EXHIBIT “H”

Firstly

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31193-0001 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:28:06

PROPERTY DESCRIPTION: PCL 3545 SEC AWS; SUMMER RESORT LOCATION JC305 STONEY; DISTRICT OF ALGOMA

PROPERTY REMARKS: CROWN GRANT SEE A7411.

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2006/02/20

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT126831	1984/01/04	CERTIFICATE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
REMARKS: CORPORATIONS TAX ACT						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Secondly

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0013 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:29:31

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT HUDSON'S BAY COMPANY'S LANDS S/S PORTAGE ST PL TOWN PLOT OF SAULT STE. MARIE PT 17 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 2005/11/21 **						
1R3620	1978/11/22	PLAN REFERENCE				C
1R5861	1984/03/20	PLAN REFERENCE				C
1R7326	1988/12/13	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Ontario ServiceOntario

LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0013 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:29:31

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

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Thirdly

Ontario ServiceOntario LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0009 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:30:52

PROPERTY DESCRIPTION: PCL 561 SEC AWS; PT LAND & LAND COVERED WITH WATER SAULT STE. MARIE; PT ST. MARY'S ISLAND SAULT STE. MARIE; PT THE LAIRD & HENDERSON MILL SITE SAULT STE. MARIE PT 9 & 10 1R5861; S/T LT57299; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT57299	1965/01/19	TRANSFER EASEMENT			THE INTERNATIONAL BRIDGE AUTHORITY OF MICHIGAN	C
AR42	1965/01/19	PLAN REFERENCE				C
LT58071	1965/06/23	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL9468	2006/11/09	NOTICE		THE CORPORATION OF THE CITY OF SAULT STE. MARIE		C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
	REMARKS: RECEIVER'S CERTIFICATE					
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Ontario ServiceOntario

LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0009 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:30:52

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Fourthly

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0012 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:31:56

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT THE LAIRD & HENDERSON MILL SITE SAULT STE. MARIE; PT HUDSON'S BAY COMPANY'S LANDS S/S PORTAGE ST PL TOWN PLOT OF SAULT STE. MARIE PT 15, 16 1R5861 S/T RIGHT AS IN T218158; S/T T454942; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 2005/11/21 **						
1R4290	1980/08/05	PLAN REFERENCE				C
1R4409	1980/10/03	PLAN REFERENCE				C
1R4438	1980/10/24	PLAN REFERENCE				C
T234205	1983/03/16	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
1R7294	1988/11/08	PLAN REFERENCE				C
T429687	2002/06/04	BYLAW				C
T454942	2005/01/27	TRANSFER EASEMENT			GREAT LAKES POWER LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0012 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:31:56

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
	REMARKS: RECEIVER'S CERTIFICATE					
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL31987	2008/03/13	NOTICE	$2	GREAT LAKES POWER LIMITED	GREAT LAKES POWER TRANSMISSION HOLDING CORP.	C
	REMARKS: ASSIGNMENT EASEMENTS, MULTIPLE					
AL32021	2008/03/13	CHARGE	$1,000,000,000	GREAT LAKES POWER TRANSMISSION HOLDING CORP.	CIBC MELLON TRUST COMPANY	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

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Fifthly

Ontario ServiceOntario

LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0014 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:32:45

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT THE LAIRD & HENDERSON MILL SITE SAULT STE. MARIE PT 18 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 2005/11/21 **						
1R4409	1980/10/03	PLAN REFERENCE				C
T234205	1983/03/16	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C

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LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0014 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:32:45

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

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Sixthly

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0015 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:33:33

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT ST. MARY'S ISLAND SAULT STE. MARIE PT 19 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2005/11/21 **						
1R4409	1980/10/03	PLAN REFERENCE				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C

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Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0015 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:33:33

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Savenskly

Ontario ServiceOntario

LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0016 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:35:53

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT ST. MARY'S ISLAND SAULT STE. MARIE PT 20 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 2005/11/21 **						
1R4409	1980/10/03	PLAN REFERENCE				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Ontario ServiceOntario

LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0016 (LT)

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:35:53

* CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Eighty

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LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0026 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:36:34

PROPERTY DESCRIPTION: PCL 11524 SEC AWS; PT WATER LT ADJACENT TO ST. MARY'S ISLAND SAULT STE. MARIE PT 1, 2 1R7289; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER: FEE SIMPLE ABSOLUTE

RECENTLY: FIRST CONVERSION FROM BOOK

PIN CREATION DATE: 2005/11/21

OWNERS' NAMES: ST MARYS PAPER CORP.

CAPACITY: ROWN SHARE:

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT130084	1984/08/20	NOTICE OF LEASE			ABITIBI POWER & PAPER COMPANY LIMITED	C
LT132064	1984/12/03	ASSIGNMENT LEASE			ST. MARYS PAPER INC.	C
REMARKS: LT245736						
1R7289	1988/11/03	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
REMARKS: CORPORATIONS TAX ACT						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Ninthly

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LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0027 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:37:28

PROPERTY DESCRIPTION: PCL 10280 SEC AWS; PT WATER LT AT THE FT OF THE RAPIDS IN ST MARY'S RIVER SAULT STE. MARIE PT 3 1R4409; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
1R4409	1980/10/03	PLAN REFERENCE				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
REMARKS: CORPORATIONS TAX ACT						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0032 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:38:07

PROPERTY DESCRIPTION: PCL 1023 SEC AWS; PT LAND & LAND COVERED WITH WATER AT THE FT OF RAPIDS ON ST. MARY'S RIVER SAULT STE. MARIE PT 1 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT58071	1965/06/23	BYLAW				C
LT122661	1983/03/16	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
1R8541	1993/03/19	PLAN REFERENCE				C
LT254162	2005/01/27	COURT ORDER				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0032 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:38:07

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0033 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:40:16

PROPERTY DESCRIPTION: PCL 1023 SEC AWS; PT LAND & LAND COVERED WITH WATER AT THE FT OF RAPIDS ON ST. MARY'S RIVER SAULT STE. MARIE PT 2, 3 1R5861; S/T LT57299; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT57299	1965/01/19	TRANSFER EASEMENT			THE INTERNATIONAL BRIDGE AUTHORITY OF MICHIGAN	C
AR42	1965/01/19	PLAN REFERENCE				C
LT58071	1965/06/23	BYLAW				C
LT122661	1983/03/16	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
LT254162	2005/01/27	COURT ORDER				C
AL9468	2006/11/09	NOTICE		THE CORPORATION OF THE CITY OF SAULT STE. MARIE		C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0033 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:40:16

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Twelfthly

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LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0034 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:40:50

PROPERTY DESCRIPTION: PCL 1023 SEC AWS; PT LAND & LAND COVERED WITH WATER AT THE FT OF RAPIDS ON ST. MARY'S RIVER SAULT STE. MARIE PT 4 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT58071	1965/06/23	BYLAW				C
LT122661	1983/03/16	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
1R7294	1988/11/08	PLAN REFERENCE				C
LT254162	2005/01/27	COURT ORDER				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0034 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:40:50

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Thirteenth ly

Ontario ServiceOntario

LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0035 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:43:17

PROPERTY DESCRIPTION: PCL 1023 SEC AWS; PT LAND & LAND COVERED WITH WATER AT THE FT OF RAPIDS ON ST. MARY'S RIVER SAULT STE. MARIE PT 5-7 1R5861; S/T LT254163; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT58071	1965/06/23	BYLAW				C
1R3620	1978/11/22	PLAN REFERENCE				C
1R4290	1980/08/05	PLAN REFERENCE				C
LT122661	1983/03/16	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
1R7326	1988/12/13	PLAN REFERENCE				C
LT254162	2005/01/27	COURT ORDER				C
LT254163	2005/01/27	TRANSFER EASEMENT	$1	ST MARYS PAPER LTD.	GREAT LAKES POWER LIMITED	C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL27724	2007/12/05	LR'S ORDER		LAND REGISTRAR	LAND REGISTRAR	C
REMARKS: ADD LT254163 TO THE DOCUMENT POOL						
AL31987	2008/03/13	NOTICE	$2	GREAT LAKES POWER LIMITED	GREAT LAKES POWER TRANSMISSION HOLDING CORP.	C
REMARKS: ASSIGNMENT EASEMENTS, MULTIPLE						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Ontario ServiceOntario

LAND
REGISTRY
OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0035 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:43:17

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL32021	2008/03/13	CHARGE	$1,000,000,000	GREAT LAKES POWER TRANSMISSION HOLDING CORP.	CIBC MELLON TRUST COMPANY	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Fourteenthly

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0037 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:43:54

PROPERTY DESCRIPTION: PCL 564 SEC AWS; PT LAND & LAND COVERED WITH WATER SAULT STE. MARIE PT 12 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT58071	1965/06/23	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL9468	2006/11/09	NOTICE		THE CORPORATION OF THE CITY OF SAULT STE. MARIE		C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
REMARKS: CORPORATIONS TAX ACT						

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Fifteenthly

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0038 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:44:37

PROPERTY DESCRIPTION: PCL 648 SEC AWS; PT LAND & LAND COVERED WITH WATER SAULT STE. MARIE PT 13 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
*** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) ***						
LT58071	1965/06/23	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
	REMARKS: RECEIVER'S CERTIFICATE					
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
	REMARKS: AL17381					
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
	REMARKS: CORPORATIONS TAX ACT					

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

Sixteenthly

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0039 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:46:23

PROPERTY DESCRIPTION: PCL 881 SEC AWS; PT LAND & LAND COVERED WITH WATER SAULT STE. MARIE PT 11 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT58071	1965/06/23	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
AL80265	2010/12/08	NOTICE	$10	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
REMARKS: CORPORATIONS TAX ACT						

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NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

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Ontario ServiceOntario LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31577-0050 (LT)

SUBJECT TO RESERVATIONS IN CROWN GRANT

PREPARED FOR CAMullin
ON 2011/08/29 AT 11:46:58

PROPERTY DESCRIPTION: PCL 561 SEC AWS; PT LAND & LAND COVERED WITH WATER SAULT STE. MARIE PT 8 1R5861; SAULT STE. MARIE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2005/11/21

OWNERS' NAMES
ST MARYS PAPER CORP.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
LT58071	1965/06/23	BYLAW				C
1R5861	1984/03/20	PLAN REFERENCE				C
1R8541	1993/03/19	PLAN REFERENCE				C
AL17374	2007/06/08	APL (GENERAL)		RSM RICHTER INC.		C
REMARKS: RECEIVER'S CERTIFICATE						
AL17378	2007/06/08	APL VESTING ORDER	$300,000	ONTARIO SUPERIOR COURT OF JUSTICE	ST MARYS PAPER CORP.	C
AL17381	2007/06/08	CHARGE	$17,000,000	ST. MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT AND MINES	C
AL54515	2009/06/03	NOTICE OF LEASE	$2	ST MARYS PAPER CORP.	ST. MARYS RENEWABLE ENERGY CORP.	C
AL80260	2010/12/08	CHARGE	$8,800,000	ST MARYS PAPER CORP.	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	C
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REMARKS: AL17381						
AL83236	2011/03/03	CHARGE	$12,000,000	ST MARYS PAPER CORP.	INTERNATIONAL FOREST PRODUCTS CORPORATION	C
AL88243	2011/07/04	LIEN	$122,834	HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO AS REPRESENTED BY THE MINISTER OF REVENUE		C
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EXHIBIT “I”

GUARANTY

THIS GUARANTY (this "<u>Guaranty</u>") is executed as of December 8, 2010 by each of SMP Equity Corp., Marc Dube, Pauline Henson, Todd Black, Robert Yrjola, Henson and Tregonning Logging Ltd., Avery Construction Limited, 1022013 Ontario Inc., Knut Holdings Inc. Acton Exploration and Resources Inc., collectively, care of, 75 Huron Street, Sault Ste. Marie ON P6A 5P4 (each individually a "Guarantor" and collectively the "Guarantors") in favor of International Forest Products Corporation ("IFP"), with a principal place of business at One Patriot Place, Foxboro, Massachusetts 02035.

<u>Recitals</u>

A. IFP and St. Mary's Paper Corp. ("SMPC") have entered into a business arrangement pursuant to which IFP has agreed to make a term loan to SMPC pursuant to the provisions of a Loan Agreement, dated as of December 3, 2010 (the " Loan Agreement") and to provide pulp to SMPC pursuant to the Pulp Supply Agreement (the "Pulp Agreement") and to purchase the super calendared paper produced by SMPC pursuant to the provisions of a Purchase and Sale Agreement dated as of December 3, 2010 (the "Sales Agreement");

B. Capitalized terms used herein with out definition shall have the meaning assigned to them in the Loan Agreement.

C. As a condition precedent to IFP entering in to the Transaction Documents, the Guarantor and certain other shareholders of SMPC shall provide joint and several limited guaranties to IFP of SMPC's obligations under the Transaction Documents (the "Obligations"); and

D. The Guarantor is one of the current shareholders of SMPC and will benefit from the transactions contemplated by the Transaction Documents; and therefore wishes to execute and deliver this Guaranty to IFP to induce IFP to enter into the Transaction Documents.

NOW, THEREFORE, in consideration of the foregoing Recitals, and for good and valuable consideration, the receipt and adequacy of which are acknowledged by each Guarantor, each Guarantor agrees with and in favour of IFP as follows:

1. Each Guarantor hereby unconditionally and irrevocably guarantees the prompt payment and performance to IFP, forthwith upon demand by IFP, of the Obligations, provided, however that the recourse of IFP under this Guaranty shall be limited to an amount not exceeding $500,000 USD plus all taxes, fees and expenses (including, without limitation, legal fees) incurred by IFP in connection with the collection of all or any part of the Obligations 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 and payable with respect to such overdue amount pursuant to the terms of the Transaction Documents subsequent to the due date.

2. Each of the Guarantors waives: (a) notice of acceptance of this Guaranty and of the execution of any of the Transaction Documents; (b) presentment and demand for payment of all or part of the Obligations; (c) protest and notice of dishonor or default to any Guarantor or to any other party with respect to all or any part of the Obligations; (d) all other notices to which any Guarantor might otherwise be entitled; (e) any demand for payment under this Guaranty; and (f) the right to trial by jury.

3. Each of the Guarantors expressly waives notice of and consents to: (a) the exchange, loss, surrender or release of any security held by or available to IFP for the Obligations, whether in respect of SMPC or any other party secondarily or otherwise liable for all or any part of the Obligations;(b) the change, alteration, renewal, extension, continuation, surrender, compromise, waiver or release in whole or in part, of any of the Obligations, or of any other party, or any default with respect thereto; (c) the failure of IFP to enforce any remedies against SMPC or any other party liable on any of the Obligations; (d) IFP's failure to set off and/or the release of, in

whole or in part, any balance of any deposit account or credit on its books in favor of SMPC or any other party, and (e) the extension of further credit in any manner whatsoever to SMPC. Each of the Guarantors shall remain bound under this Guaranty notwithstanding any such exchange, surrender, release, change, alteration, renewal, extension, continuance, compromise, waiver, inaction, extension of further credit or other dealing.

4. All monies available to IFP for application in payment or reduction of the Obligations may be applied by IFP in such manner and in such amounts and in such order and priority as IFP may see fit to the payment or reduction of such portion of the Obligations as IFP may elect. Each of the Guarantors agrees that if, at any time, all or any part of any payment previously applied by IFP to any of the Obligations must be returned by IFP whether by court order, administrative order, settlement or any other reason, such Guarantor shall remain liable for the full amount returned as if such amount had never been received by IFP, notwithstanding any termination or return of this Guaranty or the cancellation or satisfaction of all or part of the Obligations.

