CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-038474-108

SUPERIOR COURT
(Commercial Division)
The *Companies' Creditors Arrangement Act*

IN THE MATTER OF THE PLAN OF ARRANGEMENT AND COMPROMISE OF:

WHITE BIRCH PAPER HOLDING COMPANY

-and-

WHITE BIRCH PAPER COMPANY

-and-

STADACONA GENERAL PARTNER INC.

-and-

BLACK SPRUCE PAPER INC.

-and-

F.F. SOUCY GENERAL PARTNER INC.

-and-

3120772 NOVA SCOTIA COMPANY

-and-

ARRIMAGE DE GROS CACOUNA INC.

-and-

PAPIER MASSON LTÉE

Debtors

-and-

ERNST & YOUNG INC.

Monitor

-and-

STADACONA LIMITED PARTNERSHIP

-and-

F.F. SOUCY LIMITED PARTNERSHIP

-and-

F.F. SOUCY, INC. & PARTNERS, LIMITED PARTNERSHIP

Mises en Cause

SEVENTEENTH MOTION FOR AN EXTENSION OF THE STAY PERIOD

TO THE HONOURABLE ROBERT MONGEON, J.S.C., THE DEBTORS SUBMIT AS FOLLOWS:

INTRODUCTION

1. On February 24, 2010, this Honourable Court issued an order (the "**Initial Order**") extending the protection of the *Companies' Creditors Arrangement Act* (the "**CCAA**") to the Debtors and the Mises en Cause (collectively the "**WB Group**").

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as Monitor of the WB Group (the "**Monitor**"), and a stay of proceedings (the "**Stay of Proceedings**") was granted until March 26, 2010 (the "**Stay Period**").

3. This Honourable Court has extended the Stay Period on various occasions, and most recently on November 30, 2012, until March 15, 2012.

4. By way of the present motion, the WB Group seeks an order granting an additional extension of the Stay Period until June 13, 2013.

5. It is expected that the Monitor will confirm its support for the requested extension.

THE SALE OF SUBSTANTIALLY ALL OF THE WB GROUP'S ASSETS

6. On September 28, 2010, this Honourable Court issued an order approving the sale of substantially all of the WB Group's assets (the "**Sale Order**") to BD White Birch Investment LLC.

7. The Sale Order approved the sale of the WB Group's assets pursuant to the terms of an Asset Sale Agreement dated August 10, 2010 and amended on August 23, August 31 and September 23, 2010 (as amended, the "**Sale Agreement**").

8. The closing of the transaction contemplated in the Sale Agreement (the "**Transaction**") was delayed as a result of certain difficulties in achieving an agreement with the WB Group's labour union, however the Transaction finally closed on September 13, 2012.

9. Following the Closing, the WB Group no longer has any business activities and therefore should not have any further contractual obligations, receipts and/or disbursements (except in connection with the present proceedings and miscellaneous disbursements that are necessary in the context of the wind down of the Debtors' estates).

THE ALLOCATION DISPUTE

10. As outlined in the most recent motion by the WB Group to extend the Stay of Proceedings, significant sums have been placed in escrow in bank accounts in both the United States and Canada as a result of a disagreement relating to allocation of the proceeds from Transaction (the "**Allocation Dispute**").

11. Meetings between the WB Group and various other parties, including the Monitor, were held in New York on two occasions, on January 23 and February 12, in an effort to discuss the resolution of the Allocation Dispute.

12. Unfortunately, several contentious issues relating to the Allocation Dispute remain outstanding.

13. The parties have yet to institute judicial proceedings to resolve the Allocation Dispute by way of a decision of the Canadian and/or United States courts since they believe that a negotiated or mediated resolution of this dispute can still be achieved.

14. The resolution of the Allocation Dispute is the primary objective of the WB Group as its outcome will determine the quantum of the proceeds available for distribution to the creditors by the Monitor.

OTHER MATTERS

15. In addition to the Allocation Dispute, various other matters remain unresolved.

16. The litigation between the WB Group and KSH Solutions Inc. is settled, however the WB Group remains in litigation before the Court of Appeal of Quebec in connection with Hydro Quebec's appeal of a decision of the Superior Court relating to credits for participation in the interruptible power option.

