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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

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

MOTION RECORD
(Returnable October 7th, 2011)

October 6, 2011

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Lawyers for the Applicant

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

ONTARIO
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BETWEEN:

INTERNATIONAL FOREST PRODUCTS CORPORATION

Applicant

– and –

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Respondent

MOTION RECORD
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INTERNATIONAL FOREST PRODUCTS CORPORATION
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- and -

ST.MARYS PAPER CORP.
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ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at Toronto

MOTION RECORD
RETURNABLE OCTOBER 7th, 2011

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Lawyers for the Applicants

TAB 1

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

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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

NOTICE OF MOTION
(Returnable October 7, 2011)

The Applicant, International Forest Products Corporation ("**IFP**") will make a motion to a Judge of the Commercial List at 10:00 a.m. on October 7, 2011, or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion will be heard orally.

THE MOTION IS FOR AN ORDER:

(a) validating service of the Notice of Motion and Motion Record, and dispensing with further service thereof;

(b) appointing Ernst & Young Inc. ("**E&Y**") as interim receiver (the "**Interim Receiver**"), without security, of all of the assets, undertakings and properties of St. Mary's Paper Corp. (the "**Debtor**") for the purposes of, among other things: (i) obtaining information concerning the Debtor's business, and (ii) monitoring the Debtor's business and the Debtor's receipts and disbursements;

(c) empowering and authorizing the Interim Receiver to:

  (i) control the receipts and disbursements of the Debtor but, subject to the terms of the order sought, not to interfere with the carrying on of the business by the Debtor in the ordinary manner of trade; and

  (ii) to take possession of any tax refunds payable to the Debtor;

(d) directing any municipal, provincial or federal taxing authority to deliver any tax refunds to the Interim Receiver;

(e) requiring the Debtor and its officers and directors to comply with the terms of the Consent, Authorization and Acknowledgement of Borrower signed by the Debtor in respect of the E&Y engagement letter dated July 19, 2011;

(f) directing the Debtor and its officers and directors to comply with section 6.1(k) of the General Security Agreement between IFP and the Debtor made as of

December 8, 2010 and section 9.6 of the Loan Agreement between IFP and the Debtor dated as of December 8, 2010;

(g) that the Interim Receiver shall not take possession of or exercise control of the Debtor's property except as expressly provided for in the order sought;

(h) subject to the terms of the order sought and any further order of the Court, that the Debtor's property shall remain in the possession of and under the control of the Debtor;

(i) such further and other relief as counsel may request and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

(a) the reasons described in the Affidavit of Daniel Moore sworn October 6, 2011 (the "**Moore Affidavit**");

(b) Section 47(1) of the *Bankruptcy and Insolvency Act*, section 101 of the *Courts of Justice Act*, section 67 of the *Personal Property Security Act*, Rules 2.03, 3.02 and 14.05 of the *Rules of Civil Procedure*; and

(c) such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) The Pleadings and proceedings herein;

(b) The Moore Affidavit; and

(c) such further and other material as counsel may advise and this Honourable Court permit.

Date: October 6, 2011

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

INTERNATIONAL FOREST PRODUCTS CORPORATION -and- **ST. MARYS PAPER CORP.**

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable October 7, 2011)

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Lawyers for International Forest Products Corporation

TAB 2

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

ONTARIO
SUPERIOR COURT OF JUSTICE
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BETWEEN:

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Applicant

- and -

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SECOND SUPPLEMENTAL AFFIDAVIT OF DANIEL J. MOORE
(Sworn October 6, 2011)

I, DANIEL J. MOORE, of the Town of Needham, in the Commonwealth of Massachusetts, in the United States of America, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Chief Operating Officer of the Applicant, International Forest Products Corporation ("**IFP**"). As such, I have knowledge of the matters deposed to in this affidavit. Where this affidavit is not based on personal knowledge, it is based on information and belief and I verily believe such information to be true.

2. This affidavit is supplemental to my affidavit sworn August 31, 2011 (the "**August 31 Affidavit**") and my supplemental affidavit sworn September 27, 2011 (the "**September 27 Affidavit**") in support of an application by IFP for the appointment of Ernst & Young Inc. ("**E&Y**") as receiver and receiver and manager (in such capacity, the "**Receiver**") of all of the property, assets and undertaking of the Respondent St. Marys Paper Corp. ("**St. Marys**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and section 101 of the *Courts of Justice Act* (Ontario). Copies of the August 31 Affidavit and the September 27 Affidavit (without Exhibits) are attached hereto as **Exhibits "A"** and **"B"**, respectively. This affidavit is sworn in support of certain interim relief sought by IFP on its receivership application.

3. All capitalized terms and phrases used and not otherwise defined herein have the meanings given to them in the August 31 Affidavit and the September 27 Affidavit.

4. On September 28, 2011, counsel for IFP and St. Marys attended before the Honourable Mr. Justice Brown of the Commercial List to set a date and timetable for the return of IFP's receivership application. As set out in Justice Brown's Endorsement, a copy of which is attached hereto as **Exhibit "C"**, IFP's receivership application was scheduled for October 17, 2011(the "Receivership Application").

5. By letter dated September 29, 2011 (the "September 29 Letter"), a copy of which is attached hereto as **Exhibit "D"**, Michael McGraw ("McGraw") of Blake,

Cassels & Graydon LLP, counsel for IFP, advised then-counsel for St. Marys of IFP's numerous concerns with respect to the interim period prior to the return of the Receivership Application. In particular, IFP requested confirmation that St. Marys immediately advise IFP if and when pending HST and real estate tax refunds are received. As described in the September 27 Affidavit, St. Marys is expected to receive the HST Refund in the amount of $773,127 imminently, which is a refund of monies that were paid by IFP on behalf of St. Marys. If received, IFP is concerned that the HST Refund proceeds will be used by St. Marys to maintain the idled Mill, or to pay other creditors, which would result in a further erosion of IFP's collateral.

6. Further, IFP requested that its financial advisor, Ernst & Young, Inc. ("Ernst & Young"), be provided with immediate access to the books and records of St. Marys. As described in the August 31 Affidavit, pursuant to an engagement letter dated July 19, 2011, a copy of which is attached hereto as **Exhibit "E"**, St. Marys consented to the appointment of Ernst & Young as financial advisor to IFP with respect to St. Marys and provided Ernst & Young with access to its business operations, assets, and books and records.

7. Pursuant to section 9.6 of the Loan Agreement between St. Marys and IFP dated December 8, 2010, a copy of which is attached hereto as **Exhibit "F"**, St. Marys agreed to permit IFP to, among other things, inspect its corporate books and financial records.

8. Pursuant to section 6.1(k) of the General Security Agreement between St. Marys and IFP dated December 8, 2010, a copy of which is attached hereto as **Exhibit "F"**, St. Marys agreed to deliver to IFP, upon request, among other things, all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying and such information concerning the Collateral, St. Marys, and St Marys' affairs as IFP may require.

9. I am advised by McGraw that subsequent to the sending of the September 29 Letter, he had discussions with and exchanged correspondence with former and current counsel for St. Marys, who advised that a response from St. Marys to the September 29 Letter would be forthcoming. However, McGraw did not receive a response until late in the day on October 5, 2011, six days after the letter was sent, and only after advising current counsel that IFP intended to bring a motion for interim relief. As of the swearing of this Affidavit, the parties have not reached an agreement on the terms of what information will be provided by St. Marys to IFP in response to the September 29 Letter.

10. As set out in the August 31 Affidavit and the September 27 Affidavit, St. Marys has been and continues to face an immediate liquidity crisis. St. Marys has secured no new financing since the August 31 Affidavit and has been unable to reach a settlement with IFP.

11. Accordingly, it is IFP's position that, in light of St. Marys' delay in responding to the September 29 Letter and continued refusal to adequately respond to IFP's

concerns as set out in the September 29 Letter, interim relief is required in order to prevent any further erosion of IFP's security prior to the hearing of the Receivership Application on October 17.

12. This affidavit is made in support of IFP's application for interim relief in this matter, and for no other or improper purpose.

SWORN BEFORE ME at the Town of)
Foxborough in the Commonwealth)
of Massachusetts this 6th day of October, 2011)
)
)
)

A Commissioner of Oaths, etc.

AIMEE L DESJOURDY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
April 7, 2017

DANIEL J. MOORE

INTERNATIONAL FOREST PRODUCTS CORPORATION v. ST. MARYS PAPER CORP.

Court File No.

Applicant | Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

SECOND SUPPLEMENTAL AFFIDAVIT OF DANIEL J. MOORE (SWORN OCTOBER 5, 2011)

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Lawyers for the Applicant

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EXHIBIT "A"

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

ONTARIO
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BETWEEN:

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(Sworn August 31, 2011)

I, DANIEL J. MOORE, of the Town of Needham, in the Commonwealth of Massachusetts, in the United States of America, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Chief Operating Officer of the Applicant, International Forest Products Corporation ("**IFP**"). As such, I have knowledge of the matters deposed to in this affidavit. Where this affidavit is not based on personal knowledge, it is based on information and belief and I verily believe such information to be true.

2. This affidavit is sworn in support of an application by IFP for the appointment of Ernst & Young Inc. ("**E&Y**") as receiver and receiver and manager (in such capacity, the "**Receiver**") of all of the property, assets and undertaking of the Respondent St. Marys Paper Corp. ("**St. Marys**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and section 101 of the *Courts of Justice Act* (Ontario).

Overview

3. St. Marys is a corporation incorporated pursuant to the laws of the Province of Ontario with its head office located in the City of Sault Ste. Marie, Ontario. St. Marys operates a groundwood pulp and supercalendered specialty paper mill (the "**Mill**") producing quality paper grades used mainly by magazine publishers and retailing companies for high quality advertising inserts, flyers and catalogues.

4. St. Marys operates the Mill at owned premises located at 75 Huron Street, Sault Ste. Marie, Ontario. The Mill, and the equipment, inventory and other personal property located at or relating to the operations of the Mill are St. Marys primary assets.

5. St. Marys employs approximately 200 hourly employees, represented by the Communications, Energy and Paperworkers Union Locals 133, 67, 69 and 47). St. Marys also employs salaried employees. On or about August 10, 2011, Sault This Week reported that Local 133 is seeking a lien against St. Marys to secure payment of St. Marys severance obligations.

6. As described below, on or about March 28, 2011, the Mill ceased operations due to numerous expensive, unexpected and repeated mechanical defects and component failures on its largest paper machine. The Mill remains idle as of the date of this affidavit, all hourly employees are on indefinite layoff, and salaried employees have been reduced to a skeleton staff of fewer than ten.

7. St. Marys is also planning the development, through its related party St. Marys Renewable Energy Corp., of a co-generation facility at the Mill to produce biomass-fueled, renewable, electrical energy (the "**Co-Generation Facility**"). I have been advised by St. Marys that it has provided start-up capital to the project in the approximate amount of $4,000,000 and is currently seeking to secure $130 million in additional financing to construct and develop the Co-Generation Facility. I have also been advised by St. Marys Renewable Energy Corp. that it has entered into a ten year power purchase agreement with Ontario Power Authority for a 35 megawatt facility, which is conditional upon the restart of the Mill. The Co-Generation Facility, if successfully completed, would provide electricity to the Mill and additional income to St. Marys.

8. I have been advised by E&Y, in its capacity as financial advisor to IFP, that as at August 13, 2011, St. Marys had only approximately $260,000 in cash and has no access to further credit facilities to fund future operating costs or ordinary expenses incurred in keeping the Mill idle, and unless additional financing is secured, St. Marys will consume its diminished cash reserves by early to mid-September. I understand that St. Marys is seeking a property tax refund through arbitration in the approximate amount of $1.4 to 1.6 million, net of costs, certain

Scientific Research & Experimental Development tax credits from the Province of Ontario in the approximate amount of \$200,000, and other short-term cash receipts to generate additional working capital while they continue to pursue additional financing. It is uncertain when these additional funds will be received, if at all. Accordingly, St. Marys faces an immediate liquidity crisis.

9. IFP is a corporation incorporated pursuant to the laws of the State of Delaware with its head office located in the Town of Foxborough, Massachusetts, which is in the business of sourcing and selling forest products. IFP is the first priority secured creditor of St. Marys.

10. As at August 31, 2011, St. Marys is indebted to IFP in the aggregate amount of \$7,621,606.13, (which includes interest accrued to the date of this affidavit), plus any other discounts, expenses, costs, fees and/or other amounts that are or may be recoverable by IFP (collectively, the "**Current Indebtedness**"). As described below, the Current Indebtedness has been incurred pursuant to certain loan agreements, pulp supply contracts and sales and marketing agreements with IFP and interest continues to accrue on the Current Indebtedness at the rates set out in the applicable agreements. The obligations of St. Marys to IFP are secured by a mortgage on the Real Property and comprehensive personal property security.

11. St. Marys has been in default of its obligations to IFP since on or about April 1, 2011. Since the shutdown of the Mill, IFP has refrained from enforcing its security in order to provide St. Marys with an opportunity to secure additional

financing in order to re-start the Mill, and to attempt to raise capital to complete the Co-Generation Facility.

12. Notwithstanding the cooperation and forbearance of IFP, St. Marys has not been successful in obtaining sufficient funding to restart the Mill. St. Marys has made some progress towards obtaining financing for the Co-Generation Facility but have not concluded any transactions or received any funds. The Mill remains closed and there is no realistic prospect that St. Marys will be able to raise sufficient new debt and/or equity to restart the Mill or to complete the Co-Generation facility in the immediate future. The Current Indebtedness remains outstanding and, based on discussions with E&Y, in its capacity as financial advisor, it is IFP's position that the value of its collateral may be insufficient to satisfy St. Marys' outstanding obligations to IFP.

13. IFP seeks the appointment of a receiver and receiver and manager to pursue a going concern sale of St. Marys and/or to canvass additional sources of financing for the Mill and the Co-Generation Facility, and to consider additional strategic options. As a result of St. Marys liquidity crisis, a going concern sale or refinancing must be completed in the immediate future, or St. Marys will be forced to liquidate.

14. IFP believes that it is just, convenient and necessary to appoint the Receiver in order to protect the interests of all of St. Marys' creditors, including IFP, and to provide an orderly, court-supervised forum for the realization upon St. Marys' assets, including a potential going concern sale. As E&Y has already been

engaged by IFP as financial advisor and completed an initial review of St. Marys' operations, and is familiar with the financial affairs and challenges facing St. Marys, it is best positioned to act as receiver and receiver and manager of St. Marys' property, assets and undertaking, and has consented to such appointment.

Obligations Owing to IFP

15. St. Marys is indebted to IFP pursuant to the Loan Agreement (as defined below), as further evidenced by the Term Note (as defined below) and the Pulp Supply Contract (as defined below). St. Marys has granted both real property and personal property security to IFP to secure all obligations owing to IFP, including the obligations owing under the Loan Agreement, the Pulp Supply Contract and the Sales and Remarketing Agreement (as defined below). As of the date of this affidavit, St. Marys is indebted to IFP in the amount of the Current Indebtedness, including indebtedness in the approximate amount of US$3,215,497.44 under the Loan Agreement, and indebtedness in the approximate amount of $4,406,108.69 under the Pulp Supply Contract. IFP is currently holding US$843,365 under the terms of the Sales and Remarketing Agreement, which will be offset against the indebtedness owing to IFP under the Loan Agreement and the Pulp Supply Contract. Certain of the obligations of St. Marys to IFP have been guaranteed on a joint and several basis by the Guarantors (as defined below).

Loan Agreement

16. Pursuant to the Loan Agreement dated December 8, 2010, between St. Marys, as borrower, and IFP, as lender (as amended, the "**Loan Agreement**") a term loan in favour of St. Marys was established in the amount of USD $3,000,000. A true copy of the Loan Agreement is attached hereto as **Exhibit "A"**.

17. The obligations of St. Marys under the Loan Agreement are further evidenced by a Term Note dated December 8, 2010 (the "**Term Note**"). A true copy of the Term Note is attached hereto as **Exhibit "B"**.

Pulp Supply Contract

18. Pursuant to the Pulp Supply Contract made as of December 8, 2010, between St. Marys, as buyer, and IFP, as Seller (the "**Pulp Supply Contract**"), IFP was appointed by St. Marys as exclusive supplier of northern bleached softwood kraft pulp ("**Pulp**") for St. Marys' paper production at the Mill. A true copy of the Pulp Supply Contract is attached hereto as **Exhibit "C"**.

Sales and Remarketing Agreement

19. Pursuant to the Purchase and Sale Agreement dated December 8, 2010 between IFP and St. Marys (the "**Sales and Remarketing Agreement**"), IFP was appointed as exclusive distributor of all super calendared or other printing and writing paper produced by St. Marys at the Mill. IFP is required to collect and remit payments to St. Marys from third parties on each sale and is entitled to

collect a commission. A true copy of the Sales and Remarketing Agreement is attached hereto as **Exhibit "D**.

20. Pursuant to section III(b)(4) of the Sales and Remarketing Agreement, IFP is entitled to offset any balances held by it or any other amount payable by IFP to St, Marys against any amount payable by St. Marys to IFP under the Sales and Remarketing Agreement or any other agreements between St. Marys. IFP has exercised its offset rights and is currently holding US$843,365 which will be offset against the indebtedness owed by St. Marys under the Loan Agreement and the Pulp Supply Contract.

IFP Security

21. St. Marys has granted personal property and real property security to IFP to secure all obligations owing to IFP, including the Current Indebtedness.

Personal Property Security

22. Pursuant to the General Security Agreement dated as of December 8, 2010 (the "**General Security Agreement**"), St. Marys granted a security interest to IFP over all of its presently owned or held and after-acquired or held personal property, assets and undertaking, of whatever nature or kind and wherever situate, and all proceeds derived directly or indirectly thereof and therefrom. The General Security Agreement secures payment and performance of all indebtedness, obligations and liabilities of St. Marys to IFP, including the indebtedness, obligations and liabilities of St. Marys to IFP under or pursuant to the Loan

Agreement, the Pulp Supply Contract and the Sales and Remarketing Agreement. A true copy of the General Security Agreement is attached hereto as **Exhibit "E"**.

23. Financing statements in respect of IFP's personal property security interests are registered against St. Marys under the *Personal Property Security Act* (Ontario) (the "**PPSA**"). A true copy of the searches against St. Marys under the PPSA, current as of August 30, 2011, are attached hereto as **Exhibit "F".**

Real Property Security

24. Pursuant to the Charge/Mortgage in the principal amount of $12,000,000 registered on March 3, 2011 (the "**Mortgage**"), St. Marys granted a charge over 17 parcels of land located at 75 Huron Street, Sault Ste. Marie, Ontario (collectively, the "**Real Property**") as continuing security for the payment of all present and future indebtedness and liabilities of St. Marys to IFP, including the obligations of St. Marys under the Loan Agreement. A true copy of the Mortgage is attached hereto as **Exhibit "G"**.

25. A copy of the Land Registry Office Parcel Register for the Real Property, current as of August 29, 2011, is attached hereto as **Exhibit "H"**.

Guarantors

26. Pursuant to the Guaranty dated December 8, 2010 (the "**Guaranty**"), the obligations of St. Marys under the Transaction Documents (as defined in the Loan Agreement) are guaranteed on a joint and several basis by SMP Equity Corp., Marc Dube, Pauline Henderson, Todd Black, Robert Yrjola, Henson and

Tregonning Logging Ltd., Avery Construction Limited, 1022013 Ontario Inc., Knut Holdings Inc. and Acton Exploration and Resources Inc. (collectively, the "**Guarantors**"), in an amount not exceeding $500,000, plus all taxes, fees and expenses (including legal fees) incurred by IFP in connection with the collection of all or any part of the Obligations (as defined in the Guaranty), and any and all late charges and interest accruing on any past due amount and all other additional sums which may or shall become due or payable with respect to such overdue amounts. The Guaranty is unsecured. A true copy of the Guaranty is attached hereto as **Exhibit "I"**.

27. As of the date of this affidavit, IFP has not made demand for payment on the Guaranty from the Guarantors.

Other Secured Creditors

PPSA Secured Creditors

28. In addition to IFP, St. Marys is indebted to and has granted security under the PPSA to Her Majesty the Queen in Right of the Province of Ontario, as represented by the Minister of Northern Development, Mines and Forestry (formerly the Minister of Northern Development and Mines) (the "**Province**"), Royal Bank of Canada ("**RBC**"), Assetlinx Capital Inc. ("**Assetlinx**"), and New North Fuels Inc. ("**NNF**"). The priority of the security interests granted to the Province and RBC are subject to intercreditor agreements with IFP, as more particularly described below.

Intercreditor Agreement with the Province

29. IFP and the Province have entered into an Amended and Restated Intercreditor Agreement dated as of December 8, 2010 (the "**Intercreditor Agreement**"). A true copy of the Intercreditor Agreement is attached hereto as **Exhibit "J"**.

30. Pursuant to the Intercreditor Agreement, the Province has postponed and subordinated all present and future personal property and real property security granted by St. Marys to the Province to all present and future security granted by St. Marys to IFP, to the extent of the obligations owing by St. Marys to IFP up to a maximum principal amount of $21,600,000.00, together with interest, fees (including prepayment fees) and similar charges and costs and expenses incurred by or on behalf of IFP which St. Marys is required to pay. The Intercreditor Agreement does not restrict payment of principal and interest to the Province prior to enforcement by IFP.

31. I have been advised by E&Y, in its capacity as financial advisor to IFP, that as at June 30, 2011, St. Marys' aggregate indebtedness to the Province is approximately $18,883,000.

Intercreditor Agreement with RBC

32. IFP and RBC are party to a letter agreement dated as of December 3, 2010 (the "**RBC Agreement")**. A true copy of the RBC Agreement is attached hereto as **Exhibit "K"**.

33. Pursuant to the RBC Agreement, IFP has subordinated and postponed its security against St. Marys in all respects to RBC's security in certain cash collateral on deposit with RBC, in an amount not to exceed CDN $3,045,000 (the "**RBC Deposits**"). RBC has subordinated and postponed its security against St. Marys in all present and future property of St. Marys to IFP, save and except for its security in the RBC Deposits, and RBC has confirmed that its PPSA registrations do not perfect a security interest in any property other than the RBC Deposits.

NNF Security

34. Pursuant to a letter dated December 17, 2010, NNF has confirmed and agreed that its PPSA registrations only perfect a security interest in limited collateral described therein as a "card lock fuelling system with tankage and all appurtenances" (the "NNF Agreement"). A true copy of the NNF Agreement is attached hereto as **Exhibit "L"**.

35. NNF has confirmed in writing to IFP that its security interest is limited to specific collateral, as more particularly described below.

Assetlinx Security

36. The security interest obtained by Assetlinx corporation is limited to certain printers and other equipment, as set out in its PPSA financing statement.

CFSL Notice

37. By PPSA notice dated July 25, 2011, Caterpillar Financial Services Limited ("**CFSL**") has also asserted a security interest and repossessed certain equipment of St. Marys. As more particularly set out in Exhibit "F", CFSL does not have a current PPSA registration against St. Marys.

Other Registrations

38. In addition to IFP, the secured creditors listed in paragraph 28 of this affidavit and CFSL, as set out in Exhibit "F", PPSA registrations have been made against St. Marys by Her Majesty the Queen in Right of Ontario as Represented by the MOR in the amount of $122,713, and by TMS Truck Centre Ltd. under the *Repair and Storage Liens Act* in the amount of $5,500.

Real Property Security Creditors

39. In addition to IFP, St. Marys is indebted to and has given real property security to the Province.

40. The Province's security over the Real Property has been subordinated to IFP's security pursuant to the Intercreditor Agreement, as described in paragraphs 29-31 of this affidavit.

