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

SEVENTH REPORT OF THE RECEIVER OF
ST. MARYS PAPER CORP., SMP RESOURCES INC. AND
ONTARIO WILDERNESS VACATIONS LIMITED
DATED MAY 27, 2014

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 and section 101 of the *Courts of Justice Act*, R.S.O 1990 c C.43, as amended (the "**Appointment Order**").

2. Pursuant to the Order of the Honourable Mr. Justice Campbell dated May 8, 2012, 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.

3. On May 8, 2012, International Forest Products LLC (formerly known as International Forest Products Corporation) ("**IFP**") brought a bankruptcy application (the "**Bankruptcy Application**") with respect to St. Marys, the hearing of which was initially adjourned and the order ultimately granted by the Court on June 6, 2012. EYI was appointed trustee of the bankruptcy estate of St. Marys.

4. Pursuant to the Order of the Honourable Mr. Justice Campbell dated February 6, 2013 (the "**OWVL Order**"), the Court, *inter alia*, expanded and amended the Appointment Order to include Ontario Wilderness Vacations Limited ("**OWVL**", and together with SMPR and St. Marys, the "**Debtors**"), a related entity to SMPR in which SMPR owns 60% of the shares. The remaining 40% of the shares of OWVL are owned by Mr. Robert Dale of Sault Ste. Marie ("**Dale**").

5. OWVL owns wilderness campsites and, prior to its receivership, operated fly-in fishing and hunting camps in northern Ontario.

6. The OWVL Order approved and authorized the terms of the settlement agreement by and between the Receiver, Dale and certain other parties dated January 31, 2013 (the "**OWVL Settlement Agreement**"), a redacted copy of which was attached to and summarized in detail in the Fifth Report of the Receiver dated February 4, 2013 (the "**Fifth Report**"). Among other things, the OWVL Settlement Agreement authorized Dale to be the broker and agent for OWVL to sell OWVL's assets in accordance with the terms of the OWVL Settlement Agreement, including Goulais Lake (as defined and described below) and a number of other wilderness campsites owned by OWVL.

7. Since the approval of the OWVL Settlement Agreement and as detailed in the Sixth Report of the Receiver dated February 12, 2014 (the "**Sixth Report**") and herein, Dale has negotiated, with the oversight of the Receiver, the sale of certain of OWVL's assets, including the sale of the Goulais Lake Assets (as defined and described below), a sale to

Blue Lake Sustainability Inc. (as described in the Sixth Report and which closed on November 5, 2013), and a sale to Outpostcamps Inc. that is scheduled to close on May 27, 2014 (the "**Outpostcamps Sale**").

8. The OWVL Order authorizes the sale of the certain of OWVL's assets without the requirement for specific sale approval and vesting orders. As the respective purchasers did not require the granting of approval and vesting orders as a precondition to closing, such orders were not sought with respect to the sales to Blue Lake Sustainability Inc. and Outpostcamps Inc. However, with respect to the sale of the Goulais Lake Assets, there is a pre-condition that the Goulais Lake Purchaser (as defined below) be satisfied that title to the Goulais Lake Assets is good and free and clear from encumbrances. To satisfy this pre-condition, Dale and the Receiver have agreed to seek from this Honourable Court an approval and vesting order in connection with the sale.

PURPOSE

9. This is the Receiver's seventh report to the Court in connection with the receivership of St. Marys, its fourth report to the Court in connection with the receivership of SMPR and the second report to the Court in connection with the receivership of OWVL (referred herein after as the "**Seventh Report**").

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

a) a summary of the activities of the Receiver from February 13, 2014 to date;

b) a summary of the Statement of Receipts and Disbursements for the Debtors as of May 25, 2014; and

c) the Receiver's motion for an Order:

i. approving the sale transaction (the "**Goulais Lake Transaction**") contemplated by an agreement of purchase and sale (the "**Goulais Lake Sale Agreement**") between OWVL (by its broker and agent, Dale) as seller and 2406614 Ontario Ltd. as purchaser (the "**Goulais Lake Purchaser**") dated March 3, 2014, with respect to lands and premises described as Goulais Lake