17. The resolution of the Allocation Dispute will provide various parties with an estimate of their potential recovery in this file. In turn, this could have an impact on the decision to present a plan of arrangement to the WB Group's creditors, in which case the requested extension of the Stay Period will be necessary for the drafting, negotiating and voting on such a plan of arrangement.

18. The WB Group is also informed that the determination and adjudication of several claims filed by creditors of the WB Group with the Monitor is pending until the Allocation Dispute is resolved and the potential recoveries are clarified. The requested extension of the Stay Period will be necessary to deal with these claims.

19. Finally, the WB Group intends to present to this Court, shortly after or concurrently with the hearing on this motion, a *Motion for the WB Group to Establish a Claims Process with Regard to Claims Against Directors and Officers.* The requested extension of the Stay Period will allow the time required for this process to run its course.

RELIEF SOUGHT

20. Although the WB Group intends to act as expeditiously as possible in order to conclude the matters discussed herein, additional time will obviously be required.

21. In view of this, the WB Group requests that this Honourable Court extend the stay period until June 13, 2013.

22. The WB Group respectfully submits that the present motion is well founded, that the WB Group has acted, and continues to act, in good faith and with due diligence, that the creditors will not be prejudiced by the extension sought, and that, accordingly, the present extension should be granted.

WHEREFORE MAY IT PLEASE THE COURT TO:

GRANT the present "*Seventeenth Motion for an Extension of the Stay Period*";

EXTEND the Stay Period (as defined in the Initial Order) until June 13, 2013;

ORDER the provisional execution of this Order, notwithstanding appeal;

THE WHOLE WITHOUT COSTS, save in case of contestation.

Montreal, this 11th day of March, 2013

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Debtors

NOTICE OF PRESENTATION

TO: SERVICE LIST

TAKE NOTICE of the foregoing "*Seventeenth Motion for an Extension of the Stay Period*" and that same will be presented for adjudication before the Honourable Robert Mongeon, J.S.C., **at a location and at a time to be provided by the Court and communicated to the Service List**.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 11th day of March, 2013

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Debtors

AFFIDAVIT

I, the undersigned, EDWARD SHERRICK, President of Estate WBPC Company (formerly known as White Birch Paper Company), do solemnly declare as follows:

A) I am a duly authorized representative of the Debtors;

B) All the facts alleged in the present motion are true.

AND I HAVE SIGNED:

EDWARD SHERRICK

SOLEMNLY DECLARED before me on this 11th day of March, 2013

Notary Public

Jill Morea
Notary Public
State of Connecticut
My Commission Expires
December 31, 2014

ATTESTATION OF AUTHENTICITY

I, the undersigned, Danny Duy Vu, attorney, practicing my profession at Stikeman Elliott LL.P., located at 1155 René-Lévesque Boulevard West, Suite 4000, in the City and District of Montréal, Province of Quebec, H3B 3V2, do hereby solemnly affirm as follows:

1. I am an attorney at the law firm of Stikeman Elliott LLP;
2. On March 11, 2013, at 3:52 pm Eastern time (ET), I received the Affidavit of Edward Sherrick, dated March 11, 2013, by email received from Edward Sherrrick (edsherrick@whitebirchpaper.com);
3. The copy of the Affidavit attached hereto is a true copy of the said Affidavit of Edward Sherrick received by email today;
4. The facts alleged herein are true.

Solemnly declared before me, at Montreal, Quebec, this 11th day of March, 2013	**AND I HAVE SIGNED**
Ladouceur	
Commissioner of Oaths for the all judicial district(s) of the Province of Quebec	DANNY DUY VU

Commissaire à l'assermentation
GENEVIÈVE LADOUCEUR
#166 065
Tous les Districts

SUPERIOR C O U R T

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PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

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- and -
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Mises en cause

BS0350 **File:** 118326-1015

SEVENTEENTH MOTION FOR AN EXTENSION OF THE STAY PERIO

ORIGINAL

Mtre. Danny Duy Vu **514-397-6495**
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