Lien on Real Property

41. By instrument dated July 4, 2011, Her Majesty the Queen in Right of Ontario as represented by the Minister of Revenue has registered a lien against the Real Property in the amount of $122,834.00.

Other Outstanding Debts

42. In addition to the amounts owing to IFP, the Province and the other secured creditors, as at June 30, 2011, St. Marys is also indebted to a number of other creditors in the approximate amount of $15,000,000. This indebtedness includes property tax arrears to the City of Sault Ste. Marie in the approximate amount of $5,234,000, unpaid stumpage fees in the approximate amount of $387,000, which may be a secured claim pursuant to a statutory lien in favour of the Province of Ontario, and approximately $8,000,000 in trade accounts payable. The majority of the trade account payables have been outstanding for more than 60 days.

43. I have been advised by E&Y, in its capacity as financial advisor, that St. Marys is currently involved in arbitration with the Municipal Property Assessment Corporation, which, if successful, would result in a refund of property taxes in the approximate amount of $1.4 to $1.6 million, net of costs.

Vacation Pay and other Employee Claims

44. As at June 30, 2011, St. Marys owes approximately $587,000 in vacation pay arrears to management, Mill workers and staff. I have been advised by E&Y, in its capacity as financial advisor, that certain management personnel have deferred

their salaries to conserve cash flow and St. Marys may be indebted to such personnel in the amount of the deferral.

St. Marys Liquidity Crisis

Mill Shutdown

45. On or about March 28, 2011, St. Marys was forced to shut down the Mill as a result of numerous expensive, unexpected and repeated mechanical defects and component failures on its largest paper machine. The paper machine provides more than half of its annual output capacity. I have been advised by E&Y, in its capacity as financial advisor, that the remaining two paper machines have been offline since December 2009.

Default by St. Marys

46. On or about April 1, 2011, St. Marys failed to make payments due to IFP in the amount of US $122,125 under the Loan Agreement. These payments remain outstanding.

47. During the month of April, 2011, St. Marys advised IFP that it expected to obtain a grant from the Province of Ontario with respect to the Co-Generation Facility and certain development fees from a third party with respect to the Co-Generation Facility. St. Marys also advised IFP that it had requested additional financial support from the Province of Ontario with respect to the Co-Generation Facility in the approximate amount of $4,000,000. In addition, St. Marys advised IFP that it was seeking additional support from the Province in the form of a forbearance

under the loan entered into by St. Marys with the Province. St. Marys further advised that a meeting of the Treasury Board of the Province of Ontario was scheduled for May 19, 2011 to consider St. Marys requests.

48. On April 28, 2011, IFP received St. Marys unaudited first quarter financial results as of March 31, 2011, showing a net loss in excess of $4,000,000. A true copy of the March 31, 2011 financial statements are attached hereto as **Exhibit "M"**

49. On April 29, 2011, IFP sent a notice of default to St. Marys under the Loan Agreement and the Pulp Supply Contract. The notice of default requested that St. Marys provide an update on their financial and operational circumstances, a revised business plan, and a target date for restarting the Mill. On or about May 19, 2011, IFP provided a copy of the notice of default to the Province. A true copy of the notice of default is attached hereto as **Exhibit "N"**.

50. St. Marys has not made the required payments under the Loan Agreement due on May 1, June 1, July 1 and August 1, 2011 in the aggregate amount of US $527,997.44.

<u>Request for IFP Forbearance</u>

51. On or about May 12, 2011, St. Marys requested that IFP forbear from collecting all amounts owing by St. Marys until January 1, 2012.

52. On or about May 17, 2011, St. Marys provided revised pro forma financial statements projecting a $6,000,000 loss in fiscal 2011. A true copy of the pro forma financial statements are attached hereto as **Exhibit "O"**

53. On or about May 20, 2011, in response to St. Marys' request for forbearance by IFP, IFP provided a draft forbearance agreement, an amendment to the Loan Agreement, and an amendment to the Guaranty specifying the terms and conditions under which IFP would agree to forbear from collecting the indebtedness owed by St. Marys. A true copy of the draft forbearance, amendment to the Loan Agreement and amendment to the Guaranty are attached hereto as **Exhibit "P"**

54. In or about June and July, 2011, IFP provided St. Marys with several revised drafts of the forbearance agreement and the Guaranty. IFP received no response or comment on its forbearance terms until August 23, 2011.

55. The response received from St. Marys dated August 23, 2011 proposes a recapitalization of St. Marys, to be completed no earlier than the middle of October, 2011, and proposes revisions to several material terms of the forbearance proposed by IFP. A true copy of the timetable proposed by St. Marys for a recapitalization is attached hereto as **Exhibit "Q"**. These proposed terms are unacceptable to IFP.

56. As IFP and St. Marys have been unable to negotiate mutually acceptable forbearance terms and, due to the liquidity crisis facing St. Marys and the potential losses IFP may suffer upon realization on its collateral, IFP is not prepared to consider continuing to forbear from exercising its rights under its agreements with St. Marys.

<u>New Sources of Financing</u>

57. From May to August, 2011, IFP has received numerous financial updates from St. Marys. As part of these updates, St. Marys advised IFP that it was pursuing a number of options to finance a restart of the Mill, a completion of the Co-Generation Facility, and a reduction of its liabilities. These potential options have included: a funding grant from the Northern Industrial Energy Rate Program in the amount of $1,500,000; development fees from third parties; grants from the Province of Ontario; credit support and forbearance from the Province; equity investments from new investors through the issuance of new shares with certain tax attributes; new capital provided by private equity investors; and new financing from high yield investors.

58. We have been advised by E&Y, in its capacity as financial advisor that, with the exception of a funding grant from the Northern Industrial Energy Rate Program in the amount of $300,000 (after the Province set off the balance of the grant to reduce obligations owing by St. Marys to the Province), none of these potential funding sources identified by St. Marys resulted in any new funds being made available to St. Marys.

59. I am advised by E&Y, in its capacity as financial advisor, that on or about July 26, 2011, St. Marys received a corporate tax refund in the amount of $926,000 which has been the primary source of funding used by St. Marys to fund its operations since that date.

60. As set out in paragraph 55 of this affidavit, St. Marys has acknowledged that a recapitalization will not be completed until the middle of October, 2011, at the

earliest. As such, St. Marys will be unable to secure sufficient financing prior to the beginning to the middle of September 2011, when I have been advised by St. Marys and E&Y, in its capacity as financial advisor, that St. Marys is expected run out of operating capital. The short term cash receipts identified by St. Marys as sources of additional operating capital beyond the middle of September 2011 are uncertain and, even if received, will not be sufficient to cover the expenses necessary to power the Mill, for security, and to insure or otherwise preserve St. Marys' assets. As such, the short term cash receipts will only serve to delay the liquidity crisis St. Marys faces, and during such delay, IFP's collateral value will continue to deteriorate. Without any significant additional operating capital, St. Marys will be unable to restart the Mill to generate operating revenue or complete the Co-Generation Facility. I have been advised by E&Y, in its capacity as financial advisor, that even with sufficient operating funds in the short term, it is unlikely that the Mill could be restarted until November 2011 at the earliest.

Engagement of E&Y as Financial Advisor

61. By letter dated July 19, 2011, IFP retained E&Y as financial advisor to conduct a general review of St. Marys' business affairs, including its operations, assets and financial position. St. Marys provided its consent to such appointment on August 18, 2011. In the course of its duties as advisor, E&Y was granted access to St. Marys' business operations, assets and books and records. A true copy of the executed engagement letter and acknowledgement of St. Marys is attached hereto as **Exhibit "R"**.

Demand for Payment and Notice of Intention to Enforce Security

62. By letter dated July 28, 2011, IFP demanded payment in full of all outstanding indebtedness of St. Marys to IFP. The demand letter enclosed a Notice of Intention to Enforce Security under subsection 244(1) of the BIA. By letter dated August 4, 2011, IFP delivered an Amended Notice of Intention to Enforce Security to include certain HST owing that was inadvertently omitted from the original s. 244 notice. (collectively, the "**244 Notices**"). True copies of the letters dated July 28, 2011 and August 4, 2011 and the 244 Notices addressed to St. Marys are attached hereto as **Exhibit "S"**.

IFP Security is Currently Enforceable

63. No payment has been received in response to IFP's demand letter. I am advised by counsel that as the ten-day notice period under the BIA required to be given by a secured creditor prior to enforcing its security has expired, the security granted by St. Marys to IFP is currently enforceable by IFP.

Need for Relief

64. St. Marys has not made any payments in respect of its indebtedness to IFP and it has failed in its attempt to secure sufficient new financing. The Mill cannot be restarted and the Co-Generation Facility cannot be completed without additional financing in the immediate future. As such, St. Marys faces an immediate liquidity crisis.

65. The value of the collateral subject to IFP's security may not be sufficient to satisfy the Current Indebtedness in full. In addition, as described above, St. Marys has significant outstanding indebtedness to other creditors.

66. IFP seeks the appointment of a receiver and receiver and manager to pursue a going concern sale of St. Marys and/or to canvass additional sources of financing for the Mill and the Co-Generation Facility, and to consider additional strategic options. IFP understands that the Province has made a substantial investment in St. Marys' business and that a permanent shutdown would affect the livelihoods of a number of employees and other businesses in the region. As a result of St. Marys liquidity crisis, a going concern sale or refinancing must be completed immediately, or St. Marys will be forced to liquidate.

67. For all of the foregoing reasons, IFP believes that it is necessary to appoint a receiver in order to allow for an orderly, court-supervised forum for the realization upon St. Marys' assets, including a potential going concern sale, for the benefit of all stakeholders and to prevent any further erosion of IFP's security position.

68. The Applicant seeks the appointment of E&Y as Receiver. As E&Y has already begun a review of St. Marys' operations, E&Y is best positioned to act as receiver and receiver and manager of St. Marys' property, assets and undertaking, and has consented to such appointment.

69. This affidavit is made in support of IFP's application for the appointment of a receiver and receiver and manager of St. Marys, and for no other or improper purpose.

SWORN BEFORE ME at the Town of Foxborough in the Commonwealth of Massachusetts this 31 day of August, 2011	
A Commissioner of Oaths, etc.	DANIEL J. MOORE

AIMEE L DESJOURDY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
April 7, 2017

Court File No.

INTERNATIONAL FOREST PRODUCTS CORPORATION v. ST. MARYS PAPER CORP.

Applicant — Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF DANIEL J. MOORE
(SWORN AUGUST 31, 2011)

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Lawyers for the Applicant

12501678.7

EXHIBIT "B"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

INTERNATIONAL FOREST PRODUCTS CORPORATION

Applicant

- and -

ST. MARYS PAPER CORP.

Respondent

APPLICATION UNDER SECTION 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

SUPPLEMENTAL AFFIDAVIT OF DANIEL J. MOORE
(Sworn September 27, 2011)

I, DANIEL J. MOORE, of the Town of Needham, in the Commonwealth of Massachusetts, in the United States of America, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Chief Operating Officer of the Applicant, International Forest Products Corporation ("**IFP**"). As such, I have knowledge of the matters deposed to in this affidavit. Where this affidavit is not based on personal knowledge, it is based on information and belief and I verily believe such information to be true.

2. This affidavit is supplemental to my affidavit sworn August 31, 2011 (the "**August 31 Affidavit**") in support of an application by IFP for the appointment of Ernst & Young Inc. ("**E&Y**") as receiver and receiver and manager (in such capacity, the "**Receiver**") of all of the property, assets and undertaking of the Respondent St. Marys Paper Corp. ("**St. Marys**"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and section 101 of the *Courts of Justice Act* (Ontario).

3. All capitalized terms and phrases used and not otherwise defined herein have the meanings given to them in the August 31 Affidavit.

Delivery of Notice of Application

4. On August 31, 2011, IFP provided St. Marys and the service list with a copy of its Notice of Application seeking the appointment of the Receiver (the "**Notice of Application**") and advised St. Marys that IFP had arranged for the Notice of Application to be heard on September 7, 2011. A true copy of the Notice of Application is attached hereto as **Exhibit "A"**.

Settlement Discussions

5. On September 1, 2011, St. Marys contacted IFP to discuss a potential settlement of the Current Indebtedness. In order to allow for good faith settlement discussions to continue, IFP agreed not to serve its Notice of Application and related materials.

6. In the course of these discussions, St. Marys advised that they were in discussions with a third party lender (the "**New Lender**") who was prepared to make advances to St. Marys, which advances would be applied by St. Marys against the Current Indebtedness. In consideration, the New Lender sought certain accommodations from IFP.

7. By close of business on September 1, 2011, IFP and St. Marys had reached an agreement on the material terms of the settlement and IFP had instructed its counsel to prepare a forbearance agreement setting out these terms. The draft forbearance agreement was conditional upon, among other things, St. Marys obtaining financing from the New Lender in a prescribed amount, which would be applied against the Current Indebtedness, and St. Marys directing to IFP, upon receipt, a Harmonized Sales Tax refund in the amount of \$773,127 (the "HST Refund"). The draft forbearance agreement also contemplated a full and final satisfaction of the balance of the Current Indebtedness on certain terms.

8. On September 1, 2011, IFP agreed to seek an adjournment of the September 7 hearing to allow the parties to continue to discuss a potential settlement of the Current Indebtedness.

Notice to Service List

9. By letter dated September 2, 2011, IFP's counsel advised the service list that IFP and St. Marys had been engaged in discussions to resolve the matter and had agreed to seek an adjournment of application to a date to be determined by the Court. A true copy of the September 2 letter is attached hereto as **Exhibit "B"**.

September 7 Appearance

10. On September 7, 2011, IFP's counsel sought and obtained an adjournment of the matter until September 14, 2011 to allow settlement discussions to continue.

11. By letter dated September 8, 2011, IFP's counsel advised the service list of the new date. A true copy of the September 8 letter is attached hereto as **Exhibit "C"**.

September 14 Appearance

12. On September 14, 2011, IFP's counsel sought and obtained a further adjournment of the matter until September 28, 2011 to allow settlement discussions to continue.

13. By letter dated September 15, 2011, IFP's counsel advised the service list of the new date. A true copy of the September 15 letter is attached hereto as **Exhibit "D"**.

Further Settlement Discussions

14. Over the course of the settlement discussions the transaction structure changed from a loan to St. Marys to an acquisition by the New Lender from IFP of a participating interest in the Current Indebtedness. The material terms set out in paragraph 7 were consistent throughout the discussions.

15. In light of the liquidity crisis facing St. Marys, as more particularly described in the August 31 Affidavit, IFP set a deadline to close the settlement transaction.

Neither St. Marys nor the New Lender provided a meaningful response by the deadline, and the cause of the delay was not explained.

16. On September 26, 2011, St. Marys advised IFP that the New Lender was no longer interested in doing a transaction with IFP. At this time, St. Marys advised IFP that it had scheduled a shareholders' meeting on September 27, 2011 to discuss further settlement options.

17. On September 27, 2011, St. Marys made a final settlement proposal to IFP. IFP rejected the proposal and advised St. Marys that it would be proceeding with its application to appoint the Receiver.

Need for Relief

18. As set out in the August 31, 2011 Affidavit, St. Marys faces an immediate liquidity crisis. St. Marys has secured no new financing since the August 31 Affidavit and has been unable to reach a settlement with IFP.

19. St. Marys is expected to receive the HST Refund in the coming weeks. The HST Refund is a refund of monies that were paid by IFP on behalf of St. Marys. If received, IFP expects that the HST Refund proceeds will be used by St. Marys to maintain the idled Mill, which will represent a further erosion of IFP's collateral.

20. For these reasons, and all of the reasons set out in the August 31 Affidavit, IFP believes that it is necessary to appoint a receiver in order to allow for an orderly, court-supervised forum for the realization upon St. Marys' assets, including a

potential going concern sale, for the benefit of all stakeholders and to prevent any further erosion of IFP's security position.

21. This affidavit is made in support of IFP's application for the appointment of a receiver and receiver and manager of St. Marys, and for no other or improper purpose.

SWORN BEFORE ME at the Town of Foxborough)
in the Commonwealth of Massachusetts)
this 27 day of September, 2011)
)
)

A Commissioner of Oaths, etc.

AIMEE L DESJOURDY
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
April 7, 2017

DANIEL J. MOORE

EXHIBIT "C"

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Jackie Moher
Dir: 416-863-3174
jackie.moher@blakes.com

Reference: 00077162/000002

September 28, 2011

VIA FACSIMILE & E-MAIL

TO: THE ATTACHED SERVICE LIST

Re: St. Mary's Paper Corp.
Re: Receivership Application by International Forest Products Corporation ("IFPC")

Dear Sir or Madam:

We attended before the Honourable Mr. Justice Brown this morning in respect of the above-captioned matter. The receivership application will be heard on Monday, October 17, 2011, at 10:00 a.m. Accordingly, IFPC's Application Record and the Supplemental Affidavit of Daniel J. Moore sworn September 27, 2011 will be served upon you in the coming days. Please find attached a copy of Justice Brown's Endorsement, including the timetable for the delivery of materials.

Sincerely,

Jackie Moher

MOH/sobb
Encl.

12508856.4

ST. MARYS PAPER CORP.
FACSIMILE & E-MAIL SERVICE LIST

ERNST & YOUNG INC. Royal Bank Plaza 200 Bay Street, 19th Floor Toronto, ON M5J 2P9 **Alex Morrison** Tel: (416) 941-7743 Fax: (416) 943-3300 Email: alex.morrison@ca.ey.com **Russell French** Tel: (416) 943-2215 Fax: (416) 943-3300 Email: russell.w.french@ca.ey.com **Simone Carvalho** Tel: (416) 943-2085 Fax: (416) 943-3300 Email: simone.carvalho@ca.ey.com *Proposed Receiver*	**WISHART LAW FIRM LLP** 390 Bay Street, Suite 500 Sault Ste. Marie, ON P6A 1X2 **Gordon P. Acton** Tel: (705) 949-6700 Fax: (705) 949-2465 Email: gacton@wishartlaw.com **J. Paul R. Cassan** Tel: (705) 949-6700 Fax: (705) 949-2465 Email: pcassan@wishartlaw.com *Lawyers for St. Marys Paper Corp.* **ST. MARYS PAPER CORP.** 75 Huron Street Sault Ste Marie, ON P6A 5P4 Dennis Bunnell Fax: (705) 942-4791 Email: bunne_d@stmarys-paper.com
HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY Suite 200, 70 Foster Drive Sault Ste Marie, ON P6A 6V8 Fax: (705) 670-5818 (mines/minerals) and Fax: (705) 945-5977 (forestry)	**MINISTRY OF NORTHERN DEVELOPMENT, MINES & FORESTRY – LEGAL SERVICES BRANCH** RM M2-24 900 Bay Street Toronto, ON M7A 1C3 Fax: (416) 327-0646
HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE Revenue Collections Branch, Insolvency Unit PO Box 620 33 King Street West, 6th Floor Oshawa, ON L1H 8H5	**DEPARTMENT OF JUSTICE** The Exchange Tower 130 King Street West, Suite 3400 Toronto, ON M5X 1K6 **Diane Winters** Tel: (416) 973-3172 Fax: (416) 973-0810 Email: diane.winters@justice.gc.ca

L.W. (Larry) Brunt Senior Insolvency Officer Email: larry.brunt@ontario.ca Tel : (905) 4335760 Fax: (905) 436-4524	
DELOITTE & TOUCHE LLP 181 Bay Street, Suite 1400 Toronto, ON M5J 2V1 **R.M. Graham** Fax: (416) 601-6690	**ROYAL BANK OF CANADA** 180 Wellington St. W. 3rd Floor Toronto, ON M5J 1J1 – and – 602 Queen St. East, 2nd Flr Sault Ste Marie, ON P6A 2A4 **James Capisciolto** Commercial Account Manager - Manitoba, Saskatchewan & NW Ontario Tel: (705) 759-7050 Fax: (705) 759-4186 Email: james.capisciolto@rbc.com – and – 10117 Jasper Ave - 3rd Flr, Suite 302 Edmonton, AB T5J 1W8 **David Johnson** Manager, Special Loans and Advisory Services - Prairies Tel: (780) 408-8606 Fax: (780) 448-6422 Email: david.w.johnson@rbc.com
BUSET & PARTNERS LLP 1121 Barton St. Thunder Bay, ON P7B 5N3 **Richard J, Buset** Tel: (807) 623-2500 Fax: (807) 622-7808 Email: rbuset@buset-partners.com Lawyers for Royal Bank of Canada	
NEW NORTH FUELS INC. 154 Highway 540B Box 520 Gore Bay, ON P0P 1H0 -and- 1000 Barrydowne Road Sudbury, ON P3A 3V3 Email: sudbury@newnorthfuels.com Fax: (705) 566-9095	**AVERY CONSTRUCTION LIMITED** 940 Second Line West Sault Ste Marie, ON P6C 2E8 Tel: (705) 759-4800 Fax: (705) 759-6775 Email: jeff_averyconstruction@shaw.ca

THE CORPORATION OF THE CITY OF SAULT SAINT MARIE 99 Foster Drive Sault Ste Marie, ON P6A 5X6 **Nuala Kenny** Tel: (705) 759-5407 Fax: (705) 759-5405 Email: n.kenny@cityssm.on.ca	**CATERPILLAR FINANCIAL SERVICES LIMITED** 5575 North Service Road Suite 600 Burlington, ON L7L 6M1 Tel: (289) 313-1203 Fax: (289) 313-1293
BLANEY MCMURTRY LLP 2 Queen Street East Suite 1500 Toronto, ON M5C 3G5 **Domenico Magisano** Tel: (416) 593-2996 Fax: (416) 593-2977 Email: dmagisano@blaney.com	**TMS TRUCK CENTRE LTD.** 987 Great Northern Road Sault Ste Marie, ON P6A 5K7 **Dave Harrington** Tel: (705) 759-8280 Fax: (705) 759-8343 Email: dave@tmstruck.com
1022013 ONTARIO INC. 1231 Peoples Road Sault Ste Marie, ON P6C 3W7 Fax: (705) 759-4816	**HENSON AND TREGONNING LOGGING LIMITED** 211 Brule Road Sault Ste Marie, ON P6A 5K8 Tel: (705) 254-6114 Fax: (705) 254-6995
COMMUNICATIONS, ENERGY & PAPERWORKERS UNION OF CANADA 5915 Airport Road, Suite 510 Mississauga, ON L4V 1T1 Tel: (905) 678-0800 Fax: (905) 678-7868	**MINISTRY OF THE ATTORNEY GENERAL FOR ONTARIO** Crown Law Office – Civil Law 720 Bay Street, 8th Floor Toronto, ON M7A 2S9 **Eunice Machado** Tel: (416) 326-4576 Fax: (416) 326-4181 Email: Eunice.machado@ontario.ca Lawyers for Her Majesty The Queen In Right Of The Province Of Ontario, As Represented By The Minister Of Northern Development, Mines And Forestry

ASSETLINX CAPITAL INC. 6655 Kitimat Road, Unit 4 Mississauga, ON L5N 6J4 Fax: (866) 585-4812	**NEAR NORTH CUSTOMS BROKERS INC.** 20 Elliott Avenue Barrie ON L4N 4V7 **Rosemary Dumond** Tel: (705) 739-0024 Fax: (705) 726-0321 Email: RDumond@nearnorthcustoms.com

Court File Number: CV-11-9367-00CL

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

INTERNATIONAL FOREST
Plaintiff(s)

AND

ST MARY'S PAPER
Defendant(s)

Case Management ☐ Yes ☐ No by Judge: ______

Counsel	Telephone No.:	Facsimile No.:

☐ Order ☐ Direction for Registrar **(No formal order need be taken out)**
☐ Above action transferred to the Commercial List at Toronto (**No formal order need be taken out**)

☐ Adjourned to: ______
☐ Time Table approved (as follows):

(1) hearing - contested receivership application - M Oct 17/11 for ~~2.5~~ 1/2 hour

(2) Responding materials - 5pm Oct 7

(3) Reply materials - 12 noon Oct 11

(4) any CX - Oct 12, 13

Sept 28/11
Date

Judge's Signature
D.M. Brown J.

