

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

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

Applicant

- and -

ST. MARYS PAPER CORP.

Respondent

**MOTION RECORD
(Returnable October 25, 2012)**

October 22, 2012

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BETWEEN:

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

Applicant

- and -

ST. MARYS PAPER CORP.

Respondent

**MOTION RECORD
(Returnable October 25, 2012)
I N D E X**

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TAB 1

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

**ONTARIO
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BETWEEN:

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

Applicant

- and -

ST. MARYS PAPER CORP.

Respondent

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

**NOTICE OF MOTION
(Returnable October 25, 2012)**

Ernst & Young Inc., in its capacity as court-appointed receiver and receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties of each of St. Marys Paper Corp. (“**St. Marys**”) and SMP Resources Inc. (“**SMPR**”) will make a motion to the Honourable Mr. Justice C. Campbell at 10:00 a.m. on October 25, 2012, or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR an order substantially in the form attached as Schedule "A" to this notice of motion:

- (a) if necessary, abridging the time for, and validating service of, this notice of motion and the materials filed in support of this motion and dispensing with further service thereof such that this motion is properly returnable on October 25, 2012;
- (b) approving the Fourth Report of the Receiver dated October 22, 2012 (the "**Fourth Report**"), along with the conduct and activities of the Receiver as described therein;
- (c) approving the Receiver's statements of receipts and disbursements for each of St. Marys and SMPR as appended to the Fourth Report;
- (d) authorizing and directing the Receiver to distribute the amount of \$550,000.00 to International Forest Products LLC ("**IFP**"), in partial satisfaction of the secured obligations owing to IFP by St. Marys; and
- (e) expanding the terms of the Receiver's appointment to include Ontario Wilderness Vacations Limited ("**OWVL**") as "Debtor" and authorizing the Receiver to market and sell the assets of OWVL.

THE GROUNDS FOR THE MOTION ARE:

- (a) pursuant to an order of the Honourable Mr. Justice Campbell dated December 29, 2011 (the "**Appointment Order**"), effective December 30, 2011, Ernst & Young Inc. (the "**Receiver**") was appointed receiver and receiver and manager of all of the assets, undertaking and property of St. Marys;

- (b) by order dated May 8, 2012, the Honourable Mr. Justice Campbell, *inter alia*, expanded and amended the Appointment Order to include SMPR;
- (c) the Receiver has undertaken the activities as more particularly discussed in the Fourth Report;
- (d) as more particularly described in the Fourth Report, the Receiver has conducted an analysis of the funds available in the estate available for distribution and recommends and requests payment of a second interim distribution to IFP in the amount of \$550,000.00;
- (e) SMPR is the 60% shareholder of OWVL;
- (f) for several months, the Receiver has been in discussions with the 40% shareholder of OWVL (Robert Dale) seeking to establish a cooperative process to deal with the assets of OWVL, which assets are remote and difficult properties to access and of which Mr. Dale has significant historical knowledge and involvement;
- (g) however, efforts at a cooperative process to deal with the assets of OWVL have been unsuccessful to date, primarily because Mr. Dale has demanded that the Receiver acknowledge an alleged debt owed to another company owned by Mr. Dale as a liability of OWVL as a condition of such cooperation notwithstanding that the Receiver has concerns regarding legal basis for such liability;

- (h) OWVL currently has either no active management or corporate governance or is being controlled by Mr. Dale who appears to be preferring his personal interests over those of OWVL and its stakeholders as a whole;
- (i) OWVL is currently paralyzed and unable to deal with its affairs and assets in the best interests of all of its creditors and stakeholders;
- (j) the Receiver recommends and requests that its receivership mandate be expanded to include the assets, property and undertaking of OWVL in order to create a structured and appropriate process to deal with the assets of OWVL, investigate issues surrounding OWVL, and assess the validity of claims asserted against the company;
- (k) a receivership of OWVL is just and convenient and in the best interests of the stakeholders of OWVL as a whole;
- (l) the further grounds as set out in the Fourth Report;
- (m) section 101 of the CJA, Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (n) such further grounds as are just.