5. Each of the Guarantors agrees that if a breach, default or Event of Default occurs, all of such Guarantor's obligations under this Guaranty shall, at IFP's option, become due and payable without notice. The following shall constitute an event of default under this Guaranty (each, an " Event of Default"): (a) the occurrence of a breach or default by SMPC under the Transaction Documents; (b) the failure of any Guarantor to perform or observe any covenant or undertaking contained in this Guaranty; (c) any warranty, representation or other statement by any Guarantor (or on behalf of any Guarantor or at any Guarantor's direction), contained in this Guaranty or provided elsewhere in writing to IFP, is false or misleading in any respect; or (d) the commencement of any bankruptcy or insolvency proceeding with respect to any Guarantor under the *Bankruptcy and Insolvency Act (Canada)* (including, without limitation, the filing of a notice of an intention to file a proposal) or any other insolvency law or laws providing for the relief of debtors.

6. Until payment and performance of the Obligations in full to IFP , each Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever in and to the Obligations, and no right of recourse to or with respect to any property of SMPC or any other security held by or available to IFP.

7. Each of the Guarantors represents and warrants that, at the time of the execution of this Guaranty, such Guarantor is current on all obligations of any kind and nature whatsoever. Execution of this Guaranty does not render any of the Guarantors insolvent. Except for matters previously disclosed to IFP, there are no actions, suits or proceedings at law or in equity, or before any governmental authority, pending or to the knowledge of each Guarantor, threatened against the undersigned which may materially adversely affect the financial condition of each Guarantor individually .

8. All payments to be made by any Guarantor hereunder shall be made without set-off, compensation, deduction or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law requires any Guarantor to make any such deduction or withholding from any such payment, the sum due from that Guarantor with respect to such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, IFP receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

9. Each Guarantor shall make payment relative to any Obligations in the currency (the "Original Currency") in which the Debtor is required to pay such Obligations. If any Guarantor makes payment relative to any Obligations in a currency ("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 its obligations only to the extent of the amount of the Original Currency which IFP is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which IFP is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligations, the Guarantor shall indemnify and save IFP 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 Guaranty, gives rise to a separate and independent

cause of action, applies irrespective of any indulgence granted by IFP 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.

10. No delay on the part of IFP in exercising any rights hereunder or failure to exercise the same shall operate as a waiver of such rights; no notice to or demand on any of the Guarantors shall be deemed to be a waiver of the obligation of any Guarantor or of the right of IFP to take further action without notice or demand as provided herein; nor in any event shall any modification or waiver of the provisions of this Guaranty be effective unless in writing nor shall any such waiver be applicable except in the specific instance for which given.

11. Each reference herein to IFP shall be deemed to include its successors, assigns and affiliates in whose favor the provisions of this Guaranty shall inure. Each reference herein to the Guarantors shall be deemed to include the heirs, executors, administrators, legal representatives, successors and assigns of the Guarantors, all of whom shall be bound by the provisions of this Guaranty. If any party hereto shall be a partnership, the agreements and obligations on the part of the Guarantor herein contained shall remain in force and application notwithstanding any changes in the individuals composing the partnership and the term "Guarantor" shall include any altered or successive partnerships but the predecessor partnerships shall not thereby be released from any obligations or liability hereunder.

12. None of the terms or provisions of this Guaranty may be waived, amended, supplemented or otherwise modified except by a written instrument executed by IFP.

13. If any provision of this Guaranty is held invalid or unenforceable, the remainder of this Guaranty will nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it will nevertheless remain in full force and effect with respect to all other circumstances.

14. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of IFP to enforce this Guaranty in any other proper jurisdiction, each Guarantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, each Guarantor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Guaranty in the courts of such Province.

IN WITNESS WHEREOF, the Guarantors have jointly and severally executed this Guaranty as of the date first above set forth.

SIGNED, SEALED AND DELIVERED in the presence of	**SMP EQUITY CORP.** Per: ____________________ ____________________ *We have authority to bind the corporation*

Initial here________

include any altered or successive partnerships but the predecessor partnerships shall not thereby be released from any obligations or liability hereunder.

10. If any provision of this Guaranty is held invalid or unenforceable, the remainder of this Guaranty will nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it will nevertheless remain in full force and effect with respect to all other circumstances.

IN WITNESS WHEREOF, the Guarantors hasve jointly and severally executed this Guaranty as of the date first above set forth.

SIGNED, SEALED AND DELIVERED in the presence of

) **SMP EQUITY CORP.**
) Per:
) We have authority to bind the corporation

Witness) MARC DUBE

Witness) PAULINE HENSON

Witness) **TODD BLACK**

Witness) **ROBERT YRJOLA**

Walter D. Vail

Witness.) Waltter Vail

WALTER VAIL

HENSON AND TREGONNING LIMITED
) Per:

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include any altered or successive partnerships but the predecessor partnerships shall not thereby be released from any obligations or liability hereunder.

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IN WITNESS WHEREOF, the Guarantors have jointly and severally executed this Guaranty as of the date first above set forth.

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SIGNED, SEALED AND DELIVERED in the presence of

) SMP EQUITY CORP.
) Per:
) Gordon Acton
) *We have authority to bind the corporation*

Witness) MARC DUBE

Witness) PAULINE HENSON

Witness) TODD BLACK

Witness) ROBERT YRJOLA

Witness.) Waltler Vail

HENSON AND TREGONNING LIMITED
) Per:
) Vance Henson

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) [signature]
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) *We have authority to bind the corporation*

AVERY CONSTRUCTION LIMITED
) Per:
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) *We have authority to bind the corporation*

10222013 ONTARIO INC.
) Per:
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) *We have authority to bind the corporation*

KNUT HOLDINGS INC.
) Per:
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) *We have authority to bind the corporation*

ACTON EXPLORATION & RESOURCES INC.
) Per:
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) *We have authority to bind the corporation*

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SIGNED, SEALED AND DELIVERED in the presence of

) **SMP EQUITY CORP.**
) Per:
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) *We have authority to bind the corporation*

Witness
) MARC DUBE

Witness
) Pauline Henson
) PAULINE HENSON

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Witness
) **TODD BLACK**

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Witness
) **ROBERT YRJOLA**

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Witness.) **Waltler Vail**

HENSON AND TREGONNING LIMITED
) Per:
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IN WITNESS WHEREOF, the Guarantors have jointly and severally executed this Guaranty as of the date first above set forth.

SIGNED, SEALED AND DELIVERED in the presence of

SMP EQUITY CORP.
Per:

We have authority to bind the corporation

Witness

MARC DUBE

Witness

PAULINE HENSON

Witness

TODD BLACK

Witness

ROBERT YRJOLA

Witness

WALTER VAIL

HENSON AND TREGONNING LIMITED
Per:

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) *We have authority to bind the corporation*

AVERY CONSTRUCTION LIMITED

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) *We have authority to bind the corporation*

10222013 ONTARIO INC.

) Per:
)) Tony Poggo
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) *We have authority to bind the corporation*

KNUT HOLDINGS INC.

) Per:
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ACTON EXPLORATION & RESOURCES INC.

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AVERY CONSTRUCTION LIMITED
) Per:
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) Jeffrey Avery
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10222013 ONTARIO INC.
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KNUT HOLDINGS INC.
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We have authority to bind the corporation

AVERY CONSTRUCTION LIMITED

Per:

Jefferson Avery - President

We have authority to bind the corporation

10222013 ONTARIO INC.

Per:

We have authority to bind the corporation

KNUT HOLDINGS INC.

Per:

Orlando Rosa - President

We have authority to bind the corporation

ACTON EXPLORATION & RESOURCES INC.

Per:

[illegible] Acton - President

We have authority to bind the corporation

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) *We have authority to bind the corporation*

AVERY CONSTRUCTION LIMITED
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10222013 ONTARIO INC.
) Per:
))Tony Poggo - President
)
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) *We have authority to bind the corporation*

KNUT HOLDINGS INC.
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ACTON EXPLORATION & RESOURCES INC.
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EXHIBIT “J”

AMENDED AND RESTATED INTERCREDITOR AGREEMENT

This Agreement is made as of December 8, 2010

Among:

ST. MARYS PAPER CORP.,
a business corporation existing under the laws of the Province of Ontario

(the "**Borrower**")

- and -

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)

("**MNDMF**")

- and -

INTERNATIONAL FOREST PRODUCTS CORPORATION, a Delaware corporation

("**IFP**")

Whereas:

(a) pursuant to a loan agreement (as amended, the "**2007 MNDMF Loan Agreement**") dated June 6, 2007 between MNDMF and the Borrower, MNDMF made a revolving loan to the Borrower of $17,000,000.00, which loan has been partially repaid and permanently reduced to $11,000,000.00.00 (the "**2007 MNDMF Loan**");

(b) Borrower has advised MNDMF that it plans to restart the St. Marys Paper Mill and has requested that MNDMF (i) enter into an amendment to convert the 2007 MNDMF Loan into a non-revolving term loan, to amend certain terms and conditions of such loan and to extend its maturity date and (ii) make a new non-revolving single-draw term loan to Borrower in the aggregate principal amount of $8,800,000.00 (the "**2010 MNDMF Loan**" and together with the 2007 MNDMF Loan, the "**MNDMF Loans**") as working capital for the restart and operation of the St. Marys Paper Mill on the terms and conditions set forth in that certain Loan Agreement dated December 8, 2010 between the Borrower and MNDMF (the "**2010 MNDMF Loan Agreement**" and together with the 2007 MNDMF Loan Agreement, the "**MNDMF Loan Agreements**").

(c) The Borrower and IFP have entered into (i) a loan agreement (as amended, the "**IFP Loan Agreement**") dated December 3, 2010, pursuant to which IFP has made a $3,000,000.00 term loan available to the Borrower (ii) a Pulp Supply Contract (as amended, the "**IFP Pulp Supply Contract**") dated December 3, 2010 pursuant to which IFP will provide Borrower with a $3,600,000.00 line of credit to purchase pulp from IFP and (iii) a Purchase and Sale Agreement (as amended, the "**IFP Purchase and Sale Agreement**" and together with the IFP Loan Agreement and the IFP Pulp Supply Contract, the "**IFP Financing Agreements**") pursuant to which IFP will purchase certain product produced at the Borrower's pulp mill; and

(d) the parties hereto wish to establish the relative priorities of the MNDMF Security and the IFP Security (as those terms are therein defined) and the indebtedness secured thereby;

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Definitions.** In this Agreement, "account", "collateral", "equipment", "money", "intangible", "inventory", "personal property", "proceeds" and "securities" have the meanings assigned by the *Personal Property Security Act* (Ontario). Unless there is something in the subject matter or context inconsistent therewith:

   (a) "**Borrower's Personal Property**" means all right, title and interest of the Borrower in and to any personal property now owned or leased or hereafter acquired or leased and wheresoever situate;

   (b) "**Business Day**" means a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario;

   (c) "**Costs**" means all costs and expenses incurred by or on behalf of any of the Lenders which the Borrower is required to pay pursuant to any Loan Agreement, any Lenders' Security or by operation of law;

   (d) "**IFP Obligations**" means all present and future indebtedness of the Borrower to IFP under or in connection with its Loan Agreement or the IFP Security up to a maximum principal amount of $21,600,000.00, together with interest, fees (including prepayment fees) and similar charges and Costs to which it is entitled;

   (e) "**IFP Security**" means all present and future security granted by the Borrower to IFP to secure the payment and performance of the IFP Obligations;

   (f) "**Lenders**" means collectively MNDMF and IFP and "**Lender**" means either of them;

   (g) "**Lenders' Security**" means collectively the MNDMF Security and the IFP Security and any part of it;

(h) "**Loan Agreements**" means collectively the IFP Financing Agreements and the MNDMF Loan Agreements (as either may be amended, supplemented or restated from time to time) and "**Loan Agreement**" means any one of them;

(i) "**MNDMF Obligations**" means all present and future indebtedness of the Borrower to MNDMF under or in connection with the MNDMF Loan Agreements or the MNDMF Security up to a maximum principal amount of $19,800,000.00, together with interest, fees and similar charges and Costs to which it is entitled;

(j) "**MNDMF Security**" means all present and future security granted by the Borrower to MNDMF to secure the payment and performance of the MNDMF Obligations;

(k) "**Obligations**" means collectively the IFP Obligations and the MNDMF Obligations and any of them;

(l) "**Real Property**" means all right, title and interest of the Borrower in and to any real or immovable property now owned or leased or hereafter acquired or leased and wheresoever situate, and specifically including all buildings and fixtures located thereon.

2. **Priority on Real Property.** The Lenders' Security shall rank in descending order of priority with respect to the Real Property as follows:

   (a) firstly, the IFP Security to the extent of the IFP Obligations, and

   (b) secondly, the MNDMF Security to the extent of the MNDMF Obligations.

3. **Priority on Borrower's Personal Property.** The Lenders' Security shall rank in descending order of priority with respect to the Borrower's Personal Property, and proceeds thereof, as follows:

   (a) firstly, the IFP Security to the extent of the IFP Obligations, and

   (b) secondly, the MNDMF Security to the extent of the MNDMF Obligations.

4. **Subordination.** The respective rights of each of MNDMF and IFP under the Lenders' Security are hereby postponed and subordinated to the extent necessary to effectuate the priority ranking set out in this Agreement.

5. **Applicability of Priorities.** The respective priorities of the Lenders' Security set out in this Agreement and all other rights established, altered or specified herein, are applicable irrespective of the time, place or order of creation, execution, delivery, attachment or perfection thereof, the method of perfecting, the time, place or order of registration or filing of financing statements or recording of mortgages or other instruments, assignments or agreements, the giving of or failure to give notice of the acquiring of any charge, lien or security interest or the date or dates of any advance or advances, the date or dates of any default by the Borrower or any other relevant party or the date of the taking of enforcement proceedings (including possession).

6. **Lenders Not to Amend.** Each of MNDMF and IFP agrees not to increase the maximum principal amount of the MNDMF Obligations or IFP Obligations, as applicable, without the prior written consent of the other Lender.

7. **Agreement by Borrower.** The Borrower hereby agrees with the provisions hereof and further agrees that so long as any of the Lenders' Security is outstanding, it will stand possessed of its properties and assets thereby mortgaged, charged or assigned for the Lenders in accordance with the priorities herein set out.

8. **No Additional Rights.** Nothing in this Agreement shall be construed so as to entitle either Lender to receive any proceeds of realization upon any of the property or assets of the Borrower in respect of which such Lender does not have any security or in respect of which such Lender's security is invalid or unenforceable as against third parties. Each of the Lenders agrees not to take any steps (directly or indirectly) to challenge or contest the legality, perfection, enforceability, effectiveness or validity of any of the Lenders' Security held by the other Lender. Nothing contained in this Agreement shall be construed as conferring any rights upon the Borrower or any party not a party to this Agreement.

9. **Rights to Proceeds.** If any of the property or assets of the Borrower are dealt with, damaged, destroyed, lost or expropriated so as to give rise to proceeds (including amounts payable under insurance policies), the relative priority of claims of the Lenders against such proceeds shall be determined as if the claims were made against the original collateral which gave rise to such proceeds.

10. **Lenders to Furnish Information.** Each of the Lenders shall provide to the other from time to time, upon request, full information and particulars as to the amounts owing to such Lender by the Borrower, the performance by the Borrower of the terms and conditions of its agreements and obligations to such Lender and any other information which the party requesting the same deems material, and the Borrower consents to such disclosure.

11. **Agreement Not to Affect Payments.** Nothing in this Agreement shall prevent the Borrower from making payment of principal or interest to the Lenders until the bankruptcy, liquidation or winding-up of the Borrower or any other distribution of the property and assets of the Borrower for the purpose of winding up its affairs or until either of the Lenders shall have commenced to enforce its security over any of the property and assets of the Borrower.

12. **Notice of Defaults and Enforcement.**

Each Lender shall deliver to the other Lender, before or within twenty-four hours after such notice is given by the first-mentioned Lender to the Borrower

(a) any notice of any Event of Default,

(b) any notice of a default which if not cured will with the lapse of time become an Event of Default,

(c) any notice of an acceleration of any Obligation in its favour,

(d) any demand for payment of any Obligation in its favour,

(e) any notice of its intention to realize on the Lenders' Security held by it, or

(f) any application to a court for the appointment, or any private appointment, of an official to monitor or manage or realize upon the assets of the Borrower, including an application under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangements Act* (Canada) or the *Courts of Justice Act* (Ontario).