☐ Additional Pages

EXHIBIT "D"

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Michael McGraw
Dir: 416-863-4247
michael.mcgraw@blakes.com

Reference: 77162/2

September 29, 2011

VIA E-MAIL

Paul Cassan
Wishart Law Firm LLP
390 Bay Street
Sault Ste. Marie, ON P6A 1X2

Dear Mr. Cassan:

Re: International Forest Products Corporation ("IFP") v. St. Marys Paper Corp. ("St. Marys") (Court File No. CV-11-9367-00CL)

I write to you further to our appearance before the Honourable Mr. Justice Brown in Chambers yesterday.

As you are aware, during our attendance, I advised Justice Brown that, given St. Marys' financial circumstances, IFP has concerns with respect to the erosion of its security during the period leading up to the return of its Receivership Application on October 17, 2011 (the "Receivership Application"). In particular, IFP is concerned that the pending HST and real estate tax refunds, if received prior to the return of the Receivership Application, will be used to pay creditors or other parties other than IFP. Accordingly, we hereby request confirmation that St. Marys will immediately advise IFP if and when such amounts are received and that such amounts will not be disbursed or otherwise expended without the prior consent of IFP.

Further, pursuant to the Loan and Security Agreements between St. Marys and IFP, St. Marys has an obligation to provide IFP with access to its books and records. As you are aware, St. Marys previously consented to the appointment of Ernst & Young Inc. ("Ernst & Young") as financial advisor to IFP and that Ernst & Young previously attended at St. Marys and had subsequent discussions with St. Marys prior to the commencement of IFP's Receivership Application. Accordingly, we hereby request that Ernst & Young be provided with immediate access to the books and records of St. Marys, in particular, be provided with daily bank statements and a forecast of receipts and disbursements. Please advise who at St. Marys Ernst & Young should contact to obtain this information.

Further, pursuant to Section 8.1 of the General Security Agreement, St. Marys is prohibited from, among other things, disposing of, moving, or transferring the collateral that is subject to IFP's security. Accordingly, we trust that St. Marys will take no steps to dispose of or remove any assets, including any and all equipment, raw materials, and/or product, and that no payments to other creditors or other parties will be made without the prior consent of IFP, and that the officers and directors of St. Marys are aware of their obligations in this regard. We reserve all of IFP's rights against St. Marys, and its directors and officers, in the event of any covenant breach or otherwise.

We look forward to your immediate response regarding the above.

Yours very truly,

for Michael McGraw

MQM:cdlu

c: James Cobery, *IFP*
Dan Moore, *IFP*

12509340.2

EXHIBIT "E"

Ernst & Young Inc.
222 Bay Street, P.O. Box 251
Ernst & Young Tower
Toronto, ON M5K 1J7
Attention: Alex Morrison, Senior Vice-President

19 July 2011

St. Mary's Paper Corp. (the "Borrower")

Dear Mr. Morrison:

As at July 8, 2011 the Borrower is indebted to International Forest Products Corporation (the "Lender" or the "Client") in the amount of approximately USD $6,740,000.00, exclusive of interest and costs (the "Indebtedness"). In support of the Indebtedness, we hold security that encumbers all of the assets and undertakings, (the "Security"). In our view, after consultation with our legal counsel, we consider that the Security is valid and enforceable.

This engagement letter, together with its Schedules (collectively, the "Agreement") confirms the terms and conditions on which Ernst & Young Inc. ("EYI") is engaged by the Lender to provide the Lender with advisory assistance related to the Borrower, the Indebtedness and the Security (the "Services").

Scope of services

The Lender hereby engages EYI to conduct a general review of the Borrower's business affairs, including the operations and financial position of the Borrower, and provide the Lender with such related advisory assistance as the Lender may from time to time request. Without in any way limiting the scope of EYI's engagement, EYI's duties are expected to include the following:

- based on the Borrower's financial records performing a liquidation analysis which will illustrate potential recoveries for the Lender with respect to the assets which comprise the Security in the event that it enforces its Security;
- advising the Lender with respect to the Borrower's plan to address the repayment of the Indebtedness if requested by the Lender;
- reviewing and analyzing the Borrower's short term cash flow and liquidity projections, as prepared by the Borrower if expressly requested in writing by the Lender;
- Assisting in the necessary analyses of restructuring alternatives, setting out the comparative merits and disadvantages of the proposed recommendations regarding restructuring alternatives, and providing advice regarding documentation and preparation in support of a possible filing under either the *Bankruptcy and Insolvency Act* ("BIA"), *Companies' Creditors Arrangements Act*

("CCAA"), *Business Corporations Act* ("BCA"), or the *Canada Business Corporations Act* ("CBCA") and possibly other filings, in the event that certain alternative strategies are not feasible and/or appropriate;

- Consenting to act as either the designated trustee in Bankruptcy pursuant to a BIA filing, Court-appointed Monitor pursuant to a CCAA filing, Court-appointed Receiver pursuant to a Court filing or Interim Receiver pursuant to a Court filing in the event that the Lender determines that such filing is necessary and appropriate, subject to EYI being satisfied with the proposed form of initial order and arrangements and protections with respect to EYI's properly incurred fees and costs; and

- any other matters which EYI or the Lender from time to time mutually agree consider to be relevant to the Borrower's financial position, the Borrower's relationships with their creditors or the Lender's security position.

EYI's main points of contact in this matter shall be Jane Becker, Marie Coukos and James Cobery of Kraft Group LLC and EYI shall take instruction from such persons until advised otherwise.

EYI's role is to assist the Lender by providing advice, technical knowledge and experience. The scope of EYI's actual procedures will be based on the Lender interests and the circumstances encountered. The Lender shall retain complete and final control of all decisions related to the Borrower.

EYI is engaged to act solely as advisor to the Lender. EYI has not been engaged to, and shall not, provide advice or direction to the Borrower. EYI shall not exercise any decision making authority on behalf of the Lender or the Borrower, assume any management responsibilities of the Lender or the Borrower or assume any form of possession or control over the Borrower's property, operations, business affairs or employees. EYI will not employ nor act as employer of the Borrower's employees. Without limitation, EYI has not been engaged to act as a receiver or manager of the Borrower. EYI assumes no duty or obligation whatsoever to the Borrower.

It is expected that EYI's engagement shall be based predominantly on information supplied by the Borrower, as supplemented by discussions with senior management and the Borrower's professional advisors, and information obtained from the Client. Although the information received will be reviewed for reasonableness, it is understood that EYI will generally rely on such information and will not evaluate or have any responsibility to independently verify the accuracy or completeness of such information. The work of EYI will therefore not necessarily disclose any errors, misstatements, or irregularities in the underlying information or illegal acts on the part of the Borrower or its personnel. The Services (as defined in the attached Terms & Conditions) will not constitute (a) an audit, review or examination of financial statements in accordance with generally accepted auditing standards or (b) an examination of prospective financial statements in accordance with applicable professional standards. The Services will not include any procedures to test compliance with the laws or regulations of any jurisdiction and none of the Services or any reports will constitute any legal opinion or legal advice.

Management responsibilities

The Services are advisory in nature. The Lender shall make all management decisions and perform all management functions with respect to the services, including without limitation (a) determining the scope of activities to be performed by EYI (b) assigning competent personnel to oversee EYI's provision of the Services; and (c) evaluating the findings and results arising from the Services and determining the actions by management, if any, necessary to respond to such findings and results.

EYI will require access to timely, complete and accurate information related to the Borrower as well as access to such Borrower personnel, Borrower premises, and Borrower professional advisors as are required by EYI to perform the Services. The Lender shall cause the Borrower to provide such information and access to EYI and to cooperate fully in the engagement.

Reporting

EYI shall report directly to the Lender in the format requested by the Lender. The Services and any reports, advice or other communications of any kind that EYI provides to the Lender (written or otherwise) during the course of this engagement ("Reports") are intended solely for the information and benefit of the Lender. The Lender may however disclose EYI's Reports to the Borrower,or to Lender's and Borrower's legal and financial advisors, in confidence. No Report (and no portion, summary or abstract thereof) may be disclosed to any other third party without EYI's prior written consent. However, the Lender may disclose any Reports to its external legal counsel who require access in order to advise the Lender, provided such legal advisors (i) are informed that any use they may choose to make of any Reports is entirely at their own risk and that EYI shall have no responsibility to them whatsoever in relation to any such use, and (ii) agree to maintain the Reports in confidence.

Staffing

Alex Morrison, Senior Vice-President, will have overall responsibility for this engagement. EYI may draw upon the resources and personnel from EYI and other EY member firms as EYI considers necessary in the circumstances.

Fees/remuneration

EYI's fees for the Services shall be based on time spent by the relevant professionals in performing the Services based on our standard hourly rates, provided however, that the Client shall not be responsible for any EYI fees thereon in excess of $15,000 without the prior written approval of the Client, recognizing that this will likely only cover the first item (the liquidation analysis) set out in the "Scope of Services" section on page 1 of this Agreement.

In addition to the professional fees set out above, EYI shall be reimbursed for all expenses incurred in connection with the performance of the Services. The costs of administrative expenses such as printing, photocopies, telephone, facsimile, courier, and administrative support will be invoiced based on 4% of EY's professional fees. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged. The fees and expenses set out above do not include any applicable taxes or duties.

EYI's fees, expenses and any applicable taxes will be invoiced every week as time and expenses are incurred. Accounts are due when rendered and interest accrues at 12% per annum on balances unpaid by the applicable payer 30 days after the date on which such payer was required to pay. Copies of all accounts will be provided to the Lender. In the event that the Borrower does not pay EYI's fees within 30 days of the invoice date, they will be paid by the Lender within 30 days of the receipt of a written notice that the Borrower did not pay within 30 days and such accounts will become a debt of the Borrower to the Lender. EYI may suspend performance of the Services in the event any EYI invoice remains unpaid 14 days after delivery to the Borrower and the Lender.

Working for other clients

The Lender agrees that this engagement will not prevent or in any way restrict EYI or other members of the global Ernst & Young network from acting in any other capacity in respect of the Borrower with the prior written consent of the Lender.

Other terms and conditions

To the fullest extent permitted by law, the Lender shall release EYI, its personnel and agents from and against any and all liabilities, losses, damages, costs and expenses (including, without limitation, legal fees and disbursements) suffered or incurred by them related to or arising out of this engagement, except to the extent solely and directly caused by the gross negligence, fraud or wilful misconduct of EYI, its personnel or agents.

The attached Schedule entitled *Terms and Conditions* forms an integral part of this engagement letter and governs our respective rights and obligations related to or arising out of this engagement.

The Borrower shall execute the form of Consent, Authorization and Acknowledgement attached to this letter prior to your commencing work on this matter.

Please execute this letter below confirming your agreement to proceed with this engagement in accordance with the terms of this engagement letter and its Schedules.

Yours very truly,

International Forest Products Corporation

by D J Moore
Name: Daniel Moore
Title: Chief operating officer

I have the authority to bind the Lender

Acknowledged and agreed:

Ernst & Young Inc.

by Alex Morrison
Name: Alex Morrison
Title: Senior Vice-President

Schedule A

Terms and conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EYI" refers to Ernst & Young Inc. "EY Entities" means EYI, the Canadian firm Ernst & Young LLP, all other members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EYI shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").

2. **Unexpected events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to discuss an adjustment of the scope of the Services, and the fees for, and/or timing of, the Services appropriately and, if necessary, Client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.

3. **Client data and information** - Client will provide, or cause to be provided, to EYI in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EYI to perform the Services. EYI may rely upon the Client Data and will not evaluate or have any responsibility to independently verify the accuracy, completeness or sufficiency of any Client Data for any purposes. EYI may disclose Client Data, including confidential or personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.

4. **Confidentiality** - Subject to the other terms of this Agreement, both Client and EYI agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.

5. **EYI waiver re: tax advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:

   (a) any oral or written statement or advice related to taxes provided by EYI with regard to a person or entity that:

      (i) has any filing obligation with the US Internal Revenue Service, or

      (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that own in the aggregate more than 50% of the total vote or value of such non-US corporation);

(b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or

(c) where SEC audit independence restrictions apply to the relationship between Client and any EY Entity, any oral or written statement or advice to Client as to any potential tax consequences that may result from a transaction or the tax treatment of an item,

(together, (a), (b) and (c) referred to as "Tax Advice"),

EYI expressly authorizes Client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to Client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of Client and is not to be relied upon by any other person or entity, Client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EYI's prior written consent.

6. **Privacy** - Client confirms to EYI that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EYI to provide the Services. EYI will advise Client in writing if it requires any personal information in connection with the Services, and obtain Client's approval to obtain such information, prior to obtaining it from the Borrower or any guarantors of the Borrower. EYI shall adhere to applicable privacy legislation when dealing with personal information that was obtained from Client.

7. **Internet communications** - Unless otherwise agreed with Client, EYI and other EY Entities may correspond by means of the Internet or other electronic media or provide information to Client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EYI cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software but will use commercially reasonable efforts to ensure such communications are secure and free from such infections and malicious software.

8. **Right to terminate services** - Either party may terminate this Agreement, with or without cause, by providing written notice to the other party. Except as otherwise set out in the engagement letter or contract to which these terms are attached, in the event of early termination, for whatever reason, Subject to the limitations set out in the paragraph of the engagement letter entitled "Fees/remuneration" Client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EYI shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event Client fails to pay any amount required to be paid under this Agreement.

9. **Expenses** - Subject to the limitations set out in the paragraph of the engagement letter entitled "Fees/remuneration," Client shall reimburse EYI for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material,

facsimile, overnight mail, messenger, administrative support, among others will be billed to Client at 4% of EYI's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.

10. **Billing and taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by Client without deduction from the fees, expenses and charges hereunder subject to the limitations set out in the paragraph of the engagement letter entitled "Fees/remuneration,".

11. **Governing law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter related to or arising out of this Agreement or the Services.

12. **EYI reports** - EYI retains all copyright and other intellectual property rights in everything developed, designed or created by EYI either before or during the course of an engagement including systems, methodologies, software, know-how and working papers. EYI also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to Client in any form (written or otherwise) during the course of an engagement ("Reports"), although Client shall have the full right to use any Reports within its own organization and as described in the engagement letter. Any Reports are provided solely for the purpose of this engagement. Except as otherwise set out in the engagement letter or contract to which these terms are attached, and subject to "*EYI Waiver Re: Tax Advice*" above, no Report (and no portion, summary or abstract thereof) may be disclosed to any third party without EYI's prior written consent. EYI does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for Client will not be planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.

13. **Limitation of liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,

    (a) EYI's liability shall be several and not joint and several, solidary or *in solidum* and EYI shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;

    (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and

(c) in any case the total aggregate liability of EYI to Client (and to any affiliate thereof or any other person or entity for or in respect of which any of the Services are provided) related to or arising out of this Agreement or the Services shall be limited to the 200% of the total fees paid to EYI for the Services. This paragraph (c) shall not limit EYI's liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

For the purposes of this section (*"Limitation of Liability"*), the term EYI includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EYI or any other EY Entity.

14. **Global resources** - EYI may use the services of personnel from other EY Entities to assist it in providing the Services. EYI shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EYI under this Agreement whether or not performed, in whole or part, by EYI, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim, against any EY Entity other than EYI, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EYI or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EYI or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

15. **No application** - The preceding three sections (*Indemnity*, *Limitation of Liability* and *Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).

16. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.

17. **Legal proceedings** - In the event EYI is requested by Client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for Client, and provided that EYI is not a party to the legal proceedings, Client shall reimburse EYI for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.

18. **Miscellaneous** - EYI shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or any other type of relationship between EYI and Client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by Client without EYI's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data and Information*, *Confidentiality*, *EYI Waiver Re: Tax Advice*, *Indemnity*, *Limitation of Liability*, *Global Resources* and *Legal Proceedings*. This Agreement shall enure to

the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EYI or any other EY Entity. Client represents and warrants to EYI that the person signing this Agreement is expressly authorized to execute it on behalf of, and to bind, Client, its affiliates and any other persons or entities for whose benefit any of the Services are provided. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

Schedule B

Consent, Authorization and Acknowledgement of Borrower

TO: **International Forest Products Corporation (the "Lender")**

AND TO: **ERNST & YOUNG INC.**

RE: **Engagement of Ernst & Young Inc.**

The undersigned, St. Mary's Paper Corp. (the "Borrower"), consents to the engagement of Ernst & Young Inc. ("EYI") by the Lender in accordance with the terms set out in the Lender letter to EYI dated _______, a copy of which it has received, including its attachments (collectively, the "Engagement Letter").

For good and valuable consideration (the receipt of which is acknowledged), the Borrower:

1. irrevocably authorizes the Lender to disclose to EYI all information and records of every kind and description in the possession of the Lender concerning the business and affairs of the Borrower;

2. agrees to cooperate with EYI, agrees to promptly provide EYI with all information and records of every kind and description which EYI may from time to time request (including without limitation all requested business, operating, accounting, legal and other records, documents, information and files) and further agrees to promptly meet with EYI from time to time in order to provide whatever analysis and explanations EYI may reasonably require;

3. agrees to use reasonable skill, care and attention to ensure that all projections/forecasts provided to EYI are based on reasonable, good faith estimates subject to any disclaimer noted thereon;

4. agrees to ensure that all information provided to EYI is accurate and complete and agrees to notify EYI if it subsequently learns that any information provided to EYI is incorrect or inaccurate or otherwise should not be relied on;

5. agrees to provide EYI with notice of any event, circumstance, act or omission which in any such case individually or in the aggregate has, or is reasonably likely to have, a material adverse effect on (i) the business, property, condition (financial or otherwise) or prospects of the Borrower, (ii) the ability of the Borrower to perform its financial obligations under its various agreements with the Lender or any other lender of the Borrower or trade creditor, (iii) the rights and benefits available to the Lender under its various agreements with the Borrower;

6. shall authorize and direct certain mutually designated employees, and the Borrower's accountants, auditors, and investment bankers, to co-operate fully with EYI and to upon request provide EYI with all available information, files, documents and records which they may have concerning the Borrower's business and affairs;

7. authorizes EYI to have access to its premises at all reasonable times;

8. agrees that EYI may make copies of, and retain, any documents or records it considers appropriate in order to discharge its mandate to the Lender;

9. agrees that EYI will be entitled to communicate freely with the Lender regarding the progress and results of its work;

10. acknowledges that EYI's professional fees and expenses shall be as described in the Engagement Letter;

11. agrees that the Borrower shall pay EYI's fees, expenses and applicable taxes in this matter and agrees that it shall indemnify and save harmless the Lender with respect to such fees, expenses and applicable taxes and the Borrower authorizes the Lender to debit the accounts of the Borrower for EYI's fees, expenses and applicable taxes should the Borrower not pay EYI within 10 days of EYI rendering an invoice, provided that the Lender is satisfied in its sole discretion that the fees are properly due;

12. agrees that EYI expenses borne by the Borrower may include the cost of external experts deemed necessary by EYI and approved by the Lender, including without limitation legal counsel and appraisers;

13. acknowledges that EYI will assume no decision-making responsibilities, will have no management capacity, will not offer advice or direction to, or exercise any degree of control over the business and affairs of the Borrower and that EYI will not be responsible for any decisions or actions of the Borrower and that its only role will be to conduct itself in accordance with its appointment pursuant to the Engagement Letter and, in particular, that EYI will have no fiduciary duties to the Borrower and will not be in conflict in acting for the Lender and specifically acknowledges that nothing contained herein will constitute an arrangement, agreement or relationship between the Borrower and EYI arising from or based, directly or indirectly, upon EYI's engagement as contemplated herein;

14. agrees that the engagement of EYI is not an act of enforcement of any security held by or for the benefit of the Lender in respect of the liabilities and obligations of the Borrower pursuant to the credit agreement and, in particular, that EYI is not the owner of nor is it in charge, management, custody or control of any real property owned or occupied by the Borrower, of its other property and assets, nor of its business and affairs;

15. acknowledges that, by virtue of the engagement of EYI, the Lender is not waiving any of the rights and remedies available to it under its credit agreement or under any security held by or for the benefit of the Lender; and

16. agrees that the appointment of EYI shall not in any way limit or restrict EYI's ability to be engaged, including by the Lender, in any other capacity with respect to the Borrower.

Indemnity and limitation of liability

Except to the extent solely and directly caused by EYI's fraud or willful misconduct (1) EYI, its personnel and agents shall have no liability whatsoever to the Borrower or its affiliates related to or arising out of EYI's engagement by the Lender and neither the Borrower nor any of its affiliates shall bring any claim, proceeding, action or complaint of any kind against EYI, its personnel or agents; and (2) the Borrower agrees to indemnify and hold EYI, its personnel and agents harmless from and against any and all liabilities, losses, damages, costs and expenses (including without limitation, legal fees and disbursements) suffered or incurred by them related to or arising out of EYI's engagement by the Lender.

The Borrower agrees that neither it nor any of its affiliates shall bring any claim, proceeding, action or complaint of any kind against any other member firm of the global Ernst & Young network, or any of their respective affiliates, partners or personnel related to or arising out of EYI's engagement by the Lender in this matter. Other member firms of the global Ernst & Young network and their respective affiliates, partners and personnel shall have the express benefit of this paragraph and shall have the right to rely on and enforce its terms.

Other matters

The Borrower acknowledges that those clauses above relating to EYI's fees, limitation of liability, and indemnity by the Borrower survive any termination of the Engagement Letter.

Yours truly,

St. Mary's Paper Corp.

Per: ______________________________
Print name:
Print title:

I have the authority to bind the Borrower.

EXHIBIT “F”

LOAN AGREEMENT

by and among

ST. MARY'S PAPER CORP.,

AS BORROWER

and

INTERNATIONAL FOREST PRODUCTS CORPORATION

AS LENDER

Dated as of December 8th, 2010

TABLE OF CONTENTS

EXHIBIT A TERM NOTE
SCHEDULE 7.2 - Pending and Threatened Proceedings and Breaches
SCHEDULE 7.10 - Outstanding Debt
SCHEDULE 9.10 - Permitted Debt and Liens

LOAN AGREEMENT

This agreement (the "Agreement") is made as of the 8th day of December, 2010, by and among St. Mary's Paper Corporation, a company organized in accordance with the laws of the province of Ontario, Canada (the "*Borrower*") and International Forest Products Corporation, a Delaware corporation (the "*Lender*"). All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in Section 1 hereof.

SECTION 1. DEFINITIONS - The terms hereinafter set forth when used herein shall have the following meanings, such definitions to be equally applicable to the singular or plural of terms defined:

"*Affiliate*" shall mean any Person, directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"*Agreement*" shall mean this Loan Agreement as supplemented and amended from time to time.

"*Authorized Representative*" shall mean any of the following and such other Persons as may be designated as such from time to time by the Borrower in a written notice to the Lender, the Chairman, President, Chief Financial Officer or Treasurer of the Borrower.

"*Borrower*" shall have the meaning set forth in the preamble hereto.

"*Business Day*" shall mean any day except Saturday or Sunday on which banks are open for business in New York, New York.

"*Capital Expenditures*" shall mean the capital expenditures of the Borrower for the period in question determined in accordance with GAAP but including in any event all Capitalized Lease Obligations.

"*Capitalized Lease*" shall mean any lease or obligation for rentals which is required to be capitalized on a consolidated balance sheet of the Borrower in accordance with GAAP.

"Capitalized Lease Obligation" shall mean the present discounted value of the rental obligations (exclusive of amounts in reimbursement for insurance, taxes, maintenance, repairs and similar charges, whether or not denominated as rent) under any Capitalized Lease determined on a consolidated basis in accordance with GAAP.

