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

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

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

FOURTH REPORT OF THE RECEIVER OF ST. MARYS PAPER CORP. AND SMP RESOURCES INC. DATED OCTOBER 22, 2012

INTRODUCTION

1. Pursuant to the Order of the Honourable Mr. Justice Campbell dated December 29, 2011, effective December 30, 2011, Ernst & Young Inc. ("**EYI**") was appointed as the receiver and receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of St. Marys Paper Corp. ("**St. Marys**") acquired for, or used in relation to St. Marys' business, including all proceeds (the "**Property**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O 1990 c C.43, as amended (the "**Appointment Order**"). A copy of the Appointment Order is attached as Appendix "**A**".

2. The Receiver has marketed and sold certain of the Property of St. Marys in accordance with the sales process protocol approved by this Court pursuant to the Order of the Honourable Mr. Justice Campbell dated January 18, 2012.

3. In particular, as previously reported, the sale transaction (the "**Transaction**") contemplated in the agreement of purchase and sale (the "**Sale Agreement**") between St. Marys, by the Receiver, and 2319839 Ontario Inc. (the "**Purchaser**") dated March 15, 2012 has closed, and the Purchased Assets described in the Sale Agreement (being the primary assets of St. Marys) have vested in the Purchaser as provided by the Order of the Honourable Mr. Justice Campbell dated March 26, 2012 (the "**Sale Approval and Vesting Order**"). The Purchaser has delivered and paid to the Receiver the purchase price provided under the Sale Agreement (the "**Purchase Proceeds**").

4. Pursuant to the Order of the Honourable Mr. Justice Campbell dated May 8, 2012 (the "**SMPR Order**"), the Court, *inter alia*, expanded and amended the Appointment Order to include SMP Resources Inc. ("**SMPR**"), a related entity to St. Marys in which St. Marys owns 100% of the shares. The SMPR Order also specifically authorized the Receiver to market and sell all or part of the property of SMPR subject to section 3(1) of the Appointment Order. A copy of the SMPR Order is attached at Appendix **"B"**.

5. On May 8, 2012, IFP brought a bankruptcy application (the "**Bankruptcy Application**") with respect to St. Marys, the hearing of which was initially adjourned and ultimately granted by the Court on June 6, 2012. EYI was appointed trustee of the bankruptcy estate of St. Marys (the "**Trustee**"). The Trustee held the first meeting of creditors on June 21, 2012 in Sault Ste. Marie.

6. On June 6, 2012, the Court also issued an Order authorizing and directing the Receiver to distribute funds to IFP, subject to certain reserves (the "**Reserve and Distribution Order**"). A copy of the Reserve and Distribution Order is attached at Appendix **"C"**.

7. The Reserve and Distribution Order included a reserve in respect of vacation pay outstanding in the amount of $576,404, which the Receiver was directed to hold pending

a determination by the Court as to whether vacation pay constituted a trust against the Purchase Proceeds received pursuant to the Transaction discussed above (the "**Vacation Pay Reserve**"), which trust was advocated by certain of the former directors of St Marys.

8. On July 18, 2012, the Honourable Mr. Justice Campbell released Reasons for Decision ruling that the vacation pay does not constitute such a trust. As a result, in accordance with the Reserve and Distribution Order, the Receiver released the Vacation Pay Reserve and distributed the funds to IFP.

PURPOSE

9. This Fourth Report is the Receiver's fourth report to the Court in connection with the receivership of St. Marys and its first report to the Court in connection with the receivership of SMPR.

10. The purpose of this Fourth Report is to report to this Court with respect to:

a) a summary of the activities of the Receiver to date;

b) a summary of the statement of receipts and disbursements as of October 15, 2012;

c) the status of certain claims received by the Receiver asserting potential priority over the security of IFP; and

d) the Receiver's motion for an Order:

i. authorizing and directing the Receiver to distribute the amount of $550,000 to IFP (the "**Second Interim Distribution**") from the cash in the Receiver's possession, and declaring that the distribution of $550,000 is to be applied on account of the indebtedness owing by St. Marys to IFP;

ii. further expanding and amending the Appointment Order to include Ontario Wilderness Vacations Limited ("**OWVL**"), a related entity to St. Marys and SMPR in which SMPR owns 60% of the shares, and authorizing the Receiver to market and sell the assets of OWVL; and

iii. approving this Fourth Report, along with the conduct and activities of the Receiver as described herein, and approving the Receiver's statements of receipts and disbursements discussed below.

TERMS OF REFERENCE

11. In preparing this Fourth Report, the Receiver has been provided with, and, in making the comments herein, relied upon, unaudited financial information, St. Marys' and SMPR's books and records, financial information prepared by St. Marys and SMPR, and discussions with management of St. Marys and SMPR. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of such information contained in this Fourth Report.

12. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

BACKGROUND

13. Copies of the Receiver's previous reports and other documents related to the receivership proceedings are available on the website maintained by the Receiver for these proceedings at www.ey.com/ca/smp.

14. St. Marys is an Ontario corporation with its head office located in Sault Ste. Marie, Ontario. Prior to March 2011, St. Marys operated a groundwood pulp and super calendar specialty paper mill (the "**Mill**") producing paper grades used mainly by magazine publishers and retailing companies for high quality advertising inserts, flyers and catalogues.

15. As discussed in the Second Report of the Receiver dated March 20, 2012 (the "**Second Report**"), St. Marys was forced to shut down the Mill in March, 2011. The shutdown resulted in, among other things, a liquidity crisis which led to the appointment of the Receiver.

16. The Receiver sold the majority of the Property of St. Marys to the Purchaser as provided under the Sale Agreement, including the Mill, the associated real property and the Mill equipment. The Transaction, approved pursuant to the Sale Approval and Vesting Order, closed with effect at April 4, 2012 following the issuance by the Receiver of the Receiver's Certificate on April 10, 2012. Pursuant to the Sale Approval and Vesting Order, all remaining employees of St. Marys were deemed to be terminated effective as of 11:59 p.m. on April 3, 2012. Further details with respect to the Transaction are described in the Second Report.

17. After the closing of the Transaction, the significant remaining assets of St. Marys included:

  a) income and property tax refunds;

  b) capital stock owned by St. Marys, including the shares of SMPR. SMPR's assets included cash in Canadian and U.S. currency, 60% of the shares in OWVL, four bridges located in the forests that St. Marys operated in, a warehouse building located in Sault Ste. Marie and certain timber licenses in the State of Michigan;

  c) certain wood located in the yard of St. Marys (the "**Mill Yard Wood**"), which was purchased by St. Marys when it was operating and is subject to a lien in favour of the Ontario Ministry of Natural Resources (the "**MNR**"); and

  d) certain other assets, including collateral in the form of security deposits with respect to cancelled letters of credit.

SUMMARY OF THE ACTIVITIES OF THE RECEIVER

18. Since its appointment, among other things, the Receiver obtained insurance coverage for the Property, arranged for security of the Property, froze St. Marys' and SMPR's bank accounts and opened Receivers' bank accounts. The activities of the Receiver since its appointment are more fully described in the First Report of the Receiver dated January 13, 2012 (the "**First Report**"), the Second Report and the Third Report of the Receiver

dated May 3, 2012 (the "**Third Report**").

19. Since the Third Report, the Receiver took the following steps in conjunction with its mandate:

a) continued with insurance coverage for a warehouse building in Sault Ste. Marie owed by SMPR and worked towards selling this asset;

b) worked with St. Marys' property tax consultant to prepare documents to appeal certain property tax assessments related to the period prior to the closing of the Transaction;

c) continued to deal with creditor inquiries relating to St. Marys' non-payment of liabilities incurred prior to the Appointment Order;

d) continued to work with the MNR to sell the Mill Yard Wood;

e) continued to work towards completing the tax returns of St. Marys and SMPR;

f) sold certain timber license agreements in the state of Michigan owned by SMPR;

g) continued to work to develop a process to market and sell the assets of OWVL as described further in this Fourth Report;

h) worked towards the resolution of certain claims received by the Receiver which assert potential priority over the secured position of IFP as described further in this Fourth Report;

i) worked with the Royal Bank of Canada ("**RBC**") to recover certain collateral in the form of security deposits associated with letters of credit of St. Marys that were cancelled, and review the accounting of the draws against such letters of credit;

j) retained St. Marys' tax consultant to appeal certain scientific research and development claims denied by the Canada Revenue Agency ("**CRA**") related to the period prior to the closing of the Transaction; and

k) made distributions totalling \$3,954,000 to IFP (the "**First Interim Distribution**") as described further in this Fourth Report and in the statement of receipts and disbursements attached as Appendix **"D"** to this Fourth Report.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

20. Attached as Appendix **"D"** is the Receiver's statement of receipts and disbursements with respect to St. Marys (the "**St. Marys R&D Statement**") for the period from December 30, 2011 to October 15, 2012, which reflects remaining funds of \$1,871,663.66 and US\$40,657.33 as of October 15, 2012. The St. Marys R&D Statement details individual receipt and disbursement line items.