No Lender shall have any liability for any inadvertent failure to comply with this Section and no failure to comply with this Section (whether inadvertent or not) shall affect the priorities established herein or impair or release the other benefits provided by this Agreement.

13. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "**Communication**") shall be in writing and shall be made or given by personal delivery, by courier, by facsimile transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

(i) if to the Borrower:

St. Marys Paper Corp.
75 Huron Street
Sault Ste. Marie, Ontario P6A 5P4
Attention: President
Fax: 705-942-4791

with a copy to:

Wishart Law Firm LLP
390 Bay Street
Sault Ste. Marie, Ontario P6A 1X2
Attention: Gordon Acton
Fax: 705-949-2465

(ii) if to MNDMF:

Deloitte & Touche LLP
181 Bay Street, Suite 1400
Toronto, Ontario M5J 2V1
Attention: R.M. Graham, Associate Partner, Financial Advisory
Fax: 416-601-6690

with a copy to:

Ministry of Northern Development, Mines and Forestry
Suite 210, 70 Foster Drive,
Sault Ste. Marie, Ontario P6A 6V5
Attention: Assistant Deputy Minister, Forestry Division
Fax: 705-945-5977

(iii) if to IFP:

International Forest Products Corporation
One Patriot Place
Foxboro, Massachusetts 02035
Attention: President
Fax: 508-698-1500

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. (local time of the recipient) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section.

14. **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the Lenders. No consent of the Borrower shall be necessary for any amendment to the terms hereof by the Lenders unless the interests of the Borrower are directly and adversely affected thereby.

15. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each such provision shall be interpreted in such a manner as to render them valid, legal and enforceable to the greatest extent permitted by applicable law. Each provision of this Agreement is declared to be separate, severable and distinct.

16. **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

17. **Execution in Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which so executed shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the effective date set forth above.

18. **Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and each party hereto undertakes to provide each other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

19. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

20. **Further Assurances.** Each of the parties hereto shall forthwith, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such agreements, certificates and instruments reasonably requested by any other party hereto as may be necessary or desirable to complete the transactions contemplated by this Agreement and carry out its provisions and intention.

This Agreement has been executed by the parties as of the date first stated above.

ST. MARYS PAPER CORP.

By: [signature]
Name: Dennis Bunnell
Title: CEO + Chairman

By: [signature]
Name: Dorio Teton
Title: President

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, as represented by the Minister of Northern Development, Mines and Forestry

By: ______________________
Bill Thornton
Assistant Deputy Minister

INTERNATIONAL FOREST PRODUCTS CORPORATION

By: [signature]
Name: Daniel Kraft
Title: President/CEO

By: ______________________
Name:
Title:

This Agreement has been executed by the parties as of the date first stated above.

ST. MARYS PAPER CORP.

By: ______________________

Name:

Title:

By: ______________________

Name:

Title:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, as represented by the Minister of Northern Development, Mines and Forestry

By: Bill Thornton

Bill Thornton

Assistant Deputy Minister

INTERNATIONAL FOREST PRODUCTS CORPORATION

By: ______________________

Name:

Title:

By: ______________________

Name:

Title:

EXHIBIT "K"

RBC
Royal Bank

RBC Royal Bank
Northeastern Ontario Commercial Banking Centre
602 Queen St., East, 2nd Fl
Sault Ste. Marie, ON, P6A 2A4
Tel: 705-759-7050
Fax: 705-759-4186

December 3, 2010

International Forest Products Corporation
One Patriot Place
Foxboro, MA
U.S.A. 02035

Dear Sir/Madam:

RE: St. Marys Paper Corp. ("DEBTOR")

A. Background

In order to facilitate the provisions of certain credit facilities by the Royal Bank of Canada (the "Bank") in favour of and to the benefit of the Debtor, International Forest Products Corporation ("IFP") and the Bank by this letter of agreement have agreed to set out their respective priority of their security interests in the assets and undertaking of the Debtor. By way of background, the parties agree as follows:

1. The Debtor has given to the Bank a security interest (the "Cash Collateral Security Interest") in favour of the Bank pursuant to a CASH COLLATERAL AGREEMENT (Form 610) dated December 9, 2010, together with future Cash Collateral Security Agreements (the "Cash Collateral Security") covering present and future deposits of up to \$3,045,000.00 CAD (the "Deposits") to secure the following credit facilities provided by the Bank for and on behalf of the Debtor:

   i) All present and future letters of credit issued by the Bank in favour of third parties as directed from time to time by the Debtor for purposes of supporting the operation of the Debtor's business by providing appropriate security to third party providers of goods and services in the ordinary course of the Debtor's business ("L/C's); and

   ii) Corporate VISA credit facility in the maximum amount of \$45,000.00 CAD ("Visa Facility), and such Visa Facility collectively with the L/Cs referred to herein as the "Bank Facilities".

2. The Cash Collateral Security Interest has been perfected under the *Personal Property Security Act* (Ontario) by PPSA Reg. Number 20101220144115315230 (the "Bank Registrations"). IFP has registered a security interest in the Debtor's property to perfect its security by PPSA Reg. Number 20101208151618627735 (the "IFP Registration").

3. Any and all security which may be held by the Bank now or hereafter on the property and assets of the Debtor for its existing indebtedness or other obligations or any future indebtedness or other obligations of the Debtor to the Bank under the Bank Facilities, including the Cash Collateral Security and the security perfected by the Bank Registrations are hereinafter collectively referred to as the "Bank Security".

4. Any and all security which may be held by IFP now or hereafter on the property and assets of the Company for its existing indebtedness or other obligations or any future indebtedness or other obligations of the Debtor to IFP including the security perfected under the IFP Registrations, are collectively referred to as the "IFP Security".

B. Priorities

In order to induce the Bank and IFP to continue to provide their respective credit facilities, would you please, by signing and returning to us the enclosed duplicate copy of this letter, with the consent of the Debtor as noted below, to confirm that:

1. The IFP Security is hereby postponed and subordinated in all respects to the Bank's Security in the Deposits.
2. The Bank's Security is hereby postponed and subordinated in all respects in all present or future property of the Debtor to the IFP Security save and except the Deposits held to secure the Bank Facilities.
3. The Bank does not now hold and shall not at any time in the future obtain or hold any security in any present or future property of the Debtor, except the Deposits held only to secure the Bank Facilities.
4. The Bank shall pay the Debtor interest earned from time to time on the Deposits. The Bank shall be permitted to issue fresh Bank Facilities to the Debtor from time to time to replace or augment (other than for the Visa Facilities) those Bank Facilities currently in place. If at any time the amount of funds held in deposit by the Bank to secure the Bank Facilities is reduced, such deposits may be added to and supplemented by the Debtor up to the amount of the Deposits currently in place ($3,045,000.00 CAD).
5. The Bank Registrations do not perfect (and the Debtor has not granted the Bank) a security interest in any property except the Deposits and the Bank will not at any time rely upon the Bank Registrations to perfect a security interest acquired hereafter in any other present or future property.
6. The priorities of the Bank and IFP shall apply in all events and circumstances regardless of the date of execution, attachment, registration or perfection of any security interest held by the Bank, or IFP, the date of any advance or advances made to the Debtor by the Bank or IFP, the date of any default by the Debtor under any agreement with the Bank, or IFP or the date of crystallization of any floating charge held from the Debtor by the Bank or IFP, or any priority granted by any principle of law or any statute.
7. Any proceeds of insurance or expropriation received by the Debtor, the Bank, or IFP, with respect to any collateral in which the Bank or IFP has a security interest, shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the collateral for which they compensate.
8. The Bank may maintain one or more non-borrowing accounts in the name of the Debtor at the branch noted above. The Bank will have no obligation to IFP with respect to any monies at any time in any such account (other than an account designated by the Debtor as a "trust" account and established for IFP's benefit) or any monies that may be deposited in or disbursed from any such account, except for monies which are on deposit when or deposited after the Bank receives at its address noted above written notice from IFP stating that the Debtor has defaulted in its obligations. Any such monies shall be promptly remitted to IFP subject to the entitlement to the Bank to debit the account with normal service charges and charge backs in the ordinary course banking business.
9. Neither the Bank nor IFP shall challenge one another's security except under the terms of this Agreement.
10. This letter shall be binding upon and enure to the benefit of the Bank and IFP, their respective successors and assigns.

11. Each of the Bank and IFP shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to theintent of this Agreement; provided, however that no consent of IFP shall be necessary to any amendment of the terms hereof by the Bank unless the interests of IFP are directly affected thereby.

12. This Agreement may be executed in several counterparts, eachof which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof. This Agreement also may be executed by facsimile or pdf and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes. Any party delivering this Agreement by facsimile or pdf shall forthwith deliver originally executed copies to the other parties hereto.

13. Any communication required or permitted to be given under this Agreement will be in writing and will be effectively made and given if (a) delivered personally, (b) sent by prepaid courier service, or (c) sent prepaid by facsimile transmission, in each cae to the address or facsimile number of the relevant party set out on the signature pages to this Agreement. Any communication so given will be deemed to have been given and to have been received on the day of actual delivery if so delivered, or on the dayof facsimile transmission provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication will be deemed to have been given and to have been received on the following Business Day. Any party may from time to time change their respective address or facsimile number for notice by giving notice to the others in accordance with the provisions of this section.

14. 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.

Yours truly,

ROYAL BANK OF CANADA

Per: ____________________

JAMES CAPISCIOLTO
COMMERCIAL ACCOUNT MANAGER

I/We hereby confirm our agreement with the provisions of this letter as of the 3rd day of December, 2010.

INTERNATIONAL FOREST PRODUCTS CORPORATION

Per: ______________________

~~Per:~~ President and CEO

I/We hereby consent to the above letter as of the 3rd day of December, 2010. Our consent will not be required for any amendment to the above letter except if our interests ae prejudiced thereby.

ST MARYS PAPER CORP.

Per: ______________________

Gord Acton
President

Wishart
LAW FIRM LLP
390 Bay Street, Suite 500
Sault Ste. Marie, Ontario
Canada P6A 1X2
Tel. 705.949.6700
Fax 705.949.2465
www.wishartlaw.com

March 8, 2011

VIA FEDERAL EXPRESS

ATTN: MARIE. J. COUKOS
LEGAL COUNSEL
INTERNATIONAL FOREST PRODUCTS CORPORATION
ONE PATRIOT PLACE
FOXBORO MA 02035-1388 USA

Dear Ms. Coukos:

Re: St. Marys Paper Corporation
Our File No. 11167-25

Please find enclosed:

1. Intercreditor Letter Agreement as between St. Marys Paper Corp., RBC Royal Bank and IFP

2. Aerial map of SMPC property, which is a photo overlay of the mill over several plans from the Registry Office, I have marked in yellow the property boundaries which accord with the underlying plans.

Not included. Sent to Dennis B for Golders

Yours very truly,
WISHART LAW FIRM LLP

Gor GORDON P. ACTON
Telephone Ext.: 232
Email: gacton@wishartlaw.com
Assistant: Trish Evans
Telephone Ext.: 228
Email: tevans@wishartlaw.com

/te

Enclosures

excellent solutions.

EXHIBIT “K”

RBC
Royal Bank

RBC Royal Bank
Northeastern Ontario Commercial Banking Centre
602 Queen St., East, 2nd Fl
Sault Ste. Marie, ON, P6A 2A4
Tel: 705-759-7050
Fax: 705-759-4186

December 3, 2010

International Forest Products Corporation
One Patriot Place
Foxboro, MA
U.S.A. 02035

Dear Sir/Madam:

RE: St. Marys Paper Corp. ("DEBTOR")

A. <u>Background</u>

In order to facilitate the provisions of certain credit facilities by the Royal Bank of Canada (the "Bank") in favour of and to the benefit of the Debtor, International Forest Products Corporation ("IFP") and the Bank by this letter of agreement have agreed to set out their respective priority of their security interests in the assets and undertaking of the Debtor. By way of background, the parties agree as follows:

1. The Debtor has given to the Bank a security interest (the "Cash Collateral Security Interest") in favour of the Bank pursuant to a CASH COLLATERAL AGREEMENT (Form 610) dated December 9, 2010, together with future Cash Collateral Security Agreements (the "Cash Collateral Security") covering present and future deposits of up to $3,045,000.00 CAD (the "Deposits") to secure the following credit facilities provided by the Bank for and on behalf of the Debtor:

   i) All present and future letters of credit issued by the Bank in favour of third parties as directed from time to time by the Debtor for purposes of supporting the operation of the Debtor's business by providing appropriate security to third party providers of goods and services in the ordinary course of the Debtor's business ("L/C's); and

   ii) Corporate VISA credit facility in the maximum amountof $45,000.00 CAD ("Visa Facility), and such Visa Facility collectively with the L/Cs referred to herein as the "Bank Facilities".

2. The Cash Collateral Security Interest has been perfected under the *Personal Property Security Act* (Ontario) by PPSA Reg. Number 20101220144115315230 (the "Bank Registrations"). IFP has registered a security interest in the Debtor's property to perfect its security by PPSA Reg. Number 20101208151618627735 (the "IFP Registration").

3. Any and all security which may be held by the Bank now or hereafter on the property and assets of the Debtor for its existing indebtedness or other obligations or any future indebtedness or other obligations of the Debtor to the Bank under the Bank Facilities, including the Cash Collateral Security and the security perfected by the Bank Registrations are hereinafter collectively referred to as the "Bank Security".

4. Any and all security which may be held by IFP now or hereafter on the property and assets of the Company for its existing indebtedness or other obligations or any future indebtedness or other obligations of the Debtor to IFP including the security perfected under the IFP Registrations, are collectively referred to as the "IFP Security".

B. Priorities

In order to induce the Bank and IFP to continue to provide their respective credit facilities, would you please, by signing and returning to us the enclosed duplicate copy of this letter, with the consent of the Debtor as noted below, to confirm that:

1. The IFP Security is hereby postponed and subordinated in all respects to the Bank's Security in the Deposits.

2. The Bank's Security is hereby postponed and subordinated in all respects in all present or future property of the Debtor to the IFP Security save and except the Deposits held to secre the Bank Facilities.

3. The Bank does not now hold and shall not at any time in the future obtain or hold any security in any present or future property of the Debtor, except the Deposits held only to secure the Bank Facilities.

4. The Bank shall pay the Debtor interest earned from time to time on the Deposits. The Bank shall be permitted to issue fresh Bank Facilities to the Debtor from time to time to replace or augment (other than for the Visa Facilities) those Bank Facilities currently in place. If at any time the amount of funds held in deposit by the Bank to secure the Bank Facilities is reduced, such deposits may be added to and supplemented by the Debtor up to the amount of the Deposits currently in place ($3,045,000.00 CAD).

5. The Bank Registrations do not perfect (and the Debtor has not granted the Bank) a security interest inany property except the Deposits and the Bank will not at any time rely upon the Bank Registrations to perfect a security interest acquired hereafter in any other present or future property.

6. The priorities of the Bank and IFP shall apply in all events and circumstances regardless of the date of execution, attachment, registration or perfection of any security interest held by the Bank, or IFP, the date of any advance or advances made to the Debtor by the Bank or IFP, the date of any default by the Debtor under any agreement with the Bank, or IFP or the date of crystallization of any floating charge held from the Debtor by the Bank or IFP, or any priority granted by any principle of law or any statute.

7. Any proceeds of insurance or expropriation received by the Debtor, the Bank, or IFP, with respect to any collateral in which the Bank or IFP has a security interest, shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the collateral for which they compensate.