Hoffman/Butcher Summer Resort in the district of Algoma, Ontario (the "**Goulais Lake Real Property**"), and vesting in the Goulais Lake Purchaser the Receiver's right, title and interest, if any, in and to the assets described in the Goulais Lake Sale Agreement (including the Goulais Lake Real Property, the "**Goulais Lake Assets**") free and clear of all claims and encumbrances. A copy of the Goulais Lake Sale Agreement is attached as Appendix "**A**" to this Seventh Report;

ii. approving and authorizing the property tax Minutes of Settlement for the property tax years 2009, 2010, 2011 and 2012 (the "**Minutes of Settlement**") between the Municipal Property Assessment Corporation ("**MPAC**"), the Municipality of the City of Sault Ste. Marie (the "**City**") and the Receiver attached as Appendix "**B**" to this Seventh Report;

iii. authorizing and directing the City to pay directly to the Receiver the refund of the property taxes relating to the property tax years 2009, 2010, 2011 and 2012 (the "**Property Tax Refund**");

iv. authorizing and directing the Receiver to adjust the Property Tax Refund as between the Receiver on behalf of St. Marys and the Mill Purchaser in accordance with the Mill Sale Agreement (each as defined below);

v. authorizing and directing the Receiver to distribute the portion of the Property Tax Refund received by St. Marys (after adjustment to the Mill Purchaser) to IFP, net of any disbursements required to be made to Altus Group Tax Consulting Paralegal Professional Corporation, Altus Group Limited (the "**Property Tax Consultant**") (the "**Fourth Interim Distribution**"), and declaring that such Fourth Interim Distribution to IFP is to be applied in partial satisfaction of the indebtedness owing by St. Marys to IFP; and

vi. approving this Seventh Report, along with the conduct and activities of the Receiver as described herein.

TERMS OF REFERENCE

11. In preparing this Seventh Report and making the comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Debtors' books and records, and information from other third-party sources (collectively, the "**Information**"). Except as described in this Seventh Report:

    a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with the Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information; and

    b) the Receiver has prepared the Seventh Report in its capacity as a court-appointed officer solely for the use of this Court and the Debtors' stakeholders, and will make a copy of this Seventh Report available on the Receiver's website at www.ey.com/ca/smp.

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

BACKGROUND

13. 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.

14. 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.

15. The shutdown resulted in, among other things, a liquidity crisis which led to the

appointment of the Receiver.

16. The Receiver has marketed and sold the majority 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.

17. The sale transaction with respect to the Mill (the "**Mill Transaction**") contemplated in the agreement of purchase and sale (the "**Mill Sale Agreement**") between St. Marys, by the Receiver, and 2319839 Ontario Inc. (the "**Mill Purchaser**") dated March 15, 2012 has closed and the purchased assets described in the Mill Sale Agreement have vested in the Mill Purchaser as provided by the Order of the Honourable Mr. Justice Campbell dated March 26, 2012. Further details with respect to the Mill Transaction are described in the Second Report.

18. OWVL owns wilderness campsites and, prior to its receivership, operated fly-in fishing and hunting camps in northern Ontario and offered hunting and fishing excursion packages for camp patrons. OWVL has not operated subsequent to the Receiver's appointment. As a result of, among other things, the remoteness of OWVL's assets and the fact that Dale is assisting the Receiver in the sale of such assets, the Receiver has not taken possession of the OWVL assets.

19. 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.

SUMMARY OF THE ACTIVITIES OF THE RECEIVER

20. The activities of the Receiver since its appointment are more fully described in the First Report of the Receiver dated January 13, 2012, the Second Report, the Third Report of the Receiver dated May 3, 2012 (the "**Third Report**"), the Fourth Report of the Receiver dated October 22, 2012, the Fifth Report and the Sixth Report.