21. Attached as Appendix **"E"** is the Receiver's statement of receipts and disbursements with respect to SMPR (the "**SMPR R&D Statement**") for the period from May 8, 2012 to October 15, 2012, which reflects remaining funds of \$58,734.44 and US\$25,707.02 as of October 15, 2012. The SMPR R&D Statement details individual receipt and disbursement line items.

STATUS OF CERTAIN CLAIMS RECEIVED BY THE RECEIVER

22. The Third Report described in detail certain claims received by the Receiver asserting potential priority over the secured position of IFP. The following is the status of those claims:

<u>Aecom Claims</u>

23. As described in the Third Report, Aecom Canada Ltd. ("**Aecom**") registered a security interest against real property owned by St. Marys prior to the closing of the Transaction by Instrument No. AL94715, being a notice of a construction lien perfected by way of commencement of an action in the Superior Court of Justice, pursuant to the *Construction Lien Act* (Ontario), as Court File No. 25697/11 (the "**Aecom Action**").

24. Aecom provided a copy of the Statement of Claim (the "**Aecom Statement of Claim**") in relation to the Aecom Action to the Receiver on April 20, 2012. In the Aecom Action,

Aecom claims from St. Marys payment of $130,149 plus costs, arising from design and other services carried out by Aecom pursuant to a contract dated February 1, 2011 between Aecom and St. Marys Renewable Energy Corp. with respect to the planned bio-mass facility (the "**Aecom Claim**"). The Aecom Action claims that such services were delivered by Aecom between February 1, 2011 and September 27, 2011. Aecom registered its construction lien against St. Mary's real property on November 8, 2011, being after the registration of IFP's mortgage on March 3, 2011.

25. As described in the Third Report, in calculating the amount of the First Interim Distribution to IFP proposed by the Receiver in the Third Report, the Receiver had reserved an amount of $130,149 with respect to the Aecom Claim.

26. The Receiver is advised by its counsel and counsel to IFP that as a result of discussions and correspondence between the Receiver's counsel, IFP's counsel and Aecom's counsel, counsel to Aecom has confirmed that Aecom acknowledges that Aecom's construction lien does not rank in priority to IFP. Accordingly, the reserve of $130,419 previously held back by the Receiver from the distribution to IFP is no longer required and the Receiver proposes to distribute such funds to IFP as part of the proposed Second Interim Distribution.

PS Johnson Claims

27. As described in the Third Report, P.S. Johnson Valuation Consultants Ltd. and P.S. Johnson Legal Services Professional Corporation (together, "**PS Johnson**") filed a Statement of Claim (the "**PS Johnson Statement of Claim**") against St. Marys on June 13, 2011. In the PS Johnson Statement of Claim, PS Johnson alleges that it provided realty tax consulting services to St. Marys and claims for unpaid fees of $69,202.95 (the "**PS Johnson Claim**").

28. As described in the Supplement to the Third Report dated May 17, 2012, the Receiver, in consultation with IFP agreed in principle to settle the PS Johnson Claim subject to an Order of the Court. Accordingly, the Reserve and Distribution Order authorized and

directed the Receiver to pay $40,000 to PS Johnson in full satisfaction of any claims of PS Johnson against St. Marys upon finalization of the settlement between PS Johnson, IFP and the Receiver.

29. The Receiver and PS Johnson have finalized settlement documentation which awaits execution. Upon receipt of the executed settlement documentation, the Receiver will pay to PS Johnson the $40,000 funds.

<u>Alleged Claim against IFP by former management and counsel</u>

30. As described in the Third Report, the Receiver had been advised by counsel to Dennis Bunnell, John Lloyd, Dick O'Brian and Wishart (collectively, the "**IFP Claimants**") that the IFP Claimants intended to commence a legal proceeding against IFP in relation to amounts which the IFP Claimants allege should have been paid prior to these receivership proceedings (the "**Bunnell Application**"). Dennis Bunnell, John Lloyd and Dick O'Brien are former management and former consultants of St. Marys and Wishart is former counsel to St. Marys. The Receiver understands that certain partners of Wishart (including Gordon Acton) are indirect shareholders and the former principals of St. Marys.

31. At the time of seeking the First Interim Distribution to IFP, counsel to the IFP Claimants requested that the Receiver reserve from any distributions to IFP the amount of $200,000 on account of the potential claims asserted by the IFP Claimants against IFP.

32. The Receiver, IFP and the IFP Claimants agreed to such reserve and, in accordance with the Reserve and Distribution Order, the Receiver held back an amount of $200,000 (the "**Bunnell Reserve**") from the First Interim Distribution to IFP.

33. On July 31, 2012, the IFP Claimants served motion materials asserting a claim of $531.485.29 against IFP alleging unjust enrichment, intentional interference with economic relations and oppression. In those motion materials, the IFP Claimants were expanded to include Weir Foulds LLP (which acted as counsel to St. Marys with respect to IFP's receivership application). Accordingly, in calculating the amount available for

distribution to IFP under the proposed Second Interim Distribution, the Receiver increased the amount of the Bunnell Reserve to $531,485.29.

34. The Receiver understands that counsel to IFP and the IFP Claimants intend to address scheduling of the motion with the Court at the return of the Receiver's motion on October 25, 2012.

SECOND INTERIM DISTRIBUTION TO IFP

35. As noted above, pursuant to the Reserve and Distribution Order, the Receiver made distributions totalling $3,954,000 to IFP as follows:

a) Payments totalling $3,377,596 to IFP or its counsel on June 21 and 22, 2012; and

b) Payment of $576,404 (being the released Vacation Pay Reserve discussed above) to IFP on August 8, 2012.

36. As discussed in the Affidavit of Daniel J. Moore sworn October 19, 2012 (the "**Moore Affidavit**"), as at October 18, 2012, St. Marys is still indebted to IFP in the amount of approximately US$3,319,303, including interest.

37. As described in the Third Report, the Receiver received a legal opinion from its independent counsel, Cassels Brock & Blackwell LLP, that the security granted by St. Marys to IFP creates valid and perfected security interests in the real and personal property of St. Marys, subject to certain usual qualifications and assumptions in opinions of this nature.

38. As discussed above, as of October 15, 2012, the Receiver holds remaining funds of $1,871,663.66 and US$40,657.33, primarily from the Transaction proceeds and the return of collateral related to St. Marys' cancelled letters of credit. The Receiver has prepared an analysis to estimate the surplus cash available for distribution to IFP, subject to maintaining certain reserves required to fund the continued costs of these receivership proceedings and the certain claims as discussed above.

39. Based on its analysis, the Receiver recommends that this Court approve a distribution in the amount of $550,000 to IFP. After the distribution of $550,000 to IFP, as of October 15, 2012, the Receiver will continue to hold approximately $40,657.33 in U.S. currency and approximately $1,321,663.66 in Canadian currency.

40. The following table provides a summary of the cash held by the Receiver and the reserves being held back from the Second Interim Distribution:

	As at October 15, 2012 CDN$'000	
CASH BALANCE		
Cash Balance (CDN)	$	1,871
Cash Balance (US)		40
Total Cash Balance	$	1,911
Less: Holdbacks/Reserves		
Estimate of Potential Priority Payments		**(34)**
Estimate of Potential Post Closing Expenses		**(505)**
Potential Reserves for Claims		
Reserve for Bunnell Application		(532)
Reserve for PS Johnson settlement		(40)
Other Reserves		(250)
Total Potential Post Closing Reserves		**(822)**
Funds Available for an Interim Distribution	**$**	**550**

ONTARIO WILDERNESS VACATIONS LIMITED

Background

41. As described in the Third Report, capital stock owned by St Marys was not included in the Transaction. Accordingly, St. Marys continues to own 100% of the shares of SMPR. SMPR's assets include a 60% share holding in OWVL.

42. OWVL is owned 60% by SMPR and 40% by Mr. Robert Dale ("**Dale**"). The assets of OWVL consist primarily of real estate assets including an island and certain camps and other lodgings in northern Ontario. OWVL operates fly-in fishing and hunting camps in

northern Ontario, including remote wilderness fly-in camps for trout, walleye and pike fishing and moose hunting. OWVL's website www.ontariowilderness.com provides a detailed description of OWVL's business.

43. OWVL also owns 100% of the shares of Air-Dale Flying Service Ltd ("**Airdale**"). The primary business of Airdale is to transport tourists to camp sites in northern Ontario using small airplanes leased by Airdale from Great Northern Freight Forwarding Limited ("**Great Northern**"). The Receiver understands that Great Northern is owned by Dale.

44. Attached at Appendix **"F"** is a corporate chart showing the shareholding relationships between each of St. Marys, SMPR, OWVL, Airdale and Great Northern.

45. The Receiver understands that OWVL has not been operating since early this year. In that regard, the Receiver understands that the only remaining interested directors or officers of OWVL or Airdale are Dale or persons related to Dale.

