreement terminates because Norske Canada has materially breached the Arrangement Agreement or the financing break fee has been triggered, Norske Canada must pay $3 million in respect of Pacifica's expenses.

Conditions Precedent

In addition to the shareholder and court approvals referred to above, the obligations of Pacifica and Norske Canada to complete the Pacifica Arrangement are subject to satisfaction or waiver, prior to August 31, 2001 or such other date as the parties may agree, of certain conditions precedent, including:

1. receipt of all necessary regulatory approvals, including *Competition Act* (Canada), *Investment Canada Act* and *Hart-Scott-Rodino Antitrust Improvements Act of 1976* (United States) approvals;

2. receipt of conditional approval from The Toronto Stock Exchange for the additional listing of the Norske Canada shares to be issued pursuant to the Pacifica Arrangement;

3. no material adverse change has occurred in relation to Pacifica and its subsidiaries (including interests in limited partnerships) (taken as a whole) or Norske Canada and its subsidiaries (taken as a whole);

4. Norske Canada's lenders have advanced or are prepared to advance to Norske Canada the funds that are contemplated by the commitment letter and all conditions precedent to the advance of those funds have been satisfied or waived;

5. no more than 6,795,000 of the issued and outstanding Pacifica shares are the subject of the exercise of any rights of dissent that Pacifica shareholders may have in relation to the Pacifica Arrangement and, if the Court orders that the Norske Canada shareholders be entitled to exercise dissent rights, no more than 6,209,463 of the issued and outstanding Norske Canada shares are the subject of the exercise of rights of dissent in relation to the Norske Canada Arrangement;

6. the definitive loan and related agreements in respect of the Norske Canada financing are consistent with the commitment letter, except for changes that do not change the amount or decrease the stated average maturity of the Norske Canada financing and

would not have a material adverse effect on Norske Canada and its subsidiaries (taken as a whole) or prevent or delay the completion of the Norske Canada and Pacifica Arrangements; and

7. the Norske Canada Arrangement has become effective.

SALE OF MACKENZIE PULP MILL

On March 29, 2001 Norske Canada entered into a Purchase and Sale Agreement (the **"Mackenzie Purchase and Sale Agreement"**) with Pope & Talbot providing for the sale of Norske Skog Canada Mackenzie Pulp Limited, which owns Norske Canada's pulp mill located at Mackenzie, British Columbia, to Pope & Talbot for approximately $123 million cash (subject to a working capital adjustment) and 1.75 million common shares of Pope & Talbot. The Sale and Purchase Agreement includes certain contractual restrictions on transfer of the 1.75 million common shares of Pope & Talbot.

The sale is subject to regulatory approvals under the *Competition Act* (Canada) and the *Hart-Scott-Rodino Antitrust Improvements Act of 1976* (United States) and is expected to close in late May 2001. The cash proceeds of the sale received by Norske Canada will be used to reduce the debt required to finance the special distribution and the acquisition of Pacifica.

6. **Reliance on Confidential Filing Provisions**:

N/A

7. **Omitted Information**:

No significant facts otherwise required to be disclosed in this report have been omitted.

8. **Senior Officers**:

The following senior officers of Norske Canada are knowledgeable about the material changes and may be contacted by any of the Securities Commissions respecting the changes:

Ralph Leverton
Chief Financial Officer
Telephone: 604-654-4040

Stuart Clugston
Vice President, Corporate Affairs
Telephone: 604-654-4463

9. **Statement of Senior Officer**:

The foregoing accurately discloses the material changes referred to in this report.

Dated at Vancouver, British Columbia, this 4th day of April, 2001.

(signed) *"Ralph Leverton"*

Ralph Leverton
Chief Financial Officer

c.c. Manitoba Securities Commission
Québec Securities Commission
New Brunswick Administrator of Securities
Prince Edward Island Registrar of Securities
The Toronto Stock Exchange Inc.