8. The Bank may maintain one or more non-borrowing accounts in the name of the Debtor at the branch noted above. The Bank will have no obligation to IFP with respect to any monies at any time in any such account (other than an account designated by the Debtor as a "trust" account and established for IFP's benefit) or any monies that may be deposited in or disbursed from any such account, except for monies which are on deposit when or deposited after the Bank receives at its address noted above written notice from IFP stating that the Debtor has defaulted in its obligations. Any such monies shall be promptly remitted to IFP subject to the entitlement to the Bank to debit the account with normal service charges and charge backs in the ordinary course banking business.

9. Neither the Bank nor IFP shall challenge one another's security except under the terms of this Agreement.

10. This letter shall be binding upon and enure to the benefit of the Bank and IFP, their respective successors and assigns.

11. Each of the Bank and IFP shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to theintent of this Agreement; provided, however that no consent of IFP shall be necessary to any amendment of the terms hereof by the Bank unless the interests of IFP are directly affected thereby.

12. This Agreement may be executed in several counterparts, eachof which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof. This Agreement also may be executed by facsimile or pdf and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes. Any party delivering this Agreement by facsimile or pdf shall forthwith deliver originally executed copies to the other parties hereto.

13. Any communication required or permitted to be given under this Agreement will be in writing and will be effectively made and given if (a) delivered personally, (b) sent by prepaid courier service, or (c) sent prepaid by facsimile transmission, in each case to the address or facsimile number of the relevant party set out on the signature pages to this Agreement. Any communication so given will be deemed to have been given and to have been received on the day of actual delivery if so delivered, or on the day of facsimile transmission provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication will be deemed to have been given and to have been received on the following Business Day. Any party may from time to time change their respective address or facsimile number for notice by giving notice to the others in accordance with the provisions of this section.

14. 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.

Yours truly,

ROYAL BANK OF CANADA

Per: ____________________

JAMES CAPISCIOLTO
COMMERCIAL ACCOUNT MANAGER

I/We hereby confirm our agreement with the provisions of this letter as of the 3rd day of December, 2010.

INTERNATIONAL FOREST PRODUCTS CORPORATION

Per: ______________________

Per: President and CEO

I/We hereby consent to the above letter as of the 3rd day of December, 2010. Our consent will not be required for any amendment to the above letter except if our interests ae prejudiced thereby.

ST MARYS PAPER CORP.

Per: ______________________
Gord Acton
President

Wishart
LAW FIRM LLP
390 Bay Street, Suite 500
Sault Ste. Marie, Ontario
Canada P6A 1X2
Tel. 705.949.6700
Fax 705.949.2465
www.wishartlaw.com

March 8, 2011

VIA FEDERAL EXPRESS

ATTN: MARIE. J. COUKOS
LEGAL COUNSEL
INTERNATIONAL FOREST PRODUCTS CORPORATION
ONE PATRIOT PLACE
FOXBORO MA 02035-1388 USA

Dear Ms. Coukos:

Re: St. Marys Paper Corporation
Our File No. 11167-25

Please find enclosed:

1. Intercreditor Letter Agreement as between St. Marys Paper Corp., RBC Royal Bank and IFP

2. Aerial map of SMPC property, which is a photo overlay of the mill over several plans from the Registry Office, I have marked in yellow the property boundaries which accord with the underlying plans.

Not included. Sent to Dennis B for Golders

Yours very truly,
WISHART LAW FIRM LLP

Gordon

GORDON P. ACTON
Telephone Ext.: 232
Email: gacton@wishartlaw.com
Assistant: Trish Evans
Telephone Ext.: 228
Email: tevans@wishartlaw.com

/te

Enclosures

excellent solutions.

EXHIBIT “L”

ESTOPPEL LETTER

To: International Forest Products Corporation

Re: St. Marys Paper Corp. (together with its successors and assigns, the "**Debtor**")

We are the secured party under certain personal property security registrations made against the Debtor, including those listed in Schedule A. In this letter, all registrations listed in Schedule A, whether under the *Personal Property Security Act* (Ontario), *Bank Act* (Canada) or any other legislation dealing with the registration of personal property security, and whether in Ontario or elsewhere in Canada are collectively referred to as the "**Security Registrations**".

We understand that International Forest Products Corporation ("**you**" or "**your**") proposes to establish certain financing facilities in favour of the Debtor and that you require this letter from us as a condition to the establishment of such facilities.

To induce you to establish such financing facilities, in consideration of you doing so and for other good and valuable consideration, the receipt and sufficiency of which we acknowledge:

We confirm and agree that (i) the Security Registrations only perfect a security interest in the collateral described in Schedule A and no other assets or property of the Debtor, and (ii) we will not, whether now or at any time in the future, rely upon any of the Security Registrations to perfect, protect, or take any action to enforce, any interest in any assets or property of the Debtor not described in Schedule A.

For greater certainty, if, for any reason, notwithstanding Section 1 above, the security interests perfected by the Security Registrations do perfect a security interest in any collateral not described in Schedule A, we hereby subordinate the security interests perfected by the Security Registrations in your favour to the extent of any collateral not described in Schedule A.

We confirm that we have not assigned any of the Security Registrations or the related security, or any interest therein.

This letter may be relied upon by you and your successors and assigns, whether in connection with the financing facilities to be entered into at this time, or any other financing facilities you may provide from time to time in the future. This letter is binding upon us and our successors and assigns.

DATED: December 17, 2010

NEW NORTH FUELS INC.

By: Myles MacLeod
Name: MYLES MACLEOD
Title: V.P. Finance

12432854.1

Schedule A

Personal Property Security Registrations and Collateral Secured against Debtor

1.	File No. 622725237 Registration No. 20060214 1515 2201 0260	Card lock fueling system with tankage and all appurtenances
2.	File No. 631641798 Registration No. 20061221 1945 1531 2630	Card lock fueling system with tankage and all appurtenances

EXHIBIT “M”

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St. Marys Paper Corp.

FINANCIAL STATEMENTS
(UNAUDITED & WITHOUT OPINION)
March 31, 2011

(EXCLUDES FINAL PERIOD 13 CLOSING ADJUSTMENTS FROM FY 2010)

Print Date: 8/30/2011

ST. MARYS PAPER CORP.
BALANCE SHEET
(UNAUDITED & WITHOUT OPINION)
March 31, 2011
($000)

	Mar-11	Feb-11
ASSETS		
CURRENT ASSETS		
Cash	$ 1,201	$ 2,193
Trade/Non-Trade accounts receivable (net)	$ 3,529	$ 2,230
Inventories	$ 5,972	$ 5,597
Prepaid expenses and other current assets	$ 7,469	$ 7,278
	$ 18,171	$ 17,297
PROPERTY, PLANT AND EQUIPMENT		
Land	$ 80	$ 80
Buildings	$ 253	$ 253
Machinery and equipment	$ 6,055	$ 6,055
	$ 6,388	$ 6,388
Less accumulated depre - Buildings	$ 48	$ 47
- Equipment and other	$ 2,311	$ 2,261
	$ 4,028	$ 4,080
OTHER ASSET		
Deferred Charges	$ 2,241	$ 2,241
Less: Accumulated Amortization of Deferred Chai	$ (1,598)	$ (1,598)
Investment in Subsidiary	$ 400	$ 400
Employee Pension Contributions	$ 1	$ 15
Long-Term Assets	$ 319	$ 324
	$ 1,363	$ 1,382
	$ 23,563	$ 22,758
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
SMP Finance Term Loan Current Portion (F2)	$ 600	$ 600
Accounts payable and accruals	$ 15,546	$ 12,778
	$ 16,146	$ 13,378
LONG TERM DEBT		
MNDM - Loan	$ 19,617	$ 19,433
Other Term Loans	$ 3,317	$ 3,317
	$ 22,934	$ 22,750
LONG TERM OBLIGATIONS		
Future income taxes	$ (6,906)	$ (6,240)
Employee obligations	$ 830	$ 830
	$ (6,076)	$ (5,410)
SHAREHOLDERS' EQUITY		
Capital stock	$ 3,500	$ 3,500

Retained earnings	$ (12,941)	$ (11,460)
	$ (9,441)	$ (7,960)
	$ 23,563	$ 22,758

ST. MARYS PAPER CORP.
STATEMENT OF CHANGES IN FINANCIAL POSITION
(UNAUDITED & WITHOUT OPINION)
March 31, 2011
($000)

	Mar-11	YTD Mar-11
OPERATIONS		
Net income	$ (1,481)	$ (4,242)
Changes to income not affecting cash		
Future income taxes	$ (666)	$ (1,906)
Depreciation	$ 52	$ 155
Amortization : Financing/Start-Up	$ -	$ (200)
Amortization : SMPL Customer List	$ -	$ (513)
	$ (2,095)	$ (6,706)
Changes in non-cash components of working capital		
Trade/Non-Trade Accounts receivable	$ (1,299)	$ (2,050)
Inventories	$ (375)	$ (348)
Prepaid expenses and other current assets	$ (192)	$ (1,752)
capital lease obligations	$ 2,768	$ 5,213
	$ 902	$ 1,063
Total cash provided by (used for) operations	$ (1,193)	$ (5,643)
FINANCING		
Increase (decrease) in MNDM - Loan	$ 184	$ (183)
Increase (decrease) in long term debt	$ -	$ (150)
Deferred charges	$ -	$ 201
	$ 184	$ (133)
OTHER		
Long-Term Assets	$ 5	$ 1,795
(Increase) Decrease in Employee future benefit obligations	$ 14	$ 14

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	$ 19	$ 1,808
INCREASE (DECREASE) IN CASH POSITION	$ (991)	$ (3,967)
CASH POSITION AT BEGINNING OF PERIOD	$ 2,193	$ 4,656
CASH POSITION AT END OF PERIOD	$ 1,202	$ 689

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ST. MARYS PAPER CORP.
ACTUAL VS. BUDGET INCOME STATEMENT
(UNAUDITED & WITHOUT OPINION)
March 31, 2011
(CDN$ except as noted)

		ACTUAL ($000)	Mar-11 PER TON	ACTUAL ($000)	YTD	UNITS	ACTUAL ($000)	Feb-11 PER TON
OPERATING DAYS		29.00		88.00			28.00	
AVG. FX NOON RATE FOR THE MONTH (1 CDN = XX USD)		1.0239		1.0144			1.0131	
SALES FX RATE (1 CDN = XX USD)		1.0304		1.0143			1.0078	
EFFECTIVE FX RATE (1 CDN = XX USD)		1.0304		1.0143			1.0078	
FX NOON RATE ON LAST BUSINESS DAY (1 CDN = XX USD		1.0290					1.0268	
Tonnage:								
GROSS PM 3		0		-			0	
PM 4		0		-			0	
PM 5		11,770	11,770	32,498	32,498		10,826	10,826
SOLD Finished Goods (USD)		8,972		28,568			9,549	
Finished Goods (CND)		0		-			0	
Culls		0	8,972	-	28,568		0	9,549
SALEABLE TONS PM 3		0		-			0	
PM 4		0		-			0	
PM 5		8,999	8,999	28,482	28,482		9,605	9,605
TONS PER DAY		310		324			343	
Gross Sales USD $(net of rebates & culls)		6,274	699.32	19,161	670.72		6,231	652.53
Gross Cull Sales USD $		0	#DIV/0!	0	#DIV/0!		0	#DIV/0!
Gross US Sales in CDN$ (net of rebates & culls)		6,089	678.67	18,891	661.26		6,183	647.50
Gross Sales (includes cull sales)		6,069	678.67	18,891	661.26		6,183	647.50
Less : Freight		823	91.73	2,281	79.84		749	78.44
Merchant Commissions		199	22.18	647	22.66		210	22.03
: Sales Commissions		0	0.00	0	0.00		0	0.00
: Returns and Allowances		40	4.46	121	4.25		78	8.21
: Other		29	3.23	64	2.24		34	3.56
Net Sales		4,998	557.07	15,777	552.27		5,111	535.26
			557.07		552.27	Check		535.26
DIRECT PRODUCTION COSTS	(/saleable)							
Grinding/Woodhandling/Pulpmill	7.00	63	5.35	123	3.78		7	0.65
Bleaching	2.56	23	1.95	75	2.31		30	2.77
Woodcosts	88.12	793	57.38	2,938	90.40	0	1,040	96.06
Kraft	162.12	1,459	123.96	4,453	137.02	0	1,473	136.06
Clay	32.78	295	25.06	871	26.80	0	269	24.85
Talc		0	0.00	0	0.00	0	0	0.00
Chemicals	8.22	74	6.29	280	8.62		104	9.61
SUB TOTAL FURNISH COSTS	300.80	2,707	230.00	8,740	268.94		2,923	269.99
Cull Roll Inv. Change		0	230.00	0	268.94	Check	0	269.99
SUB TOTAL NET FURNISH COSTS		2,707	300.80	8,740	306.86		2,923	304.32
Clothing/Paper Machines		186	20.67	492	17.27		78	8.12
Roll Recovering and Filled Rolls		0	0.00	3	0.11		0	0.00
Finishing & Shipping		215	23.89	611	21.45		169	17.60
Biosolids		49	5.44	238	8.36		137	8.02
Steam Costs		502	55.78	1,590	55.82	0	514	59.76
Power Consumption		952	105.78	3,187	111.89	0	1,054	109.73
Other Direct Supplies and Services		0	0.00	0	0.00		0	0.00
SUB TOTAL OTHER VARIABLE		1,904	211.57	6,121	214.90		1,952	203.23
			211.57		214.90	Check		203.23
TOTAL VARIABLE COST OF MFG.		4,611	512.36	14,861	521.76		4,875	507.55
Inventory Change		(6)		58			(28)	
TOTAL VARIABLE COST OF SALES		4,605	513.26	14,919	522.21		4,848	507.64
CONTRIBUTION		393	43.80	859	30.06		264	27.62
Direct Labour and Benefits		649	72.12	1,967	69.06		632	65.80
TOTAL DIRECT LABOUR & BENEFITS		649	72.12	1,967	69.06		632	65.80
GROSS PROFIT		(256)	(28.53)	(1,108)	(38.80)		(368)	(38.57)
FIXED COSTS								
Capitalized Costs								
Maintenance Labour & Benefits		254	28.22	755	26.51		222	23.11
Maintenance		470	52.23	848	29.77		212	22.07
Major Repairs		4	0.44	163	5.72		48	5.00
Period Labour and Benefits		18	2.00	45	1.58		12	1.25
Staff Salaries		295	32.78	852	29.91		281	29.30
Office Union Salaries		30	3.33	87	3.05		22	2.29
Selling, General & Administration		444	49.34	1,223	42.95		326	33.94
Corporate Administration		122	13.56	335	11.78		109	11.39
TOTAL FIXED COSTS		1,637	181.90	4,309	151.27		1,233	128.35
Inventory Change Fixed		0	0.00	0	151.27	Check	0	0.00
COST SAVINGS PROGRAM		0					0	
MANUFACTURING PROFIT		(1,893)	(210.99)	(5,417)	(189.81)		(1,601)	(167.67)
CASH PRODUCTION COSTS		6,897	766.38	21,137	742.09		6,740	701.70
NET MANUFACTURING PROFIT		(1,893)		(5,417)			(1,601)	
Depreciation		51	5.71	154	5.42		52	5.41
Amortization		0	0.00	0	0.00		0	0.00
OPERATING PROFIT		(1,944)	(216.72)	(5,571)	(195.02)		(1,653)	(173.12)
Less: Financing costs (net)		191	21.22	529	18.56		144	14.95
Other Revenue/Expense		(4)	(0.44)	(8)	(0.29)		(5)	(0.56)
FX (Gains) Losses		15	1.67	56	1.97		8	0.83
Inv Change Non Operating		0	0.00	0	0.00		0	0.00
TAXABLE PROFIT		(2,146)	(239.23)	(6,148)	(215.19)		(1,799)	(188.43)
Less. Income Taxes		0	0.00	0	0.00		0	0.00
Future Income Taxes		(665)	(74.12)	(1,906)	(66.70)		(558)	(58.38)
Large/Capital Tax		0	0.00	0	0.00		0	0.00
Extraordinary items		0	0.00	0	0.00		0	0.00
NET INCOME / (LOSS)		(1,481)	(165.11)	(4,242)	(148.49)		(1,242)	(130.05)
Manufacturing Profit		(1,893)		(5,417)			(1,601)	
Other Income/Expense		4		8			5	
FX Gain / (Loss)		(15)		(56)			(8)	
EBITDA		(1,904)		(5,465)			(1,604)	
Manufacturing Profit (loss) before inventory value changes								
Cash production costs (per ton)		766		742			702	
Net Sales		557		552			535	
Gain (loss)		(209)		(190)			(166)	
Saleable tons		8,999		28,482			9,605	
Manufacturing Profit (loss) before inv. Adjustments		(1,884)		(5,407)			(1,599)	
Finished Goods Inventory		83					110	

PROFIT-(LOSS) Detail

ST. MARYS PAPER CORP.