21. Since the Sixth Report, the Receiver has taken the following steps in conjunction with its mandate:

   a) continued to work with the Property Tax Consultant and legal counsel to the Receiver to settle an appeal of certain property tax assessments related to the period prior to the closing of the Mill Transaction. Further background and details with respect to the property tax assessments are provided below;

   b) continued to insure the real estate assets of OWVL at a monthly cost of approximately $1,961.56, which insurance cost will be reduced as OWVL's assets are sold;

   c) conducted a claims process to identify claims against SMPR and OWVL as described in detail in the Sixth Report. The security interests of IFP, the first secured lender of St. Marys, do not directly include the assets of SMPR and OWVL. Based on the books and records of SMPR and OWVL, as of the date of its receivership for each of SMPR and OWVL, SMPR and OWVL owed certain amounts to related entities and certain other creditors. Accordingly, a claims process was conducted by the Receiver to identify any creditor claims with respect to SMPR and OWVL (the "**Claims Process**"). The Receiver will report to this Court with respect to the outcome of the Claims Process in due course; and

   d) continued to work with Dale and his counsel with respect to the sale of OWVL's real estate assets and equipment as described further in this Seventh Report (including the Outpostcamps Sale).

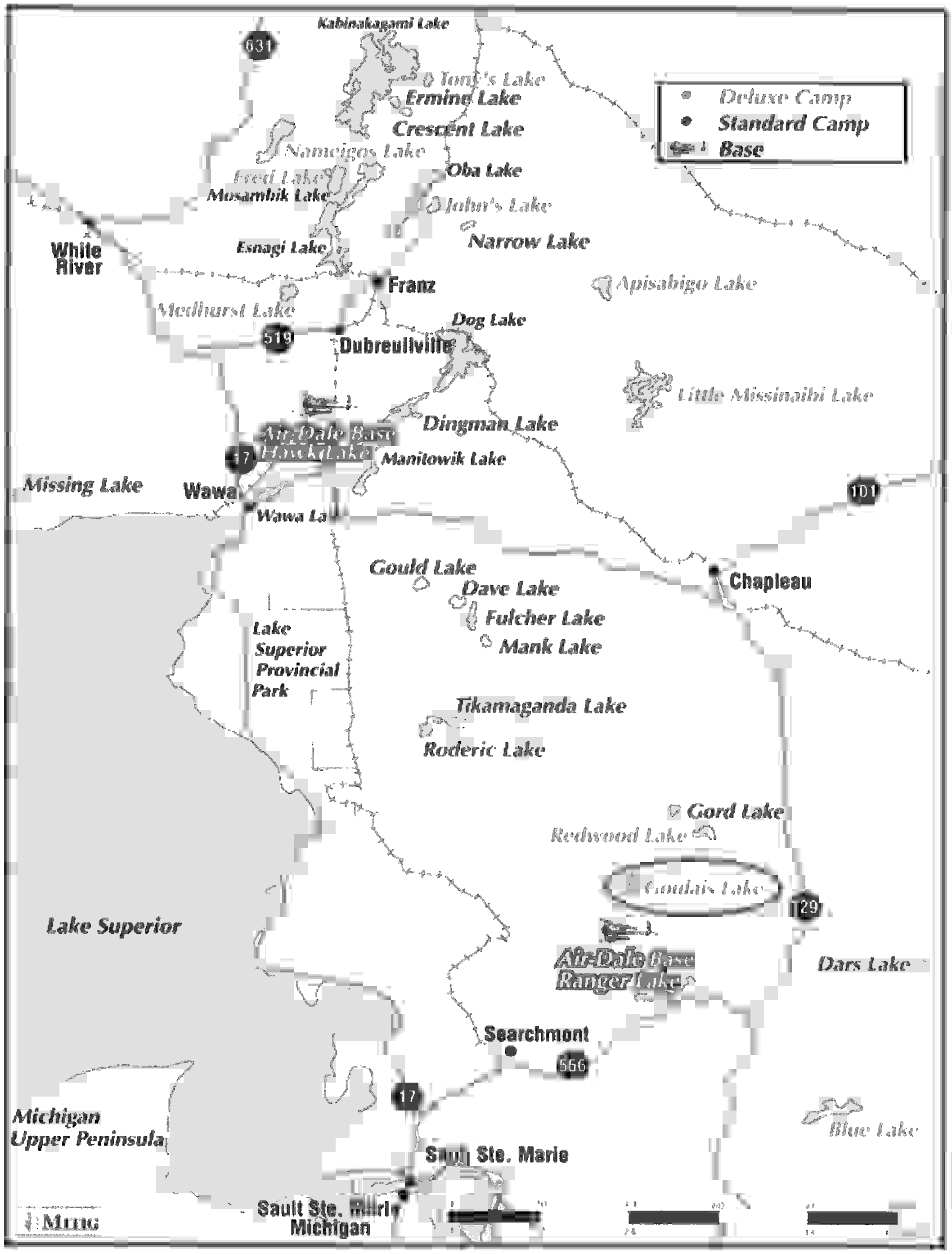
STATEMENT OF RECEIPTS AND DISBURSEMENTS

22. Attached as Appendix "C" to this Seventh Report is the Receiver's Statement of Receipts and Disbursements for St. Marys for the period from December 30, 2011 to May 25, 2014 which reflects remaining funds of approximately $283,844 as of May 25, 2014. Appendix "C" includes further details with respect to the individual receipt and disbursement line items. In addition, the Receiver holds approximately US$41,363.22 as of May 25, 2014 in a US currency account. Appendix "C" also includes Statements of Receipts and Disbursements for SMPR and OWVL. SMPR and OWVL are being funded by St. Marys and such funds will be repaid to St. Marys from future sale proceeds of the assets of SMPR and OWVL.

APPROVAL AND VESTING ORDER FOR THE GOULAIS LAKE ASSETS

23. The Receiver understands that the Goulais Lake Real Property is approximately five miles long and three-quarter miles wide. There are four cabins on the Goulais Lake Real Property equipped with camping and fishing gear which are owned by OWVL, including an electric generator, a water pump, propane equipment, refrigerators, stoves, furniture, two canoes, boats and eight motor boat motors. The Goulais Lake Assets are more particularly described in the Goulais Lake Sale Agreement at Section 2.