Liabilities of OWVL and Airdale

46. Based on draft financial statements of OWVL provided by the accountant of OWVL, as at December 31, 2011, OWVL has unsecured liabilities of approximately $275,472. Included within those liabilities is the amount of $60,000 owed to SMPR and $166,567 owed to Airdale.

47. In addition, OWVL has secured indebtedness owing to RBC in the amount of $64,000, which is guaranteed by SMPR. As described in the Third Report, RBC has issued a statement of claim and a notice of intention to enforce against the assets of OWVL to recover amounts owed to RBC by OWVL. In addition, RBC has called upon a guarantee that was provided by SMPR.

48. However, it appears to the Receiver from the limited books and records available to it at this time that, while OWVL borrowed $64,000 from RBC, the loan proceeds were paid to Great Northern and/or Dale, and the Receiver has been unable to determine if such funds were used for the benefit of OWVL or another person or company.

49. Attached as Appendix **"G"** is an Ontario *Personal Property Security Act* search result and corporate profile search result for OWVL.

50. Based on draft financial statements of Airdale provided by the accountant of Airdale, as at December 3, 2011, Airdale had no secured liabilities and had unsecured liabilities of $262,991 including liabilities to Great Northern in the amount of $254,154.

51. Great Northern has also asserted that OWVL is liable to it for the amounts owing to it by Airdale (which Great Northern claimed in the amount of $310,684.37). The claims of Great Northern are set out in its Statement of Claim issued on July 31, 2012 against both Airdale and OWVL, a copy of which is attached at Appendix **"H"** (the "**Great Northern Claims**"). The Great Northern Claims relates to alleged amounts "due for the supply and maintenance of aircraft used by [Airdale and OWVL] and accounts paid by [Great Northern] on behalf of [Airdale and OWVL]".

52. The Receiver and its counsel, along with counsel to IFP, have reviewed the Great Northern Claims and have had multiple discussions with Great Northern's counsel.

53. The Receiver does not have any supporting documentation to substantiate the quantum of the amounts claimed for the Great Northern Claim. Further, it appears that any liability (if any exists) in respect of the Great Northern Claim would be a liability of Airdale and not OWVL. As set out in the Great Northern Claim, Great Northern seeks to impose direct liability on OWVL for the debts of Airdale despite acknowledging that there is no direct contractual relationship between Airdale and OWVL for the liability claimed.

54. The Receiver has informed Great Northern and its counsel that it questions the legal basis for liability of OWVL to Great Northern and indicated a number of times that Great Northern should not take any action against OWVL. However, notwithstanding that and notwithstanding the fact that there was either no management to take steps on behalf of the companies to defend themselves or that such management is Dale (or persons related to Dale) and thus related to Great Northern and inherently conflicted, Great Northern

nevertheless proceeded to obtain default Judgment against OWVL and Airdale. A copy of the Judgment is attached at Appendix **"I"**.

55. The Receiver has advised Great Northern's counsel that the Judgment should not have been obtained in the circumstances and has reserved all of its rights in that regard.

56. For several months, the Receiver has also been in discussions with Dale as the 40% shareholder of OWVL 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 Dale has significant historical knowledge and involvement. However, efforts at a cooperative process to deal with the assets of OWVL have been unsuccessful to date, primarily because Dale has demanded that the Receiver acknowledge the Great Northern Claim as a liability of OWVL as a condition of such cooperation.

57. The Receiver believes that OWVL is paralyzed and unable to deal with its affairs and assets in the best interests of all of its creditors and stakeholders. OWVL currently has either no active management or corporate governance.

58. The Receiver therefore recommends and requests that its receivership mandate be expanded to include the assets, property and undertaking of OWVL in order to create a structured, fair and open process to deal with the assets of OWVL, investigate issues such as the use of the RBC loan proceeds discussed above, and assess the validity of claims asserted against OWVL.

59. Accordingly, the Receiver is seeking an order of this Court to expand and amend the Appointment Order to include OWVL, including the approval of this Court to market and sell the assets of OWVL, which the Receiver believes is just and convenient and in the best interests of the stakeholders of OWVL as a whole in the circumstances.

RECOMMENDATION

60. The Receiver respectfully recommends that this Court grant the relief requested in paragraph 10(d) of this Fourth Report substantially in the form of the draft Order attached at Schedule "A" to the Receiver's Notice of Motion.

All of which is respectfully submitted this 22nd day of October, 2012.

ERNST & YOUNG INC.
in its capacity as Court Appointed Receiver and Receiver and Manager of St. Mary's Paper Corp. and SMP Resources Inc.

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

APPENDIX “A”

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

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 29th DAY
	)	
JUSTICE C. CAMPBELL	)	OF DECEMBER, 2011

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

ORDER

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Ernst & Young Inc. as receiver and receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of St. Marys Paper Corp. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavits of Daniel J. Moore sworn August 31, 2011; September 27, 2011; October 6, 2011; and October 14, 2011 and the Exhibits thereto, all filed, and on hearing the submissions of counsel for the Applicant and the Debtor, no other parties appearing although duly served as appears from the affidavits of service filed with the Court, and on reading the consent of the Debtor dated October 24, 2011, and on reading the consent of Ernst & Young Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Ernst & Young Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

(d) to engage brokers, consultants, appraisers, agents (including listing agents for commercial real property), experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate, including the listing of the Property with such broker or listing agent as the Receiver may deem appropriate and at such listing price as the Receiver may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $250,000, provided that the aggregate consideration for all such transactions does not exceed $1,000,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

(s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or

affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. Notwithstanding any other provision in this Order or these proceedings, the rights and remedies of Her Majesty the Queen in Right of the Province of Ontario, as Represented by the Minister of Northern Development, Mines and Forestry ("Ontario"), under the Crown Forest Sustainability Act, 1994, S.O. 1994, c. 25 (the "CFSA"), with respect to the Wood in the Mill Yard (as defined in the Affidavit of David Hayhurst sworn October 7, 2011) are not stayed, suspended, or otherwise limited, without prejudice to the right of any party to take any position contrary to Ontario and, in addition, the Receiver has a right to inspect the Wood in the Mill Yard within 30 days from the date of this Order, during which period the Wood will not be removed, disposed or otherwise used.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. THIS COURT ORDERS that the Receiver and its legal counsel shall, at the request of any creditor of the Debtor, pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $1,500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. THIS COURT ORDERS that the Applicants and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time.

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

28. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

30. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order

31. THIS COURT ORDERS that unless proof of sufficient insurance coverage is provided by the Debtor to Ernst & Young Inc. and the Applicant by 9:00 a.m. (Toronto time) on December 30, 2011, this Order shall become immediately effective.

Giuseppe Dipietro
Registrar

DEC 2 9 2011

MB

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $______________________

1. THIS IS TO CERTIFY that Ernst & Young Inc., the receiver and receiver and manager (the "Receiver") of the assets, undertakings and properties of St. Marys Paper Corp. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of ______, 20__ (the "Order") made in an action having Court file number CV-11-9367-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of $___________ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____________, 20__.

Ernst & Young Inc., solely in its capacity
as Receiver of the Property, and not in its
personal or corporate capacity

Per: ______________________________

Name:

Title:

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

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

Applicant *Respondent*

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicants

APPENDIX “B”

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	TUESDAY, THE 8TH DAY
	)	
JUSTICE C. CAMPBELL	)	OF MAY, 2012

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

ORDER
(Interim Distribution, Caterpillar Settlement and Expansion of Appointment Order)

THIS MOTION, made by Ernst & Young Inc., in its capacity as the Court-appointed receiver and receiver and manager (the "**Receiver**") of the undertaking, property and assets of St. Marys Paper Corp. (the "**Debtor**") for an order, among other things, approving the Receiver's Third Report dated May 3, 2012 (the "**Third Report**") together with the conduct and activities of the Receiver as described therein, approving the Receiver's Statement of Receipts and Disbursements, authorizing the Receiver to make the payments and distributions described in the

Third Report, approving the Settlement Agreement between the Receiver and Caterpillar Financial Services Limited ("**Caterpillar**") dated May 2, 2012 (the "**Settlement Agreement**") appended at Appendix "B" of the Third Report, and expanding the terms of the Receiver's appointment to include SMP Resources Inc. ("**SMPR**") as "Debtor" was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report, the Affidavit of Daniel J. Moore sworn May 2, 2012 and the Order of this Court made this day adjudicating the Debtor to be bankrupt, and on hearing the submissions of counsel for the Receiver, counsel for International Forest Products LLC, counsel for P.S. Johnson Valuation Consultants Inc. and P.S. Johnson Legal Services Professional Corporation, counsel for Dennis Bunnell, John Lloyd, Dick O'Brien, Wishart Law Firm LLP and WeirFoulds LLP, and counsel for the directors of the Debtor, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Deborah Ferguson sworn May 4, 2012 filed:

Service

1. **THIS COURT ORDERS** that the time for service of the notice of motion and the motion record, including the Third Report, 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, including the Third Report, upon interested parties, other than those served, is hereby dispensed with and that the service of the notice of motion and motion record, including the Third Report, as effected by the Receiver is hereby validated in all respects.

