Court File No. CV-11-9367-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE REGIONAL	)	FRIDAY, THE 14th DAY
	)	
SENIOR JUSTICE MORAWETZ	)	OF FEBRUARY, 2014

BETWEEN:

INTERNATIONAL FOREST PRODUCTS LLC (formerly known as INTERNATIONAL FOREST PRODUCTS CORPORATION)

Applicant

\- and -

ST. MARYS PAPER CORP.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT,* R.S.O. 1990, C. C.43, AS AMENDED

APPROVAL AND VESTING ORDER

THIS MOTION, made by Ernst & Young Inc. in its capacity as the Court-appointed receiver and receiver and manager (the "Receiver") of the undertaking, property and assets of St. Marys Paper Corp and SMP Resources Inc. (together, the "Debtors") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Topline Plumbing Limited (the "Purchaser") dated May 6, 2013, as amended or extended from time to time, and appended as Appendix “A” to the Sixth Report of the Receiver dated February 12, 2014 (the "Sixth Report"), and vesting in the Purchaser the Debtors’ right, title and interest in and to the assets described in the Sale

Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixth Report and on hearing the submissions of counsel for the Receiver and the Applicant, International Forest Products LLC ("IFP"), counsel for Dennis Bunnell, John Lloyd, Dick O'Brian, and Wishart Law Firm LLP, no other parties appearing, although duly served as appears from the affidavit of service filed with the Court,

1. **THIS COURT ORDERS AND DECLARES** that service of the Notice of Motion and the Motion Record in accordance with the affidavits of service, including the method and timing of notice, and service to the service list, shall be and is hereby abridged and validated, so that this Motion is properly returnable today and any further service thereof upon any interested party other than the persons served with the Motion Record is hereby dispensed with.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "Receiver's Certificate"), all of the Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule "B" hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Orders of the Honourable Mr. Justice C. Campbell dated December 29, 2011 and May 8, 2012; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "Encumbrances"), and, for greater certainty, this Court orders that all of the Encumbrances

affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that the Settlement Agreement between the Receiver and Batchewana Band Industries Limited ("BBIL") substantially in the form attached at Appendix "B" to the Sixth Report be and is hereby approved, and the Receiver be and is hereby authorized and directed to pay to, or direct payment to, BBIL the amount of $60,000.00 from the proceeds of the Transaction.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) the Bankruptcy Order of the Honourable Mr. Justice C. Campbell dated June 6, 2012 in respect of St. Mary's Paper Corp.;

(c) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of SMP Resources Inc. and any bankruptcy order issued pursuant to any such applications; and

(d) any assignment in bankruptcy made in respect of SMP Resources Inc.;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that has been or may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. ~~**THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).~~

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

RSJ.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB 14 2014
NB

Schedule A – Form of Receiver's Certificate

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RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice C. Campbell of the Ontario Superior Court of Justice (the "Court") dated December 29, 2011, Ernst & Young Inc. was appointed as the receiver and receiver and manager (the "Receiver") of the undertaking, property and assets of St. Marys Paper Corp. ("St Marys").

B. Pursuant to an Order of the Court dated May 8, 2012, the Receiver's mandate was expanded to include the undertaking, property and assets of SMP Resources Inc. ("SMPR", and together with St Marys, the "Debtors").

C. Pursuant to an Order of the Court dated February 14, 2014, the Court approved the agreement of purchase and sale made as of May 7, 2013, as amended or extended from time to time, (the "Sale Agreement") between the Receiver and Topline Plumbing Limited (the "Purchaser") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to closing of the Transaction as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;

2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at ________ [TIME] on _______ [DATE].

ERNST & YOUNG INC., in its capacity as Receiver of the undertaking, property and assets of St. Marys Paper Corp. and SMP Resources Inc., and not in its personal capacity

Per: ______________________________

Name:

Title:

Schedule B – Purchased Assets

The building and fixtures, mechanical systems and improvements related thereto presently located at 488 Gran Street, Sault Ste. Marie, Ontario, being the whole of Lots # 13 and 14 and any parts which may be located on lots 32-1 or lot 15, if any, , as shown on Plan 63864 C.L.S.R. Ottawa, of the Rankin Reserve, Industrial Park, Comprising (4) four acres more or less; municipally known as 488 Gran Street, Sault Ste. Marie, Ontario

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Proceeding Commenced at Toronto

APPROVAL AND VESTING ORDER

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Lawyers for Ernst & Young Inc., in its capacity as Receiver