"Closing Date" shall mean the date on which all of the conditions precedent have been satisfied as described in Section 8.1.

"Collateral" is defined in Section 6.

"Collateral Documents" shall mean all guaranties, pledges, security agreements, leasehold mortgages, financing statements and other documents as shall from time to time secure or guaranty the Obligations.

"Control Group" shall mean SMP Equity Corp (this is the owner of 100% of the outstanding shares of the borrower), and each of the following entities Acton Exploration and Resources Ltd., Knut Holdings Inc., Avery Construction Limited, Henson and Tregonning Logging Ltd, 10222013 Ontario Inc. comprising 75% of the shareholders of SMP Equity Corp

"Debt" of any Person shall mean as of any time the same is to be determined, the aggregate (without duplication) of:

(a) all indebtedness with respect to borrowed money;

(b) all reimbursement and other obligations with respect to letters of credit, payment or performance bonds, banker's acceptances, customer advances and other extensions of credit whether or not representing obligations for borrowed money;

(c) the aggregate amount of Capitalized Lease Obligations;

(d) all indebtedness secured by any lien or any security interest on any Property or assets of such Person, whether or not the same would be classified as a liability on a balance sheet;

(e) all indebtedness representing the deferred purchase price of Property;

(f) liabilities under so called synthetic leases or other arrangements under which such Person retains the tax benefits attributable to the asset in question;

(g) all guaranties, endorsements (other than any liability arising out of the endorsement of items for deposit or collection in the ordinary course of business) and other contingent obligations in respect of or designed to assure payment of, or any obligations to purchase or otherwise acquire any of the foregoing;

(h) all obligations in respect of which interest charges are customarily paid by such person;

(i) all obligations of such person for borrowed money which are convertible into shares of stock or other equity interests of such person (whether at the option of such person or of the holder), until any such conversion is actually made; and

(j) all shares of stock or other equity interests of such person that are required to be redeemed or repurchased by such person at the option of the holder thereof, whether upon the happening of any event or contingency or otherwise.

Provided however, that trade payables and similar obligations incurred in the ordinary course of business shall not be considered Debt.

"*Effective Date*" is defined in Section 8.1 hereof.

"*Environmental Laws*" shall mean all federal, provincial and local environmental, health and safety statutes and regulations, including without limitation all statutes and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances.

"*Event of Default*" shall mean any event or condition identified as such in Section 10.1 hereof.

"*GAAP*" shall mean generally accepted accounting principles in Canada as in effect from time to time.

"*Governmental Body*" shall mean any government (including without limitation any federal, state, provincial, municipal or local government) or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court or tribunal, whether foreign or domestic.

"*Governmental Requirements*" shall mean any Law, ordinance, order, rule or regulation by a Governmental Body.

"*Guaranty)*" shall mean the joint and several guaranty of the major shareholders of the Borrower in the maximum principal amount of five hundred thousand dollars ($500,000 USD).

"*Intercreditor Agreement*" shall mean that certain Intercreditor Agreement, dated as of December 8, 2010, among the Borrower, the Lender, , and Her Majesty the Queen in right of Ontario, as represented by the Minister of Northern Development, Mines and Forestry (formerly the Minister of Northern Development and Mines).

"*Law*" shall mean any law (including common law and equity), constitution, statute, order, treaty, regulation or rule of any Governmental Body.

"Loan Documents" shall mean this Agreement, the Term Note, the Collateral Documents, and all instruments and documents delivered by the Borrower under or pursuant to any of the foregoing, all as amended or modified from time to time pursuant to the terms hereof or thereof.

"Loan" shall mean the Term Loan.

"Material Adverse Effect" shall mean any material adverse effect on the financial condition, results of operations or business prospects of the Borrower other than changes in business prospects caused by changes in general economic or industry conditions.

""*Mill"* shall refer to the Borrower's paper mill located in Sault Ste. Marie, Ontario, Canada.

"Note" shall have the meaning set forth in Section 10.2.

"Obligations" shall mean all indebtedness, obligations and liabilities of the Borrower under the Transaction Documents.

"Permitted Liens" shall have the meaning set forth in Section 9.10.

"Person" shall mean any individual, corporation, limited liability company, voluntary association, partnership, joint venture, trust, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

"Potential Default" shall mean any event or condition which, with the lapse of time, or giving of notice, or both, would constitute an Event of Default.

"Property" shall mean all assets and properties of the Borrower of any nature whatsoever, whether real or personal, tangible or intangible, including without limitation intellectual property.

"Pulp Supply Contract" shall mean the Pulp Supply Contract between Borrower and Lender dated December 8, 2010

"Purchase and Sale Agreement" shall mean the Purchase and Sale Agreement dated as of December 8, 2010

"Subsidiary" shall mean, for any Person, any Person of which more than fifty percent (50%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the Board of Directors, Board of Managers or similar governing body (irrespective of whether or not, at the time, stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned by such Person or by one or more of its Subsidiaries. Unless otherwise expressly

provided, all references herein to a *"Subsidiary"* or *"Subsidiaries"* shall mean a Subsidiary or Subsidiaries of the Borrower.

"Taxes" shall mean any and all present or future taxes (including without limitation all stamp, documentary, excise or property taxes), levies, imposts, deductions, charges or withholdings and liabilities with respect thereto.

"Term Loan" See Section 3 hereof.

"Term Loan Interest Rate" The rate per annum equal to the US prime rate as quoted by the Wall Street Journal plus three and ½ percent (3.5%).

"Term Loan Maturity Date" shall mean April 1, 2015.

"Term Note" See Section 4 hereof.

"Total Interest Expense" shall mean, for any period, the aggregate amount of interest required to be paid or accrued by the Borrower during such period on all Debt of the Borrower outstanding during all or any part of such period on all Debt of the Borrower outstanding during all or any part of such period, whether such interest was or is required to be reflected as an item of expense or capitalized.

"Transaction Documents" shall refer to all Loan Documents, Collateral Documents, the Pulp Supply Contract, the Purchase and Sale Agreement and all instruments and documents delivered by the Borrower under or pursuant to any of the foregoing, all as amended or modified from time to time pursuant to the terms hereof or thereof.

SECTION 2. ACCOUNTING TERMS.

Any accounting term not otherwise specifically defined in this Agreement shall have the meaning customarily given to such term in accordance with GAAP as in effect on the date hereof. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purpose of this Agreement, it shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

SECTION 3. THE TERM LOAN.

Subject to all of the terms and conditions hereof, the Lender agrees to lend to the Borrower on the Closing Date the aggregate amount of Three Million Dollars USD ($3,000,000).

SECTION 4. THE TERM NOTE.

The Term Loan shall be evidenced by a promissory note of the Borrower in substantially the form of **Exhibit A** hereto dated the Closing Date and completed with appropriate insertions. The Term Note shall bear interest at the Term Loan Interest Rate determined on the first day of each calendar quarter and in effect from time to time. Except as provided in Section 5.4 hereof, the amount of the Term Loan shall bear interest at the Term Loan Interest Rate as in effect from time to time from the Closing Date. Interest shall be payable in arrears on the first day of each calendar month for the immediately preceding calendar month; provided, however, that the first interest payment shall be made on April 1, 2011 for the immediately preceding three months. Thereafter, interest shall be payable monthly in arrears.

SECTION 5. SCHEDULE OF INSTALLMENT PAYMENTS OF PRINCIPAL OF TERM LOAN.

Section 5.1. Installments.

The Borrower promises to pay to the Lender the principal amount of the Term Loan in forty eight (48) consecutive monthly payments of $62,500.00 USD such installments to be due and payable on the first day of each calendar month commencing on April 1, 2011 with a final payment on the Term Loan Maturity Date in an amount equal to the unpaid balance of the Term Loan.

Section 5.2. Place and Application of Payments.

(a) *General Principles.* All payments hereunder shall be by wire transfer to an account designated by Lender, and in immediately available funds, prior to 2:00 p.m. (Eastern U.S. time) on the date of such payment. All such payments shall be made without setoff or counterclaim, and without reduction for, and free from, any and all present and future levies, imposts, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature imposed by any Governmental Body. Any payments received after 2:00 p.m. (Eastern U.S. time) shall be deemed received on the following Business Day.

(b) *Post Event of Default Applications.* Anything contained herein to the contrary notwithstanding, all payments and collections in respect of the Loan Documents received by the Lender after acceleration or final maturity of the Obligations shall be remitted to the Lender and distributed as follows:

(i) first, to the payment of the reasonable outstanding costs and expenses incurred by the Lender in monitoring, verifying, protecting, preserving or enforcing the liens on the Collateral or in protecting, preserving or enforcing rights under the Loan Documents;

(ii) second, to the Lender (and its Affiliates) for the payment of any other indebtedness, obligations or liabilities of the Borrower owed and secured by the Collateral Documents unless and until all such indebtedness, obligations and liabilities have been fully paid and satisfied;

(iii) third, to the payment of any outstanding interest or other fees or amounts due under this Agreement other than for principal;

(iv) fourth, to the payment of the principal owed under this Agreement; and

(v) fifth, to the Borrower or whoever may be lawfully entitled thereto.

Section 5.3. Change of Law. If the Lender shall determine that any change after the date hereof in applicable Law, or any change in the interpretation or administration thereof by any Governmental Body has or would have the effect of reducing the rate of return on the Lender's capital as a consequence of its obligations hereunder or its participation therein to a level below that which the Lender could have achieved but for such change in Law in an amount deemed by the Lender to be material, then from time to time as specified by the Lender, the Borrower shall either (a) pay such additional amount or amounts as will compensate the Lender for such reduction or (b) terminate the Term Loan hereunder and repay all Obligations.

Section 5.4. Interest After Default. Overdue principal and (to the extent permitted by applicable Law) interest on the Term Loan and all other overdue amounts payable hereunder or under any of the Loan Documents shall bear interest compounded monthly and payable on demand at a rate per annum equal to five percent (5%) above the Term Loan Interest Rate]until such amount shall be paid in full (after as well as before judgment).

Section 5.5. Interest Act (Canada). For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

Section 5.6. Criminal Code (Canada). If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by applicable Law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows: (a) first, by reducing the amount or rate of interest; and (b) thereafter, by reducing any fees, costs, expenses and other amounts required to be paid to the Lender which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

SECTION 6. THE COLLATERAL.

The Obligations shall be secured by valid and perfected first priority security interest (subject only to Permitted Liens entitled to priority under applicable law) in all of the assets of the Borrower together with the proceeds thereof whether now owned or hereafter acquired (collectively the *"Collateral"*). The Borrower will, from time to time at the request of the Lender execute and deliver such documents and do such acts and things as the Lender may reasonably request to provide for or perfect such liens.

SECTION 7. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender as follows:

Section 7.1. Organization and Qualification. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the province of Ontario, Canada, has full and adequate power to carry on its business as now conducted and is duly licensed or qualified in all jurisdictions wherein the nature of its activities requires such licensing or qualifying and in which the failure to be so licensed or qualified could result in a Material Adverse Effect. The Borrower has full right, power and authority to enter into this Agreement and the other Loan Documents to which it is a party, to make the borrowings herein provided for and to execute and issue its Term Note in evidence thereof and to perform each and all of the matters and things herein and therein provided for. The Borrower has one Subsidiary, SMP Resources Ltd., and all references to Borrower in this agreement include such Subsidiary.

Section 7.2. Litigation; Tax Returns; Approvals. Except as set forth on Schedule 7.2, there is no litigation, labor controversy or governmental proceeding pending, nor to the knowledge of the Borrower threatened, against the Borrower involving a reasonable possibility of an outcome which could result in a Material Adverse Effect. All federal, provincial and local income tax returns for the Borrower required to be filed have been or will be filed on a timely basis (taking into account any extension of time within which to file), and all amounts required to be paid as shown by said returns have been or will be paid, except for amounts that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP. Except as set forth on Schedule 7.2, there are no claims for taxes being asserted against the Borrower for any fiscal year involving a reasonable possibility of an outcome which could result in a Material Adverse Effect. No authorization, consent, license, exemption or filing or registration is or will be necessary to the valid execution, delivery or performance by the Borrower of the Loan Documents to which it is a party.

Section 7.3 No Default. No Potential Default or Event of Default exists.

Section 7.4. Remittances. The Borrower has to its knowledge remitted all amounts required to be remitted by it to any Governmental Body, including without limitation all employee source deductions for income taxes, unemployment insurance and pension plan remittances, sales taxes, excise taxes, goods and services taxes, payroll taxes and workers' compensation assessments.

Section 7.5. Enforceability. This Agreement and the other Loan Documents are the legal, valid and binding agreements of the Borrower enforceable against it in accordance with their terms, except as may be limited by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws or judicial decisions for the relief of debtors or the limitation of creditors' rights generally and (b) any equitable principles relating to or limiting the rights of creditors generally.

Section 7.6 *Restrictive Agreements.* The Borrower is not a party to any contract or agreement, or subject to any charge or other corporate restriction, which affects its ability to execute, deliver and perform the Loan Documents to which it is a party and repay its indebtedness, obligations and liabilities under the Loan Documents or which materially and adversely affects or, insofar as the Borrower can reasonably foresee, could result in a Material Adverse Effect or would in any respect materially and adversely affect the Borrower's ability to repay the indebtedness, obligations and liabilities under the Loan Documents, or any rights of the Lender under the Loan Documents.

Section 7.7.No Default Under Other Agreements. The Borrower is not in default with respect to any note, indenture, loan agreement, mortgage, lease, deed, or other agreement to which it is a party or by which it or its Property is bound, which default could materially and adversely affect the Lender's rights under the Loan Documents or result in a Material Adverse Effect.

Section 7.8. *Compliance with Law.* The Borrower is not in default under any Governmental Requirement, license or demand of any Governmental Body, default with respect to or under which might have consequences which may result in a Material Adverse Effect.

Section 7.9. *Governmental Requirements.* All material permits, consents, approvals or authorizations by or registrations, declarations, withholdings of objection or filings with any Governmental Body required for the operation of the Borrower's business and Mill have been obtained, or have been applied for, and are in full force and effect.

Section 7.10.Outstanding Debt. Schedule 7.10 attached hereto correctly describes, as of the date hereof, all Debt of the Borrower and its Subsidiaries and identifies all liens securing such Debt.

Section 7.11. *Title to Properties.* The Borrower has good and marketable title in fee simple (or its equivalent under applicable law) to all the real property (including leasehold interests) and good title to all the other property it purports to own, except as sold or otherwise disposed of in the ordinary course of business, subject only to Permitted Liens and to survey exceptions, encumbrances, easements, reservations, rights of others for rights-of-way, utilities and other similar purposes or zoning or other restrictions as to use of real properties and not arising in connection with the borrowing of money or the obtaining of advances or credit and which do not in any event impair the use or value of the property in the business of the Borrower or a Subsidiary in any respect material to the Borrower.

Section 7.12. *Patents, Trademarks and Franchises.* The Borrower owns, possesses or licenses, all patents, industrial designs, trademarks, trade names, service marks, copyrights, licenses, franchises and other rights necessary in any respect material to the Borrower for the present and presently planned future conduct of its business and the operation of its facilities for their intended purposes, without any known conflict with the rights of others.

Section 7.13. *Burdensome Contracts with Affiliates.* The Borrower is not a party to any contracts or agreement with Affiliates on terms less favorable to it than would be usual and customary in similar contracts and agreements between parties not affiliated with each other.

Section 7.14. Borrower's Projections. The projections of the annual operating budgets of the Borrower have been delivered to the Lender and disclose all assumptions made with respect to general economic, financial and market conditions used in formulating such projections. To the knowledge of the Borrower, no facts exist that would result in any material change in any of such projections. The projections are based upon reasonable estimates and assumptions, have been prepared on the basis of the assumptions stated therein and reflect the reasonable estimates of the Borrower of the results of operations and other information projected therein.

SECTION 8. CONDITIONS PRECEDENT

Section 8.1. General Conditions Precedent. The obligation of the Lender to provide the Borrower with the Term Loan under the Agreement will become effective on the date (the "*Effective Date*") when each of the following conditions precedent have been satisfied:

(a) the Lender shall have received and approved the following, in each case fully executed and delivered:

(i) the Term Note;

(ii) this Agreement;

(iii) the Purchase and Sale Agreement;

(iv) the Pulp Supply Agreement;

(v) copies (executed or certified as may be appropriate) to the Lender of all legal documents or proceedings taken in connection with the execution and delivery of the Transaction Documents, to the extent the Lender or its counsel may reasonably request, together with appropriate certificates of incumbency;

(vi) the Collateral Documents and any financing statements reasonably requested by the Lender in connection therewith;

(vii) the organizational documents of the Borrower;

(viii) evidence of the maintenance of insurance by the Borrower as required hereby or by the Collateral Documents together with loss payable, additional insured and notice of cancellation clauses, acceptable to the Lender;

(ix) evidence of the Borrower's receipt of funding of $8,800,000.00 (Canadian Dollars) from the Province of Ontario;

(b) the liens of the Collateral Documents shall have been duly perfected in the manner required by law or such perfection shall have been provided for in a manner acceptable to the Lender;

(c) arrangements shall have been made satisfactory to the Lender for the discharge of all Debt and liens on the Collateral;

(d) no change shall have occurred in the financial condition or operations of the Borrower from that reflected in its financial statements previously delivered to and reviewed by the Lender which the Lender reasonably believes may have a Material Adverse Effect;

(e) all legal matters incident to the transactions contemplated hereby shall be acceptable to the Lender and its counsel and the Lender shall have received, prior to making the initial Loan, for its account the favorable written opinion of acceptable counsel in form and substance covering such matters and subject to such conditions, qualifications and assumptions as shall be reasonably satisfactory to the Lender and its counsel;

(f) each of the representations and warranties set forth in Section 7 hereof shall be and remain true and correct as of said time, except to the extent of changes resulting from transactions contemplated or permitted by this Agreement and the other Collateral Documents and changes occurring in the ordinary course of business that singly or in the aggregate are not materially adverse, and to the extent that such representations and warranties relate expressly to an earlier date; and

(g) no Potential Default or Event of Default shall have occurred and be continuing.

SECTION 9. COVENANTS.

It is understood and agreed that so long as this Agreement is in effect, except to the extent compliance in any case or cases is waived in writing by the Lender:

Section 9.1. Maintenance of Property. The Borrower will keep and maintain its Properties in good condition, and make all reasonable and necessary renewals, replacements, additions, betterments and improvements thereto so that the efficiency and usefulness of same, taken as a whole, is maintained.

Section 9.2. Maintenance of Existence. The Borrower shall maintain its legal existence.

Section 9.3. Taxes. The Borrower will duly pay and discharge all material taxes, rates, assessments, fees and governmental charges upon or against the Borrower or against its Properties in each case before the same becomes delinquent and before penalties accrue thereon unless and to the extent that the same is being contested in good faith and by appropriate proceedings.

Section 9.4. *Maintenance of Insurance.* The Borrower will (i) maintain insurance with insurers recognized as financially sound and reputable by prudent business persons in such forms and amounts and against such risks as is usually carried by companies engaged in similar business and owning similar Properties in the same general areas in which the Borrower operates and (ii) comply with the insurance requirements of the Collateral Documents. The Borrower shall provide the Lender with copies of all insurance policies maintained by it upon the Lender's request.

Section 9.5. *Financial Reports.* The Borrower will maintain a system of accounting in accordance with GAAP and will furnish promptly to the Lender and its duly authorized representatives such information respecting the business and financial condition of the Borrower as may be reasonably requested and, without any request, will furnish the Lender:

(a) as soon as available, and in any event within 30 days after the close of each calendar month occurring no later than 90 days after Closing, mutually agreeable, management prepared financial statements, certified by an officer of the Borrower;

(b) as soon as available, and in any event within 120 days after the close of each fiscal year of the Borrower, the audited consolidated balance sheet of the Borrower as at the end of such year, and the related consolidated statement of income and cash flows for such year, each setting forth in comparative form the figures for the previous fiscal year and all such consolidated statements to be in reasonable detail, prepared in accordance with GAAP, and certified without qualification by an independent certified public accountant satisfactory to the Lender; and

(c) promptly after knowledge thereof shall have come to the attention of any responsible officer of the Borrower, written notice of (i) any threatened or pending litigation or governmental proceeding against the Borrower which could result in a Material Adverse Effect and (ii) the occurrence of any Potential Default or Event of Default.

Section 9.6. *Inspection.* The Borrower shall permit the Lender, by its representatives and agents, to inspect any of its Properties, corporate books and financial records to examine and make copies of the books of accounts and other financial records of the Borrower and to discuss the affairs, finances and accounts of the Borrower with, and to be advised as to the same by, its officers at such reasonable times and reasonable intervals as the Lender may request. The Borrower shall pay the reasonable costs and expenses of the Lender in connection with any audit or inspection of the Borrower's books and records which occurs while an Event of Default is continuing.

Section 9.7. *Transactions with Affiliates.* The Borrower will not enter into any transaction, including without limitation, the purchase, sale, lease or exchange of any Property, or the rendering of any service, with any Affiliate of the Borrower except pursuant to the reasonable requirements of the Borrower's business and upon fair and reasonable terms no less favorable to

Borrower than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of the Borrower.

Section 9.8. Capital Expenditures. The Borrower will not expend or become obligated for Capital Expenditures in any calendar year in excess of $7,000,000.

Section 9.9. Restricted Payments. The Borrower will not make any distribution or repayment to its equity holders, or purchase, redeem, retire or otherwise acquire any equity holder's interest in the Borrower or any option, warrant or other right to acquire such an interest or, except in accordance with the provisions of the Intercreditor Agreement, make any payment on any Debt or any trade payable of the Borrower existing on the Effective Date (collectively *"Restricted Payments"*).

Section 9.10. Liens. The Borrower will not pledge, mortgage or otherwise encumber or subject to or permit to exist upon or be subjected to any lien, charge or security interest of any kind (including any conditional sale or other title retention agreement and any lease in the nature thereof), on any of the Collateral or on any real property owned by the Borrower of any kind or character at any time owned by the Borrower, other than:

(a) liens, pledges or deposits for worker's compensation, unemployment insurance, old age benefits or social security obligations, taxes, assessments, statutory obligations, statutory liens or other similar charges, provided in each case the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been provided therefor in accordance with GAAP and that the obligation is not for borrowed money; and

(b) liens securing the outstanding Debt listed on Schedule 7.10 to the extent such liens and Debt are subject to subordination and/or Intercreditor agreements containing terms and provisions acceptable to the Lender in its sole discretion; and

(c) liens created under the Collateral Documents ((a), (b) and (c), collectively "Permitted Liens").

Section 9.11. Consolidation and Merger. The Borrower will not consolidate with or merge into any Person, or permit any other Person to merge into it.

Section 9.12. Sale of Collateral. Except for the sale of inventory in the ordinary course of business, the Borrower will not sell, lease, assign, transfer or otherwise dispose of, or turn over the management and/or operation of, all or a material part of its Collateral to any other Person.

Section 9.13. Defend Legal Proceedings. The Borrower will actively and diligently contest or cause to be contested in good faith, by appropriate and timely proceedings, or effect a timely and provident settlement of, any action, suit, litigation or other proceeding the result of which could reasonably be expected to have a Material Adverse Effect.

Section 9.14. Fiscal Year. The Borrower shall have a calendar fiscal year ending on December 31.

Section 9.15. Compliance with Laws, etc. The Borrower will observe and comply in all material respects at all times with the provisions of all Laws (including Environmental Laws), non-compliance with what could have a Material Adverse Effect.

Section 9.16. Change in the Nature of Business. The Borrower shall not engage in any business or activity other than the manufacture, sale and distribution of super calendared paper and businesses reasonably incidental thereto.