Interim Distributions

2. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make the following payments from funds in the receivership estate:

(a) $8,862.36 to Standard Life Assurance Company on account of unremitted pension payments owing by the Debtor; and

(b) $10,496.53 to Canada Revenue Agency on account of unremitted source deductions owing by the Debtor.

3. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to pay $23,384.16 to Cafo Inc. on account of refunded unearned insurance premiums held by the Receiver.

Caterpillar Settlement Agreement

4. **THIS COURT ORDERS** that the Settlement Agreement entered into between the Receiver and Caterpillar be and is hereby approved.

Expansion of the Appointment Order

5. **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 SMPR 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 SMPR.

6. **THIS COURT ORDERS** that the Receiver's appointment as receiver and receiver and manager of SMPR as "Debtor", pursuant to paragraph 5 hereof, will take effect and commence as at the date of this Order.

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

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

MAY 10 2012

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
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

ORDER

(Interim Distribution, Caterpillar Settlement and Expansion of Appointment Order)

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

APPENDIX “C”

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

SUPERIOR COURT OF JUSTICE COUR SUPÉRIEURE DE JUSTICE

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	~~TUES~~ Wednesday DAY, THE 6th DAY
	)	
JUSTICE C. CAMPBELL	)	OF JUNE, 2012

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

ORDER

THIS MOTION, made by Ernst & Young Inc., in its capacity as the Court-appointed receiver and receiver and manager (the "**Receiver**") of the undertaking, property and assets of St. Marys Paper Corp. (the "**Debtor**") for an order, among other things, approving the Receiver's Third Report dated May 3, 2012 (the "**Third Report**") together with the conduct and activities of the Receiver as described therein, approving the Receiver's Statement of Receipts and Disbursements, authorizing the Receiver to make the payments and distributions described in the Third Report, approving the Settlement Agreement between the Receiver and Caterpillar

Financial Services Limited ("**Caterpillar**") dated May 2, 2012 (the "**Settlement Agreement**") appended at Appendix "B" of the Third Report, and expanding the terms of the Receiver's appointment to include SMP Resources Inc. ("**SMPR**") as "Debtor" was granted in part on May 8, 2012 with the balance adjourned and heard on May 18, 2012 at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report, the Affidavit of Daniel J. Moore sworn May 2, 2012, the Supplement to the Third Report of the Receiver dated May 17, 2012 (the "**Supplement to the Third Report**"), and the Order of this Court made earlier this day adjudicating the Debtor to be bankrupt (the "**Bankruptcy Order**"), and on hearing the submissions of counsel for the Receiver, counsel for International Forest Products LLC ("**IFP**"), counsel for Dennis Bunnell, John Lloyd, Dick O'Brien, Wishart Law Firm LLP and WeirFoulds LLP (collectively, the "**Bunnell Applicants**"), and counsel for Orlando Rosa, Gordon Acton, Jeffrey Avery, Tony Porco and Vance Hensen (collectively, the "**Directors**"), and counsel for the Communications, Energy and Paperworkers Union ("**CEP**"), no one appearing for any other person on the service list, although properly served as appears from the Affidavits of Deborah Ferguson sworn May 4, 2012 and May 17, 2012, filed:

Service

1. **THIS COURT ORDERS** that the time for service of the notice of motion, the motion record, and the Supplement to the Third Report, 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, and the Supplement to the Third Report, upon interested parties, other than those served, is hereby dispensed with and that the service of the notice of motion, motion record, and

the Supplement to the Third Report, as effected by the Receiver is hereby validated in all respects.

Reserves

2. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to reserve the following amounts:

(a) $200,000 with respect to the application (the "**Bunnell Application**") commenced by the Bunnell Applicants pending resolution or adjudication of the Bunnell Application which such reserve shall not constitute an admission or otherwise evidence that any amounts claimed in the Bunnell Application are due and owing to the Bunnell Applicants nor an admission or otherwise evidence that funds necessary to satisfy the claims made in the Bunnell Application are held separate and apart in a trust or constitute a trust of any kind and the Receiver, IFP and the Bunnell Applicants reserve all of their rights with respect to the Bunnell Application and, for greater certainty, nothing in this Order or the Bankruptcy Order shall prevent the Bunnell Applicants from seeking a remedial constructive trust as part of the Bunnell Application; and

(b) $26,000 with respect to vacation pay claims potentially subject to section 81.4 of the *Bankruptcy and Insolvency Act* as described in the Supplement to the Third Report.

PS Johnson Settlement

3. **THIS COURT ORDERS** that, upon finalization of the settlement between P.S. Johnson Valuation Consultants Inc. and P.S. Johnson Legal Services Professional Corporation (together

"**PS Johnson**"), IFP and the Receiver as described in the Supplement to the Third Report to the satisfaction of the Receiver, the Receiver is hereby authorized and directed to pay the amount of $40,000.00 from funds in the receivership estate to P.S. Johnson in full satisfaction of any claims of PS Johnson against the Debtor.

Interim Distributions

4. **THIS COURT ORDERS** that, subject to paragraphs 5 and 6 below, the Receiver is hereby authorized and directed to distribute the amount of $3,954,000 to IFP from funds in the receivership estate, which shall be applied by IFP in partial satisfaction of the indebtedness owing to IFP by the Debtor.

5. **THIS COURT ORDERS** that the Receiver shall reserve from the distribution to IFP the amount of $576,404 (the "**Vacation Pay Reserve**").

6. **THIS COURT ORDERS** that the Vacation Pay Reserve shall only be distributed following a determination by this Court as to whether outstanding vacation pay constitutes a trust against the proceeds of sale held by the Receiver, and, for certainty:

   (a) where the court determines that vacation pay is subject to a trust then the Receiver will seek further direction from this Court with respect to any distribution of the Vacation Pay Reserve; and

   (b) where this Court determines that vacation pay is not subject to a trust then the Receiver may distribute the Vacation Pay Reserve to IFP on the date that is the earliest of:

(i) counsel to each of the Directors, IFP and the Receiver confirming in writing that they will not be appealing such decision,

(ii) the expiry of the 10-day appeal period in the BIA for any appeal of such decision with no appeal of the decision having been commenced, and

(iii) the final determination of any appeal of such decision, provided that the Vacation Pay Reserve shall not constitute an admission or otherwise evidence that such funds are held separate and apart in a trust or constitute a trust of any kind and the parties reserve all of their rights with respect to any appeals.

Approval of Third Report and Supplement to the Third Report

7. **THIS COURT ORDERS** that the Third Report and the Supplement to the Third Report, along with the conduct and activities of the Receiver set out therein, be and are hereby approved.

8. **THIS COURT ORDERS** that the Receiver's Statement of Receipts and Disbursements as appended at Appendix "F" to the Third Report be and is hereby approved.

Execution of Bankruptcy Documents

7. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to sign such documents in the name of the Debtor as may be required in the bankruptcy arising from the Bankruptcy Order, including without limitation the Debtor's Statement of Affairs.

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

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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
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

ORDER

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E-mail: emorris@casselsbrock.com

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

APPENDIX "D"

ST. MARY'S PAPER CORP.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD DECEMBER 30, 2011 TO OCTOBER 15, 2012

Canadian Currency Account:

	Note		Amount
Receipts:			
Funding from IFP through Receiver's Certificates	1	$	1,045,000
Transfer of funds from St. Marys' Account	2		84,659
Return of L/C collateral	3		688,756
Property tax refund	4		125,325
Caterpillar Settlement	5		50,000
Other Receipts	6		6,604,804
Total Receipts			**8,598,544**
Disbursements:			
Distributions to IFP	7		3,954,000
Repayment of Receiver's Certificates with interest	1		1,083,673
Payroll and payroll related remittances	8		428,079
Independent Contractor Costs	9		13,838
Insurance	10		79,896
Repairs and maintenance of the mill	11		27,407
Payments to the IESO for electricity	12		151,392
Other Utilities	13		21,192
Consulting fees	14		6,556
Pre-receivership advisory services	15		39,965
Legal Counsel fees and disbursements	16		164,016
Receiver's fees and disbursements	17		578,979
Miscellaneous expenses	18		596
Registrar's fees	19		70
HST Paid	20		107,688
Advances to Trustee	21		53,206
Transfer to U.S. Account	22		16,327
Total Disbursements			6,726,880
Remaining funds available in Canadian Currency		$	1,871,664

U.S. Currency Account:

	Note		Amount
Receipts:			
Transfer of funds from St. Marys' Account	2	$	14,939
Transfer from CDN Account	22		16,454
Other Receipts	6		9,415
Total Receipts			40,807
Disbursements:			
Bank Charges	14		150
Remaining funds available in U.S. Currency		$	40,657

In the Matter of the Receivership of St Mary's Paper Corp. ("St. Marys").
Notes to the Statement of Receipts and Disbursements as of October 15, 2012.