24. The following is a map of Northern Ontario highlighting the OWVL assets, including the Goulais Lake Assets (circled in red), as extracted from the OWVL website:



25. Pursuant to the OWVL Settlement Agreement, Dale marketed the Goulais Lake Assets and certain other OWVL assets for approximately the past year. The remote location of the Goulais Lake Assets and the fact that OWVL is not operating has limited the number of prospective purchasers.

26. The Goulais Lake Purchaser submitted the sole offer for the Goulais Lake Assets for an aggregate purchase price of $300,000 (plus applicable taxes).

27. A copy of the Goulais Lake Sale Agreement is attached as Appendix "A" to this Seventh Report. The terms and conditions include:

a) The Goulais Lake Assets are being sold on an "as is, where is" basis with no representations or warranties from the Receiver. The Goulais Lake Purchaser was required to conduct its own due diligence and inspection of the Goulais Lake Assets;

b) The Goulais Lake Purchaser is responsible for the HST related to the Goulais Lake Transaction. The Receiver understands that the Goulais Lake Purchaser is registered under the *Excise Tax Act* and shall pay and remit any applicable HST;

c) The Goulais Lake Purchaser has paid a deposit of $1,000 to OWVL's counsel and the remainder of the sale price will be paid on the closing of the Goulais Lake Transaction; and

d) OWVL agreed to discharge the mortgage registered as LT221301 in favour of the Royal Bank of Canada ("**RBC**") against title to Goulais Lake. As described in previous reports, OWVL was indebted to RBC in the principal amount of $65,000 plus interest (the "**RBC Debt**"). The RBC Debt was guaranteed by SMPR. OWVL has been paying the RBC Debt from proceeds received from OWVL's asset sales in accordance with the OWVL Settlement Agreement. Further to negotiations with RBC, Dale's counsel, with the consent of IFP and the Receiver, has negotiated a settlement with RBC and such settlement amount will be paid to RBC as part of the closing arrangements to the Outpostcamps Sale (scheduled to be completed on May 27, 2014).

28. In order to obtain free and clear title on closing to satisfy a pre-condition to the Goulais Lake Sale Agreement, the Goulais Lake Purchaser has requested that an approval and vesting order be sought in connection with the Goulais Lake Sale Agreement, under

which all of OWVL's right, title and interest in the Goulais Lake Assets shall vest in the Goulais Lake Purchaser free and clear of claims and encumbrances.