Section 9.17. Notice of Environmental Events. The Borrower will, as soon as practicable after it becomes aware thereof, provide the Lender with prompt notice of: any spills of contaminants which are required to be reported to any Governmental Body; and any special investigations, control orders, stop orders, injunctions, prosecutions or lawsuits under any Environmental Law; and which, in either such case, could reasonably be expected to have a Material Adverse Effect.

Section 9.18. Restriction on Ownership and Capital Changes. The Borrower will not permit any change in the equity ownership of the Borrower that would result in the Control Group holding or controlling, directly or indirectly, less than fifty-one percent (51%) of the issued and outstanding equity of the Borrower.

Section 9.19. Debt Service Coverage. The Borrower will not, during any fiscal quarter ending during any period described below for the period then ended, permit the ratio of (I) the sum of (A) earnings before interest and taxes plus (B) depreciation plus (C) amortization to (II) the sum of (A) Total Interest Expense plus (B) all repayments of principal of any Debt to be less than the ration set forth opposite such period in such table:

Period	Ratio
Effective Date through 3/31/11	.7 TO 1
Effective Date through 6/30/11	1.0 TO 1
EFFECTIVE DATE through 9/30/11	1.10 to 1
Thereafter, period of four fiscal quarters ending on such date	1.20 to 1

SECTION 10. EVENTS OF DEFAULT AND REMEDIES.

Section 10.1. Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) Default in the payment when due (whether by lapse of time, acceleration, or otherwise) of the principal of the Term Loan, whether at the stated maturity thereof or at any other time provided in this Agreement or default in the payment when due of any interest, fee or other amount payable by the Borrower pursuant to this Agreement or any other Loan Document;

(b) Default in the observance or performance of any covenant set forth in Sections 9.4, 9.9, 9.10, 9.11, 9.12, 9.13 9.15 or 9.19 hereof, or of any provision of any Collateral Document requiring the maintenance of insurance on the Collateral subject thereto or dealing with the use or remittance of proceeds of such Collateral;

(c) Default in the observance or performance of any other covenant, condition, agreement or provision hereof or any of the other Loan Documents and such default shall continue for 30 days after written notice thereof to the Borrower by the Lender;

(d) Default shall occur under any evidence of Debt issued, assumed or guaranteed by the Borrower or under any mortgage, agreement or other similar instrument under which the same may be issued or secured and such default shall continue for a period of time sufficient to permit the acceleration of maturity of any indebtedness evidenced thereby or outstanding or secured thereunder or default in the payment when due on any such Debt subject to the lapse of any period of grace (provided that the Borrower shall not be deemed in default of any Debt owing to a supplier of goods and services and representing an obligation to pay the deferred purchase price thereof if and so long as the Borrower is disputing same in good faith or has a good faith defense thereto);

(e) Any representation or warranty made herein or in any Loan Document or in any statement or certificate furnished by it pursuant hereto or thereto, proves untrue in any material respect as of the date made or deemed made pursuant to the terms hereof;

(f) Any judgment or judgments, writ or writs, or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of $100,000 or which could reasonably be expected to have a Material Adverse Effect shall be entered or filed against the Borrower or against any of its Property or assets and remain unstayed or undischarged for a period of 60 days from the date of its entry;

(g) The Borrower thereof shall (i) have entered involuntarily against it an order for relief under applicable insolvency Laws, (ii) become insolvent or become unable to pay, or not pay, its debts generally as they become due or suspend payment of its obligations, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, monitor custodian, trustee, conservator, liquidator or similar official for it or any substantial part of its Property, (v) file a petition seeking relief or institute any proceeding seeking to have entered against it an order for relief under applicable insolvency Laws, or any similar statute, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors (including the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) and any applicable corporations legislation) or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, or (vi) fail to contest in good faith any appointment or proceeding described in Section 10.1(h) hereof;

(h) A custodian, receiver, trustee, conservator, liquidator, monitor or similar official shall be appointed for the Borrower or any substantial part of its Property, or a proceeding described in Section 10.1(g) shall be instituted against the Borrower and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of 60 days; or

(i) The Borrower shall have failed to perform any material term or provision contained in any Transaction Document and failed to cure such default within any applicable cure period, or either of the Pulp Sales Agreement or the Purchase and Sale Agreement shall have expired or been terminated, or an event or condition then exists that permits either party to terminate any Transaction Document.

Section 10.2. Remedies for Non-Bankruptcy Defaults. When any Event of Default, other than an Event of Default described in subsections (g) and (h) of Section 10.1 hereof, has occurred and is continuing, the Lender, shall give notice to the Borrower and may take any or all of the following actions: (a) declare the principal of and the accrued interest on the Term Note to be forthwith due and payable and thereupon the Term Note including both principal and interest and all other Obligations, shall be and become immediately due and payable without further demand, presentment, protest or notice of any kind, and the Term Loan shall immediately begin accruing interest at the applicable interest rate plus five percent (5%), and (b) may take any action or exercise any remedy under any of the Loan Documents or exercise any other action, right, power or remedy permitted by law. The Lender may exercise the right of set off with regard to any deposit accounts or investments maintained by the Borrower or any guarantor of the obligations to the Lender.

Section 10.3. Remedies for Bankruptcy Defaults. When any Event of Default described in subsections (g) or (h) of Section 10.1 hereof has occurred and is continuing, then the obligations under the Term Note and other Obligations shall immediately become due and payable without presentment, demand, protest or notice of any kind, and the obligations of the Lender shall immediately terminate.

SECTION 11. MISCELLANEOUS.

Section 11.1. Holidays. If the due date for payment of any principal shall fall due on a Saturday, Sunday or on another day which is a legal holiday for lenders, interest at the rates the Term Note bears for the period prior to maturity shall continue to accrue on such principal from the stated due date thereof to and including the next succeeding Business Day on which the same is payable.

Section 11.2. No Waiver. No delay or failure on the part of the Lender in the exercise of any power or right shall operate as a waiver thereof, nor as an acquiescence in any default nor preclude any other or further exercise thereof, or the exercise of any other power or right.

Section 11.3. Waivers, Modifications and Amendments. Any provision of the Loan Documents may be amended, modified, waived or released and any Potential Default or Event of Default and its consequences may be rescinded and annulled upon the written consent of Borrower and the Lender. The Lender may (i) release its lien on any portion of the Collateral which is being sold or disposed of by the Borrower if any prepayment required as a result of such sale is made and (ii) subordinate its lien to easements and possessory rights and enter into other arrangements concerning its liens which will not in its reasonable judgment materially impair the value thereof.

Section 11.4. Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses which Lender pays in connection with the negotiation, preparation, execution, delivery, recording and/or filing and/or release of the Loan Documents and the other instruments and documents to be delivered hereunder or thereunder or in connection with the transactions contemplated hereby or thereby or in connection with any consents hereunder or thereunder or waivers or amendments hereto or thereto, including the reasonable fees and out-of-pocket expenses of counsel for the Lender with respect to all of the foregoing, and all recording, filing, title insurance, subagent's or other fees, costs and taxes incident to perfecting a lien upon the Collateral, and all costs and expenses incurred by the Lender in the protection and/or preservation of the Collateral, and all costs and expenses (including reasonable attorneys' fees), incurred by the Lender in connection with a default or the enforcement of the Loan Documents or the protection of its rights thereunder after a default. The Borrower agrees to indemnify and hold the Lender harmless from any and all liabilities, losses, reasonable costs and expenses incurred by the Lender in connection with any action, suit or proceeding brought against the Lender by any Person, other than Borrower, which arises out of the transactions contemplated or financed hereby or by the other Loan Documents or the Collateral or out of any action or inaction by the Lender hereunder or thereunder, except for such thereof as is caused by the gross negligence or willful misconduct of the Lender. The provisions of this Section 11.4 and the other protective provisions of this Agreement hereof shall survive payment of the Term Note.

Section 11.5. Stamp Taxes. The Borrower agrees that they will pay such documentary or similar taxes, including interest and penalties, in the event any such documentation or similar taxes are assessed, irrespective of when such assessment is made and whether or not the Term Loan is outstanding to it is then in use or available.

Section 11.6. Survival of Representations. All representations and warranties made in the Loan Documents or in certificates given pursuant hereto shall survive the execution and delivery of the Loan Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any the Term Loan is outstanding is in use or available hereunder.

Section 11.7. Construction. The parties hereto acknowledge and agree that the Loan Documents shall not be construed more favorably in favor of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation and preparation of this Agreement and the Loan Documents.

Section 11.8. Accounting Principles. All computations of compliance with the financial terms hereof shall be made in a form mutually acceptable to the Parties.

Section 11.9. Headings. Article and Section headings used in this Agreement are for convenience of reference only and are not a part of this Agreement for any other purpose.

Section 11.10. Severability of Provisions. Any provision of this Agreement which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in the Loan Documents may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of the Loan Documents are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render the Loan Documents invalid or unenforceable.

Section 11.11. Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto on separate counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 11.12. Binding Nature, Governing Law. This Agreement shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Lender and the benefit of its successors and assigns, including any subsequent holder of the Term Note. This Agreement and the Term Note and the rights and duties of the parties hereto shall be construed and determined in accordance with, and shall be governed by the internal laws of the Commonwealth of Massachusetts without regard to principles of conflicts of law. The Borrower may not assign its rights or obligations hereunder without the written consent of the Lender.

Section 11.13. Notices. All communications provided for herein shall be in writing or by email or by fax, except as otherwise specifically provided for hereinabove, addressed to the appropriate party at their respective addresses set forth below their respective signatures hereto or on an assignment agreement to which they are a party, or at such other address as shall be designated by any party hereto in a written notice to each other party pursuant to this Section 11.13. Any notice shall be in writing and shall be deemed to have been given or made when served personally or when received if sent by mail, and any notice given by email or fax means shall be deemed given when transmitted (receipt confirmed by the sender's transmission equipment); provided that any notice to the Lender under Sections 5.5 hereof shall only be effective upon receipt.

Section 11.14. Submission and Waiver of Jury Trial. EACH PARTY HERETO HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE SUPERIOR COURT FOR THE COMMONWEALTH OF

MASSACHUSETTS AND OF ANY MASSACHUSETTS COURT SITTING IN BOSTON FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE BORROWER AND THE LENDER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY

Section 11.15. Entire Agreement. This Agreement and the other Loan Documents constitute the entire understanding of the parties with respect to the subject matter hereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby.

Section 11.16. Collateral Documents Not Superseded. Nothing herein contained shall be construed to permit anything prohibited by the Collateral Documents.

Section 11.17. Time is of the Essence. With respect to each party's obligations hereunder, time shall be of the essence.

Section 11.18 Permitted Liens. Any reference in any of the Loan Documents to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any lien created by any of the Loan Documents to any Permitted Lien.

Section 11.19 Currency Indemnity. The Borrower shall make payment relative to any Obligations in the currency (the "Original Currency") in which the Debtor is required to pay such Obligations. If the Borrower makes payment relative to any Obligations in a currency (the "Other Currency") other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment shall constitute a discharge of the Obligations of the Borrower only to the extent of the amount of the Original Currency which the Lender is able to purchase at Foxborough, Massachusetts with the amount it receives on the date of receipt. If the amount of the Original Currency which the Lender is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligations, the Borrower shall indemnify and save the Lender harmless from and against any loss or damage arising as a result of such deficiency. This indemnity constitutes an obligation separate and independent from the other obligations contained in this Agreement, gives rise to a separate and independent cause of action, applies irrespective of any indulgence granted by the Lender and continues in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

[SIGNATURE PAGE TO FOLLOW]

Upon your acceptance hereof in the manner hereinafter set forth, this Agreement shall be a contract between us for the purposes hereinabove set forth.

Dated as of December 8, 2010

ST MARY'S PAPER CORP., as the Borrower

By [signature]
Name Dennis Bunnell
Title CEO; Chairman of the Board

Accepted and agreed to as of the day and year last above written.

INTERNATIONAL FOREST PRODUCTS CORPORATION

as the Lender

By [signature]
Name Daniel Kraft
Title President CEO

One Patriot Place
Foxboro, Massachusetts 02035
Attn: President

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SCHEDULE 7.2
PENDING AND THREATENED PROCEEDINGS AND BREACHES

LITIGATION: SMS ENERGY- ENGINEERING I NC. VS ST MARYS RENEWABLE ENERGY CORP. AND ST MARYS PAER CORP. CLAIMING PAYMENT OF $101, 922.41 CAD FOR ENGINEERING SERVICES, CLIM BEING DEFENDED AND A COUNTER CLAIM FOR $500,000.00 CAD AGAINST THE PLAINTIFF SMS

TAXES; AN APPEAL OF MUNICIPAL REALTY TAX ASSESMENT FOR THE YEARS 2006 THRU 2010; HEARING TO COMMENCE JAN 10TH THRU 21ST 2011

GOVERNMENT FILINGS: NONE

DEFAULTS UNDER OTHER AGREEMENTS: NONE

SCHEDULE 7.10
OUTSTANDING DEBT

$11 million CAD to Her Majesty the Queen in the Right of Ontario, as represented by the Minister of Northern Development and Mines, subject to an Intercreditor agreement among the Borrower, the Lender and certain other parties, and to be repayable on terms to be negotiated upon commissioning of the biomass co generation facility of St Marys Renewable Energy Corp.

$8.8 million CAD to Minister of Northern Development and Mines, subject to an Intercreditor agreement among the Borrower, the Lender and certain other parties, and repayable in blended monthly installments as set out in the Borrowers projections

Photocopier/printer lease to Assetlinx Capital Inc.

Card lock diesel fuelling system with above ground double walled and protected tankage and all appurtenances to New North Fuels Inc.

EXHIBIT "G"

GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of December 8, 2010.

BETWEEN: **ST. MARY'S PAPER CORP.** having an address at 75 Huron Street in Sault Ste. Marie, Ontario, Canada P6A5P4

(the "Debtor")

AND:

INTERNATIONAL FOREST PRODUCTS CORPORATION,
having an address at One Patriot Place, Foxborough, Massachusetts, 02035

(the "Secured Party")

The following numbering is done with the Alt NB numbering macro. There are 6 levels (Heading 1 to Heading 6 styles); shortcut keys Ctrl Alt 1 to Ctrl Alt 6.

1. SECURITY INTEREST

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, and as general and continuing security for the due payment and performance of the Obligations (defined in Clause 2 hereof), the Debtor hereby mortgages, charges, assigns and transfers (by way of security) to the Secured Party, and grants to the Secured Party a security interest in, all the Debtor's right, title and interest in and to all presently owned or held and after acquired or held personal property, assets and undertaking of the Debtor, of whatever nature or kind and wheresoever situate and all proceeds derived directly or indirectly thereof and therefrom, and all substitutions therefor and accretions thereto including, without limiting the generality of the foregoing:

(a) Equipment - all equipment, including, without limiting the generality of the foregoing, all machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing (all of which is herein collectively called the "Equipment");

(b) Inventory - all inventory, including without limiting the generality of the foregoing, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is herein collectively called the "Inventory");

(c) Accounts - all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, monies and choses in action or any part thereof (all of which is herein collectively called the "Accounts");

(d) Other Personal Property - all books and records, documents of title, chattel paper, instruments, investment property, securities and money, and all other goods of the Debtor that are not Equipment, Inventory or Accounts;

(e) Intangibles - all contractual rights, permits, licenses, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, and all other intangible property of the Debtor that is not Accounts, chattel paper, instruments, documents of title, securities or money; and

(f) Proceeds - all proceeds derived directly or indirectly from any use or dealing with the collateral referred to in subsections (a) through (e) hereof including, without limiting the generality of the foregoing, proceeds of sale, lease or other dispositions of any such collateral, proceeds of a kind similar to the above described items, and money, cheques or deposit accounts in deposit taking institutions (herein collectively referred to as "Proceeds");

and for the same consideration, the Debtor hereby mortgages, charges, pledges and assigns, as and by way of a floating charge, all of the Debtor's other properties, assets and undertaking for the time being and from time to time, real and personal, moveable and immoveable, both present and future, now owned or hereafter acquired of whatsoever nature and kind and wheresoever situate.

All of the foregoing mentioned property is herein collectively referred to as the "Collateral".

2. OBLIGATIONS SECURED

This Security Agreement and the security interests hereby created are in addition to and not in substitution for any other security interest now or hereafter held by the Secured Party from the Debtor or from any other person whomsoever and shall be general and continuing security for the payment of all indebtedness, obligations and liabilities of the Debtor to the Secured Party (including interest thereon), present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all future advances and re-advances, and for the performance of all obligations and covenants of the Debtor to the Secured Party, whether or not contained in this Security Agreement or in any other agreement between the Debtor and the Secured Party including, without in any way limiting the generality of the foregoing, the indebtedness, obligations and liabilities of the Debtor to the Secured Party under the Loan Agreement dated as of December 8, 2010 (the "Loan Agreement") by and among the Debtor and the Secured Party, the Pulp Purchase Agreement dated as of December 8, 2010 ("the Pulp Purchase Agreement") by and among the Debtor and the Secured Party, and the Sales and Remarketing Agreement dated as of December 8, 2010 ("the Sales Agreement") by and among the Debtor and the Secured Party (all of which indebtedness, obligations and liabilities are herein collectively called the "Obligations").

3. **PROHIBITIONS**

Without the prior written consent of the Secured Party the Debtor shall not have power to:

(a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, or undertakings which ranks or could in any event rank in priority to or pari passu with any security interest created by this Security Agreement; or

(b) grant, sell, or otherwise assign its chattel paper.

4. **ATTACHMENT**

The Debtor acknowledges that the security interests hereby created attach upon the execution of this Security Agreement (or in the case of any after acquired property, upon the date of acquisition thereof), that value has been given, and that the Debtor has, or in the case of after acquired property will have, rights in the Collateral.

5. **REPRESENTATIONS AND WARRANTIES**

5.1 The Debtor represents and warrants that this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations hereunder, legal, valid and binding.

5.2 The Debtor represents and warrants that the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, except for Permitted Liens and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Security Agreement.

5.3 All of the information set out in Schedule A hereto is accurate and complete.

6. **COVENANTS OF THE DEBTOR**

6.1 The Debtor covenants that at all times while this Security Agreement remains in effect the Debtor will:

(a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;

(b) fully and effectually maintain and keep maintained the security interest hereby created valid and effective;

(c) maintain insurance on the Collateral with an insurer, of kinds, for amounts and payable to such person or persons, all as the Secured Party may reasonably require and provide such proof of insurance as the Secured Party may reasonably require;

(d) maintain the Collateral in good order and repair and maintain accurate and complete records of the Collateral;

(e) forthwith pay:

   (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and

   (ii) all security interests, charges, encumbrances, liens and claims which rank or could in any event rank in priority to any security interest created by this Security Agreement, Permitted Liens hereto and those consented to in writing by the Secured Party;

(f) forthwith pay all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) which may be incurred by the Secured Party in:

   (i) inspecting the Collateral;

   (ii) negotiating, preparing, perfecting and registering this Security Agreement and other documents, whether or not relating to this Security Agreement;

   (iii) investigating title to the Collateral;

   (iv) taking, recovering, keeping possession of and insuring the Collateral; and

   (v) all other actions and proceedings taken in connection with the preservation of the Collateral and the enforcement of this Security Agreement and of any other security interest held by the Secured Party as security for the Obligations;

(g) at the Secured Party's request at any time and from time to time execute and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute and discretion requires in order to confirm and perfect, and maintain perfection of, the security interests and charges hereby created in favour of the Secured Party upon any of the Collateral;

(h) notify the Secured Party promptly of:

(i) any change to the information contained herein relating to the Debtor, its address, its business or the Collateral including the information set out in Schedule A hereto;

(ii) the details of any material acquisition of the Collateral;

(iii) any material loss of or damage to the Collateral;

(iv) any material default by any account debtor in payment or other performance of his obligations to the Debtor with respect to any Accounts; and

(v) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor;

(i) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement and not create, incur or permit to exist and will defend the Collateral against any and all liens and security interests other than the Permitted Liens;

(j) permit the Secured Party and its representatives, at all reasonable times, access to all its property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection; and

(k) deliver to the Secured Party from time to time promptly upon request:

(vi) any documents of title, instruments, securities and chattel paper constituting, representing or relating to Collateral;

(vii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;

(viii) all financial statements prepared by or for the Debtor regarding the Debtor's business;

(ix) all policies and certificates of insurance relating to the Collateral; and

(x) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may require.

7. PERFORMANCE OF OBLIGATIONS

If the Debtor fails to perform its obligations hereunder or under the Loan Agreement, the Secured Party may, but shall not be obliged to, perform any or all of such obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall be a charge upon and security interest in the Collateral in favour of the Secured Party prior to all claims subsequent to this Security Agreement.

8. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

8.1 Except as herein provided, without the prior written consent of the Secured Party the Debtor will not:

(a) sell, lease or otherwise dispose of the Collateral;

(b) release, surrender or abandon possession of the Collateral; or

(c) move or transfer the Collateral from its present location.

8.2 Provided that the Debtor is not in default under this Security Agreement or under the Loan Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of its business and for the purposes of carrying on its business.

9. DEFAULT

The Debtor shall be in default under this Security Agreement, unless waived by the Secured Party, in any of the following events:

(a) the Debtor makes default in payment when due of any indebtedness or liability of the Debtor to the Secured Party; or

(b) the Debtor is in breach of any term, condition, obligation or covenant to the Secured Party, or any representation or warranty to the Secured Party is untrue, whether or not contained in this Security Agreement, the Loan Agreement or otherwise; or

(c) the Debtor makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or

(d) a receiver, receiver and manager or receiver-manager of all or any part of the Collateral is appointed; or

(e) an order of execution against the Collateral or any part thereof remains unsatisfied for a period of 10 days; or

(f) without the prior written consent of the Secured Party, the Debtor creates or permits to exist any charge, encumbrance or lien on or claim against or any security interest in, any of the Collateral , other than the Permitted Liens, which ranks or could in any event rank in priority to or pari passu with any security interest or charge created by this Security Agreement; or

(g) the holder of any other charge, encumbrance or lien on or claim against, or security interest in, any of the Collateral does anything to enforce or realize on such charge, encumbrance, lien, claim or security interest; or

(h) an order is made or an effective resolution is passed for winding up the Debtor; or

(i) the Debtor enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or

(j) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy.

10. ENFORCEMENT

10.1 The Secured Party may demand payment at any time of any or all of the Obligations that are payable on demand (whether or not the Debtor is in default under this Security Agreement) and upon any default under this Security Agreement the Secured Party may declare any or all of the Obligations not payable on demand to become immediately due and payable and upon said demand or declaration being made the security hereby constituted will immediately become enforceable. To enforce and realize on the security constituted by this Security Agreement the Secured Party may take any action permitted by law or in equity, as it may deem expedient, and in particular without limiting the generality of the foregoing, the Secured Party may do any of the following:

(a) appoint by instrument a receiver, receiver and manager or receiver-manager (the person so appointed is herein called the "Receiver") of the Collateral, , and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;

(b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;

(c) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Secured Party may deem advisable;

(d) sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefore and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as the Secured Party may seem reasonable, provided that if any sale is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefore are actually received; and

(e) exercise all of the rights and remedies of a secured party under the Act.

10.2 A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Secured Party and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security interest on any of the Collateral; such security interest may rank before or pari passu with or behind any security interest created by this Security Agreement, and if it does not so specify such security interest shall rank before the security interests created by this Security Agreement.

10.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Secured Party, in its absolute discretion, may direct as follows:

(a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Secured Party in connection with or incidental to:

(i) the exercise by the Secured Party of all or any of the powers granted to it pursuant to this Security Agreement; and

(ii) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;

(b) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations;

(c) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

11. DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full the Debtor will immediately pay to the Secured Party the amount of such deficiency. – Secured by Security ?