Actual receipts and disbursements are denominated in Canadian dollars. The following receipts and disbursements relate to the period from the commencement of the receivership on December 30, 2011 until October 15, 2012.

1) **Funding from IFP through Receiver's Certificates:**
As discussed in the Second Report, IFP agreed to provide limited funding to the Receiver while the Receiver carries out the Sales Process. Funding was provided to the Receiver pursuant to Receiver's Certificates issued by the Receiver as described in the Appointment Order. Pursuant to the Appointment Order, the Receiver borrowed $1,045,000 through three Receiver's Certificates.

   On April 20, 2012, the Receiver repaid to IFP the total principal borrowed of $1,045,000 along with interest of $38,672.95.

2) **Transfer of funds from St. Marys' account:**
Pursuant to the Receivership Order, as discussed in the First Report, the Receiver advised Royal Bank to freeze the Company's bank accounts and the Receiver opened a separate bank account, following which the Receiver requested that Royal Bank transfer the funds in the Company's account to the Receiver's account. As a result of this transfer, the Receiver received approximately $84,659 in Canadian currency and approximately $14,939 in U.S. currency.

3) **Return of Collateral from Letters of Credit:**
St. Marys had outstanding letters of credit totalling over $1 million with RBC (as defined in the Fourth Report). These letters of credit were primarily in favour of utilities and a power cogeneration project. Further to the cancellation of the letters of credit, the RBC paid the Receiver $688,756.35, net of draws on the letters of credit and RBC's fees. The Receiver is working with RBC to review the accounting of the draws against such letters of credit.

4) **Property tax refund:**
The Receiver filed a vacancy rebate application for a refund of certain property taxes paid by St. Marys for the period prior to the closing of the Transaction during which St. Marys was not operating. As a result of the vacancy rebate application, the Receiver received a refund of property taxes of $125,325.05.

5) **Caterpillar Settlement:**
This line item represents the receipt of $50,000 with respect to the settlement with Caterpillar as described in the Third Report.

6) **Other receipts:**
Other receipts include proceeds from the sale of the paper mill (net of adjustments) as described in detail in the Second Report, HST refunds, funds received from

certain settlements as described in the Second Report, net foreign exchange gains and certain miscellaneous receipts and reimbursements of amounts paid on behalf of SMP Resources Inc.

7) **Distributions to IFP**
As described in the Fourth Report, pursuant to the Order of the Court, the Receiver made distributions of $3,954,000 to IFP. Payments totalling $3,377,596 were paid to IFP or its counsel on June 21 and 22, 2012 and a payment of $576,404 (being the released Vacation Pay Reserve discussed in the Fourth Report) was paid to IFP on August 8, 2012.

8) **Payroll and payroll related remittances:**
Payroll represents salaries (including pension payments to the employees' defined contribution pension plan, source deductions, WSIB and EHT) paid to remaining management and staff needed for the security and preservation of the assets at the mill as well as book keeping and human resources related activities prior to the closing of the Transaction.

9) **Independent Contractor Costs:**
These costs relate to payments to independent contractors for services provided by such independent contractors after the closing of the Transaction to prepare T4s, records of employment, items related to the closing of the Transaction and assisting with the sale of the remaining assets of St. Marys.

10) **Insurance:**
Insurance includes premium costs with respect to property insurance related to the Mill and a warehouse.

After the closing of the Transaction, the Receiver terminated the insurance related to the Mill and has continued insurance with respect to SMP Resources warehouse building.

11) **Repairs and maintenance of the Mill:**
Repairs and maintenance represent costs incurred prior to the closing of the Transaction with respect to general repairs and maintenance and costs related to maintaining the Mill in a cold idle state and include activities related to draining water, oil and other fluids, testing chemicals for freezing based on certain temperatures (external persons required), moving certain chemicals and other items to the heated warehouse at Gran Street for storage during the winter months, etc. In addition, certain additional security measures were put in place following a break-in at the Mill as described in the Second Report.

12) **Payments to the IESO for electricity:**
These costs represent payments for electricity used in the mill and the office building prior to the closing of the Transaction.

13) Other utilities:
Other utilities include costs incurred prior to the closing of the Transaction for telephone, internet, cell phones, and other service provider charges related to meters for utilities.

14) Consulting fees:
Consulting fees include costs for certain I.T. services and the electronic data room that was used for the Sales Process.

15) Pre-receivership advisory services:
These costs relate professional fees for the period prior to December 30, 2011.

16) Legal Counsel fees and disbursements:
These costs relate to professional fees and disbursements of the Receiver's legal counsel with respect to the receivership proceedings.

17) Receiver's fees and disbursements:
These costs relate to professional fees and disbursements of the Receiver with respect to the receivership proceedings.

18) Miscellaneous expenses:
Miscellaneous expenses relate to purchases of general office and other supplies.

19) Registrar's fees:
These costs represent regulatory costs with respect to the receivership proceedings.

20) HST Paid:
This line item accumulates HST paid on invoices based on the disbursements described above.

21) Transfers between the U.S. and Canadian Currency Accounts:
These transfers relate to transfer between the U.S. and Canadian currency bank accounts for disbursements.

APPENDIX "E"

SMP RESOURCES INC.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD MAY 8, 2012 TO OCTOBER 15, 2012

Canadian Currency Account:

	Note		Amount
Receipts:			
Sale of two bridges	1	$	46,000
Transfer of funds from SMP Resources' Account	2		20,628
Sale of timber licenses	3		16,000
Interest	4		40
Total Receipts			**82,668**
Disbursements:			
Commission on sale of two bridges	1		4,600
Receiver's fees and disbursements	5		9,194
Insurance	6		4,426
Payroll and Contractor's fees and disbursements	7		4,320
HST Paid	8		1,232
Utilities	9		145
Bank Charges			17
Total Disbursements			23,934
Remaining funds available in Canadian Currency		$	58,734

U.S. Currency Account:

	Note		Amount
Receipts:			
Transfer of funds from SMP Resources' Account	2	$	20,820
Miscellaneous Receipts			2,687
Refund of performance bonds related to timber licences	3		2,200
Total Receipts			25,707
Disbursements:			-
Remaining funds available in U.S. Currency		$	25,707

In the Matter of the Receivership of SMP Resources Inc. ("SMPR").
Notes to the Statement of Receipts and Disbursements as of October 15, 2012.

Actual receipts and disbursements are denominated in Canadian dollars. The following receipts and disbursements relate to the period from the commencement of the receivership on May 8, 2012 until October 15, 2012.

1) **Sale of two bridges:**
SMPR owned four bridges located in the forests that St. Marys operated in. Two of these bridges were sold for $46,000. Commissions related to the sale of these bridges totalled $4,600.

2) **Transfer of funds from St. Marys' account:**
Pursuant to the Receivership Order, the Receiver advised the Royal Bank of Canada ("**RBC**") to freeze the Company's bank accounts and the Receiver opened a separate bank account, following which the Receiver requested that RBC transfer the funds in the Company's account to the Receiver's account. As a result of this transfer, the Receiver received approximately $20,628 in Canadian currency and approximately $20,820 in U.S. currency.

3) **Sale of Timber Licenses:**
SMPR owned certain timber licenses in the State of Michigan that were sold for $16,000. As a result of such sale, the State of Michigan released performance bonds of US$2,200.

4) **Interest:**
Interest represents interest earned on the cash held by the Receiver.

5) **Receiver's fees and disbursements:**
These costs relate to professional fees and disbursements of the Receiver with respect to the receivership proceedings.

6) **Insurance:**
Insurance represents insurance costs with respect to SMP Resources warehouse building.