March 25, 2001

For immediate release

Norske Skog Canada to acquire Pacifica Papers. $12 per share cash distribution to existing shareholders also proposed.

Vancouver, BC — Norske Skog Canada announced today that it plans to acquire Pacifica Papers Inc., a move that will create North America's third largest newsprint and specialty groundwood papers company.

On a pro forma basis, the expanded company will have 2.7 million tonnes of paper and pulp capacity, and will be the largest value-adding business operating in the BC forest products sector. Combined annual sales of both companies in 2000 were $2.5 billion.

The company will retain the Norske Skog Canada name and will be headquartered in Vancouver.

The boards of both companies are recommending that their shareholders approve the transaction. Shareholders meetings to vote on the proposal are expected to be held in May.

With the acquisition, Norske Skog Canada expects to capture annual synergies anticipated to be approximately $60 million. The transaction is expected to be accretive to earnings in the first 12 months following the combination. The company will be the leading West Coast producer of newsprint, telephone directory paper, lightweight coated paper and hi-brite papers used for newspaper inserts.

The acquisition will be completed through a Court approved Plan of Arrangement involving an exchange of shares and cash by which Pacifica shareholders may elect to receive 2.1 Norske Skog Canada shares for one Pacifica share or alternatively, one share of Norske Skog Canada and $7.50 cash.

Concurrently, Norske Skog Canada will make a special distribution of $12 per share to its existing common shareholders through a separate Plan of Arrangement.

Norske Skog Canada's president and chief executive officer, Russell J. Horner, said the proximity of the company's Vancouver Island mills with Pacifica's Port Alberni and Powell River operations offers synergies and benefits that no other two companies could achieve. Norske Skog operates pulp and paper mills at Crofton and Campbell River. As previously announced, Norske Skog Canada is continuing to explore options for the sale of its third operation, Mackenzie Pulp, which is located in the BC Northern Interior.

"With four mills located within a 100-mile radius on the lower South Coast, we will be creating a global scale, value-adding business that will benefit our stakeholders and the Province of BC", Horner said. "At the same time, the special distribution rewards our existing shareholders who have been patiently waiting for the company to make a move. The company also retains the financial ability to grow through internal and external investments."

Horner, who took over the reins of the company 14 months ago, said Norske Skog Canada's strong cash position had resulted in an under-leveraged balance sheet relative to other industry players.

Horner and his new senior management team have led a significant turnaround at the former Fletcher Challenge Canada taking it from the bottom of the industry to a top quartile performance in the most recent quarter generating the highest earnings in more than five years.

With the arrival of Norske Skogindustrier ASA as the new majority shareholder in July 2000, the company joined a global organization that is the world's second largest newsprint producer.

Horner said the strong affiliation with Norske Skog ASA would continue even though the Norwegian-based company's stake in the Canadian company will fall below its current 50.8 per cent majority interest as a result of the Pacifica acquisition.

"Norske Skog ASA remains as a significant shareholder who is committed to the paper business and is fully supportive of the growth of the Canadian company through the acquisition of Pacifica and the investments in our current operations," Horner said.

Transaction Details

- Norske Skog Canada's acquisition of Pacifica and the special distribution of $12 per share to existing Norske Skog Canada Class A shareholders will be covered by separate Plans of Arrangement to be presented at meetings of shareholders of the two companies.

- The Plan of Arrangement to complete the acquisition must be approved by two-thirds of the votes cast by Pacifica shareholders.

- The Plan of Arrangement related to the $12 per share special distribution must by approved by three quarters of the votes cast by Norske Skog Canada's shareholders.

- Shareholders holding approximately 55 per cent of Pacifica's outstanding common shares have committed to support the acquisition and vote in favour of it at Pacifica's shareholders meeting. Norske Skog ASA has also committed to support the special distribution and to vote in favour of it at Norske Skog Canada's shareholders meeting.