12. RIGHTS CUMULATIVE

All rights and remedies of the Secured Party set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future security agreement or now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

13. LIABILITY OF SECURED PARTY

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as herein provided, nor shall the Secured Party be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Secured Party, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than aforesaid.

14. APPOINTMENT OF ATTORNEY

The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, pursuant to this Security Agreement.

15. APPROPRIATION OF PAYMENTS

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations in accordance with the terms of the Loan Agreement. conflict with 10.3 ?

16. LIABILITY TO ADVANCE

None of the preparation, execution, perfection and registration of this Security Agreement or the advance of any monies shall bind the Secured Party to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

17. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Security Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Secured Party.

18. NOTICE

Notice may be given to either party by sending it through the post in prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided herein or at such other address as may be given in writing by such party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

19. EXTENSIONS

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, account debtors of the Debtor, sureties and others and with respect to the Obligations and the Collateral and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Security Agreement.

20. NO MERGER

This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

21. ASSIGNMENT

The Secured Party may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the security interests granted hereby. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Security Agreement and the Debtor will not assert any defense, counterclaim, right of set-off or otherwise any claim which it now has or hereafter acquires against the Secured Party in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

22. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Secured Party, shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement only upon full payment and satisfaction of all Obligations and upon written request by the Debtor and payment to the Secured Party of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

23. TERM

This Security Agreement shall be a continuing agreement in every respect for the payment in full of the Obligations and it shall remain in full force and effect until all of the Obligations shall be paid and satisfied in full. In the event any provisions of this Security Agreement shall be deemed invalid or void by any court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect. All rights and remedies of the Secured Party set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future Security Agreement or now or hereafter existing at law, in equity or by statute or pursuant to any other agreement between the Debtor and the Secured Part that may be in effect from time to time. No delay or omission by the Secured Party in exercising any right or remedy herein or with respect to the Obligations shall operate as a waiver thereof.

24. SET-OFF

Without limiting any other right of the Secured Party, whenever the Obligations are immediately due and payable or the Secured Party has the right to declare the Obligations to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against the Obligations any and all monies then owed to the Debtor by the Secured Party in any capacity, whether or not due including without in any way limiting this right of set-off, amounts due by the Secured Party to the Debtor, and the Secured Party shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.

25. ENUREMENT

This Security Agreement shall enure to the benefit of the Secured Party and its successors and assigns, and shall be binding upon the respective heirs, executors, personal representatives, successors and permitted assigns of the Debtor.

26. INTERPRETATION

26.1 In this Security Agreement:

(a) "Collateral" has the meaning set out in Clause 1 hereof and any reference to Collateral shall, unless the context otherwise requires, be deemed a reference to Collateral as a whole or any part thereof;

(b) "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them jointly and severally;

(c) "Permitted Lien" has the meaning set out in the Loan Agreement;

(d) "the Act" means the *Personal Property Security Act* (Ontario) and all regulations thereunder as amended from time to time.

26.2 Words and expressions used herein that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined herein or unless the context otherwise requires.

26.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause.

26.4 The headings of the clauses of this Security Agreement have been inserted for reference only and do not define, limit, later or enlarge the meaning of any provision of this Security Agreement.

26.5 This Security Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable thereto.

27. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor hereby:

(a) acknowledges receiving a copy of this Security Agreement, and

(b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed at any time in respect of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement as of the 8th day of December, 2010.

ST. MARY'S PAPER CORP.
by its authorized signatory:

Authorized Signatory

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SCHEDULE A

DEBTOR INFORMATION

Full legal name: St Marys Paper Corp.

Prior names: St Marys Paper (2007) Ltd.

Predecessor companies: none

Jurisdiction of incorporation or organization: Ontario

Address of chief executive office: 75 Huron Street, Sault St Marie ON

Addresses of all places where business is carried on or tangible Personal Property is kept: 75 Huron Street, and 486 Gran Street, Sault St Marie Ontario

Jurisdictions in which all material account debtors are located: Canada and the United States of America

Addresses of all owned real property: 75 Huron Street, Sault St Marie Ontario

Addresses of all leased real property: 75 Huron Street, Sault St Marie Ontario

Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats): See attached Schedule A-1

Description of all material Permits:

1. Timber Supply Agreement #536216, entered into pursuant to section 4 of the Crown Timber Act, dated October 13, 1994 between Her Majesty the Queen, as represented by the Minister of Natural Resources and St. Marys Paper Ltd. The Timber Supply Agreement was in effect from April 1, 1994 to March 31, 2005.

2. Conifer Commitment Letter, dated December 15, 1998, from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Ltd.

3. Non-Veneer Quality Aspen Poplar Commitment Letter, dated December 15, 1998, from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Ltd.

4. Letter of Provincial Support, dated May 18, 2007, from the Minister of Northern Development and Mines, Rick Bartolucci, to Mr. Gordon P. Acton, Wishart Law Firm LLP

5. White River Forest letters from the Assistant Deputy Minister Forests Division, Ministry of Natural Resources, dated April 15, 2009 to Marc Dube, St. Marys Paper

Corp., and March 30, 2009 to Marc Dube, St. Marys Paper Corp. and Jean-Francois Mérette, Domtar Inc.

6. Nipissing Forest No. 542053	Approved by Order-in-Council No. 1314/96, dated July 3, 1996 And as most recently amended by Order-in-Council No. 1284/2006, dated June 14, 2006	2) To make available annually to St. Marys Paper Ltd., for use in their paper mill in Sault Ste. Marie, Ontario, through a long term MOA, a target volume of 48,000 m^3 of conifer timber. The supply of conifer timber is made available consistent with a letter dated December 15, 1998 from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Ltd., hereafter referred to as the "St. Marys Conifer Commitment Letter".
7. Algoma Forest No. 542257	Approved by Order-in-Council No. 2242/97, dated December 10, 1997 And as most recently amended by Minister's Approval dated June 29, 2009	1) To make available annually to St. Marys Paper Ltd.'s Sault Ste. Marie, Ontario paper facility, through a long term memorandum of agreement (MOA) in accordance and consistent with a letter dated December 15, 1998 from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Ltd., and with Supply Agreement 536216, dated October 13, 1994, a target volume of 127,000 m^3 of jack pine, spruce and balsam fir conifer logs. 2) To make available annually to St. Marys Paper Ltd.'s Sault Ste. Marie, Ontario paper facility, through a long term MOA in accordance and consistent with a letter dated December 15, 1998 from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Ltd., a target volume of 18,600 m^3 of non-veneer quality aspen poplar logs.
8. Northshore Forest No. 542521	Approved by Order-in-Council No. 179/99, dated January 27, 1999 And as most recently amended by Minister's Approval, dated June 29, 2009	2) To make available annually to St Mary Paper Corp., for use in their paper mill at Sault Ste. Marie, Ontario, through a long term MOA, a target volume of 70,000 m3 of non-veneer quality aspen poplar towards their aggregate total volume from all management units. This poplar supply is provided consistent with the intent of a letter dated December 15, 1998 from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Ltd., referred to as the "St. Marys Hardwood Commitment Letter". 3) To make available annually to St Mary Paper Corp., for their paper mill at Sault Ste. Marie, Ontario, from

		the portion of the Northshore Forest within Sault Ste. Marie District, through a long term MOA, a target volume of 50,000 m3 of spruce and/or balsam fir towards their aggregate volume from all management units. This timber supply is provided consistent with a letter dated December 15, 1998 from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Ltd., referred to as the "St. Marys Conifer Commitment Letter".
9. Gordon Cosens Forest No.550039	Approved by Order-in-Council No. 1158/2001, dated May 9, 2001 And as amended as most recently amended by Minister's Approval, dated 3 June 2006	6. To make available annually to St. Mary's Paper Ltd. for use in their mill at Sault Ste. Marie, Ontario, through long-term MOAs, an annual aggregate target volume of 15,000 m3 of spruce and balsam fir towards their aggregate total from all management units, from the area previously known as the Kapuskasing Management Unit. All, or part of the aggregate volume can be harvested from any other part of the Gordon Cosens Forest if agreed to by both parties. This supply of spruce and balsam fir is consistent with the intent of a letter dated December 15, 1998, from the Minister of Natural Resources to Mr. Ronald M. Stern, Chief Executive Officer, Belgravia Investments Limited.

10. Certificate of Approval for Air and Water Intake ; Ministry of Energy Global Ajustment Energy Program, Northern Industrial Electrical Reduction Program of the Ministry of Energy; Demand Response II- Electrical Load Shifting Program of the Ontario Power Authority

Subsidiaries of the Debtor: SMP Resources Inc

Instruments, Documents of Title and Chattel Paper of the Debtor:

Pledged Certificated Securities:

Pledged Issuer	Securities Owned	% of issued and outstanding Securities of Pledged Issuer	Security Certificate Numbers	Security Certificate Location

Pledged Securities Accounts:

Pledged Securities Intermediary	Securities Account Number	Pledged Securities Intermediary's Jurisdiction	Pledged Security Entitlements

Pledged Uncertificated Securities:

Pledged Issuer	Pledged Issuer's Jurisdiction	Securities Owned	% of issued and outstanding Securities of Pledged Issuer

Pledged Futures Accounts:

Pledged Futures Intermediary	Futures Account Number	Pledged Futures Intermediary's Jurisdiction	Pledged Futures Contracts

Registered trade-marks and applications for trademark registrations:

Country	*Trade-mark*	*Application No.*	*Application Date*	*Registration No.*	*Registration Date*	*Licenced to or by Debtor*
Canada	TMA 313154				September 18th 1984	no

Patents and patent applications:

Country	*Title*	*Patent No.*	*Application Date*	*Date of Grant*	*Licenced to or by Debtor*
none					(Y/N)

Copyright registrations and applications for copyright registrations:

Country	*Work*	*Application No.*	*Application Date*	*Registration No.*	*Licenced to or by Debtor*
					(Y/N)
none					

Industrial designs/registered designs and applications for registered designs:

Country	*Design*	*Application No.*	*Application Date*	*Registration No.*	*Issue Date*	*Licenced to or by Debtor*
						(Y/N)

SCHEDULE A-1

caeqm_equip_id	caeqm_equip_name	caeqm_create_ts	eqem_description	eqem_model_num	eqem_size	eqem_serial_num	eqem_parent_id
0BRDM-MBL-001	BOARDMILL,MOBILE,FORK TRUCK *	1/5/2001 17:02:00	BOARDMILL,MOBILE,FORK TRUCK□ SEE SUBASSEMBLY FOR DETAILS				00BOARDMILL
0BTRM-MBL-001	BEATERROOM,FORK TRUCK,CHEMICAL LOADING *	1/5/2001 17:02:00	BEATERROOM,FORK TRUCK,CHEMICAL LOADING□ MODEL 52-6FGU30 V A400, FRAME NO. 506FGU30 61104, ENGINE NO. 6FGU30, GM 4181 LIFTING HEIGHT 3300 MM, 6000#, 2 SPEED POWER SHIFT TRANS, CATALYTIC MUFFLER, LPG FUEL SYSTEM 00028032 P.O.			52-6FGU30	00BEATERROOM
0CORM-MBL-001	COREROOM,PALLET TRUCK,#1	1/12/2010 14:23:55:966	COREROOM,PALLET TRUCK,#1				00COREROOM
0CORM-MBL-002	COREROOM,PALLET TRUCK,#2 *	1/5/2001 17:02:00	COREROOM,PALLET TRUCK,#2				00COREROOM
0CORM-MBL-003	COREROOM,PALLET TRUCK,#3 *	1/5/2001 17:02:00	COREROOM,PALLET TRUCK,#3□ SEE SUBASSEMBLY FOR DETAILS				00COREROOM
0FNSH-MBL-001	FINISHING,PALLET TRUCK,ROLL MOVING,#1 *	1/5/2001 17:02:00	FINISHING,PALLET TRUCK,ROLL MOVING,#1□ SEE SUBASSEMBLY FOR DETAILS				00FINISHING
0FNSH-MBL-002	FINISHING,PALLET TRUCK,ROLL MOVING,#2 *	1/5/2001 17:02:00	FINISHING,PALLET TRUCK,ROLL MOVING,#2□ SEE SUBASSEMBLY FOR DETAILS				00FINISHING
0FNSH-MBL-003	FINISHING,MOBILE,EAST JUMBO ROLL CART *	1/5/2001 17:02:00	FINISHING,MOBILE,EAST JUMBO ROLL CART□ ROLL TRANSFER CART FROM PM5 TO SC3 AND SC4 SEE SUB-ASSEMBLY FOR DETAILS AND PARTS				00FINISHING
0FNSH-MBL-004	FINISHING,MOBILE,ROLL MOVER	1/5/2001 17:02:00	FINISHING,MOBILE,ROLL MOVER	1250A			00FINISHING
0FNSH-MBL-005	FINISHING,MOBILE,WEST JUMBO ROLL CART *	1/5/2001 17:02:00	FINISHING,MOBILE,WEST JUMBO ROLL CART□ ROLL TRANSFER CART FROM WINDER 6 TO WINDER 7□ TRAILING CABLE LENGTH IS 110FT ORDER 115FT				00FINISHING

0GRWD-MBL-001	GROUNDWOOD,TRUCK,LEGEND TOW-TUG *	1/5/2001 17:02:00	GROUNDWOOD,TRUCK,LEGEND TOW-TUG *				00GROUNDWOOD
0HTPD-MBL-001	HOTPOND,FORK TRUCK,MW USE. *	1/5/2001 17:02:00	HOTPOND,FORK TRUCK,MW USE.□ DUAL FUEL GAS/PROPANE.	5FB30-A30V	6000LB	11427	00HOTPOND
0HTPD-MBL-002	HOTPOND,MANLIFT,MILL USE *	1/5/2001 17:02:00	HOTPOND,MANLIFT,MILL USE□ DUAL FUEL FORD VXG-411 ENGINE, MOTOR WISCONSIN, W4-1770, SERIAL NO. 6211300,	TB-37	600 LB.	881350288	00HOTPOND
0KRFT-MBL-001	KRAFT,FORK TRUCK,MAIN *	1/5/2001 17:02:00	KRAFT,FORK TRUCK,MAIN□ SEE SUBASSEMBLY FOR DETAILS				00KRAFT
0KRFT-MBL-002	KRAFT,FORK TRUCK,SPARE *	1/5/2001 17:02:00	KRAFT,FORK TRUCK,SPARE□ SEE SUBASSEMBLIES				00KRAFT
0MTRS-MBL-001	MOTORSTORAGE,STACKER *	1/5/2001 17:02:00	MOTORSTORAGE,STACKER□ SEE SUBASSEMBLY FOR DETAILS				00MOTORSTORAGE
0PMC4-MBL-001	PM4,MOBILE,FORK TRUCK,TRANSFER RAILS *	1/5/2001 17:02:00	PM4,MOBILE,FORK TRUCK,TRANSFER RAILS□ SEE SUBASSEMBLY FOR DETAILS				00PM4
0PMC5-MBL-001	PM5,MOBILE,CLAMP TRUCK,SWIPER USE *	1/5/2001 17:02:00	PM5,MOBILE,CLAMP TRUCK,SWIPER USE *** SEE SUBASSEMBLY FOR DETAILS **				00PM5
0PMGN-MBL-001	PMGENERAL,ROLL PUSHER,"EASY MOVER"	1/5/2001 17:02:00	PMGENERAL,ROLL PUSHER,"EASY MOVER"	P1200			00PMGENERAL
0SCL3-MBL-001	SC3,CART,ROLL CHANGE CART & RAILS *	1/5/2001 17:02:00	SC3,CART,ROLL CHANGE CART & RAILS□ SEE SUBASSEMBLY FOR DETAILS				00SC3
0SCL5-MBL-001	SC5,CART,ROLL CHANGE CART & RAILS *	1/5/2001 17:02:00	SC5,CART,ROLL CHANGE CART & RAILS□ SEE SUBASSEMBLY FOR DETAILS				00SC5
0SCL6-MBL-001	SC6,CART,ROLL CHANGE CART & RAILS *	1/5/2001 17:02:00	SC6,CART,ROLL CHANGE CART & RAILS□ SEE SUBASSEMBLY FOR DETAILS				00SC6
0SHOP-MBL-001	SHOP,FORK TRUCK,MILL USE,#1 *	1/5/2001 17:02:00	SHOP,FORK TRUCK,MILL USE,#1□ SEE SUBASSEMBLY FOR DETAILS				00SHOPS
0SHOP-MBL-002	SHOP,FORK TRUCK,MILL USE,#2 *	1/5/2001 17:02:00	SHOP,FORK TRUCK,MILL USE,#2□ SEE SUBASSEMBLY FOR DETAILS				00SHOPS

0SHOP-MBL-003	SHOP,FORK TRUCK,MILL USE,#3 *	1/5/2001 17:02:00	SHOP,FORK TRUCK,MILL USE,#3□ SEE SUBASSEMBLY FOR MORE DETAILS				00SHOPS
0SHOP-MBL-004	SHOP,MANLIFT,MILL USE *	1/5/2001 17:02:00	SHOP, MANLIFT, MILL USE □ SEE SUBASSEMBLY FOR DETAILS				00SHOPS
0SHOP-MBL-005	SHOP,SERVICE TRUCK,SHIFT MWs *	1/5/2001 17:02:00	SHOP, SERVICE TRUCK, SHIFT MWs □ SEE SUBASSEMBLY FOR DETAILS				00SHOPS
0SHOP-MBL-006	SHOP,TOW VEHICLE,COTTON CLUB *	1/5/2001 17:02:00	SHOP,TOW VEHICLE,COTTON CLUB□ SEE SUBASSEMBLY FOR DETAILS				00SHOPS
0SHOP-MBL-007	SHOP,PERSONNEL CARRIER,SHIFT MWs *	1/5/2001 17:02:00	SHOP, PERSONNEL CARRIER, SHIFT MWs □ SEE SUBASSEMBLY FOR DETAILS				00SHOPS
0SHOP-MBL-008	SHOP,FORK,TRUCK,MILL USE *	1/5/2001 17:02:00	SHOP,FORK,TRUCK,MILL USE□ SEE SUBASSEMBLY FOR DETAILS				00SHOPS
0SHOP-MBL-009	SHOP,PALLET,TRUCK,OIL BRL TRANSPORT *	1/5/2001 17:02:00	SHOP, PALLET, TRUCK, OIL BRL TRANSPORT□ SEE SUBASSEMBLY FOR DETAILS				00SHOPS
0SHOP-MBL-010	SHOP,MANLIFT,MILLUSE	1/5/2001 17:02:00	SHOP,MANLIFT,MILLUSE□ SUBASSEMBLY MBL-LFT-000038				00SHOPS
0SLSH-MBL-008	SLASHER,LOG LOADER,WOOD HANDLING	9/15/2004 15:46:34:186	SLASHER,LOG LOADER,CARRY LIFT				00SLASHER
0SLSH-MBL-022	SLASHER,LOG LOADER,WOOD HANDLING	8/2/2006 14:38:32:986	SLASHER,LOG LOADER,CARRY LIFT				00SLASHER
0SLSH-MBL-024	SLASHER,LOADER,FRONT END *	9/15/2004 15:16:02:526	SLASHER,LOADER,FRONT END□ SEE SUBASSEMBLY FOR DETAILS				00SLASHER
0SLSH-MBL-025	SLASHER,LOADER,FRONT END *	9/15/2004 15:32:15:266	SLASHER,LOADER,FRONT END□ SEE SUBASSEMBLY FOR DETAILS				00SLASHER
0STMP-MBL-002	STEAMPLANT,LIFT TRUCK *	1/5/2001 17:02:00	STEAMPLANT,LIFT TRUCK□ SEE SUBASSEMBLY FOR DETAILS				00STEAMPLANT
0STMP-MBL-003	STEAMPLANT,LIFT TRUCK*	4/25/2001 20:21:48:266					00STEAMPLANT
0STMP-MBL-004	STEAMPLANT,LIFT TRUCK	1/9/2002 17:05:56:733					00STEAMPLANT
0STMP-MBL-005	STEAMPLANT,BARK CELL CLEANING MACH,	10/18/2002 14:47:47:97	STEAMPLANT, BARK CELL CLEANING MACHINE, KABOTA				00STEAMPLANT

0STOR-MBL-001	STORES,FORK TRUCK *	1/5/2001 17:02:00	STORES,FORK TRUCK□ SEE SUBASSEMBLY FOR DETAILS				00STORES
0STOR-MBL-002	STORES,STACKER *	1/5/2001 17:02:00	STORES,STACKER, SEE SUBASSEMBLY FOR MORE DETAILS				00STORES
0STOR-MBL-003	STORES,FORK TRUCK,ELECTRIC,TOYOTA *	1/5/2001 17:02:00	STORES, FORK TRUCK, ELECTRIC,TOYOTA□ SEE SUBASSEMBLY FOR MORE DETAILS				00STORES
0TRMT-MBL-001	TREATMENT,STACKER,SWITCHGEAR HANDLING	1/5/2001 17:02:00	TREATMENT,STACKER,SWITCHGEAR HANDLING, HYDRAULIC STACKER				00TREATMENT
0WDRM-MBL-001	WOODROOM,TRUCK,SUPERVISOR'S PICKUP *	1/5/2001 17:02:00	WOODROOM,TRUCK,SUPERVISOR'S PICKUP, SEE SUBASSEMBLY FOR DETAILS				00WOODROOM
0WDWS-MBL-002	WOODWASTE,LOADER,FRONT END *	2/11/2002 09:16:38:03	WOODWASTE,LOADER,FRONT END□ SEE SUBASSEMBLY FOR DETAILS				00NOPARENT
0WDWS-MBL-004	WOODWASTE,LOADER,SKID STEER *	1/5/2001 17:02:00	WOODWASTE,LOADER,SKID STEER□ SEE SUBASSEMBLY FOR DETAILS				00WOODWASTE
0WHSE-MBL-001	WAREHOUSE,CLAMP TRUCK,#1 *	1/5/2001 17:02:00	WAREHOUSE,CLAMP TRUCK,#1□ SEE SUBASSEMBLY FOR DETAILS				00WAREHOUSE
0WHSE-MBL-002	WAREHOUSE,CLAMP TRUCK,#2 *	1/5/2001 17:02:00	WAREHOUSE,CLAMP TRUCK,#2□ SEE SUBASSEMBLY FOR MORE DETAILS				00WAREHOUSE
0WHSE-MBL-003	WAREHOUSE,CLAMP TRUCK,#3 *	1/5/2001 17:02:00	WAREHOUSE,CLAMP TRUCK,#3□ SEE SUBASSEMBLY FOR MORE DETAILS				00WAREHOUSE
0WHSE-MBL-004	WAREHOUSE,CLAMP TRUCK,#4 *	1/5/2001 17:02:00	WAREHOUSE,CLAMP TRUCK,#4□ SEE SUBASSEMBLY FOR MORE DETAILS				00WAREHOUSE
0WHSE-MBL-006	WAREHOUSE,FORK TRUCK,DOCK PLATES *	1/5/2001 17:02:00	WAREHOUSE,FORK TRUCK,DOCK PLATES□ SEE SUBASSEMBLY FOR DETAILS				00WAREHOUSE
0WHSE-MBL-007	WAREHOUSE,CLAMP TRUCK (OFF SITE USE) *	1/5/2001 17:02:00	WAREHOUSE,CLAMP TRUCK (OFF SITE USE), SEE SUBASSEMBLY FOR MORE DETAILS, (CURRENTLY OFF-SITE LEASE AT ALGOMA PRODUCE WITH NORTHERN CONVERTERS 07/12/94)				00WAREHOUSE