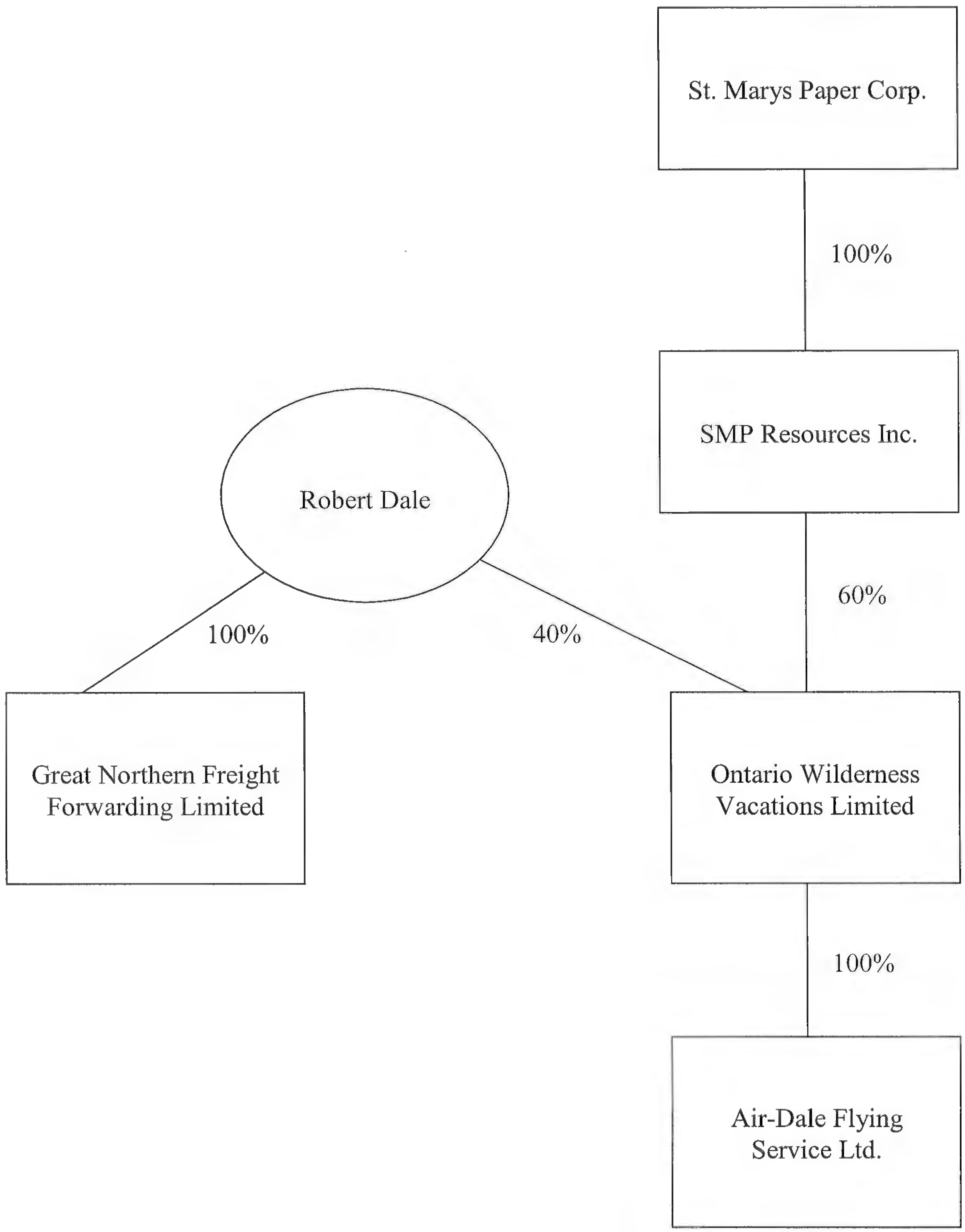
7) **Payroll and Contractor fees and disbursements:**
These costs relate to payroll and payments to contractors for services provided for bookkeeping and assistance with the sale of SMPR's assets.

8) **HST Paid:**
This line item accumulates HST paid on invoices based on the disbursements described above.

9) **Utilities:**
Utilities include costs for the maintenance of the warehouse.

APPENDIX "F"

Corporate Structure



APPENDIX “G”

CORPORATION DOCUMENT LIST

Ontario Corporation Number
1189164

Corporation Name
ONTARIO WILDERNESS VACATIONS LIMITED

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)	
CIA	REQUIREMENT TO FILE	7	2012/07/04	
CIA	CHANGE NOTICE PAF: BATTISTI, ROBERT	1	2012/05/31	
CIA	ANNUAL RETURN 2009 PAF: CARIA, RALPH	1C	2010/10/04	
CIA	CHANGE NOTICE PAF: ACTON, GORDON P.	1	2009/11/13	(ELECTRONIC FILING)
CIA	ANNUAL RETURN 2007 PAF: HENSON, GERRY	1C	2008/07/24	(ELECTRONIC FILING)
CIA	ANNUAL RETURN 2006 PAF: HENSON, GERRY	1C	2007/09/08	
CIA	ANNUAL RETURN 2005 PAF: HENSON, GERRY	1C	2006/07/19	(ELECTRONIC FILING)
CIA	ANNUAL RETURN	1C	2004/08/05	(ELECTRONIC FILING)
CIA	ANNUAL RETURN PAF: MASSEY, DON	1C	2003/07/11	(ELECTRONIC FILING)
CIA	ANNUAL RETURN PAF: MASSEY, DON	1C	2002/07/30	(ELECTRONIC FILING)
CIA	INITIAL RETURN PAF: WHITE, MICHAEL J.	1	1999/01/28	
BCA	SPECIAL RESOLUTION	RES	1998/10/19	
BCA	ARTICLES OF CONTINUANCE	6	1998/09/25	
CB	CERT. OF AMAL. (EPD)	461L	1998/09/25	
CIA	INITIAL RETURN PAF: WHITE, MICHAEL J.	2	1996/07/31	

CORPORATION DOCUMENT LIST

Ontario Corporation Number
1189164

Corporation Name
ONTARIO WILDERNESS VACATIONS LIMITED

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)

THIS REPORT SETS OUT ALL DOCUMENTS FOR THE ABOVE CORPORATION WHICH HAVE BEEN FILED ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

ALL "PAF" (PERSON AUTHORIZING FILING) INFORMATION IS DISPLAYED EXACTLY AS RECORDED IN ONBIS. WHERE PAF IS NOT SHOWN AGAINST A DOCUMENT, THE INFORMATION HAS NOT BEEN RECORDED IN THE ONBIS DATABASE.

Request ID: 014715055	Province of Ontario	Date Report Produced:	2012/10/18
Transaction ID: 49008214	Ministry of Government Services	Time Report Produced:	14:15:32
Category ID: UN/E		Page:	1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
1189164	ONTARIO WILDERNESS VACATIONS LIMITED	1996/07/01

Jurisdiction

ONTARIO

Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	CONTINUED IN ONTARIO	NOVA SCOTIA

Registered Office Address

235 RIVER ROAD

SAULT STE. MARIE
ONTARIO
CANADA P6A 6C3

Mailing Address

235 RIVER ROAD

SAULT STE. MARIE
ONTARIO
CANADA P6A 6C3

Date Amalgamated	Amalgamation Ind.
NOT APPLICABLE	A
New Amal. Number	**Notice Date**
NOT APPLICABLE	NOT APPLICABLE
	Letter Date
	NOT APPLICABLE
Revival Date	**Continuation Date**
NOT APPLICABLE	1998/09/25
Transferred Out Date	**Cancel/Inactive Date**
NOT APPLICABLE	NOT APPLICABLE
EP Licence Eff.Date	**EP Licence Term.Date**
NOT APPLICABLE	NOT APPLICABLE

Number of Directors Minimum	Number of Directors Maximum	Date Commenced in Ontario	Date Ceased in Ontario
00001	00010	NOT APPLICABLE	NOT APPLICABLE

Activity Classification

NOT AVAILABLE

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1189164	ONTARIO WILDERNESS VACATIONS LIMITED

Corporate Name History	Effective Date
ONTARIO WILDERNESS VACATIONS LIMITED	1998/09/25
ONTARIO WILDERNESS VACATIONS COMPANY	1996/07/31

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Amalgamating Corporations

Corporation Name	Corporate Number
ONTARIO WILDERNESS VACATIONS LIMITED	1177378

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1189164	ONTARIO WILDERNESS VACATIONS LIMITED

Administrator:
Name (Individual / Corporation)

JEFFREY

AVERY

Address

64 ALAGASH

SAULT STE. MARIE
ONTARIO
CANADA P6A 5K6

Date Began	First Director	
2007/06/30	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation)

ROBERT
ANDREW
DALE

Address

628 2ND LINE WEST

SAULT STE MARIE
ONTARIO
CANADA P6A 2K7

Date Began	First Director	
1998/09/25	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1189164	ONTARIO WILDERNESS VACATIONS LIMITED

Administrator:
Name (Individual / Corporation)

STEVEN

DALE

Address

628 SECOND LINE WEST

SAULT STE. MARIE
ONTARIO
CANADA P6C 2K7

Date Began	First Director	
1999/04/30	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation)

STEVEN

DALE

Address

628 SECOND LINE WEST

SAULT STE. MARIE
ONTARIO
CANADA P6C 2K7

Date Began	First Director	
2004/06/30	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	OTHER	Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1189164	ONTARIO WILDERNESS VACATIONS LIMITED

Administrator:
Name (Individual / Corporation)

MARC
L.
DUBE

Address

55 SHERWOOD PARKWAY

SAULT STE. MARIE
ONTARIO
CANADA P6C 3B2

Date Began	First Director	
1999/04/30	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
DIRECTOR		Y

Administrator:
Name (Individual / Corporation)

MARC
L.
DUBE

Address

55 SHERWOOD PARKWAY

SAULT STE. MARIE
ONTARIO
CANADA P6C 3B2

Date Began	First Director	
2004/06/30	NOT APPLICABLE	
Designation	**Officer Type**	**Resident Canadian**
OFFICER	PRESIDENT	Y