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

- (a) the Fourth Report, together with the Appendices thereto;

- (b) the Affidavit of Daniel J. Moore sworn October 19, 2012, together with the Exhibits thereto; and
- (c) such further materials as is required.

October 22, 2012

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Schedule "A"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

THURSDAY, THE 25TH

JUSTICE C. CAMPBELL

)

DAY OF OCTOBER, 2012

B E T W E E N:

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

Applicant

- and -

ST. MARYS PAPER CORP.

Respondent

ORDER**(Second Interim Distribution and Expansion of Appointment Order)**

THIS MOTION, made by Ernst & Young Inc., in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of each of St. Marys Paper Corp. ("**St. Marys**") and SMP Resources Inc. ("**SMPR**"), for an order: (a) if necessary, abridging the time for, and validating service of, the Receiver's notice of motion and the materials filed in support of this motion and dispensing with further service thereof such that this motion is properly returnable on October 25, 2012; (b) approving the Fourth Report of the Receiver dated October 22, 2012 (the "**Fourth Report**"), along with the conduct and activities of the Receiver as described

therein; (c) approving the Receiver's statements of receipts and disbursements for each of St. Marys and SMPR as appended to the Fourth Report; (d) authorizing and directing the Receiver to distribute the amount of \$550,000.00 to International Forest Products LLC ("**IFP**"), in partial satisfaction of the secured obligations owing to IFP by St. Marys; and (e) expanding the terms of the Receiver's appointment to include Ontario Wilderness Vacations Limited ("**OWVL**") as "Debtor" and authorizing the Receiver to market and sell the assets of OWVL, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the notice of motion, the Fourth Report, the Affidavit of Daniel J. Moore sworn on October 19, 2012 (the "**Moore Affidavit**") and on hearing the submissions of counsel for the Receiver, counsel for IFP, and counsel for _____, no one else appearing although served as evidenced by the affidavit of Deborah Ferguson sworn October 22, 2012, filed.

Service

1. **THIS COURT ORDERS** that the time for service of the notice of motion, the motion record, the Fourth Report and the Moore Affidavit, be and is hereby abridged and that the motion is properly returnable today and further that the requirement for service of the notice of motion and motion record, the Fourth Report and the Moore Affidavit, upon interested parties, other than those served, is hereby dispensed with and that the service of the notice of motion, motion record, the Fourth Report and the Moore Affidavit, as effected by the Receiver is hereby validated in all respects.

Approval of the Fourth Report

2. **THIS COURT ORDERS** that the Fourth Report, along with the conduct and activities of the Receiver as set out therein, be and are hereby approved.

3. **THIS COURT ORDERS** that the statements of receipts and disbursements as appended to the Fourth Report at Appendices “D” and “E

4. ” be and are hereby approved.

Second Interim Distribution

5. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to distribute the amount of \$550,000 to IFP from funds in the receivership estate, which shall be applied by IFP in partial satisfaction of the indebtedness owing to IFP by St. Marys.

Expansion of the Appointment Order

6. **THIS COURT ORDERS** that the Order of the Honourable Mr. Justice C. Campbell dated December 29, 2011 (the “**Appointment Order**”) be and is hereby amended to add OWVL within the meaning of “Debtor” for all purposes of the Appointment Order, including, without limitation, that “Property” shall include all of the assets, undertakings and properties of OWVL.

7. **THIS COURT ORDERS** that the Receiver’s appointment as receiver and receiver and manager of OWVL as “Debtor”, pursuant to paragraph 5 hereof, will take effect and commence as at the date of this Order.

8. **THIS COURT ORDERS** that, for greater certainty, the Receiver shall be authorized to market and sell all or part of the Property of OWVL, subject to section 3(l) of the Appointment Order.

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

-and- ST. MARYS PAPER CORP.

Applicant

Respondent

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(Second Interim Distribution and Expansion of
Appointment Order)**

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

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

and ST. MARYS PAPER CORP.

Respondent

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
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PROCEEDING COMMENCED AT
TORONTO

**NOTICE OF MOTION
(RETURNABLE OCTOBER 25, 2012)**

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