29. A copy of the parcel registry for the Goulais Lake Real Property dated May 27, 2014 is attached as Appendix "**D**" to this Seventh Report. The only registered charge against title to the property is the mortgage in favour of RBC. The Receiver understands that the RBC mortgage will be discharged immediately following the closing of the Outpostcamps Sale and prior to the Receiver's attendance before this Honourable Court on this motion.

30. A copy of a search conducted on May 27, 2014 against OWVL under the *Personal Property Security Act* (Ontario) has revealed one party, being RBC. The PPSA search is attached as Appendix "**E**" to this Seventh Report. The Receiver understands the RBC PPSA registration will be discharged immediately following the closing of the Outpostcamps Sale and prior to the Receiver's attendance before this Honourable Court on this motion.

31. Nevertheless, the Receiver has directed its counsel to serve RBC with this Seventh Report and its motion record.

32. After the closing of the sale of the Goulais Lake Assets, the remaining assets of OWVL are primarily certain wilderness campsites at Ranger Lake and Hawk Lake in Ontario (which continue to be marketed by Dale).

33. After the claims received in the Claims Process have been reviewed and settled and any claims of creditors of OWVL are satisfied, the remaining funds in OWVL (including the proceeds of sale of the Goulais Lake Assets and any proceeds from the remaining campsites) will be paid to its shareholders including SMPR, the 60% shareholder of OWVL. SMPR in turn will settle its claims and pay the remaining amount to St. Marys for distribution to the creditors of St. Marys, primarily IFP.

34. In these circumstances, including the remote location of the Goulais Lake Assets and the fact that OWVL is not currently operating its business, the sale price maximizes the value to the Debtors' creditors and it is in the best interest of the Debtors' estate that the

Goulais Lake Transaction close. Accordingly, the Receiver recommends that this Court grant the approval and vesting order substantially in the form set out at Tab 4 of the Receiver's motion record such that the sale may proceed to close.

PROPERTY TAX MINUTES OF SETTLEMENT

35. As discussed in previous reports of the Receiver and in this Report, the Receiver continued to work with the Property Tax Consultant to appeal St. Marys' property tax assessments for property tax years 2009, 2010, 2011 and part year 2012 (until the sale of the Mill on April 4, 2012) which assessed the Mill property at $10,674,000 (the "**Property Tax Assessments**"). As the Mill was not operating and as reflected in its sale value, the Receiver is of the view that the value of the property related to the Mill was substantially less than its assessed value.

36. St. Marys had commenced an appeal of the Property Tax Assessments prior to the commencement of the receivership proceedings. Subsequent to the receivership, the Receiver continued with the appeal. The Receiver retained the services of the Property Tax Consultant to assist it in its efforts regarding the appeal. The Property Tax Consultant was assisting St. Marys with other tax appeal efforts prior to the receivership, and was selected by the Receiver because of, among other things, its institutional knowledge of St. Marys and the Mill. As compensation for its work relating to the Settlement, the Property Tax Consultant and the Receiver (with the support of IFP) negotiated a contingency arrangement with respect to any recovery by the Receiver on behalf of St. Marys from the appeal.

37. Together, the Receiver, its counsel, and the Property Tax Consultant worked with MPAC and the City to resolve the appeal. This included the Receiver and its counsel attending numerous calls with MPAC, the City and the assessment review board that regulates property tax appeals (the "**ARB**") to work towards resolving issues related to the Property Tax Assessments. Further, the Receiver worked with the Property Tax Consultant to compile a statement of issues related to the Property Tax Assessments. In addition, the Receiver, along with its counsel and the Property Tax Consultant, attended a

tour of the Mill premises along with MPAC to prepare for discoveries.

38. After several months of discussions and negotiations between MPAC, the City and the Receiver, a settlement was reached which reduced the assessed value of the Property Tax Assessment to $3.78 million for the tax year 2009, $1.5 million for the tax year 2010 and $1 million for each of the 2011 and 2012 tax years (as detailed in the Minutes of Settlement). The Minutes of Settlement and the settlement were approved by the Sault Ste. Marie City Council on May 26, 2014. A copy of the Minutes of Settlement is attached at Appendix "**B**" to this Seventh Report.

39. The Receiver is of the view that the Minutes of Settlement are fair and reasonable and in the best interest of the estate of St. Marys. The Receiver recommends to this Honourable Court that the Minutes of Settlement be approved.