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1189164	ONTARIO WILDERNESS VACATIONS LIMITED

Last Document Recorded

Act/Code	Description	Form	Date
CIA	REQUIREMENT TO FILE	7	2012/07/04

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

PLEASE NOTE THAT WHEN THE SAME INDIVIDUAL HOLDS MULTIPLE 'OTHER UNTITLED' OFFICER POSITIONS, AS INDICATED ON A FORM 1 UNDER THE *CORPORATIONS INFORMATION ACT*, ONLY ONE OF THESE 'OTHER UNTITLED' POSITIONS HELD BY THAT INDIVIDUAL WILL BE REFLECTED ON THIS REPORT.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for :	CASSELS BROCK - O. D'INNOCENZO
Reference :	4536
Docket :	25522-7
Search ID :	464434
Date Processed :	10/18/2012 5:34:16 PM
Report Type :	PPSA Electronic Response
Search Conducted on :	ONTARIO WILDERNESS VACATIONS LIMITED
Search Type :	Business Debtor

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: ONTARIO WILDERNESS VACATIONS LIMITED

FILE CURRENCY: October 17, 2012

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 6 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ONTARIO WILDERNESS VACATIONS LIMITED
FILE CURRENCY: October 17, 2012

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 6

SEARCH : BD : ONTARIO WILDERNESS VACATIONS LIMITED

00 FILE NUMBER : 029658159 EXPIRY DATE : 06AUG 2016 STATUS :
01 CAUTION FILING : PAGE : OF MV SCHEDULE ATTACHED :
REG NUM : 19910806 1311 0088 1572 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: ONTARIO WILDERNESS VACATIONS LIMITED
OCN :
04 ADDRESS : P.O. BOX 1194
CITY : WAWA PROV: ONT POSTAL CODE: P0S 1K0
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
ROYAL BANK OF CANADA
09 ADDRESS : 72 BROADWAY AVENUE
CITY : WAWA PROV: ONT POSTAL CODE: P0S 1K0

	CONS. GOODS	INVTRY.	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY	OR NO FIXED MAT DATE
10		X	X	X	X	X			

YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ONTARIO WILDERNESS VACATIONS LIMITED
FILE CURRENCY: October 17, 2012

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 6

SEARCH : BD : ONTARIO WILDERNESS VACATIONS LIMITED
FILE NUMBER 029658159
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 19960703 1917 1529 0418
21 REFERENCE FILE NUMBER : 029658159
22 AMEND PAGE: NO PAGE: CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: ONTARIO WILDERNESS VACATIONS LIMITED

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :

CONS. GOODS	INVTRY	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY OR	NO FIXED MAT DATE
10								

11
12
13
14
15
16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : 20 QUEEN STREET WEST, SUITE 602
CITY : TORONTO PROV : ON POSTAL CODE : M5H 3R3

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ONTARIO WILDERNESS VACATIONS LIMITED
FILE CURRENCY: October 17, 2012

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 3 OF 6

SEARCH : BD : ONTARIO WILDERNESS VACATIONS LIMITED
FILE NUMBER 029658159
PAGE TOT REGISTRATION NUM REG TYPE
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21 REFERENCE FILE NUMBER : 029658159
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23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: ONTARIO WILDERNESS VACATIONS LIMITED

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :

CONS. GOODS	INVTRY	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY OR	NO FIXED MAT DATE
10								

11
12
13
14
15
16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : SUITE 180-13571 COMMERCE PARKWAY
CITY : RICHMOND PROV : BC POSTAL CODE : V6V2L1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ONTARIO WILDERNESS VACATIONS LIMITED
FILE CURRENCY: October 17, 2012

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 4 OF 6

SEARCH : BD : ONTARIO WILDERNESS VACATIONS LIMITED
FILE NUMBER 029658159
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20010731 1758 1531 9437
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22 AMEND PAGE: NO PAGE: X CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: ONTARIO WILDERNESS VACATIONS LIMITED

25 OTHER CHANGE:
26 REASON: AMEND SECURED PARTY'S ADDRESS ON PAGE 1 LINE 9
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :
ROYAL BANK OF CANADA
09 ADDRESS : 180 WELLINGTON ST W. [B.S.C.] 3RD FLOOR
CITY : TORONTO PROV : ON POSTAL CODE : M5J 1J1
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE
10
11
12
13
14
15
16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : SUITE 180-13571 COMMERCE PARKWAY
CITY : RICHMOND PROV : BC POSTAL CODE : V6V2L1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ONTARIO WILDERNESS VACATIONS LIMITED
FILE CURRENCY: October 17, 2012

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 5 OF 6

SEARCH : BD : ONTARIO WILDERNESS VACATIONS LIMITED
FILE NUMBER 029658159
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20060724 1949 1531 0941
21 REFERENCE FILE NUMBER : 029658159
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: ONTARIO WILDERNESS VACATIONS LIMITED

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :

CONS. GOODS	INVTRY	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY OR	NO FIXED MAT DATE

10
11
12
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14
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16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : 4126 NORLAND AVENUE
CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ONTARIO WILDERNESS VACATIONS LIMITED
FILE CURRENCY: October 17, 2012

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 6 OF 6

SEARCH : BD : ONTARIO WILDERNESS VACATIONS LIMITED
FILE NUMBER 029658159
PAGE TOT REGISTRATION NUM REG TYPE
01 CAUTION : 01 OF 001 MV SCHED: 20110727 1456 1530 6408
21 REFERENCE FILE NUMBER : 029658159
22 AMEND PAGE: NO PAGE: X CHANGE: B RENEWAL REN YEARS: 5 CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: ONTARIO WILDERNESS VACATIONS LIMITED

25 OTHER CHANGE:
26 REASON:
27 /DESCR:
28 :
02/05 IND/TRANSFEREE:
03/06 BUS NAME/TRFEE:
OCN:
04/07 ADDRESS:
CITY: PROV: POSTAL CODE:

29 ASSIGNOR:

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :

CONS. GOODS	INVTRY	EQUIP	ACCTS	OTHER	MV INCL	AMOUNT	DATE OF MATURITY OR	NO FIXED MAT DATE
10								
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15								

16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : 4126 NORLAND AVENUE
CITY : BURNABY PROV : BC POSTAL CODE : V5G 3S8
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

APPENDIX “H”

Court File No. 25900/12

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

GREAT NORTHERN FREIGHT FORWARDING LIMITED

Plaintiff

-and-

ONTARIO WILDERNESS VACATIONS LIMITED and AIR-DALE FLYING SERVICE LTD.

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyers or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of services, in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LEGAL AID OFFICE.

DATED: July 30, 2012

Issued by: Laura J. Adams
Local Registrar

Address of court office:

420 Queen Street East, Suite 100
Sault Ste. Marie, Ontario
P6A 1Z7

TO: **Ontario Wilderness Vacations Limited**
235 River Road
Sault Ste. Marie, Ontario
P6A 5K9

AND TO: **Air-Dale Flying Service Ltd.**
235 River Road
Sault Ste. Marie, Ontario
P6A 5K9

1. The Plaintiff claims from the Defendants or any of them:

a) the sum of $310,684.37 as the balance due for the supply and maintenance of aircraft used by the Defendants and accounts paid by the Plaintiff on behalf of the Defendants as of May 31, 2012;

b) pre-judgment and post-judgment interest on this amount in accordance with the agreement between the parties; or, in the alternative, pursuant to the *Courts of Justice Act*, R.S.O. 1990 c.C.43;

c) costs of this action together with applicable Harmonized Sales Tax thereon; and

d) such further and other relief as this Honourable Court may deem just.

THE PARTIES

2. The Plaintiff, Great Northern Freight Forwarding Limited ("GNFFL"), is a Corporation incorporated under the laws of the Province of Ontario having its head office in the City of Sault Ste. Marie where it carries on the business of air freight services and the leasing and maintenance of aircraft.

3. The Defendant, Ontario Wilderness Vacations Limited ("OWVL"), is a Corporation incorporated under the laws of the Province of Ontario, having its head office in the City of Sault Ste. Marie where it carries on business as the operator of wilderness tourist camps in the District of Algoma.

4. The Defendant, Air-Dale Flying Service Ltd. ("ADFSL"), is a Corporation incorporated under the laws of the Province of Ontario, having its head office in the City of Sault Ste. Marie and is a wholly owned subsidiary of the Defendant, OWVL.

NON ARMS LENGTH BUSINESS RELATIONSHIP

5. The sole shareholder of the Plaintiff, Robert Dale, owns forty per cent (40%) of the issued and outstanding common shares of the Defendant, OWVL and is a director of the Defendant, OWVL.