- Implementation of both Plans of Arrangement will be subject to the approval of the British Columbia Supreme Court and the receipt of other regulatory approvals. The Arrangement Agreement between Norske Skog Canada and Pacifica provides for a break-up fee in certain circumstances, including if the Board of Directors of Pacifica changes its recommendation in favour of a competing transaction.

- The special distribution of $12 per share to Norske Skog Canada's existing shareholders will proceed even if the acquisition of Pacifica does not, provided the Plan of Arrangement is approved by Norske Skog Canada's shareholders and by the Court.

- Norske Skog Canada made application to the government of Canada to determine the income tax consequences of the special distribution to its existing shareholders. Norske Skog Canada has received from the Department of Finance a "comfort letter" confirming that approximately $7.60 of the special distribution of $12 can be distributed as a tax-free return of capital. Shareholders will receive the balance of the distribution as a taxable dividend. Any amounts received as a return of capital will reduce the adjusted cost base to the shareholders of their shares in Norske Skog Canada.

- Norske Skog Canada has arranged committed financing facilities that will be sufficient to fund the special distribution to Norske Skog Canada's existing shareholders, to pay the cash portion of the consideration to be paid to Pacifica shareholders and to repay Pacifica's existing bank indebtedness. It is anticipated that Pacifica's outstanding US$200 million of 10% Senior Notes will be assumed by Norske Skog Canada and will not be repaid as part of this transaction. The transactions are subject to the funds necessary to complete the transactions being made available under the new financing facilities.

Except for the historical information contained herein, the matters set forth in this press release are forward-looking statements, including statements with respect to expected synergies, and are subject to risks and uncertainties that may cause actual results to differ materially from those set forth in these statements.

The Norske Skog Canada securities to be issued to the Pacifica Papers Inc. security holders as part of the transactions contemplated by the Plan of Arrangement have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

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For further information:

Ralph Leverton
Chief Financial Officer
604 654-4040

Stuart Clugston
Vice-President, Corporate Affairs
604 654-4463

March 29, 2001

FOR IMMEDIATE RELEASE

Norske Skog Canada sells Mackenzie pulp mill to Pope & Talbot for cash, shares

VANCOUVER, BC – Norske Skog Canada announced today it has reached an agreement to sell its Mackenzie pulp mill located in the BC Northern Interior to industry player Pope & Talbot Inc.

- The terms of the sale include payment to Norske Skog Canada of $123 million cash and 1.75 million shares of Pope & Talbot's common shares. Norske Skog Canada will use the proceeds to reduce debt required to finance the recently announced special cash distribution to its shareholders and acquisition of Pacifica Papers Inc.

- The transaction, which requires standard regulatory approvals, is expected to close in late May.

Headquartered in Portland, Oregon, Pope & Talbot is a dedicated pulp and wood products company with extensive operations in British Columbia, including Harmac Pulp Mill, three sawmills and logging operations in the province.

Russell J. Horner, president and chief executive officer for Norske Skog Canada, said the sale of the mill to Pope & Talbot fulfilled the company's desire to have the Mackenzie operation aligned with a respected industry leader that is committed to the pulp business.

"With the geographical weight of our pulp and paper operations located on Vancouver Island, and our strategic desire to grow the paper side of our business, Mackenzie pulp will benefit from this change of ownership," Horner said.

Built in 1972 but significantly modernized in 1996, the Mackenzie mill has an annual capacity of 230,000 metric tonnes of Northern Bleached Softwood Kraft (NBSK) chip and sawdust-based pulps.

According to Michael Flannery, chairman and chief executive officer for Pope & Talbot, the acquisition is "a great strategic fit" for his company.

"Mackenzie produces some of the strongest and brightest NBSK pulp on the market and the operations are very complementary to our existing mills in BC and Oregon," Flannery said.

Pope & Talbot, Inc. will be holding a conference call on Friday, March 30th at 11:00 am PST and 2:00 pm EST. The call-in number is 416-695-9706. The conference call will also be webcast simultaneously on the Company's website: www.poptal.com in the investor relations section.

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For further information contact:

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