STATEMENT OF RETAINED EARNINGS
(UNAUDITED & WITHOUT OPINION)
March 31, 2011
($000)

		Current		YTD
BALANCE AT BEGINNING OF PERIOD	$	(11,460)	$	(8,699)
Net income for the period	$	(1,481)	$	(4,242)
	$	(12,941)	$	(12,941)
Dividends	$	-		-
BALANCE AT END OF PERIOD	$	(12,941)	$	(12,941)

Notes:
Excludes period 13 adjustments from FY2009.

EXHIBIT “N”

International Forest Products Corporation
ONE PATRIOT PLACE - FOXBORO, MASSACHUSETTS 02035-1380, USA
TELEPHONE 508/698-4600 - FAX 508/698-1500
WEBSITE www.ifpcorp.com

April 29, 2011

By Overnight Courier and Email

St. Mary's Paper Corporation
73 Huron St.
Sault Ste. Marie, Ontario
Canada P6A 1X2
Attention: Dennis Bunnell, President

Gordon P. Acton, Esq.
Wishart Law Firm LLP
390 Bay Street, Suite 500
Sault Ste. Marie, Ontario
Canada P6A 1X2

Re: Loan, Pulp Supply and Finished Goods Purchase Arrangement between St. Mary's Paper Corporation ("SMP") and International Forest Products Corporation ("IFP")

Dear Dennis and Gordon:

We refer to the Loan Agreement, dated as of December 8, 2010 (the "Loan Agreement"), by and between SMP and IFP, the Term Note, dated December 8, 2010 (the "Note"), from SMP to IFP, the Pulp Supply Contract, dated as of December 8, 2010 (the "Pulp Supply Contract"), by and between SMP and IFP, and the Purchase and Sale Agreement, dated as of December 8, 2010 (the "Purchase and Sale Agreement"), by and between SMP and IFP. Each of the Loan Agreement, the Note, the Pulp Supply Contract, and the Purchase and Sale Agreement and all of the instruments and documents executed in connection therewith shall be collectively referred to herein as the "Transaction Documents". Terms used but not defined in this letter shall have the meaning given to them in the Transaction Documents.

Pursuant to the provisions of the Loan Agreement and under the Note, SMP was obligated on April 1, 2011 to pay to IFP a principal payment in the amount of $62,500 and to pay to IFP an additional amount of $59,625, which represents interest that had accrued but was unpaid on the Term Loan on such date. SMP failed to make such payments on such date and such amounts remain outstanding and unpaid. Such failure is an Event of Default pursuant to Section 10.1 (a) of the Loan Agreement, Section 14A of the Pulp Supply Contract and Section 3 of the Master Terms of the Purchase and Sale Agreement. As of the date hereof, the principal amount due and payable under the Note and the Loan Agreement is Sixty-Two Thousand Five Hundred Dollars ($62,500). In addition, accrued but unpaid interest as of the date hereof in the amount of $88,585 is also due and payable in accordance with Section 10.2 of the Loan Agreement and the

Note. Due to the existence of such defaults and Events of Default under the Transaction Documents, IFP has certain remedial rights under such documents, at law and in equity. By this letter, we notify SMP that IFP reserves all such rights and has not waived any defaults or Events of Default.

We consider it unfortunate that these defaults and Events of Default have occurred, and ask that you provide us with guidance on how SMP plans to proceed. We understand that the mill was recently shut down due to mechanical issues. Please advise when SMP expects to resume operations, and the impact of this shutdown on SMP's business plan. If possible, please provide IFP with a revised business plan and financial model, showing expected production and cash flow requirements on a weekly or monthly basis. Please also include in this revised plan, SMP's proposal for curing the current Events of Default.

We look forward to reviewing this information with you. Please let us know on or before May 3, 2011, when you expect the revised plan to be available. If you have any questions or comments, please contact me at (508) 698-4628.

Sincerely,

Daniel Moore
Chief Operating Officer

EXHIBIT "O"

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ST. MARYS PAPER CORP.
PRO FORMA INCOME STATEMENT
FY 2011
(UNAUDITED)

	Actual Jan-11	Actual Feb-11	Actual Mar-11
OPERATING DAYS	31	28	29
EXCHANGE RATE	$1.0060	$1.0078	$1.0304
SALEABLE TONS	9,878	9,608	8,993
TONS PER STANDARD OPERATING DAY	319	343	310
TOTAL TONS SOLD	10,047	9,565	8,972
Gross Price-US$	$662.78	$651.49	$699.30
Gross Price-CND$	$658.82	$646.45	$678.67
Net Price CND$	$564.21	$534.39	$557.07
Gross Sales (CDN. Dollars)	$6,619,000	$6,183,283	$6,089,000
Less : Freight	$708,641	$749,149	$823,002
: Commissions	$238,000	$210,435	$199,000
: Returns & Allow.	$2,505	$77,944	$40,000
: Other	$1,396	$34,311	$29,000
Net Sales	$5,668,458	$5,111,444	$4,997,998
DIRECT PRODUCTION COSTS			
Wood & Pulpmill	$1,158,000	$1,050,543	$856,000
Groundwood - Bleaching	$22,318	$30,448	$23,000
Purchased Kraft	$1,521,000	$1,473,498	$1,459,000
Purchased Clay	$307,000	$268,846	$295,000
Added /Chemicals	$102,000	$97,043	$73,000
SUB TOTAL FURNISH COSTS	$3,110,318	$2,920,378	$2,706,000
Paper Machines	$228,747	$77,120	$186,000
Supercalenders/Roll Covering	$3,000	$1,624	$0
Finishing & Shipping	$226,386	$172,805	$215,000
Power	$1,181,045	$1,054,176	$952,679
Secondary Treatment	$62,439	$126,258	$49,000
Steam	$563,442	$523,186	$502,000
SUB TOTAL OTHER VARIABLE	$2,265,059	$1,955,169	$1,904,679
TOTAL VARIABLE COST OF MFG.	$5,375,377	$4,875,547	$4,610,679
Inventory Change + (-)	$91,092	($27,946)	($6,000)
VARIABLE COST OF SALES	$5,466,469	$4,847,601	$4,604,679
CONTRIBUTION	$201,989	$263,843	$393,319
Direct Labour & Benefits	$686,000	$631,990	$649,000
GROSS PROFIT	($484,011)	($368,147)	($255,681)

FIXED COSTS

Maintenance Labour & Benefits	$279,000	$221,857	$254,000
Maintenance Material	$166,000	$212,004	$470,000
Major Maintenance Repair	$111,400	$48,010	$4,000
Period Labour & Benefits	$15,000	$12,533	$18,000
Staff & Management Salaries & Benefits	$275,273	$281,101	$295,000
Office Union Salaries & Benefits	$34,963	$21,794	$30,000
General & Administration Expenses	$557,000	$435,554	$566,000
SUB TOTAL FIXED COSTS	$1,438,636	$1,232,853	$1,637,000
Inventory Change + (-)	$0	$0	$0
TOTAL FIXED COSTS	$1,438,636	$1,232,853	$1,637,000
Manufacturing costs per ton	$756	$702	$768
MANUFACTURING PROFIT	($1,922,647)	($1,601,000)	($1,892,681)
Less : Depreciation	$51,509	$51,509	$51,509
: SMPL Customer List	$0	$0	$0
: Amortization	$0	$0	$0
OPERATING PROFIT	($1,974,156)	($1,652,509)	($1,944,190)
Financing expense	$193,810	$143,557	$191,421
Inventory change-non-operating	$0	$0	$0
FX Contracts (gain) loss	$33,013	$7,977	$15,000
Subtotal	$226,823	$151,534	$206,421
Large corporations tax	$0	$0	$0
Other Revenue/Discounts	($723)	$4,598	$3,500
Actual income taxes	($682,528)	($557,828)	($665,604)
Net income (loss)	($1,519,175)	($1,241,617)	($1,481,506)

Revised Assumptions (Vs. May 9,2011 Province of Ontario Fcst.)

1. Selling Prices lower, June - December $770 Gross US $ Per Ton, Provided By B. Parilla @ IFP
2. Freight Prices average $71 Per Ton vs. $75 original estimate per B. Parilla Memo
3. Re-start in June, Production Start June 8, 2011, 23 Days production (vs. 30 in original Fcst.)

Actual	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
0	0	23	31	31	30	31
$1.0400	$1.0450	$1.0450	$1.0450	$1.0450	$1.0450	$1.0450
0	0	7,935	10,700	10,700	18,914	19,545
NA	NA	345	345	345	630	630
28	103	7,935	10,700	10,700	18,914	19,544
-$74.29	$810.00	$770.00	$770.00	$770.00	$770.00	$770.00
-$71.43	$775.12	$736.84	$736.84	$736.84	$736.84	$736.84
-$2,714.29	$283.04	$637.77	$638.46	$638.46	$639.31	$639.35
($2,000)	$79,837	$5,846,682	$7,884,211	$7,884,211	$13,936,773	$14,401,087
$19,000	$7,392	$539,109	$726,985	$726,985	$1,285,078	$1,327,892
($6,000)	$2,898	$211,369	$285,335	$285,335	$505,053	$521,909
$7,000	$394	$12,274	$16,552	$16,552	$29,258	$30,233
$54,000	$40,000	$23,337	$23,846	$23,846	$25,359	$25,475
($76,000)	$29,153	$5,060,593	$6,831,493	$6,831,493	$12,092,024	$12,495,578
$134,000	$10,000	$658,147	$872,777	$872,777	$1,736,885	$1,793,624
$0	$0	$27,967	$37,712	$37,712	$52,087	$53,823
$0	$0	$1,286,907	$1,735,309	$1,735,309	$3,067,629	$3,169,884
$33,000	$0	$430,166	$551,218	$551,218	$782,534	$843,757
($9,000)	$0	$88,308	$111,922	$111,922	$177,849	$181,778
$158,000	$10,000	$2,491,494	$3,308,937	$3,308,937	$5,816,985	$6,042,866
$0	$0	$156,406	$156,406	$156,406	$223,807	$223,807
$0	$0	$75,579	$75,579	$75,579	$93,792	$93,792
$3,000	$0	$141,647	$186,671	$186,671	$323,322	$333,590
$181,000	$100,000	$697,579	$435,752	$435,752	$829,263	$911,916
$7,000	$35,000	$64,770	$92,529	$92,529	$92,529	$92,529
$75,000	$53,000	$291,997	$382,666	$382,666	$433,696	$508,633
$266,000	$188,000	$1,427,978	$1,329,604	$1,329,604	$1,996,409	$2,164,266
$424,000	$198,000	$3,919,472	$4,638,541	$4,638,541	$7,813,394	$8,207,132
$14,000	$40,000	$0	$0	$0	$0	$0
$438,000	$238,000	$3,919,472	$4,638,541	$4,638,541	$7,813,394	$8,207,132
($514,000)	($208,847)	$1,141,121	$2,192,951	$2,192,951	$4,278,630	$4,288,446
$114,000	$174,884	$641,521	$681,563	$670,505	$1,104,077	$1,134,536
($628,000)	($383,731)	$499,600	$1,511,388	$1,522,446	$3,174,553	$3,153,910

$222,000	$68,288	$276,248	$282,691	$279,477	$341,411	$343,057
$93,000	$55,500	$566,390	$566,390	$1,066,390	$316,390	$316,390
$8,000	$75,000	$125,000	$125,000	$125,000	$175,000	$175,000
$0	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
$288,000	$160,000	$321,230	$321,230	$321,230	$321,230	$321,230
$48,000	$0	$33,492	$33,492	$33,492	$35,000	$35,000
$422,000	$300,000	$444,246	$444,246	$444,246	$526,351	$526,351
$1,081,000	$678,788	$1,786,605	$1,793,049	$2,289,835	$1,735,382	$1,737,027
$0	$0	$0	$0	$0	$0	$0
$1,081,000	$678,788	$1,786,605	$1,793,049	$2,289,835	$1,735,382	$1,737,027
$58,321	$10,599	$800	$665	$710	$563	$567
($1,709,000)	($1,062,519)	($1,287,005)	($281,661)	($767,388)	$1,439,171	$1,416,883
$51,509	$51,509	$51,509	$51,509	$51,509	$51,509	$51,509
$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0
($1,760,509)	($1,114,028)	($1,338,514)	($333,170)	($818,897)	$1,387,662	$1,365,374
$203,000	$154,580	$197,484	$211,093	$212,658	$250,389	$255,832
$0	$0	$0	$0	$0	$0	$0
($18,000)	$0	$0	$0	$0	$0	$0
$185,000	$154,580	$197,484	$211,093	$212,658	$250,389	$255,832
$0	$0	$0	$0	$0	$0	$0
$3,000	$0	$0	$0	$0	$0	$0
($602,178)	($393,268)	($476,160)	($168,721)	($319,782)	$352,555	$343,958
($1,340,331)	($875,339)	($1,059,839)	($375,541)	($711,773)	$784,718	$765,584

Fcst Nov-11	Fcst Dec-11	Fcst Total 2011	2011 $/ TON
30	31	295	
$1.0450	$1.0450	$1.0381	
18,914	19,545	134,731	
630	630	457	
18,914	19,544	134,967	
$770.00	$770.00		
$736.84	$736.84		
$639.31	$639.35	$619.63	
$13,936,773	$14,401,087	$97,259,943	$720.62
$1,285,078	$1,327,892	9,526,203	70.58
$505,053	$521,909	3,480,297	25.79
$29,258	$30,233	292,203	2.16
$25,359	$25,475	331,405	2.46
$12,092,024	$12,495,578	$83,629,835	$619.63
$1,736,885	$1,793,624	$12,673,262	$94.06
$52,087	$53,823	390,977	2.90
$3,067,629	$3,169,884	21,686,049	160.96
$816,557	$843,757	5,723,052	42.48
$177,849	$181,778	1,294,448	9.61
$5,851,008	$6,042,866	$41,767,789	$310.01
$223,807	$223,807	$1,856,313	$13.78
$93,792	$93,792	606,528	4.50
$323,322	$333,590	2,446,004	18.15
$876,278	$860,197	8,515,638	63.20
$92,529	$92,529	899,642	6.68
$592,626	$724,679	5,033,591	37.36
$2,202,354	$2,328,593	$19,357,716	$143.68
$8,053,362	$8,371,459	$61,125,505	$453.69
$0	$0	111,146	0.03
$8,053,362	$8,371,459	$61,236,651	453.72
$4,038,662	$4,124,119	$22,393,184	$165.92
$1,071,646	$1,170,485	8,730,208	64.68
$2,967,016	$2,953,634	$13,662,976	$101.23

$384,607	$387,885	$3,340,521	$24.79
$316,390	$316,390	4,461,234	33.11
$175,000	$175,000	1,321,410	9.81
$20,000	$20,000	205,533	1.53
$321,230	$321,230	3,547,982	26.33
$35,000	$35,000	375,232	2.79
$526,351	$526,351	5,718,696	42.45
$1,778,577	$1,781,856	$18,970,608	$140.80
$0	$0	0	
$1,778,577	$1,781,856	$18,970,608	140.56
$576	$579	$659	
$1,188,439	$1,171,778	($5,307,632)	(39.33)
$51,509	$51,509	618,108	4.58
$0	$0	0	0.00
$0	$0	0	$0
$1,136,930	$1,120,269	($5,925,740)	(43.91)
$252,328	$253,948	$2,520,099	
$0	$0	0	
$0	$0	37,990	
$252,328	$253,948	$2,558,089	
$0	$0	$0	
$0	$0	10,375	
		0	
$274,227	$268,559	(2,626,771)	
$610,375	$597,761	($5,846,683)	

EXHIBIT "P"

(57)

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is entered into as of the ___ day of May, 2011, by and among ST. MARY'S PAPER CORP., 73 Huron Street, Sault Ste. Marie, Ontario, Canada P6A 1X2 (the "Borrower" or "SMP"), SMP EQUITY CORP., HENSON AND TREGONNING LOGGING LTD., AVERY CONSTRUCTION LIMITED, 1022013 ONTARIO INC., KNUT HOLDINGS INC., ACTON EXPLORATION & RESOURCES INC., MARC DUBE, PAULINE HENSON, TODD BLACK and ROBERT YRJOLA (hereinafter collectively called the "Guarantors"), and INTERNATIONAL FOREST PRODUCTS CORPORATION, One Patriot Place, Foxboro, MA 02035 ("IFP" or the "Lender").