0WHSE-MBL-008	WAREHOUSE,POWER SWEEPER *	1/5/2001 17:02:00	WAREHOUSE,POWER SWEEPER □ SEE SUBASSEMBLY FOR DETAILS, MBL-SWP-000001				00WAREHOUSE
0WHSE-MBL-009	WAREHOUSE,CLAMP TRUCK,#9 *	1/5/2001 17:02:00	WAREHOUSE,CLAMP TRUCK,#9□ SEE SUBASSEMBLY FOR DETAILS				00WAREHOUSE
0YARD-MBL-001	YARD,TRUCK,MILL USE,#1 *	1/5/2001 17:02:00	YARD,TRUCK,MILL USE, #1□ SEE SUBASSEMBLY FOR MORE DETAILS				00YARDS
0YARD-MBL-002	YARD,TRUCK,MILL USE,#2 *	1/5/2001 17:02:00	YARD, TRUCK, MILL USE, #2□ SEE SUBASSEMBLY FOR MORE DETAILS				00YARDS
0YARD-MBL-003	YARD,TRUCK,TRACTOR AND TRAILER *	1/5/2001 17:02:00	YARD,TRUCK,TRACTOR AND TRAILER□ SEE SUBASSEMBLY FOR DETAILS				00YARDS
0YARD-MBL-004	YARD,GRADER,MILL USE *	1/5/2001 17:02:00	YARD, GRADER, MILL USE □ SEE SUBASSEMBLY FOR DETAILS				00YARDS
0YARD-MBL-005	YARD,LOCOMOTIVE *	1/5/2001 17:02:00	YARD, LOCOMOTIVE □ SEE SUBASSEMBLY FOR DETAILS				00YARDS
0YARD-MBL-007	YARD,LOADER,SKID STEER *	1/5/2001 17:02:00	YARD, LOADER, SKID STEER□ KAT TRAK TIRES, 24 PLY, KUBOTA DIESEL,	753	43H.P./1350 LBS	515812470	00YARDS
0YARD-MBL-008	YARD,LOADER,SKID STEER *	1/5/2001 17:02:00	YARD,LOADER,SKID STEER *				00YARDS
0YARD-MBL-009	YARD,TRUCK,MILL USE *	1/5/2001 17:02:00	YARD,TRUCK,MILL USE *				00YARDS
0YARD-MBL-010	YARD,LOADER... *	1/5/2001 17:02:00	YARD,LOADER... *				00YARDS
0YARD-MBL-011	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			1	00YARDS
0YARD-MBL-012	YARD,RAILCAR	1/5/2001 17:02:00	YARD,RAILCAR			2	00YARDS
0YARD-MBL-013	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			3	00YARDS
0YARD-MBL-014	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			4	00YARDS
0YARD-MBL-015	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			5	00YARDS
0YARD-MBL-016	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			6	00YARDS
0YARD-MBL-017	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			7	00YARDS
0YARD-MBL-018	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			8	00YARDS
0YARD-MBL-019	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			9	00YARDS
0YARD-MBL-020	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			10	00YARDS
0YARD-MBL-021	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			11	00YARDS
0YARD-MBL-022	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			12	00YARDS
0YARD-MBL-023	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			13	00YARDS
0YARD-MBL-024	YARD,RAILCAR *	1/5/2001 17:02:00	YARD,RAILCAR *			14	00YARDS

0YARD-MBL-025	YARD,LOCOMOTIVE	1/5/2001 17:02:00	YARD,LOCOMOTIVE				00YARDS
0YARD-MBL-026	YARD,LOADER,SKID STEER*. . .	4/25/2001 20:44:32:53					00YARDS
0YARD-MBL-027	TRUCK, SERVICE	12/7/2007 10:23:46:17	1989 DODGE 150 POWER RAM	150 POWER RAM	1/2 TON	IB7HM16Y3K501 5786	00YARDS
0YARD-MBL-028	CAR,SECURITY	12/7/2007 10:52:42:376	99 FORD CONTOUR SE	CONTOUR SE	FOR DOOR SEDAN	1FAFP6631XK11 3096	00YARDS
HST-MBL-000001	HOIST,MBL,CRANE,RBC 7000 SPW	3/10/2003 15:54:43:393		CRANE,RB C 7000 SPW		62953	0BTRM-HST-008
MBL-CAR-000001	RAILCAR,1	1/5/2001 17:02:00	RAILCAR,1			1	0YARD-MBL-011
MBL-CAR-000002	RAILCAR,2	1/5/2001 17:02:00	RAILCAR,2			2	0YARD-MBL-012
MBL-CAR-000003	RAILCAR,3	1/5/2001 17:02:00	RAILCAR,3			3	0YARD-MBL-013
MBL-CAR-000004	RAILCAR,4	1/5/2001 17:02:00	RAILCAR,4			4	0YARD-MBL-014
MBL-CAR-000005	RAILCAR,5	1/5/2001 17:02:00	RAILCAR,5			5	0YARD-MBL-015
MBL-CAR-000006	RAILCAR,6	1/5/2001 17:02:00	RAILCAR,6			6	0YARD-MBL-016
MBL-CAR-000007	RAILCAR,7	1/5/2001 17:02:00	RAILCAR,7			7	0YARD-MBL-017
MBL-CAR-000008	RAILCAR,8	1/5/2001 17:02:00	RAILCAR,8			8	0YARD-MBL-018
MBL-CAR-000009	RAILCAR,9	1/5/2001 17:02:00	RAILCAR,9			9	0YARD-MBL-019
MBL-CAR-000010	RAILCAR,10	1/5/2001 17:02:00	RAILCAR,10			10	0YARD-MBL-020
MBL-CAR-000011	RAILCAR,11	1/5/2001 17:02:00	RAILCAR,11			11	0YARD-MBL-021
MBL-CAR-000012	RAILCAR,12	1/5/2001 17:02:00	RAILCAR,12			12	0YARD-MBL-022

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2

MBL-CAR-000013	RAILCAR,13	1/5/2001 17:02:00	RAILCAR,13			13	0YARD-MBL-023
MBL-CAR-000014	RAILCAR,14	1/5/2001 17:02:00	RAILCAR,14			14	0YARD-MBL-024
MBL-CRT-000001	MOBILE,CART,ROLL,EAST JUMBO ROLL CART TRANSFER	2/17/2003 11:47:47:706	MOBILE,CART,ROLL,EAST JUMBO ROLL TRNSFR ROLL TRANSFER CART FROM PM5 TO WND5 AND WND6. NEED 17 CONDUCTORS (WITH GREEN GND) FOR REEL (30 METERS)				0FNSH-MBL-003
MBL-CRT-000002	MOBILE,CART,ROLL,SC FILLED ROLL CART	1/5/2001 17:02:00	MOBILE,CART,ROLL,SC FILLED ROLL CART				0SCL3-MBL-001
MBL-CRT-000003	MOBILE,CART,ROLL,SC FILLED ROLL CART	1/5/2001 17:02:00	MOBILE,CART,ROLL,SC FILLED ROLL CART				0SCL5-MBL-001
MBL-CRT-000004	MOBILE,CART,ROLL,SC FILLED ROLL CART	1/5/2001 17:02:00	MOBILE,CART,ROLL,SC FILLED ROLL CART				0SCL6-MBL-001
MBL-CRT-000005	MOBILE,CART,ROLL,WEST JUMBO ROLL CART TRANSFER	2/17/2003 11:48:06:503	MOBILE,CART,ROLL,WEST JUMBO ROLL TRNSFR ROLL TRANSFER CART FROM WINDER6 TO WINDER7				0FNSH-MBL-005
MBL-GRD-000002	GRADER,CHAMPION,MODEL720,1986,OWNED	1/5/2001 17:02:00	GRADER,CHAMPION,MODEL720,1986,OWNED□ YEAR: 1986,ENGINE-CUMMINS 505,#44136432 SERIES C,CPL-0602,TRANSMISSION-GEARCO MODEL 8400,S/N 29953-132 PURCHASED FROM JIM CLARIDA AND SONS	720		720-187-03-16829	0YARD-MBL-004
MBL-LDR-000011	LOADER,1998,966F,1S03021,OWNED	1/5/2001 17:02:00	LOADER,1998,966F,1S03021,OWNED□ ENGING 3306B, SERIAL NO. 6NC04923,PERF SPEC 2T8356, ENG FAM. WCPXL 10.5 MRG TRANS. SERIAL NO. 2AX02833, ARRAG NO. 8E7564, TIRES 26.5 R 25 .	966F		1SL03021	0SLSH-MBL-024
MBL-LDR-000015	LOADER,2001, 515836200,OWNED	1/11/2001 14:55:12:143	ENGINE KABOTA 2.2, SERIAL NO MOTOR OYU1059, DIESEL, ENGINE V2203-E, FAMILY YKBXL02FCD., TIRES 30X11.50-14.5	753		515836200	0YARD-MBL-007

MBL-LDR-000020	LOADER,2004,966G,ANT00266,OWNED	9/7/2004 13:23:28:843	3 YR LEASE, 07/19/04, ENGINE S/N 3PD009280, BUCKET, 8 YARD, S/N ATK00537, TIRE SIZE 26.5X25	966G	966G11	ANT00266	0SLSH-MBL-025
MBL-LDR-000021	LOADER,OVERHEAD,2004,980G,SERIES 11	8/2/2006 14:46:59:003	TORMONT, LEASE, 3 YEARS,SERIAL NO. 0155-PL55-7, ENGINE 3406 SERIAL NO. BETO-3681, TIRES-GOODYEAR 29.5x25	980G		0155-PL55-7	0SLSH-MBL-022
MBL-LDR-000022	LOADER,OVERHEAD,2006,980H	8/2/2006 14:55:03:096	TORMONT, LEASE, 3 YEARS,SERIAL NO. JHS01056, DENARCO PARALIFT SERIAL NO. 0145-PL55-7, TIRES-GOODYEAR 29.5x25	980H		JHS01056	0SLSH-MBL-008
MBL-LFT-000001	LIFT,TRUCK,1998,5FG30-118V,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1998,5FG30-118V,OWNED □ PO 00047300, MAX HEIGHT 118 IN. ENG NO. 4Y0311428	5FG30-118V	9950 LB	4Y0311428	0BRDM-MBL-001
MBL-LFT-000002	LIFT,TRUCK,19??,V50D,3EC939,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,19??,V50D,3EC939,OWNED□ YEAR: CAPACITY: 4800 lbs @ 188"	V50D		3EC939	0SHOP-MBL-008
MBL-LFT-000006	LIFT,TRUCK,1981,LSV-1200,124470,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1981,LSV-1200,124470,OWNED YEAR: 1981, PO #L-77903 CAPACITY: 2640 lbs. @ 114" SEE TEXT FOR MORE DETAILS	LSV-1200 STACKR	114"	124470	0MTRS-MBL-001
MBL-LFT-000013	MANLIFT,1988,45KB,23785-127M3096,OWNED	1/5/2001 17:02:00	MANLIFT,1988,45KB,23785-127M3096,OWNED YEAR: 1988, PO #SM9590, INCL: BATTERIES AND CHARGER, TRAVEL HORN, ROTATING BEACON, 110V AC OUTLET AT PLATFORM, LIFTING LUGS (PURCHASED NEW AFTER 1 MONTH TRIAL)	45 KB	500 LB	23785-127M3096	0SHOP-MBL-004
MBL-LFT-000014	LIFT,TRUCK,1981,LSV-1200,126302,OWNED	12/2/2002 11:54:34:046	LIFT,TRUCK,1981,LSV-1200,126302,OWNED YEAR: 1981 CAPACITY: 2640 lbs. @ 114", SEE TEXT FOR MORE DETAILS	LSV-1200 STACKR	114"	126302	0STOR-MBL-002
MBL-LFT-000015	LIFT,TRUCK,1952,LT390,390-5,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1952,LT390,390-5,OWNED, YEAR: 1952, PO #L-6522 LIFT: 84"	LT390	3000 LB	390-5231	0STOR-MBL-001

MBL-LFT-000021	LIFT TRUCK,1979,83C-050-SAS-083,OWNED	1/5/2001 17:02:00	LIFT TRUCK,1979,83C-050-SAS-083,OWNED YEAR: 1979, PO #L-71727 LIFT: 106"	L833C050S AS083	4100 LB	A357675	0WHSE-MBL-006
MBL-LFT-000022	LIFT TRUCK,1994,GC25,4EM00806,OWNED	1/5/2001 17:02:00	LIFT TRUCK,1994,GC25,4EM00806,OWNED YEAR: 1994, DRIVE TIRE: 21X7X15", PO # , STEER TIRE: 16X6X10.5", WEIGHT: 8640 LBS	GC25	5000 LB	4EM00806	0STMP-MBL-002
MBL-LFT-000026	LIFT,TRUCK,1997,52-6FGU30,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1997,52-6FGU30,OWNED, FRAME NO. 506FGU30 61104, ENGINE NO 6FGU30	52-6FGU30	6000#	52-6FGU30 V A400	0BTRM-MBL-001
MBL-LFT-000027	LIFT,TRUCK,1998,5FB30-13V,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1998,5FB30-13V,OWNED, DUAL FUEL GAS/PROPANE	5FB30-130Y	6000 LB.	11427	0HTPD-MBL-001
MBL-LFT-000028	LIFT TRUCK,1998,GC30,GEM01992,OWNED	1/5/2001 17:02:00	LIFT TRUCK,1998,GC30,GEM01992,OWNED, A6X6X10 STEERING TIRES, 21X8X15 DRIVE TIRES, CASCADE BAIL CLAMP 50PHP,3 YEAR LEASE	GC30	6000LB.	GEM01992	00NOPARENT
MBL-LFT-000029	MANLIFT,1998,TB-37,OWNED	1/5/2001 17:02:00	MANLIFT,1998,TB-37,OWNED, DUAL FUEL FORD VXG-411 ENGINE, MOTOR WISCONSIN, W4-1770, SERIAL NO. 6211300 TIRES JUMBO GLT, ROTATION BRG. KAYDON 11054 001, BALDERSON TURNTABLE 017-0328 TOPEKA CHASSIS 007-0100,SEE REPR MANUAL	TB-37	600LB.	881350288	0HTPD-MBL-002
MBL-LFT-000033	LIFT,TRUCK,1998,5FBE20-130V,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1998,5FBE20-130V,OWNED TOYOTA ELECTRIC FORKLIFT,WEIGHT-6580 LB,LIFTING HEIGHT 189 INCHES PURCHASED, PO#00044832,D000060169,COMES WITH CASCADE SIDE SHIFTER WITH INTERNAL D000060170	5FBE20-189 FSV	4000 LB.	10792	0STOR-MBL-003
MBL-LFT-000034	LOADER,SKID,1999,SL4625,OWNED	1/5/2001 17:02:00	LOADER,SKID,1999,SL4625,OWNED TIRES 700-15 TIRES, 4 CYL. KUBOTA ENGINE 134 CID.	SL 4625		27194	0YARD-MBL-008
MBL-LFT-000035	LOADER,CASE,#721B,	1/5/2001 17:02:00	LOADER,CASE,#721B,	721B		3882685-000035	0YARD-MBL-010

MBL-LFT-000036	LIFT,TRUCK,1997,6FGU25,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1997,6FGU25,OWNED	6FGU25		62817	0SHOP-MBL-002
MBL-LFT-000037	LIFT,TRUCK,1991,5FGCU15,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1991,5FGCU15,OWNED	5FGCU15		70063	0WHSE-MBL-006
MBL-LFT-000038	MANLIFT,2000,GS2032,OWNED	10/24/2003 08:23:03:796	MANLIFT,2000,GS2032,OWNED PURCHASE FOR ROPE SHEAVE INSPECTION ON PM5 AND GENERAL MILL USE	GS2032		21324	0SHOP-MBL-010
MBL-LFT-000039	LIFT,TRUCK,2000,F180,213832,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,2000,F180,213832,OWNED DRIVE TIRE SIZE 28x12X22,STEER TIRE SIZE 22X8X16,CLAMP SERIAL #151011,MODLE #RA-700NF	F180		21382	00WAREHOUSE
MBL-LFT-000040	LIFT TRUCK,2001,GC30K,AT83C01737,OWNED	9/27/2001 10:46:28:17	LIFT TRUCK,2001,GC30K,AT83C01737,OWNED 16X6X10.5 STEERING TIRES, 21X8X15 DRIVE TIRES. CLAMP MODLE# 50DBCS-SD □ SERIAL # ICSP11526-TI	GC30K			0KRFT-MBL-002
MBL-LFT-000041	LIFT TRUCK,2001,GC45K-SWB,AT8701783,OWNED*DELETED	2/28/2005 10:52:48:876	LIFT TRUCK,2001,GC45K-SWB,AT8701783,OWNED □ 18X7X12-1/8 STEERING TIRES, 22X9X16 DRIVE TIRES. □ CLAMP MODLE# 77F-RCP-07B SERIAL # 219736-1RO	GC45K-SWB		AT8701783	00SURPLUS
MBL-LFT-000042	LIFT TRUCK,2001,GC45K-SWB,AT8701784,OWNED	9/27/2001 11:11:10:483	LIFT TRUCK,2001,GC45K-SWB,AT8701784,OWNED □ 18X7X12-1/8 STEERING TIRES, 22X9X16 DRIVE TIRES. □ CLAMP MODLE# 77F-RCP-07B SERIAL # 219736-2RO	GC45K-SWB		AT8701784	0WHSE-MBL-003
MBL-LFT-000043	LIFT TRUCK,2001,GC45K-SWB,AT8701785,OWNED	9/27/2001 11:13:21:016	LIFT TRUCK,2001,GC45K-SWB,AT8701785,OWNED □ 18X7X12-1/8 STEERING TIRES, 22X9X16 DRIVE TIRES. □ CLAMP MODLE# 77F-RCP-07B SERIAL # 219736-3RO	GC45K-SWB		AT8701785	0WHSE-MBL-004

MBL-LFT-000044	LIFT TRUCK,2001,42-7FG25,14784	1/9/2002 16:53:50:313	LIFT TRUCK, 2001, (EQUIPMENT WORLD), DRIVE TIRE 700-12-12PR, LIFT HEIGHT 185", ENGINE-4Y, SIDE SHIFT 3700 LB/24" LOAD CENTER.	42-7FG25	5000 LB	14784	0STMP-MBL-004
MBL-LFT-000045	LIFT,TRUCK,3FGC15,OWNED	4/12/2004 15:36:29:833	LIFT,TRUCK,3FGC15,OWNED	3FGC15			0PMC5-MBL-001
MBL-LFT-000046	LIFT TRUCK,2005,GC55K-LP-STR,AT88A00176,OWNED	2/28/2005 10:58:13:07	LIFT TRUCK,2005,GC55K-LP-STR,AT88A00176,OWNED □ 18X8X12-1/4 STEERING TIRES, 22X12X16 DRIVE TIRES. □ CLAMP MODLE# 90F-RCP-318R-0 SERIAL # 431452-1	GC55K-LP-STR		AT88A00176	0WHSE-MBL-002
MBL-LFT-000047	LIFT,TRUCK,2006,GC55KS1-721224,AT88A00388,OWNED	3/30/2006 16:05:02:81	LIFT,TRUC,2006,GC55KS1-721224,AT88A00388,OWNED□ 18X8X12-1/8 STEERING TIRES, 22X12X16 DRIVE TIRES□ CLAMP (CASCADE) MODEL #80F-RCP-344, SERIAL NO.PTL570659-1	GC55KS1-721224		AT88A00388	0WHSE-MBL-001
MBL-LFT-000048	LIFT,TRUCK,2006,C6000,CATERPILLAR,AT83F01680,LEASE	9/4/2008 09:58:17.813	LIFT,TRUCK,2006,C6000,CATERPILLAR,AT83F01680,OWNED□ 16x6x10.5 STEERING TIRES, 21x8x15 DRIVE TIRES□ CLAMP (CASCADE), MODEL 50D-BCS-61487, SER#599112-T1	C6000		AT83F01680	0KRFT-MBL-001
MBL-LFT-000049	LIFT,TRUCK,2006,GC55KS1,AT88A00552,OWNED	11/15/2006 14:08:43:533	LIFT,TRUC,2006,GC55KS1,AT88A00552,OWNED□ 18X8X12-1/8 STEERING TIRES, 22X12X16 DRIVE TIRES□ CLAMP (CASCADE) MODEL #90F-RCP-344, SERIAL NO.PTL648917-1	GC55KS1		AT88A0552	0WHSE-MBL-009
MBL-LOC-000001	LOCOMOTIVE,GE,BB+60/160-4GE 747, 31540	1/5/2001 17:02:00	LOCOMOTIVE,GE,BB+60/160-4GE 747, 31540 470 H.P. S/N 31540 MFG DATE APRIL 1952, ENGINES MODEL NT 855L, I.D. NO. D009- 0069 SO NO. 2004, S/N 30109023, 30109024. ** SEE ADDITIONAL TEXT FOR DETAILS **	BB+60/160	80 TON	39002	0YARD-MBL-005

MBL-LOC-000002	LOCOMOTIVE,GE,B-B 220/220 4GE763,39002	1/5/2001 17:02:00	LOCOMOTIVE,GE,B-B 220/220 4GE763,39002, CLASS B-B 220/220 4 GE 763 H.P. 570/600 S/N 39002 MANUFACTURED JANUARY 1975 #1 CPL 256, MODEL N.T. 855C335, SERIAL NO. 1043744, #2 CPL -256 MODEL NT. 855C335 SERAIL NO. ?	B-B 220/220		39002	0YARD-MBL-025
MBL-PLT-000004	PALLET,TRUCK,1996,PTW80,96300,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW80,96300,OWNED, YEAR: 1996, 24 VOLT WEIGHT: lbs, CAPACITY: 8000 lbs	PTW 80	8000 LB	9630034	0FNSH-MBL-001
MBL-PLT-000005	PALLET,TRUCK,1996,PTW60,96301,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW60,96301,OWNED, YEAR: 1996, 24 VOLT WEIGHT: 1100 lbs, CAPACITY: 6000 lbs	PTW 60		9630179	0CORM-MBL-002
MBL-PLT-000006	PALLET,TRUCK,1996,PTW80,96303,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW80,96303,OWNED, YEAR: 1996, 24 VOLT WEIGHT: lbs, CAPACITY: 8000 lbs	PTW 80	8000 LB	9630332	0FNSH-MBL-002
MBL-PLT-000007	PALLET,TRUCK,1996,PTW60,9030262,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW60,9030262,OWNED YEAR: 1996, 24 VOLT WEIGHT: 1100 lbs, CAPACITY: 6000 lbs	PTW 60		9030262	0CORM-MBL-003
MBL-PLT-000008	PALLET,TRUCK,RAYMOND 8400,840-09-83798,OWNED	1/12/2010 14:09:46:16	PALLET,TRUCK,RAYMOND 8400,840-09-83798,OWNEDD PO 213012, OCT 14/09	8400 FRE60L	6000#, 24V	840-09-83798	0CORM-MBL-001
MBL-PLT-000009	PALLET TRUCK,2000,PTW60,S/N9939150,OWNED	1/5/2001 17:02:00	PALLET TRUCK,2000,PTW60,S/N9939150,OWNEDYEAR: 2000, 24 VOLT WEIGHT: 1200 lbs, OILER PALLET TRUCK, CAPACITY: 6000 lbs	PTW 60	6000 LBS	9939150	0SHOP-MBL-009
MBL-PLT-000010	PALLET TRUCK,PWH150,R-11853,OWNED	1/5/2001 17:02:00	PALLET TRUCK,PWH150,R-11853,OWNED, 24 VOLT	PWH150	15000LBS	R-11853	00WAREHOUSE
MBL-SWP-000001	POWER SWEEPER,1995,2160,4703,OWNED	1/5/2001 17:02:00	POWER SWEEPER,1995,2160,4703,OWNED, MODEL 578-601	2160		470319	0WHSE-MBL-008
MBL-TRK-000004	TRUCK,1985,#1954,IHTLDTVRFHA211951,OWNED	1/5/2001 17:02:00	TRUCK,1985,#1954,IHTLDTVRFHA211951,OWNEDYEAR: 1985 SEE ADDITONAL TEXT FOR MORE INFORMATION	1954	5 TON	IHTLDTVRFHA21951	0YARD-MBL-001