40. Based on the settlement, the Property Tax Consultant, in consultation with the City, has calculated the total Property Tax Refund for the years 2009 through to 2012 to be in the range of approximately $919,000.

41. The Mill Sale Agreement and the statement of adjustments related to the Mill Transaction provide that the Property Tax Refund for the years 2009 through to April 4, 2012 is an excluded asset which was not sold to the Mill Purchaser as part of the Mill Transaction. Accordingly, under the terms of the Mill Sale Agreement, the portion of the Property Tax Refund for the years 2009 through to April 4, 2012 is to the benefit of the Receiver, whereas the portion of the Property Tax Refund for the period between April 5 and December 31, 2012 (after the closing of the Mill Sale Agreement) is to the benefit of the Mill Purchaser.

42. As the City typically pays a property tax refund to the current owner of the property, the Receiver is seeking an Order from this Court to direct the City to pay the Property Tax Refund to the Receiver. In accordance with the terms of the Mill Sale Agreement, the Receiver will adjust the Property Tax Refund such that it retains on behalf of the estate of St. Marys the portion for the years 2009 through to April 4, 2012, and the portion for

April 5 to December 31, 2012 shall be paid by the Receiver to the Mill Purchaser.

43. Accordingly, the Receiver is seeking an order substantially in the form attached as Tab 3 to the Receiver's motion record: (i) approving the Minutes of Settlement; (ii) directing the City to pay the Property Tax Refund to the Receiver; and (iii) directing the Receiver to, in accordance with the terms of the Mill Sale Agreement, adjust the Property Tax Refund received between the estate of St. Marys and the Mill Purchaser.

44. A copy of the Receiver's draft order has been provided to the City. In addition, the Receiver has directed its counsel to serve the City and the Mill Purchaser with this Seventh Report and its motion record.

FOURTH INTERIM DISTRIBUTION TO IFP

45. The Receiver is advised by IFP that, as at May 27, 2014, St. Marys is indebted to IFP, the first secured creditor of St. Marys, in the amount of approximately US$2,360,052.

46. 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.

47. Pursuant to previous Orders of this Court the Receiver has made distributions totalling approximately $5.1 million to IFP as follows:

a) Payments totalling $3,377,596 to IFP or its counsel on June 21 and 22, 2012, as authorized and directed in the Order dated June 6, 2012 ("**First Interim Distribution**");

b) An additional payment of $576,404 to IFP on August 8, 2012, as authorized and directed in the Order dated June 6, 2012, which represented remaining funds to be distributed from the First Interim Distribution;

c) Payments totalling $550,000 to IFP or its counsel as authorized and directed in the Order dated October 25, 2012; and

d) Payments totalling $600,000 to IFP or its counsel as authorized and directed in the Order dated February 14, 2014.

48. Based on the foregoing, the Receiver recommends that this Court approve a distribution to IFP in the amount received by the Receiver for the Property Tax Refund (net of any amounts disbursed to the Mill Purchaser and the Property Tax Consultant).

RECOMMENDATION

49. For the reasons detailed above, the Receiver respectfully recommends that this Court grant the relief requested in paragraph 10(c) of this Seventh Report substantially in the form of the draft Orders attached to the Receiver's motion record.

All of which is respectfully submitted this 27th day of May, 2014.

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

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

TAB A

THIS AGREEMENT made the 3rd day of March 2014,

B E T W E E N:

2406814 ONTARIO LTD.

(hereinafter referred to as the "Purchaser")

OF THE FIRST PART

- and -

ROBERT DALE as Agent and Broker for
ONTARIO WILDERNESS VACATIONS LIMITED

(hereinafter referred to as the "Vendor")

OF THE SECOND PART

1.0 BACKGROUND

1.1 By Court Order dated February 6, 2013 (Court File No. CV-11-9387 – 00CL), Ernst & Young Inc. (the "Receiver") was appointed receiver of the assets and undertaking of Ontario Wilderness Vacations Limited.

1.2 Pursuant to paragraph 8(a) of the Order, Robert Dale was authorized, as broker and agent for the Vendor, to sell the Real Property hereinafter described.