WHEREAS, the Borrower is indebted to the Lender pursuant to a Loan Agreement, dated the 8th day of December, 2010 (the "Loan Agreement"), and a Term Note dated the 8th day of December, 2010 from the Borrower to the Lender in the original principal amount of $3,000,000.00 USD (the "Term Note");

WHEREAS, pursuant to a General Security Agreement and accompanying security documentation dated the 8th day of December, 2010 ("the Lender Security"), the Borrower has granted a first priority lien on and security interest in all of its assets to the Lender to secure Borrower's obligations (the "Obligations") under the Loan Agreement, the Term Note, and certain other transaction documents executed in connection therewith (the "Transaction Documents");

WHEREAS, to further secure the Borrower's Obligations, the Guarantors executed and delivered to the Lender a Guarantee dated the 8th day of December, 2010 (the "Guarantee"), as part of the Lender Security;

WHEREAS, pursuant to the Loan Agreement and the Term Note, the Borrower promised to repay to the Lender the principal of the term loan in forty-eight (48) consecutive monthly payments of $62,500.00 USD, together with interest accrued thereon, such installments and interest payments to be due and payable on the first day of each calendar month, commencing April 1, 2011, with a final payment, in an amount equal to the balance of the term loan;

WHEREAS, the Borrower has not received monies from the Province of Ontario industrial energy programs as envisioned, promised, and forecasted in the pro forma financial projections of the Borrower;

WHEREAS, the Borrower has failed to make payments of principal and interest due, pursuant to the terms of the Term Note and the Loan Agreement, on April 1, 2011, and on May 1, 2011 (the "Monetary Defaults");

WHEREAS, certain other defaults now exist under the Transaction Documents as a result of the occurrence of the Monetary Defaults, and other defaults now exist under the Transaction Documents as a result of the Borrower's failure to perform certain other obligations (the "Other Defaults"; together with the Monetary Defaults, the "Existing Defaults");

WHEREAS, as a consequence of the existence of the Existing Defaults, the Lender has certain rights under the Transaction Documents to exercise remedies including, without limitation, the right to call amounts owed due and payable in full;

WHEREAS, the Borrower has informed the Lender that the Borrower will not be able to make the payments of principal and interest due under the Term Note and the Loan Agreement on June 1, 2011, July 1, 2011, August 1, 2011, September 1, 2011, October 1, 2011, November 1, 2011, and December 1, 2011 (the "Prospective Defaults"; together with the Existing Defaults, the "Defaults");

WHEREAS, each Prospective Default shall ripen into an Existing Default on its due date for payment described in the Transaction Documents;

WHEREAS the Borrower has requested, and in reliance upon the representations, warranties and covenants of the Borrower contained herein and in the Transaction Documents, the Lender has agreed to forbear in the enforcement of its rights and remedies arising under the Transaction Documents as a result of the Existing Defaults and the Prospective Defaults for the Forbearance Term (defined below), subject to the terms and conditions contained herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to them in the Transaction Documents.

2. Indebtedness; Acknowledgement of Indebtedness.

   a. The Borrower acknowledges that it is indebted to the Lender as of June 1, 2011 pursuant to the Transaction Documents in the amount of $6,638,828.60 USD, representing $3,093,937.50 in principal and interest under the Term Note and $3,544,891.00 in pulp purchases under the Pulp Supply Contract (the "Current Borrower Indebtedness");

   b. The Borrower and the Guarantors hereby agree and acknowledge:

      1) the Current Borrower Indebtedness to the Lender as hereinbefore set out;

2) each of the Transaction Documents, the Guarantee and the Lender Security, a list of which is set out in Schedule "A" attached hereto, is valid and binding and shall continue to be enforceable in accordance with the respective terms thereof;
3) there now exists the Existing Defaults and upon the Borrower's failure to make payments of principal and interest in the future as described herein, the Prospective Defaults will exist under the Transaction Documents and, as a result of the existence of such Defaults, the Lender has and will have the right to exercise all of its rights and remedies against the Borrower and the Guarantors;
4) the Borrower and the Guarantors have no right or claim or set-off, or any similar right or claim against the Lender in connection with the Current Borrower Indebtedness;
5) each of the Transaction Documents and the Lender Security shall remain in full force and effect and at all times the Lender shall be fully capable and entitled to pursue any and all of its remedies pursuant to such Transaction Documents and such Lender Security, subject only to the terms of this Forbearance Agreement; and
6) each of the representations and warranties of the Borrower set forth in the Transaction Documents and each of the representations and warranties of the Guarantors set forth in the Guarantee remain true and accurate and in full force and effect.

3. Request for Forbearance. SMP therefore requests that IFP forbear from enforcing its rights and remedies under the Transaction Documents and agrees to certain revisions and amendments to the Transaction Documents, including, without limitation, the amendment to the principal payment schedule of the Term Note as provided by the First Amendment to the Loan Agreement on the terms and conditions set forth herein, and IFP is willing to accept such request upon the terms and conditions set forth herein.

4. Conditions Precedent to Forbearance. Not later than May 31, 2011 or such earlier date as is indicated below, SMP shall provide the following documents, each of which shall be in form and substance satisfactory to IFP in its sole discretion:

a. Conversion of Accounts Payable and Loans. Documentation in form and substance reasonably satisfactory to IFP under which all accounts payable and recent loans made to SMP by holders of shares of SMP are converted to common stock or debt which is subordinated to SMP's Obligations to IFP, which amount SMP represents and warrants is approximately $3.7 million

b. Letter of Intent signed with DTEES No later than May 20, 2011, SMP shall provide IFP with a certified copy of the signed letter of intent with DTEES, certified by a duly authorized officer of SMP.

c. Province of Ontario Forbearance. No later than June 1, 2011, the Province of Ontario shall sign a binding written agreement with SMP under which the Province of Ontario agrees to forbear on the collection of principal and interest through December 31, 2011 on the Eight Million Eight Hundred Thousand ($8,800,00) loan made to SMP by the Province on or about __________.

d. Development Cost Payment from Ontario. No later than July 31, 2011, SMREC (defined below) shall pay SMP Four Million [Canadian Dollars] ($4,000,000) as repayment of amounts advanced to or on behalf of SMREC by SMP to fund development costs for the Power Plant, which amount may be funded by a grant from the Province of Ontario.

e. Guaranty. The individuals and entities which hold the greatest number of shares of Common Stock in SMP shall have signed a Guaranty in the form attached hereto as Exhibit A.

f. 2011 EBITDA Report. SMP shall provide IFP with a detailed report of projected monthly 2011 EBITDA, which report shall be satisfactory to IFP in its sole discretion.

g. Ontario Guaranty. SMP shall provide IFP with a secretary's certificate certifying that (i) the Province of Ontario has provided a Guaranty of Two Million Five Hundred Thousand Canadian Dollars ($2,500,000) on behalf of SMP to the Independent Electricity System Operator ("IESO") and (ii) IESO shall return the Two Million Five Hundred Thousand Canadian Dollar ($2,500,000) cash bond held by IESO to SMP.

h. Issuance of Equity in SMREC to IFP. SMP shall cause SMREC to issue to IFP, on terms and conditions no worse than the terms and conditions most favorable to any other equity holder of SMREC (i) one percent (1%) of the issued and outstanding common stock of SMREC for the amount of One U.S. Dollar ($1.00), and (ii) an option to purchase up to an additional nine percent (9%) of the issued and outstanding common stock of SMREC at a price of $______ per share, which amount the parties agree shall be the value of a share of such stock as of the date of this Agreement.

5. Agreements.

a. Forbearance. Upon the satisfaction of all Conditions Precedent set forth in Section 4 above, and subject to the terms and conditions set forth herein and contingent upon all representations and warranties contained herein being true and correct at all times during the Forbearance Term, IFP agrees to (i) forbear from exercising its rights and remedies arising as a result of the Existing Defaults and (ii) refrain from collecting or otherwise enforcing the Obligations until the earlier (the "Forbearance Termination Date") of December 31, 2011 or delivery of notice by IFP to SMP of an

Event of Default under this Agreement (the period from the date hereof until the Forbearance Termination Date, the "Forbearance Term"). Upon the occurrence of the Forbearance Termination Date, IFP may, in its sole discretion, discontinue its forbearance under this Agreement and pursue any and all remedies available under the Transaction Documents, this Agreement or otherwise at law.

b. Reconciliation Payments. IFP hereby represents that it has purchased a portion of the current inventory of paper from SMP and after payment of commissions, freight and interest adjustments approximately $189,000.00 USD shall be paid to SMP for working capital. The balance of the inventory purchased by IFP from SMP will be paid to SMP in accordance with the provisions of the Transaction Documents for working capital purposes.

6. Amended Transaction Documents. Upon the completion of the Forbearance Term, as defined above, and subject to the terms and conditions set forth herein, the Loan Agreement shall be amended pursuant to the First Amendment to Loan Agreement in the form attached hereto as Exhibit B.

7. Milestones. SMP covenants that each of the following events shall occur no later than the dates set forth below:

a. DTEES Commitment Letter. Not later than July 31, 2011, SMP shall provide IFP with a copy of a signed, binding commitment letter from DTEES (the "Commitment Letter") under which: (i) DTEES agrees to finance, build and operate a ___ megawatt biomass power plant (the "Power Plant") to be owned by St. Mary's Renewable Energy Corporation ("SMREC"), and (ii) SMP is to receive payment of Two Million [Canadian] Dollars ($2,000,000) as development fees regarding the Power Plant upon closing of the transaction.

b. DTEES Closing. Not later than August 31, 2011, SMREC and DTEES shall have closed the transaction contemplated by the Commitment Letter.

c. NIER Rebate. Not later than June 30, 2011, SMP shall receive a rebate of no less than $1.5 million from the Province of Ontario Ministry of Northern Development, Mines and Forestry ("NDMF")'s Northern Industrial Electricity Rate ("NIER") program.

d. Province of Ontario Loan. Not later than June 30, 2011, SMP shall receive an additional loan of at least Three Million **[Canadian]** Dollars ($3,000,000) from the Province of Ontario.

8. Monthly Budget. On the first day of each calendar week during the Forbearance Term, SMP shall provide to IFP a projected budget for the forthcoming week (the "Weekly Budget"). The Weekly Budget shall set forth the following: (i) an estimated schedule of

all amounts due and payable by SMP in the forthcoming week, including operating expenses incurred by SMP in the normal course of business, and (ii) an estimate of all amounts to be received by SMP from anyone other than IFP in the forthcoming week. SMP shall direct all remitters to make payments due to SMP to a checking account owned and controlled by IFP (the "Bank Account"). If SMP inadvertently receives payment directly, SMP hereby agrees to immediately deposit such amounts into the Bank Account. IFP will release to SMP the amounts required by the Weekly Budget (to the extent available in the Bank Account) for the forthcoming week. SMP hereby agrees that at the end of each calendar month, after payments have been made in connection with the Weekly Budget, all amounts contained in the Bank Account in excess of $2,000,000 (USD) shall be applied to reduce the balance on the Term Loan owed to IFP pursuant to the Transaction Documents

9. Representations and Warranties. In order to induce IFP to enter into this Agreement, SMP represents and warrants to IFP that, as of the Effective Date, SMP has not incurred any indebtedness in excess of $__________ that is not reflected below:

   a. $[________] which represents the principal amount as of [date], together with all accrued interest thereon, arising under all arrangements it has with the Province of Ontario (the "Province Debt");
   b. $[________] which represents the principal amount as of [date], together with all accrued interest thereon, arising from [describe relationship] with RBC Royal Bank (the "RBC Royal Bank Debt"); and
   c. $[________] which represents the principal amount as of [date], arising from [describe relationship] with [Entity] (the "________")

10. Events of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" under this Agreement:

   a. An Event of Default (other than the Existing Defaults or default exists under any Transaction Document which is not cured within the stated period of time;
   b. Failure of SMP to comply with any term, covenant or condition contained in this Forbearance Agreement or any of the documents or instruments executed in connection herewith;
   c. Failure of any representation or warranty contained herein to be true and accurate when given;
   d. Failure of SMP to pay all cash received from the sale of product into the Bank Account as required by this Forbearance Agreement.
   e. A material adverse change in the financial condition of SMP or in the prospects for its business.

11. Miscellaneous Promises, Terms and Conditions.

Each party represents and warrants that it has full authority to enter into this Agreement.

The agreements set forth in this Agreement are conditional, and this Agreement shall not be effective until each of SMP, the Guarantors and IFP have executed and delivered to each of the other parties a fully-executed original counterpart of this Agreement.

This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed an original and all of which when taken together shall constitute one and the same Agreement. Faxed counterparts, or PDF counterparts transmitted by e-mail, will be deemed to be originals.

This Agreement shall be governed by and construed as a sealed instrument in accordance with the internal laws of Massachusetts.

Headings are supplied for convenience only and are not to be construed as an interpretation of any of the language of the Agreement.

SMP and the Guarantors hereby acknowledge that they have been given an opportunity to and have obtained, independent legal advice prior to executing this agreement. In the alternative, the Borrower and the Guarantors, having been given the opportunity to obtain independent legal advice, have declined to do so notwithstanding the recommendation of IFP.

IN WITNESS WHEREOF the parties hereto have executed this Forbearance Agreement as of the day and year first above written.

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INTERNATIONAL FOREST PRODUCTS CORPORATION

By:______________________________

Title:______________________________

ST. MARY'S PAPER CORP.

By:______________________________

Title:______________________________

SMP EQUITY CORP.

By:______________________________
Marc Dube

Title:______________________________

By:______________________________
Pauline Henson

Title:______________________________

By:______________________________
Todd Black

Title:______________________________

By:______________________________
Robert Yrjola

Title:______________________________

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HENSON AND TREGONNING LOGGING LTD.

By:______________________________

Title:______________________________

AVERY CONSTRUCTION LIMITED

By:______________________________

Title:______________________________

1022013 ONTARIO INC.

By:______________________________

Title:______________________________

KNUT HOLDINGS INC,

By:______________________________

Title:______________________________

ACTON EXPLORATION & RESOURCES INC.