MBL-TRK-000006	TRUCK,1984,4842-1,2WKNBCJE1EK909710,OWN	1/5/2001 17:02:00	TRUCK,1984,4842-1,2WKNBCJE1EK909710,OWN YEAR: 1984 FRONT AXLE: FF931 - 2110 012 10, ENGINE: F300 - 1020 029 5 REAR AXLE: 23121 - 1240 148 1, TRANNY: RT11610 - 27001 3443	4842-1	15,445 GVW	2WKNBCJE1EK909710	0YARD-MBL-003
MBL-TRK-000007	TRUCK,1996,F800,1FDRF80C4TV,A15845,OWNED	1/5/2001 17:02:00	TRUCK,1996,F800,1FDRF80C4TV,A15845,OWNED YEAR: 1996 FRONT AXLE: 12,000 FORD FORGED STEEL, ENGINE: CUMMINS DIESEL □ REAR AXLE: 23,000 ROCKWELL RS-23-160 □ TRANNY: EATON FS 5306A 6-SPEED	F800	33,200 GVW	1FDRF80C4TV A15845	0YARD-MBL-002
MBL-TRK-000008	TRUCK,1997,898320B,OWNED	1/5/2001 17:02:00	TRUCK,1997,898320B,OWNED,YEAR: 1997 CUSHMAN "ELECTRIC MINUTE MISER" PERSONNEL CARRIER	898320B		97018447	0SHOP-MBL-007
MBL-TRK-000009	TRUCK,1999,99E280H001,OWNED	1/5/2001 17:02:00	TRUCK,1999,99E280H001,OWNED, YEAR: 1999 □ SMP PO#55095, LEGEND ELECTRIC CUSTOM MADE 280H CARRY-ALL FOR PULLING THE COTTON ROLL WAGON #543 GEAR OPTION TO INCREASE TORQUE	280H CARRY-ALL		99E280H001	0SHOP-MBL-006
MBL-TRK-000011	TRUCK,TOW,1999,280B,99H280B019,OWNED	1/5/2001 17:02:00	TRUCK,TOW,1999,280B,99H280B019,OWNED 36 VOLT□	280B		#99H280B019	0GRWD-MBL-001
OSLSH-MBL-009	STEAMPLANT,LOADER,FRONT END *	9/15/2004 14:26:31:486	STEAMPLANT,LOADER,FRONT END□ SEE SUBASSEMBLY FOR DETAILS				
MBL-TRK	STERLING CARGO TRUCK, 2005		TRUCK, 2005 STERLING, OWNED PLATED 4630VM			2FZACGDD35AU04944	0WHSE-MBL

caeqm_equip_id	caeqm_equip_name	caeqm_create_ts	eqem_description	eqem_model_num	eqem_size	eqem_serial_num	eqem_parent_id
0BTRM-MBL-001	BEATERROOM,FORK TRUCK,CHEMICAL LOADING *	1/5/2001 17:02:00	BEATERROOM,FORK TRUCK,CHEMICAL LOADING□ MODEL 52-6FGU30 V A400, FRAME NO. 506FGU30 61104, ENGINE NO. 6FGU30, GM 4181 LIFTING HEIGHT 3300 MM, 6000#, 2 SPEED POWER SHIFT TRANS, CATALYTIC MUFFLER, LPG FUEL SYSTEM. 00028032 P.O.			52-6FGU30	00BEATERROOM
0HTPD-MBL-001	HOTPOND,FORK TRUCK,MW USE. *	1/5/2001 17:02:00	HOTPOND,FORK TRUCK,MW USE.□ DUAL FUEL GAS/PROPANE.	5FB30-A30V	6000LB	11427	00HOTPOND
0HTPD-MBL-002	HOTPOND,MANLIFT,MILL USE *	1/5/2001 17:02:00	HOTPOND,MANLIFT,MILL USE□ DUAL FUEL FORD VXG-411 ENGINE, MOTOR WISCONSIN, W4-1770, SERIAL NO. 6211300,	TB-37	600 LB.	881350288	00HOTPOND
0YARD-MBL-007	YARD,LOADER,SKID STEER *	1/5/2001 17:02:00	YARD, LOADER, SKID STEER□ KAT TRAK TIRES, 24 PLY, KUBOTA DIESEL,	753	43H.P./1350 LBS	515812470	00YARDS
0YARD-MBL-027	TRUCK, SERVICE	12/7/2007 10:23:48.17	1989 DODGE 150 POWER RAM	150 POWER RAM	1/2 TON	IB7HM16Y3K50 15786	00YARDS
0YARD-MBL-028	CAR,SECURITY	12/7/2007 10:52:42:376	99 FORD CONTOUR SE	CONTOUR SE	FOR DOOR SEDAN	1FAFP6631XK1 13096	00YARDS
HST-MBL-000001	HOIST,MBL,CRANE,RBC 7000 SPW	3/10/2003 15:54:43:393		CRANE,RBC 7000 SPW		62953	0BTRM-HST-008
MBL-GRD-000002	GRADER,CHAMPION,MODEL720,1986,OWNED	1/5/2001 17:02:00	GRADER,CHAMPION,MODEL720,1986,OWNED□ YEAR: 1986,ENGINE-CUMMINS 505,#44136432 SERIES C,CPL-0602,TRANSMISSION-GEARCO MODEL 8400,S/N 29953-132 PURCHASED FROM JIM CLARIDA AND SONS	720		720-187-03-16829	0YARD-MBL-004
MBL-LDR-000011	LOADER,1998,966F,1S03021,OWNED	1/5/2001 17:02:00	LOADER,1998,966F,1S03021,ENGING 3306B, SERIAL NO. 6NC04923,PERF SPEC 2T8356, ENG FAM. WCPXL 10.5 MRG TRANS. SERIAL NO. 2AX02833, ARRAG NO. 8E7564, TIRES 26.5 R 25 .	966F		1SL03021	0SLSH-MBL-024
MBL-LDR-000015	LOADER,2001, 515836200,OWNED	1/11/2001 14:55:12:143	ENGINE KABOTA 2.2, SERIAL NO MOTOR OYU1059, DIESEL, ENGINE V2203-E, FAMILY YKBXL02FCD., TIRES 30X11.50-14.5	753		515836200	0YARD-MBL-007
MBL-LDR-000020	LOADER,2004,966G,ANT00266,OWNED	9/7/2004 13:23:28:843	ENGINE S/N 3PD009280, BUCKET, 8 YARD, S/N ATK00537, TIRE SIZE 26.5X25	966G	966G11	ANT00266	0SLSH-MBL-025

MBL-LDR-000021	LOADER,OVERHEAD,2004,980G,SERIES 11	8/2/2006 14:46:59:003	TORMONT,SERIAL NO. 0155-PL55-7, ENGINE 3406 SERIAL NO. BETO-3681, TIRES-GOODYEAR 29.5x25	980G		0155-PL55-7	0SLSH-MBL-022
MBL-LDR-000022	LOADER,OVERHEAD,2006,980H	8/2/2006 14:55:03:096	TORMONT, 3 YEARS,SERIAL NO. JHS01056, DENARCO PARALIFT SERIAL NO. 0145-PL55-7, TIRES-GOODYEAR 29.5x25	980H		JHS01056	0SLSH-MBL-008
MBL-LFT-000001	LIFT,TRUCK,1998,5FG30-118V,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1998,5FG30-118V,OWNED D PO 00047300, MAX HEIGHT 118 IN. ENG NO. 4Y0311428	5FG30-118V	9950 LB	4Y0311428	0BRDM-MBL-001
MBL-LFT-000002	LIFT,TRUCK,19??,V50D,3EC939,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,19??,V50D,3EC939,OWNED YEAR: CAPACITY: 4800 lbs @ 188"	V50D		3EC939	0SHOP-MBL-008
MBL-LFT-000006	LIFT,TRUCK,1981,LSV-1200,124470,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1981,LSV-1200,124470,OWNED YEAR: 1981, PO #L-77903 CAPACITY: 2640 lbs. @ 114" SEE TEXT FOR MORE DETAILS	LSV-1200 STACKR	114"	124470	0MTRS-MBL-001
MBL-LFT-000013	MANLIFT,1988,45KB,23785-127M3096,OWNED	1/5/2001 17:02:00	MANLIFT,1988,45KB,23785-127M3096,OWNED YEAR: 1988, PO #SM9690, INCL: BATTERIES AND CHARGER, TRAVEL HORN, ROTATING BEACON, 110V AC OUTLET AT PLATFORM, LIFTING LUGS (PURCHASED NEW AFTER 1 MONTH TRIAL)	45 KB	500 LB	23785-127M3096	0SHOP-MBL-004
MBL-LFT-000014	LIFT,TRUCK,1981,LSV-1200,126302,OWNED	12/2/2002 11:54:34:046	LIFT,TRUCK,1981,LSV-1200,126302,OWNED YEAR: 1981 CAPACITY: 2640 lbs. @ 114", SEE TEXT FOR MORE DETAILS	LSV-1200 STACKR	114"	126302	0STOR-MBL-002
MBL-LFT-000015	LIFT,TRUCK,1952,LT390,390-5,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1952,LT390,390-5,OWNED, YEAR: 1952, PO #L-6522 , LIFT: 84"	LT390	3000 LB	390-5231	0STOR-MBL-001
MBL-LFT-000021	LIFT TRUCK,1979,83C-050-SAS-083,OWNED	1/5/2001 17:02:00	LIFT TRUCK,1979,83C-050-SAS-083,OWNED YEAR: 1979, PO #L-71727 LIFT: 106"	L833C050SAS083	4100 LB	A357575	0WHSE-MBL-006
MBL-LFT-000022	LIFT TRUCK,1994,GC25,4EM00806,OWNED	1/5/2001 17:02:00	LIFT TRUCK,1994,GC25,4EM00806,OWNED YEAR: 1994, DRIVE TIRE: 21X7X15", PO # , STEER TIRE: 16X6X10.5", WEIGHT: 8640 LBS	GC25	5000 LB	4EM00806	0STMP-MBL-002
MBL-LFT-000026	LIFT,TRUCK,1997,52-6FGU30,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1997,52-6FGU30,OWNED, FRAME NO. 506FGU30 61104, ENGINE NO 6FGU30	52-6FGU30	6000#	52-6FGU30 V A400	0BTRM-MBL-001
MBL-LFT-000027	LIFT,TRUCK,1998,5FB30-13V,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1998,5FB30-13V,OWNED, DUAL FUEL GAS/PROPANE	5FB30-130Y	6000 LB.	11427	0HTPD-MBL-001
MBL-LFT-000028	LIFT TRUCK,1998,GC30,GEM01992,OWNED	1/5/2001 17:02:00	LIFT TRUCK,1998,GC30,GEM01992,OWNED, A6X6X10 STEERING TIRES, 21X8X15 DRIVE TIRES, CASCADE BAIL CLAMP 50PHP.	GC30	6000LB.	GEM01992	00NOPARENT

MBL-LFT-000029	MANLIFT,1998,TB-37,OWNED	1/5/2001 17:02:00	MANLIFT,1998,TB-37,OWNED, DUAL FUEL FORD VXG-411 ENGINE, MOTOR WISCONSIN, W4-1770, SERIAL NO. 6211300 TIRES JUMBO GLT, ROTATION BRG. KAYDON 11054 001, BALDERSON TURNTABLE 017-0328 TOPEKA CHASSIS 007-0100,SEE REPR MANUAL	TB-37	600LB.	881350288	0HTPD-MBL-002
MBL-LFT-000033	LIFT,TRUCK,1998,5FBE20-130V,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1998,5FBE20-130V,OWNED TOYOTA ELECTRIC FORKLIFT,WEIGHT-6580 LB,LIFTING HEIGHT 189 INCHES PURCHASED PO#00044832,D000060169,COMES WITH CASCADE SIDE SHIFTER WITH INTERNAL D000060170	5FBE20-189-FSV	4000 LB.	10792	0STOR-MBL-003
MBL-LFT-000034	LOADER,SKID,1999,SL4625	1/5/2001 17:02:00	LOADER,SKID,1999,SL4625, TIRES 700-15 TIRES, 4 CYL. KUBOTA ENGINE 134 CID.	SL 4625		27194	0YARD-MBL-008
MBL-LFT-000035	LOADER,CASE,#721B,	1/5/2001 17:02:00	LOADER,CASE,#721B,	721B		3882685-	0YARD-MBL-
MBL-LFT-000036	LIFT,TRUCK,1997,6FGU25,OWNED	1/5/2001 17:02:00	LIFT,TRUCK,1997,6FGU25,OWNED	6FGU25		62817	0SHOP-MBL-
MBL-LFT-000037	LIFT,TRUCK,1991,5FGCU15,OWNE	1/5/2001 17:02:00	LIFT,TRUCK,1991,5FGCU15,OWNED	5FGCU15		70063	0WHSE-MBL-
MBL-LFT-000038	MANLIFT,2000,GS2032,OWNED	10/24/2003 08:23:03:796	MANLIFT,2000,GS2032,OWNED PURCHASE FOR ROPE SHEAVE INSPECTION ON PM5 AND GENERAL MILL USE	GS2032		21324	0SHOP-MBL-010
MBL-LFT-000039	LIFT,TRUCK,2000,F180,213832	1/5/2001 17:02:00	LIFT,TRUCK,2000,F180,213832, DRIVE TIRE SIZE 28x12X22,STEER TIRE SIZE 22X8X16,CLAMP SERIAL #151011,MODLE #RA-700NF	F180		21382	00WAREHOUSE
MBL-LFT-000041	LIFT TRUCK,2001,GC45K-SWB,AT8701783.	2/28/2005 10:52:48:876	LIFT TRUCK,2001,GC45K-SWB,AT8701783, 18X7X12-1/8 STEERING TIRES, 22X9X16 DRIVE TIRES. □ CLAMP MODLE# 77F-RCP-07B SERIAL # 219736-1RO	GC45K-SWB		AT8701783	00SURPLUS
MBL-LFT-000042	LIFT TRUCK,2001,GC45K-SWB,AT8701784.	9/27/2001 11:11:10:483	LIFT TRUCK,2001,GC45K-SWB,AT8701784,18X7X12-1/8 STEERING TIRES, 22X9X16 DRIVE TIRES. □ CLAMP MODLE# 77F-RCP-07B SERIAL # 219736-2RO	GC45K-SWB		AT8701784	0WHSE-MBL-003

MBL-LFT-000043	LIFT TRUCK,2001,GC45K-SWB,AT8701785	9/27/2001 11:13:21:016	LIFT TRUCK,2001,GC45K-SWB,AT8701785, 18X7X12-1/8 STEERING TIRES, 22X9X16 DRIVE TIRES. □ CLAMP MODLE# 77F-RCP-07B SERIAL # 219736-3RO	GC45K-SWB		AT8701785	0WHSE-MBL-004
MBL-LFT-000044	LIFT TRUCK,2001,42-7FG25,14784	1/9/2002 16:53:50:313	LIFT TRUCK, 2001, (EQUIPMENT WORLD), DRIVE TIRE 700-12-12PR, LIFT HEIGHT 185", ENGINE-4Y, SIDE SHIFT 3700 LB/24" LOAD CENTER.	42-7FG25	5000 LB	14784	0STMP-MBL-004
MBL-LFT-000046	LIFT TRUCK,2005,GC55K-LP-STR,AT88A00176,	2/28/2005 10:58:13:07	LIFT TRUCK,2005,GC55K-LP-STR,AT88A00176,18X8X12-1/4 STEERING TIRES, 22X12X16 DRIVE TIRES. □ CLAMP MODLE# 90F-RCP-318R-0 SERIAL # 431452-1	GC55K-LP-STR		AT88A00176	0WHSE-MBL-002
MBL-LFT-000047	LIFT,TRUCK,2006,GC55KS1-721224,AT88A00388,	3/30/2006 16:05:02:81	LIFT,TRUC,2006,GC55KS1-721224,AT88A00388, 18X8X12-1/8 STEERING TIRES, 22X12X16 DRIVE TIRES□ CLAMP (CASCADE) MODEL #80F-RCP-344, SERIAL NO.PTL570659-1	GC55KS1-721224		AT88A00388	0WHSE-MBL-001
MBL-LFT-000048	LIFT,TRUCK,2006,C6000,CATERPILLAR,AT83F01680,	9/4/2008 09:58:17:813	LIFT,TRUCK,2006,C6000,CATERPILLAR,AT83F01680, 16x6x10.5 STEERING TIRES, 21x8x15 DRIVE TIRES□ CLAMP (CASCADE), MODEL 50D-BCS-61487, SER#599112-T1	C6000		AT83F01680	0KRFT-MBL-001
MBL-LFT-000049	LIFT,TRUCK,2006,GC55KS1,AT88A00552,	11/15/2006 14:08:43:533	LIFT,TRUC,2006,GC55KS1,AT88A00552, 18X8X12-1/8 STEERING TIRES, 22X12X16 DRIVE TIRES□ CLAMP (CASCADE) MODEL #90F-RCP-344, SERIAL NO.PTL648917-1	GC55KS1		AT88A0552	0WHSE-MBL-009
MBL-LOC-000001	LOCOMOTIVE,GE,BB+60/160-4GE 747, 31540	1/5/2001 17:02:00	LOCOMOTIVE,GE,BB+60/160-4GE 747, 31540 470 H.P. S/N 31540 MFG DATE APRIL 1952, ENGINES MODEL NT 855L, I.D. NO. D009- 0069 SO NO. 2004, S/N 30109023, 30109024. ** SEE ADDITIONAL TEXT FOR DETAILS **	BB+60/160	80 TON	39002	0YARD-MBL-005

MBL-LOC-000002	LOCOMOTIVE,GE,B-B 220/220 4GE763,39002	1/5/2001 17:02:00	LOCOMOTIVE,GE,B-B 220/220 4GE763,39002, CLASS B-B 220/220 4 GE 763 H.P. 670/600 S/N 39002 MANUFACTURED JANUARY 1975 #1 CPL-256, MODEL N.T. 855C335, SERIAL NO. 1043744, #2 CPL -256 MODEL NT. 855C335 SERAIL NO. ?	B-B 220/220		39002	0YARD-MBL-025
MBL-PLT-000004	PALLET,TRUCK,1996,PTW80,96300,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW80,96300,OWNED, YEAR: 1996, 24 VOLT WEIGHT: lbs, CAPACITY: 8000 lbs	PTW 80	8000 LB	9630034	0FNSH-MBL-001
MBL-PLT-000005	PALLET,TRUCK,1996,PTW60,96301,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW60,96301,OWNED, YEAR: 1996, 24 VOLT WEIGHT: 1100 lbs, CAPACITY: 6000 lbs	PTW 60		9630179	0CORM-MBL-002
MBL-PLT-000006	PALLET,TRUCK,1996,PTW80,96303,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW80,96303,OWNED, YEAR: 1996, 24 VOLT WEIGHT: lbs, CAPACITY: 8000 lbs	PTW 80	8000 LB	9630332	0FNSH-MBL-002
MBL-PLT-000007	PALLET,TRUCK,1996,PTW60,9030262,OWNED	1/5/2001 17:02:00	PALLET,TRUCK,1996,PTW60,9030262,OWNED YEAR: 1996, 24 VOLT WEIGHT: 1100 lbs, CAPACITY: 6000 lbs	PTW 60		9030262	0CORM-MBL-003
MBL-PLT-000008	PALLET,TRUCK,RAYMOND 8400,840-09-83798,OWNED	1/12/2010 14:09:46:16	PALLET,TRUCK,RAYMOND 8400,840-09-83798,PO 213012, OCT 14/09	8400 FRE60L	6000#, 24V	840-09-83798	0CORM-MBL-001
MBL-PLT-000009	PALLET TRUCK,2000,PTW60,S/N9939150,OWNED	1/5/2001 17:02:00	PALLET TRUCK,2000,PTW60,S/N9939150,OWNEDYEAR: 2000, 24 VOLT WEIGHT: 1200 lbs, OILER PALLET TRUCK, CAPACITY: 6000 lbs	PTW 60	6000 LBS	9939150	0SHOP-MBL-009
MBL-PLT-000010	PALLET TRUCK,PWH150,R-11853,OWNED	1/5/2001 17:02:00	PALLET TRUCK,PWH150,R-11853,OWNED, 24 VOLT	PWH150	15000LBS	R-11853	00WAREHOUSE
MBL-SWP-000001	POWER SWEEPER,1995,2160,4703,OWNED	1/5/2001 17:02:00	POWER SWEEPER,1995,2160,4703,OWNED, MODEL 578-601	2160		470319	0WHSE-MBL-008
MBL-TRK-000004	TRUCK,1985,#1954,IHTLDTVRFHA211951,OWNED	1/5/2001 17:02:00	TRUCK,1985,#1954,IHTLDTVRFHA211951,OWNED YEAR: 1985 SEE ADDITONAL TEXT FOR MORE INFORMATION	1954	5 TON	IHTLDTVRFHA21951	0YARD-MBL-001
MBL-TRK-000006	TRUCK,1984,4842-1,2WKNBCJE1EK909710,OWN	1/5/2001 17:02:00	TRUCK,1984,4842-1,2WKNBCJE1EK909710,OWN YEAR: 1984 FRONT AXLE: FF931 - 2110 012 10, ENGINE: F300 - 1020 029 5 REAR AXLE: 23121 - 1240 148 1, TRANNY: RT11610 - 27001 3443	4842-1	15,445 GVW	2WKNBCJE1EK909710	0YARD-MBL-003

MBL-TRK-000007	TRUCK,1996,F800,1FDRF80C4TV,A15845,OWNED	1/5/2001 17:02:00	TRUCK,1996,F800,1FDRF80C4TV,A15845,OWNED YEAR: 1996 FRONT AXLE: 12,000 FORD FORGED STEEL, ENGINE: CUMMINS DIESEL □ REAR AXLE: 23,000 ROCKWELL RS-23-160 □ TRANNY: EATON FS 5306A 6-SPEED	F800	33,200 GVW	1FDRF80C4TV A15845	0YARD-MBL-002
MBL-TRK-000008	TRUCK,1997,898320B,OWNED	1/5/2001 17:02:00	TRUCK,1997,898320B,OWNED,YEAR: 1997 CUSHMAN "ELECTRIC MINUTE MISER" PERSONNEL CARRIER	898320B		97018447	0SHOP-MBL-007
MBL-TRK-000009	TRUCK,1999,99E280H001,OWNED	1/5/2001 17:02:00	TRUCK,1999,99E280H001,OWNED, YEAR: 1999 □ SMP PO#55095, LEGEND ELECTRIC CUSTOM MADE 280H CARRY-ALL FOR PULLING THE COTTON ROLL WAGON #543 GEAR OPTION TO INCREASE TORQUE	280H CARRY-ALL		99E280H001	0SHOP-MBL-006
MBL-TRK-000011	TRUCK,TOW,1999,280B,99H280B019,OWNED	1/5/2001 17:02:00	TRUCK,TOW,1999,280B,99H280B019,OWNED 36 VOLT	280B		#99H280B019	0GRWD-MBL-001
OSLSH-MBL-009	STEAMPLANT,LOADER,FRONT END	9/15/2004 14:26:31:486	STEAMPLANT,LOADER,FRONT END□ SEE SUBASSEMBLY FOR DETAILS				
MBL-TRK	STERLING CARGO TRUCK, 2005		TRUCK, 2005 STERLING, OWNED PLATED 4630VM			2FZACGDD35A U04944	0WHSE-MBL