2.0 OFFER TO PURCHASE

2.1 The Purchaser offers to purchase from the Vendor all of the Vendor's rights, title and interest in lands and premises described as PCL 4838 SEC ACS; ISLAND IN GOULAIS LAKE HOFFMAN/BUTCHER SUMMER RESORT LOCATION JC334; DISTRICT OF ALGOMA (PIN 31257-0001(LT)) (the "Real Property").

2.2 The Vendor acknowledges and agrees that all chattels, equipment and furnishings are included in the purchase price including, without limitation, an electric generator, a gas water pump, propane equipment for each cabin on the Real Property, refrigerators and stoves, furniture and furnishings in each cabin, two canoes, all aluminium boats now on the island and at each portage, and eight motor boat motors.

3.0 PURCHASE PRICE AND PAYMENT

3.1 The purchase price payable for the Real Property shall be the sum of THREE HUNDRED THOUSAND DOLLARS ($300,000.00) of lawful money of Canada (hereinafter called the "Purchase Price"), payable by the Purchaser to the Vendor as follows:

(a) The sum of ONE THOUSAND DOLLARS ($1,000.00) as a deposit shall be paid by the Purchaser within 24 hours of the Vendor waiving the condition in paragraph 5.2, by cheque made payable to the Vendor's solicitor, in trust, and to be held by the said solicitor pending the completion or other termination of the Purchase Agreement and to be credited on account of the Purchase Price on Closing; and

(b) The balance of the Purchase Price subject to the usual adjustments shall be paid by the Purchaser to the Vendor by certified cheque on Closing.

3.2 If for any reason the transaction contemplated hereunder is not completed, in circumstances which would entitle the Purchaser to a return of the deposit monies as expressly provided or contemplated by this Offer, then the Purchaser shall be entitled to the immediate return of the deposit monies.

4.0 HARMONIZED SALES TAX

4.1 The parties hereto acknowledge and agree that the Purchaser is (or on closing will be) registered under the Excise Tax Act S.C. 1990, as amended, and shall pay and remit any applicable harmonized sales tax exigible in connection with this transaction (the "H.S.T."), on its own, during the Purchaser's next reporting period for H.S.T. purposes following the Closing of this transaction. Accordingly, the only document that the Purchaser shall be obliged to provide the Vendor on closing in this regard shall be written confirmation of the H.S.T. registration number assigned to the Purchaser (issued by Revenue Canada, Customs, Excise and Taxation Branch), together with a statutory declaration sworn by an authorized signing officer of the Purchaser confirming that:

(a) such registration has not been revoked;

(b) the Purchaser will, on closing, be the sole beneficial owner of the Real Property; and

(c) the Vendor is indemnified and saved harmless from and against any and all obligations for H.S.T., including interest and penalties.

4.2 The parties acknowledge that H.S.T. is in addition to, and not included in, the Purchase Price. In the event the Purchaser does not, on Closing, provide the written confirmation and statutory declaration described in Section 5.1 hereof, the Purchaser shall pay and the Vendor shall collect and remit the H.S.T. that is exigible in connection with this transaction.

5.0 IRREVOCABLE DATE/CONDITION

5.1 The Purchaser agrees that this Offer shall remain open for acceptance and shall be irrevocable by the Purchaser until 5:00 p.m. on the 5th day of March, 2014 after which time if not accepted by the Vendor this Offer shall be null and void and the deposit shall be refunded to the Purchaser without interest or deduction.

5.2 The completion of this Offer is conditional on the approval of this Offer by the Receiver on or before March 12, 2014, failing which this Offer shall be null and void.

6.0 TITLE

6.1 The Purchaser shall be allowed until 5:00 p.m. on the 15th day of April, 2014 to examine the title to the Real Property at the Purchaser's own expense and to satisfy itself that:

(a) the title to the Real Property is good and free from all registered restrictions, mortgages, charges, liens; and

(b) there are no outstanding orders deficiency notices or directives issued by any federal, provincial or other government authority affecting the Real Property.