By:______________________________

Title:______________________________

Exhibit B

[January 1, 2012]

International Forest Products Corporation
One Patriot Place
Foxborough, MA 02035
Attention: Mr. Daniel Moore

Re: **First Amendment ("First Amendment") to Loan Agreement between St. Mary's Paper Corp. ("SMP") and International Forest Products Corporation ("IFP")**

Dear Mr. Moore:

We refer to the Loan Agreement, dated as of December 8, 2010 (the "Loan Agreement"), by and between SMP and IFP, the Term Note, dated December 8, 2010 (the "Note"), from SMP to IFP, the Pulp Supply Contract, dated as of December 8, 2010 (the "Pulp Supply Contract"), by and between SMP and IFP, the Purchase and Sale Agreement, dated as of December 8, 2010 (the "Purchase and Sale Agreement"), by and between SMP and IFP and the General Security Agreement by SMP in favour of IFP, dated December 8, 2010 (the "Security Agreement"). Each of the Loan Agreement, the Note, the Pulp Supply Contract, the Purchase and Sale Agreement, the Security Agreement and all of the instruments and documents executed in connection therewith shall be collectively referred to herein as the "Transaction Documents". We also refer to IFP's letter to us dated April 29, 2011 (the "Default Letter"). Terms used but not defined in this letter shall have the meaning given to them in the Transaction Documents.

In the Default Letter IFP informed SMP that SMP has failed to make payment when due of principal and interest on the Loan. IFP further informed SMP that such failure to pay is an Event of Default under the Transaction Documents.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by you, it is hereby agreed as follows:

1. Amendments to Loan Agreement. As of the Effective Date (as defined in Section 2 below) , the Loan Agreement is hereby amended as follows:

    a. Section 5.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

    "*Section 5.1. Installments*. The Borrower promises to pay to the Lender the principal amount of the Term Loan in thirty-nine (39) consecutive monthly payments of $________ USD, such installments to be due and payable on the first day of each calendar month commencing on January 1, 2012 with a final payment on the Term Loan Maturity Date."

b. Schedule 7.10 (Outstanding Debt) is hereby deleted and replaced with Schedule 7.10 attached hereto.

2. Effectiveness; Conditions to Effectiveness. This Amendment will become effective upon execution hereof by the Borrower and the Lender, as well as the satisfaction of the following conditions (the "Effective Date"):

a. The parties shall have executed this First Amendment;

b. The Lender shall have received a certificate of the Secretary or an Assistant Secretary of the Borrower, dated as of the date hereof, certifying as to resolutions, in form and substance reasonably satisfactory to the Lender, authorizing the execution, delivery and performance of this First Amendment and such certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate;

c. The Lender shall have received, in form and substance satisfactory to the Lender, an executed opinion from Gordon Acton, counsel to the Borrower; and

d. The Lender shall have received such other documents, instruments, certificates or information as the Lender may reasonably request.

3. Miscellaneous.

a. The Borrower hereby confirms to the Lender that the representations and warranties of the Borrower set forth in Section 7 of the Loan Agreement are true and correct as of the date hereof (other than those representations and warranties made as of a certain date which shall be true and correct as of such date), as if set forth herein in full.

b. The Borrower hereby confirms to the Lender that it has not breached the covenants set forth in Section 9 of the Loan Agreement.

c. The Borrower has reviewed the provisions of the Transaction Documents, this First Amendment and all documents executed in connection therewith or pursuant thereto or incident or collateral hereto or thereto from time to time and there is no Event of Default or Potential Default thereunder.

d. The Borrower agrees that each of the Transaction Documents shall remain in full force and effect after giving effect to this First Amendment.

e. This First Amendment represents the entire agreement among the parties hereto relating to this First Amendment, and supersedes all prior understandings and agreements among the parties relating to the amendment of the Loan Agreement.

f. The Borrower represents and warrants that neither the execution, delivery or performance by the Borrower of any of the obligations contained in this First Amendment or in any Transaction Document requires the consent, approval or authorization of any person or governmental authority or any action by or on account of with respect to any person or governmental authority.

g. The Borrower agrees to pay on demand all of the Lender's reasonable expenses in preparing, executing and delivering this First Amendment, and all related instruments and documents, including, without limitation, the reasonable fees and out-of-pocket expenses of the Lender's counsel. This First Amendment shall be a Transaction Document and shall be governed by and construed and enforced under the laws of the Commonwealth of Massachusetts without regard to principles of conflicts of laws.

Please evidence your acceptance of the foregoing terms by signing the duplicate copy of this FIRST AMENDMENT TO LOAN AGREEMENT and returning it us.

Sincerely,

ST. MARY'S PAPER CORP.

By:____________________________
Name:
Title:

ACCEPTED AND AGREED
This ___ day of May 2011

INTERNATIONAL FOREST PRODUCTS CORPORATION

By: ____________________________
Name:

Title:

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CONDITIONAL GUARANTY

This Conditional Guaranty (as amended, amended and restated, modified and otherwise in effect from time to time, this "Conditional Guaranty") is made as of the ___ day of May, 2011, by *[SMP Equity Corp., Henson and Tregonning Logging Ltd., Avery Construction Limited, 1022013 Ontario Inc., Knut Holdings Inc., Acton Exploration & Resources Inc., Marc Dube, Pauline Henson, Todd Black, and Robert Yrjola]* (individually, a "Guarantor" and collectively, the "Guarantors") in favor of International Forest Products Corporation, a Delaware corporation (the "Lender").

WHEREAS, the Lender agreed to loan to St. Mary's Paper Corporation, a Canadian corporation (the "Borrower") an initial principal sum of THREE MILLION US DOLLARS ($3,000,000.00) (the "Loan") pursuant to that certain Loan Agreement, dated as of December 8, 2010, by and between the Borrower and the Lender (as amended, amended and restated, modified, refinanced or otherwise in effect from time to time, the "Loan Agreement");

WHEREAS, the Loan is evidenced by that certain promissory note dated as of December 8, 2010, executed by the Borrower and payable to the order of the Lender (the "Note"), and the Loan Agreement and the Note and certain other transaction documents executed in connection therewith (the "Transaction Documents") are secured by the assets of the Borrower, including the Collateral (as defined in the Loan Agreement) pursuant to the General Security Agreement, dated as of December 8, 2010, by and between the Borrower and the Lender, and other security instruments, if any, specified in the Loan Agreement;

WHEREAS, the Guarantors entered into that certain Guaranty dated as of December 8, 2010 (the "Original Guaranty");

WHEREAS, the Lender has agreed to forbear collection of principal and interest on the Loan pursuant to that certain Forbearance Agreement, dated as of even date herewith, by and between the Borrower and the Lender (the "Forbearance Agreement");

WHEREAS, each Guarantor is a shareholder of the Borrower and expects to benefit, directly or indirectly, from the Lender entering into the Forbearance Agreement; and

WHEREAS, it is a condition precedent to the Lender entering into the Forbearance Agreement that the Guarantors execute and deliver to the Lender a guaranty substantially in the form of this Conditional Guaranty.

NOW, THEREFORE, to induce the Lender to enter into the Forbearance Agreement, and in consideration thereof, the receipt and sufficiency of which are acknowledged, each Guarantor unconditionally guarantees and agrees as follows:

1. DEFINITIONS. The term "Obligations" and all other capitalized terms used herein without definition shall have the respective meanings provided therefor in the Transaction Documents.

2. GUARANTY. The Obligations of the Guarantors under this Conditional Guaranty are in addition to, and not in substitution for, the Obligations of such Guarantors under the Original Guaranty. Subject to Section 3, this Guaranty is an absolute and continuing guaranty of the full and punctual payment and per formance of all of the Obligations and not of their collectability only and is in no way conditioned upon any requirement that the Lender first attempt to collect any of the Obligations from the Borrower. Upon the occurrence and continuance of an Event of Default, the obligations of the Guarantors hereunder shall, upon demand by the Lender, become immediately due and payable to the Lender, without demand or notice of any nature, all of which are expressly waived by the Guarantors. Payments by the Guarantors hereunder may be required by the Lender on any number of occasions. All payments by the Guarantor hereunder shall be made to the Lender, in the manner and at the place of payment specified therefor in the Loan Agreement, for the account of the Lender.

3. CONDITIONAL GUARANTY.

(a) The Guarantors hereby absolutely, irrevocably, and jointly and severally guarantee and promise to pay Lender or order, on demand, in lawful money of the United States of America, in immediately available funds, all sums for which the Borrower is now or hereafter liable to Lender with respect to any and all Losses (as defined below) in connection with any of the following matters:

(i) fraud or willful misrepresentation by the Borrower, or any of its officers and directors, or by any Guarantors;

(ii) the misapplication or misappropriation of any payments received by the Borrower and required to be delivered to the Lender pursuant to the Transaction Documents and the Forbearance Agreement;

(iii) the sale or other disposition of the Collateral in any manner that is not permitted under the terms of the Transaction Documents or the Forbearance Agreement;

(iv) any Collateral shall become an asset in (A) a voluntary bankruptcy of the Borrower or (B) an involuntary bankruptcy or insolvency proceeding of the Borrower in which the Borrower colludes with or solicits or causes to be solicited petitioning creditors which is not dismissed within ninety (90) days of filing;

(v) a change in the equity ownership of the Borrower that would result in the Control Group holding or controlling, directly or indirectly, less than 51% of the issued and outstanding equity of the Borrower occurs without the Lender's prior written consent;

(vi) material physical waste of any Collateral; or

(vii) the failure to adhere to any material covenant under the Transaction Documents.

As used herein, "Losses" means any and all losses, costs, expenses, liabilities or obligations imposed on, incurred by or asserted against Lender, including without limitation any losses, costs, expenses, liabilities or obligations imposed on, incurred by or asserted against Lender in connection with any and all claims, suits, liabilities, actions, proceedings, obligations, debts, damages, fines, penalties, charges, fees, judgments, awards, amounts paid in settlement of whatever kind or nature (including, but not limited to, reasonable legal fees and other costs of defense).

4. INTENTIONALLY OMITTED.

5. GUARANTORS' AGREEMENT TO PAY ENFORCEMENT COSTS, ETC. The Guarantors, jointly and severally further agree, as the principal obligors and not as guarantors only, to pay to the Lender, on demand, all reasonable costs and expenses (including court costs and legal expenses) incurred or expended by the Lender in connection with this Conditional Guaranty and the enforcement thereof, together with interest on amounts recoverable under this §5 from the time when such amounts become due until payment, whether before or after judgment, at the rate of interest for overdue principal set forth in the Loan Agreement, provided that if such interest exceeds the maximum amount permitted to be paid under applicable law, then such interest shall be reduced to such maximum permitted amount.

6. WAIVERS BY THE GUARANTORS; LENDER'S FREEDOM TO ACT. Each Guarantor agrees that the Obligations will be paid and performed strictly in accordance with their respective terms, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. Each Guarantor waives promptness, diligence, presentment, demand, protest, notice of acceptance, notice of any Obligations incurred and all other notices of any kind, all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshalling of assets of any Guarantor, the Borrower or any other entity or other person primarily or secondarily liable with respect to any of the Obligations, and all suretyship defenses generally. Without limiting the generality of the foregoing, each Guarantor agrees to the provisions of any instrument evidencing, securing or otherwise executed in connection with any Obligation and agrees that the obligations of the Guarantors hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (i) the failure of the Lender to assert any claim or demand or to enforce any right or remedy against the Borrower or any other entity or other person primarily or secondarily liable with respect to any of the Obligations; (ii) any extensions, compromise, refinancing, consolidation or renewals of any Obligation; (iii) any change in

the time, place or manner of payment of any of the Obligations or any rescissions, waivers, compromise, refinancing, consolidation or other amendments or modifications of any of the terms or provisions of the Loan Agreement, the Transaction Documents or any other agreement evidencing, securing or otherwise executed in connection with any of the Obligations; (iv) the addition, substitution or release of any entity or other person primarily or secondarily liable for any Obligation; (v) the adequacy of any rights which the Lender may have against any collateral or other means of obtaining repayment of any of the Obligations; (vi) the impairment of any collateral securing any of the Obligations, including without limitation the failure to perfect or preserve any rights which the Lender might have in such collateral security or the substitution, exchange, surrender, release, loss or destruction of any such collateral security; or (vii) any other act or omission which might in any manner or to any extent vary the risk of the Guarantors or otherwise operate as a release or discharge of the Guarantors, all of which may be done without notice to the Guarantors. To the fullest extent permitted by law, each Guarantor hereby expressly waives any and all rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law which would otherwise prevent the Lender from bringing any action, including any claim for a deficiency, or exercising any other right or remedy (including any right of set-off), against such Guarantor before or after the Lender's commencement or completion of any foreclosure action, whether judicially, by exercise of power of sale or otherwise, or (B) any other law which in any other way would otherwise require any election of remedies by the Lender.

7. REPRESENTATIONS AND WARRANTIES; COVENANTS.

7.1. Representations and Warranties. Each Guarantor hereby makes and affirms any representations and warranties set forth in the Loan Agreement and any other Transaction Document applicable to the Guarantors. Furthermore, each Guarantor represents and warrants to the Lender as follows: (a) the Guarantor's exact legal name is that indicated on Schedule 1 hereto, (b) the Guarantor, if a non-natural person, is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is established, and (d) the Guarantor's chief executive office and/or mailing address is that indicated on Schedule 1.

7.2. Covenants. Each Guarantor that is a non-natural person shall (a) preserve, renew and maintain in full force and effect its legal existence in good standing under the laws of the jurisdiction in which it is established; (b) take all reasonable action to maintain (subject to ordinary wear and tear) its assets and properties, and to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Guarantor, as the case may be. Furthermore, each Guarantor that is entity non-natural person shall not without providing at least 30 days prior written notice to the Lender, change its name, chief executive office, mailing address, organizational identification number, type of organization, jurisdiction of organization or other legal structure.

8. UNENFORCEABILITY OF OBLIGATIONS AGAINST THE BORROWER. If for any reason the Borrower has no legal existence or is under no legal obligation to discharge any of the Obligations, or if any of the Obligations have become irrecoverable from the Borrower by reason of the Borrower's insolvency, bankruptcy or reorganization or by other operation of law or for any other reason, subject to §3, this Conditional Guaranty shall nevertheless be binding on the Guarantors to the same extent as if the Guarantors at all times had been the principal obligor on all such Obligations. In the event that acceleration of the time for payment of any of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, or for any other reason, all such amounts otherwise subject to acceleration under the terms of the Loan Agreement, the Transaction Documents or any other agreement evidencing, securing or otherwise executed in connection with any Obligation shall, subject to §3, be immediately due and payable by the Guarantors.

9. SUBROGATION; SUBORDINATION.

9.1. Waiver of Rights against the Borrower. Until the final payment and performance in full of all of the Obligations: (a) the Guarantors shall not exercise and each Guarantor hereby waives any rights against the Borrower arising as a result of payment by the Guarantor hereunder, by way of subrogation, reimbursement, restitution, contribution or otherwise, and will not prove any claim in competition with the Lender in respect of any payment hereunder in any bankruptcy, insolvency or reorganization case or proceedings of any nature; (b) the Guarantors will not claim any setoff, recoupment or counterclaim against the Borrower in respect of any liability of the Guarantors to the Borrower; and (c) the Guarantors waive any benefit of and any right to participate in any collateral security which may be held by the Lender.

9.2. Subordination. The payment of any amounts due with respect to any indebtedness of the Borrower for money borrowed or credit received now or hereafter owed to the Guarantors is hereby subordinated to the prior payment in full of all of the Obligations. Each Guarantor agrees that, after the occurrence of any default in the payment or performance of any of the Obligations, the Guarantors will not demand, sue for or otherwise attempt to collect any such indebtedness of the Borrower to the Guarantors until all of the Obligations shall have been paid in full. If, notwithstanding the foregoing sentence, the Guarantors shall collect, enforce or receive any amounts in respect of such indebtedness while any Obligations are still outstanding, such amounts shall be collected, enforced and received by the Guarantors as trustee for the Lender and be paid over to the Lender on account of the Obligations without affecting in any manner the liability of the Guarantors under the other provisions of this Conditional Guaranty except to the extent of the amounts so paid to the Lender and applied to the Loan.

9.3. Provisions Supplemental. The provisions of this §9 shall be supplemental to and not in derogation of any rights and remedies of the Lender under any separate subordination agreement which the Lender may at any time and from time to time enter into with the Guarantors for the benefit of the Lender.