6. At all material times, the Plaintiff, GNFFL, and the Defendants, OWVL and its subsidiary ADFSL, operated, on a non-arms length basis, a tourist business under the name of Ontario Wilderness Vacations Limited particulars of which are as follows:

(a) the Defendant, OWVL, owned and leased certain lands and leasehold sites in the District of Algoma on which tourist wilderness camps were located and used as fly-in fishing and hunting camps;

(b) the Plaintiff, GNFFL, and the Defendant, ADFSL, were parties to a lease and maintenance agreement whereby the Plaintiff, GNFFL, leased beaver aircraft at less than the going rate to the Defendant ADFSL which aircraft were used exclusively to fly customers of the Defendant, OWVL to and from the said tourists camps;

(c) the customers of the Defendant OWVL would contract with the Defendant ADFSL, the licensed carrier, for the transportation into and out of the camps thereby providing to the Defendant OWVL a layer of protection from liability;

(d) the Defendant, ADFSL, held the required commercial licence issued by Transport Canada to transport the customers of OWVL and was also responsible under the lease agreement for payment to the Plaintiff of the cost of maintaining the said aircraft supplied to it;

(e) in the usual course of business, the Plaintiff, GNFFL, would invoice the Defendant, ADFSL, for the supply and maintenance cost of the aircraft and the Defendant, ADFSL, would invoice the Defendant, OWVL for the cost of transporting the customers to and from the said tourists camps;

(f) the Plaintiff, GNFFL, has paid payroll and other bills that are the responsibility of the Defendant, OWVL; and

(g) the Defendant, OWVL, has on several occasions made direct payment to the Plaintiff, GNFFL.

7. The Plaintiff, GNFFL, claims that at all material times the Defendant, ADFSL, the wholly owned subsidiary of the Defendant OWVL, was the lawful and duly authorized agent of the Defendant, OWVL and all amounts owing by the Defendant, ADFSL, to the Plaintiff, GNFFL, are the responsibility of the Defendant, OWVL.

8. In the alternative, the Plaintiff, GNFFL, claims that the Defendant, OWVL, has been unjustly enriched by the services provided by the Plaintiff, GNFFL, which enabled the Defendant, OWVL, to carry on its business.

9. As at the 31st of May, 2012, the Defendants, OWVL and ADFSL, are indebted to the Plaintiff, GNFFL, in the total amount of $310,684.37 broken down as follows:

a) for leasing of aircraft	$152,587.70
b) for maintenance costs	$158,096.67.
Total	$310,684.37

10. Despite repeated requests, the Defendants, OWVL and ADFSL, have neglected or refused to pay the balance owing to the Plaintiff, GNFFL.

11. The Plaintiff, GNFFL, proposes that this action be tried at the City of Sault Ste. Marie, in the District of Algoma

Date: July 30, 2012

LAIDLAW, PACIOCCO, SPADAFORA
Barristers and Solicitors
421 Bay Street, Suite 604
Sault Ste. Marie, Ontario P6A 1X3

Donald B. Laidlaw (13643N)
Telephone: (705) 949-7790
Fax: (705) 949-5816

Solicitors for the Plaintiff

94

Court File No. 25900/12

GREAT NORTHERN FREIGHT FORWARDING LIMITED	v.	ONTARIO WILDERNESS VACATIONS LIMITED and AIR-DALE FLYING SERVICE LTD.

ONTARIO
SUPERIOR COURT OF JUSTICE
(Proceedings commenced at Sault Ste. Marie)

STATEMENT OF CLAIM

LAIDLAW, PACIOCCO, SPADAFORA
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P6A 1X3

Donald B. Laidlaw (13643N)
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Facsimile: (705) 949-5816

Solicitor for the Plaintiff

APPENDIX “I”

Court File No.: 25900/12

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:

GREAT NORTHERN FREIGHT FORWARDING LIMITED

Plaintiff

-and-

ONTARIO WILDERNESS VACATIONS LIMITED and AIR-DALE FLYING SERVICE LTD.

Defendants

JUDGMENT

On reading the statement of claim in this action and the proof of service of the statement of claim on the Defendants, filed, and the Defendants having been noted in default.

1. IT IS ORDERED AND ADJUDGED that the Defendants pay to the Plaintiff the sum of $ 312,067.55 and the sum of $1,182.79 for the costs of this action.

This judgment bears interest at the rate of 3 per cent per year from its date.

Date October 4, 2012

Signed by Laurie Jokelainer
Local registrar

Address of
court office 420 Queen Street, Suite 100
Sault Ste. Marie, Ontario P6A 1Z7

ENTERED AT SAULT STE. MARIE
INSCRIT À SAULT STE. MARIE

AS DOCUMENT:
À TITRE DE DOCUMENT:
No. 73-06

ON
LE October 4, 2012

BY
PAR RJ

Court File No. 25900/12

GREAT NORTHERN FREIGHT FORWARDING LIMITED VS. **ONTARIO NORTHERN FREIGHT FORWARDING LIMITED and AIR-DALE FLYING SERVICE LTD.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(Proceedings commenced in the District of Algoma)

JUDGMENT

LAIDLAW, PACIOCCO, SPADAFORA
Barristers and Solicitors
421 Bay Street, Suite 604
Sault Ste. Marie, Ontario
P6A 1X3

Donald B. Laidlaw 13643N
Telephone: (705) 949-7790
Fax: (705) 949-5816

Solicitors for the Plaintiff
Great Northern Freight Forwarding Limited

TAB 3

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

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

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

AFFIDAVIT OF DANIEL J. MOORE
(Sworn October 19, 2012)

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

1. I am the Chief Operating Officer of the Applicant, International Forest Products LLC (formerly known as International Forest Products Corporation) ("**IFP**"). As such, I have knowledge of the matters deposed to in this affidavit. Where this

affidavit is not based on personal knowledge, it is based on information and belief and I verily believe such information to be true.

2. This affidavit is sworn in support of the motion by Ernst & Young Inc. ("**E&Y**") in its capacity as receiver and receiver and manager (in such capacity, the "**Receiver**") of all of the property, assets and undertaking of the Respondent St. Marys Paper Corp. ("**St. Marys**"), for, among other things, approval of the distribution of certain proceeds in the possession of the Receiver to IFP.

3. As set out in the schedule attached hereto as **Exhibit "A"**, as at October 18, 2012, St. Marys is indebted to IFP in the amount of approximately US $3,319,303 (the "**Indebtedness**").

4. As described in greater detail in my Affidavit sworn August 31, 2011, previously filed with the Court, the Indebtedness is secured by:

(a) the General Security Agreement dated as of December 8, 2010 (the "**General Security Agreement**"), pursuant to which St. Marys granted a security interest to IFP over all of its presently owned or held and after-acquired or held personal property, assets and undertaking, of whatever nature or kind and wherever situate, and all proceeds derived directly or indirectly thereof and therefrom. The General Security Agreement secures payment and performance of all indebtedness, obligations and liabilities of St. Marys to IFP. Financing statements in respect of IFP's personal property security interests are registered against St. Marys under the *Personal Property Security Act* (Ontario); and

(b) the Charge/Mortgage registered on March 3, 2011, pursuant to which St. Marys granted a charge over 17 parcels of land located at 75 Huron Street, Sault Ste. Marie, Ontario as continuing security for the payment of all present and future indebtedness and liabilities of St. Marys to IFP.

5. This affidavit is made in support of the Receiver's motion for the distribution of certain funds in its possession to IFP, and for no other purpose.

SWORN BEFORE ME at the Town of Foxborough in the Commonwealth of Massachusetts this 19th day of October, 2012	)))))))	
Kathy Ethier A Commissioner for Taking Affidavits, etc. KATHY ETHIER Notary Public COMMONWEALTH OF MASSACHUSETTS My Commission Expires April 7, 2017		DANIEL J. MOORE

EXHIBIT "A"

SMPC Statement of Amounts Due
10/18/2012

Loan	$ 3,000,000	
Loan interest (through 12/30/11)	344,380	$ 3,344,380
A/R (incl HST)	3,110,624	
A/R interest (through 12/30/11)	182,722	3,293,346
Legal expense (through 8/31)		568,251
Total owed		**7,205,977**
Payments Received		
06/21/2012	(2,904,949)	
08/08/2012	(578,236)	
Payment to Blakes	(403,489)	**(3,886,674)**
Net owed		**$ 3,319,303**

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

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

Applicant

v.

ST. MARYS PAPER CORP.

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF DANIEL J. MOORE
(SWORN OCTOBER 19, 2012)

BLAKE, CASSELS & GRAYDON LLP
Commerce Court West
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9

Michael McGraw LSUC#: 46679C
Tel: (416) 863-4247
Fax: (416) 863-2653

Marc Flynn LSUC#: 52831B
Tel: (416) 863-2685
Fax: (416) 863-2653

Lawyers for the Applicant

22295465.2

TAB 4

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" be and are hereby approved.

Second Interim Distribution

4. **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

5. **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.

6. **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.

7. **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)

Cassels Brock & Blackwell LLP
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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
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD
(Returnable October 25, 2012)

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