10. INTENTIONALLY OMITTED.

11. FURTHER ASSURANCES. Each Guarantor agrees that it will from time to time, at the request of the Lender, do all such things and execute all such documents as the Lender may consider reasonably necessary or desirable to give full effect to this Conditional Guaranty and to perfect and preserve the rights and powers of the Lender hereunder. Each Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrower on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrower and that the Guarantor will look to the Borrower and not to the Lender in order for the Guarantor to keep adequately informed of changes in the Borrower's financial condition.

12. TERMINATION; REINSTATEMENT. This Conditional Guaranty shall remain in full force and effect until the Lender is given written notice of the Guarantor's intention to discontinue this Conditional Guaranty, notwithstanding any intermediate or temporary payment or settlement of the whole or any part of the Obligations. No such notice shall be effective unless received and acknowledged by an officer of the Lender at the address of the Lender for notices set forth in the Loan Agreement. No such notice shall affect any rights of the Lender hereunder, including without limitation the rights set forth in §§6 and 9, with respect to any Obligations incurred or accrued prior to the receipt of such notice or any Obligations incurred or accrued pursuant to any contract or commitment in existence prior to such receipt. This Conditional Guaranty shall continue to be effective or be reinstated, notwithstanding any such notice, if at any time any payment made or value received with respect to any Obligation is rescinded or must otherwise be returned by the Lender upon the insolvency, bankruptcy or reorganization of the Borrower, or otherwise, all as though such payment had not been made or value received.

13. SUCCESSORS AND ASSIGNS. This Conditional Guaranty shall be binding upon each Guarantor, its successors and assigns, and shall inure to the benefit of the Lender and its successors, transferees and assigns. The Guarantors may not assign any of their obligations hereunder.

14. AMENDMENTS AND WAIVERS. No amendment or waiver of any provision of this Conditional Guaranty nor consent to any departure by the Guarantor therefrom shall be effective unless the same shall be in writing and signed by the Lender. No failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

15. NOTICES. All notices and other communications called for hereunder shall be made in writing and, unless otherwise specifically provided herein, shall be deemed to have been duly made or given when delivered by hand or mailed first class, postage prepaid, or, in the case of telegraphic or telexed notice, when transmitted, answer back received, addressed as follows: if to any Guarantor, at the address set forth for such Guarantor in Schedule 1 hereto, and

if to the Lender, at the address for notices to the Lender set forth in the Loan Agreement, or at such address as either party may designate in writing to the other.

16. GOVERNING LAW; CONSENT TO JURISDICTION; FORUM NONCONVENIENS. This Conditional Guaranty shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of Lender to enforce this Conditional Guaranty in any other proper jurisdiction, each Guarantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable law, each Guarantor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Conditional Guaranty in the courts of such province.

Each Guarantor irrevocably and unconditionally submits for itself and its property to the nonexclusive jurisdiction of the courts of the Province of Ontario, any federal courts sitting therein, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Conditional Guaranty, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Ontario court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Conditional Guaranty shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Conditional Guaranty or any other Transaction Document against the Guarantors or any of their properties in the court of any jurisdiction.

The Guarantor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Conditional Guaranty or any other Transaction Document in any court referred to in the foregoing. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of any inconvenient forum to the maintenance of such action or proceeding any such court.

17. WAIVER OF JURY TRIAL. EACH OF THE GUARANTOR AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS CONDITIONAL GUARANTY, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY OF SUCH RIGHTS OR OBLIGATIONS. EXCEPT AS PROHIBITED BY LAW, EACH OF THE GUARANTOR AND THE LENDER HEREBY WAIVES ANY RIGHT WHICH IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE GUARANTOR (I) CERTIFIES THAT NEITHER THE LENDER NOR ANY REPRESENTATIVE, AGENT OR ATTORNEY OF THE LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (II) ACKNOWLEDGES THAT, IN ENTERING INTO THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH THE LENDER IS A PARTY, THE LENDER IS RELYING UPON, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED IN THIS §17.

18. MISCELLANEOUS. This Conditional Guaranty constitutes the entire agreement of the Guarantors with respect to the matters set forth herein. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by law or any other agreement, and this Conditional Guaranty shall be in addition to any other Guaranty of or collateral security for any of the Obligations. The invalidity or unenforceability of any one or more sections of this Conditional Guaranty shall not affect the validity or enforceability of its remaining provisions. Captions are for the ease of reference only and shall not affect the meaning of the relevant provisions. The meanings of all defined terms used in this Conditional Guaranty shall be equally applicable to the singular and plural forms of the terms defined.

19. COUNTERPARTS; INTEGRATION; EFFECTIVENESS. This Conditional Guaranty may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Conditional Guaranty and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart

of a signature page of this Conditional Guaranty by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Conditional Guaranty.

20. LOAN DOCUMENT TERMS. Subject to §3, each Guarantor shall at all times comply with the covenants and other obligations, including the Obligations, applicable to it under the Loan Agreement and each other Transaction Document, and each such covenant and other obligation is hereby incorporated herein by reference and made a part hereof.

21. ORIGINAL CURRENCY. Each Guarantor shall make payment relative to any Obligations in the currency (the "Original Currency") in which the Borrower is required to pay such Obligations. If any Guarantor makes payment relative to any Obligations in a currency ("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 its obligations only to the extent of the amount of the Original Currency which Lender is able to purchase at Toronto, Ontario with the amount it receives on the date of receipt. If the amount of the Original Currency which Lender is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Obligations, the Guarantor shall indemnify and save 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 guaranty, gives rise to a separate and independent cause of action, applies irrespective of any indulgence granted by 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 Follows]

IN WITNESS WHEREOF, the Guarantors have caused this Conditional Guaranty to be executed and delivered as of the date first above written.

[Need list of Guarantors in order to complete]

The Guarantors:

GUARANTOR,
a

By: __________________________.

By:
Name:
Title:

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Schedule 1

EXHIBIT "Q"

Date	Action	Status
23-Aug	NDA with Essar signed	Done
24-Aug	Essar due diligence	Meeting Set Material sent 8/22 per their request
25-Aug	Atlas due diligence begins	
30-Aug	Final documents to Ontario MNDM&F	
	Flow through shares offering memorandum	Draft completed
6-Sep	Minister of finance and MNDM&F to sign loan Guarantee and Grant Documents	
7-Sep	Completion of commercial negotiations with DTE	Discussions Underway
10-Sep	Atlas due diligance	
	Essar due diligence	
30-Sep	Deal completed with financial partner on co-gen or SMPC and/or completion of the trache or flow through units	
15-Oct	Financial Close	

EXHIBIT “R”

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. 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.

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: [signature]
Print name: Dennis R. Bunnell
Print title: CEO

I have the authority to bind the Borrower.

EXHIBIT “S”

International Forest Products Corporation

ONE PATRIOT PLACE · FOXBORO, MASSACHUSETTS 02035-1388, USA
TELEPHONE 508/698-4600 · FAX 508/698-1500
WEBSITE www.ifpcorp.com

July 28, 2011

By Overnight Courier and Email

St. Mary's Paper Corporation
73 Huron St.
Sault Ste. Marie, Ontario
Canada P6A 1X2
Attention: Dennis Bunnell, President

Gordon P. Acton, Esq.
Wishart Law Firm LLP
390 Bay Street, Suite 500
Sault Ste. Marie, Ontario
Canada P6A 1X2

Re: **Loan, Pulp Supply and Finished Goods Purchase Arrangement between St. Mary's Paper Corporation ("SMP") and International Forest Products Corporation ("IFP")**

Dear Dennis and Gordon:

We refer to the Loan Agreement, dated as of December 8, 2010 (the "Loan Agreement"), by and between SMP and IFP, the Term Note, dated December 8, 2010 (the "Note"), from SMP to IFP, the Pulp Supply Contract, dated as of December 8, 2010 (the "Pulp Supply Contract"), by and between SMP and IFP, the Purchase and Sale Agreement, dated as of December 8, 2010 (the "Purchase and Sale Agreement"), by and between SMP and IFP and the General Security Agreement by SMP in favour of IFP, dated December 8, 2010 (the "Security Agreement"). Each of the Loan Agreement, the Note, the Pulp Supply Contract, the Purchase and Sale Agreement, the Security Agreement and all of the instruments and documents executed in connection therewith shall be collectively referred to herein as the "Transaction Documents". We also refer to my letter to you dated April 29, 2011 (the "Default Letter"). Terms used but not defined in this letter shall have the meaning given to them in the Transaction Documents.

In the Default Letter we informed you that SMP has failed to make payment when due of principal and interest on the Loan. We further informed you that such failure to pay is an Event of Default under the Transaction Documents. We asked for your guidance on how SMP planned to proceed and asked that you send us a revised business plan and a proposal for curing the existing Event of Default.

Since the delivery of the Default Letter, SMP has failed to make the payments under the Note that were due on May 1, June 1, and July 1, 2011, which are additional Events of Default under the Transaction Documents. Further, SMP has not delivered a proposal for curing the Events of Default. Given your failure to address our concerns, we hereby declare the principal of and the accrued interest on the Term Note and all Obligations under the Transaction Documents to be immediately due and payable in full pursuant to Section 10.2 of the Loan Agreement.

We also advise that as a result of the Event of Default, pursuant to Section 10.1 of the Security Agreement, we today have the right to appoint a receiver or realize on the security in any manner we see fit, subject to its obligations to deliver a notice of intent to enforce security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada), which is enclosed. We also enclose an acknowledgement and consent, which we ask that you execute and return to my attention.

Nothing contained herein shall be deemed to be a waiver of any of IFP's rights and remedies under the Transaction Documents and IFP expressly reserves its rights to pursue all available legal and equitable remedies.

Sincerely,

Daniel J. Moore

Enclosures: Form 86 Notice of Intention to Enforce a Security
Acknowledgement and Consent

FORM 86

NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

To: St. Mary's Paper Corp., an insolvent person

Take notice that:

1. International Forest Products Corporation, a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All presently owned or held and after acquired or held personal property, assets and undertaking of St. Mary's Paper Corp., 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.

2. The security that is to be enforced is the following:

   The General Security Agreement granted by St. Mary's Paper Corp. (""**SMP**") in favour of International Forest Products Corporation ("**IFPC**") dated December 8, 2010, as amended, restated, supplemented or otherwise modified from time to time (the "**Security Agreement**").

3. The total amount of indebtedness secured by the security is US$6,787,106.87, which amount includes interest accrued to the date hereof, together with any other discounts, expenses, costs, fees and/or other amounts recoverable by the secured creditor under the terms of the Loan Agreement between IFP and SMP dated December 8, 2010, the Security Agreement, the Pulp Supply Agreement by and between IFP and SMP dated December 8, 2010, and any and all other agreements between the parties, each as amended, restated, supplemented or otherwise modified from time to time, plus all other interest accrued on all of the foregoing to the date of payment in full calculated at the applicable rates.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Foxboro, Massachusetts, United States this 28th day of July, 2011.

International Forest Products Corporation

Daniel J. Moore, Chief Operating Officer

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ACKNOWLEDGEMENT AND CONSENT

TO: INTERNATIONAL FOREST PRODUCTS CORPORATION ("IFPC")

ST. MARY'S PAPER CORP. ("**St. Mary's**") hereby acknowledges receipt of formal demand for payment of its indebtedness and liabilities (the "**Liabilities**") pursuant to the Loan Agreement between IFPC and St. Mary's dated as of December 8, 2010, as amended, restated, supplemented or otherwise modified from time to time (the "**Loan Agreement**") by IFPC and hereby irrevocably waives all requirements of notice of such demand and time for payment of the Liabilities and acknowledges its indebtedness and liabilities to IFPC under the Loan Agreement in respect of the Liabilities as at July 28, 2011 in the amounts set out in the notice of intention to enforce security delivered to St. Mary's by IFPC dated July 28, 2011. St. Mary's further acknowledges that interest continues to accrue on such amounts plus other costs and expenses, including reasonable fees and expenses incurred in the enforcement of the rights of IFPC. St. Mary's hereby acknowledges its inability to make payment of the amount of the Liabilities. St. Mary's confirms that defaults under the Loan Agreement and the security granted by St. Mary's to IFPC (the "**Security**") have occurred and are continuing.

St. Mary's hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and consents to the immediate enforcement of the Security by any means deemed appropriate by IFPC, including, without limitation, the appointment either privately or by application to a Court of competent jurisdiction, at the option of IFPC, of a receiver or receiver and manager, pursuant to the terms of the Security and/or an interim receiver appointed pursuant to the BIA.

St. Mary's further acknowledges and confirms that it has sought the advice and recommendation of its professional advisors to the extent it deems appropriate in connection with the execution of this Acknowledgement and Consent and in connection with the enforcement of the Security as described herein and is executing the Acknowledgement and Consent freely, voluntarily and without any duress.

Dated at ______________________________, this ________ day of ____________, 2011

ST. MARY'S PAPER CORP.

Per: ______________________________
Name:
Title:

International Forest Products Corporation
ONE PATRIOT PLACE · FOXBORO, MASSACHUSETTS 02035-1388, USA
TELEPHONE 508/698-4600 · FAX 508/698-1500
WEBSITE www.ifpcorp.com

August 4, 2011

By Overnight Courier and Email

St. Mary's Paper Corporation
73 Huron St.
Sault Ste. Marie, Ontario
Canada P6A 1X2
Attention: Dennis Bunnell, President

Gordon P. Acton, Esq.
Wishart Law Firm LLP
390 Bay Street, Suite 500
Sault Ste. Marie, Ontario
Canada P6A 1X2

Re: **Amended Notice of Intention to Enforce a Security**

Dear Dennis and Gordon:

Attached please find an Amended Notice of Intention to Enforce a Security revising International Forest Products Corporation's ("IFP") original Notice of Intention and accompanying letter dated July 28, 2011, also enclosed. The amendment reflects an updated indebtedness amount adjusted for Harmonized Sales Tax ("HST") on pulp purchases made by St. Mary's Paper Corporation ("SMP"), as well as interest calculated through August 4, 2011. Attached you will also find a copy of the invoice charging HST on the pulp purchases.

Nothing contained herein shall be deemed to be a waiver of any of IFP's rights and remedies under the Transaction Documents and IFP expressly reserves its rights to pursue all available legal and equitable remedies.

Sincerely,

Dyan L. Cotton

Dyan L. Cotton
Vice President, Finance

Enclosures: Form 86 Amended Notice of Intention to Enforce a Security
Form 86 Notice of Intention to Enforce a Security dated July 28, 2011
Letter from IFP to SMP dated July 28, 2011
IFP Invoice to SMP for HST on pulp purchases

FORM 86

AMENDED NOTICE OF INTENTION TO ENFORCE A SECURITY
(Rule 124)

To: St. Mary's Paper Corp., an insolvent person

Take notice that:

1. International Forest Products Corporation, a secured creditor, intends to enforce its security on the insolvent person's property described below:

   All presently owned or held and after acquired or held personal property, assets and undertaking of St. Mary's Paper Corp., 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.

2. The security that is to be enforced is the following:

   The General Security Agreement granted by St. Mary's Paper Corp. (""**SMP**") in favour of International Forest Products Corporation ("**IFPC**") dated December 8, 2010, as amended, restated, supplemented or otherwise modified from time to time (the "**Security Agreement**").

3. The total amount of indebtedness secured by the security is US$7,572,152.49, which amount includes interest accrued to the date hereof, plus any other discounts, expenses, costs, fees and/or other amounts that are or may be recoverable by the secured creditor under the terms of the Loan Agreement between IFP and SMP dated December 8, 2010, the Security Agreement, the Pulp Supply Agreement by and between IFP and SMP dated December 8, 2010, and any and all other agreements between the parties, each as amended, restated, supplemented or otherwise modified from time to time, plus all other interest accrued on all of the foregoing to the date of payment in full calculated at the applicable rates.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Foxboro, Massachusetts, United States this 4th day of August, 2011.

International Forest Products Corporation

Daniel J. Moore, Chief Operating Officer

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