6.2 If within the time specified in Section 5.1 hereof any valid objection to title is made in writing to the Vendor or its solicitor which the Vendor is unable or unwilling to remove and which the Purchaser will not waive, this Offer shall, notwithstanding any intermediate acts or negotiations in respect of such objections, be null and void and neither party shall be liable or responsible under this Offer to the other for any costs, expenses or damages whatsoever.

6.3 The Vendor agrees that the mortgage registered as LT221301 in favour of the Royal Bank of Canada shall be discharged from title to the Real Property.

6.4 The Purchaser acknowledges that it is purchasing the property on an "as is, where is" basis without representations or warranties from the Vendor. The Purchaser further acknowledges that it is relying on its own due diligence with respect to the property and any buildings and equipment located thereon.

7.0 DATE OF CLOSING

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7.1 This Agreement shall be completed on the 9th day of May, 2014 ("Closing") as which time vacant possession shall be delivered to the Purchaser.

8.0 DOCUMENTS TO BE DELIVERED ON CLOSING

8.1 In addition to any other documents, matters or things required to be delivered to the Purchaser pursuant to the terms and provisions hereof, the Vendor covenants and agrees to deliver to the Purchaser (or to the Purchaser's solicitor), on or before closing, each of the following:

(a) key(s) to all doors and locks for all buildings on the Real Property;

(b) a statutory declaration duly sworn by an authorized signing officer of the Vendor, having personal knowledge of this transaction and of the facts declared, wherein the declarant confirms that all accounts for work and services performed, and/or materials placed or furnished upon or in respect of the Real Property have been fully paid for and/or satisfied, and that no one presently has (or is entitled to claim) a lien against the Real Property or any portion thereof under the Construction Lien Act R.S.O. 1990, as amended;

(c). a statutory declaration duly sworn by an authorized signing officer of the Vendor, confirming that the Vendor is not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act R.S.C. 1985, as amended, or in lieu thereof, the prescribed clearance certificate issued by the Ministry of Revenue as contemplated by Section 116 of the said legislation; and

(d) Deed/Transfer of Land containing statements contemplated by Section 50(22) of the Planning Act, R.S.O. 2000.

9.0 INSURANCE

9.1 Until Closing all buildings, chattels and equipment located on the Real Property shall be and remain at the risk of the Vendor and the Vendor will hold all policies of insurance on the Real Property and the proceeds thereof in trust for the parties hereto as their respective interests may appear. In the event of damage to such buildings and equipment before the completion of such transaction the Purchaser shall have the right to elect to either take such proceeds and complete the purchase or cancel this Agreement.

10.0 ELECTRONIC REGISTRATION

10.1 The Vendor and Purchaser acknowledge that the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto. The Vendor and Purchaser acknowledge and agree that the exchange of closingfunds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Vendor and Purchaser will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Vendor and Purchaser irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Upper Canada. Unlessotherwise agreed to by the lawyers, such exchange of the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.

11.0 NOTICES

11.1 Any notices or documents required or desired to be given or delivered to either of the parties hereto shall be in writing, and shall be personally delivered by hand/courier or by telefax to the intended party or parties as follows:

TO THE PURCHASER: 2406614 ONTARIO LTD.
c/o Andy Pristol
31 Millcreek Dr.
Sault Ste Marie, On.P6B6H6

TO THE VENDOR: ROBERT DALE as agent and broker for
ONTARIO WILDERNESS VACATIONS LIMITED
235 River Road
Sault Ste. Marie, ON P6A 5K9

With a copy to:
Laidlaw, Paciocco, Spadafora
421 Bay St.
Sault Ste. Marie, Ont.
Attn: Donald Laidlaw

And to:
Ernst & Young Inc.
Ernst & Young Tower
222 Bay St. 21st Floor
TD Centre
Toronto, Ont.
M5K 1J7

11.2 All notices and documents shall be delivered by hand/courier or by telefax only on business days (excluding Saturdays, Sundays and statutory holidays), and shall be deemed to have been received on the day that same has been so delivered or telefaxed, on the express understanding that any document or notice delivered or telefaxed after 5:00 p.m. shall be deemed to have been received on the next business day following the date of such delivery or telefax transmission (as the case may be), and provided further that if so telefaxed, a confirmation of such telefax transmission must be received by the transmitting party at the time of such transmission otherwise same will be deemed not to have been properly or sufficiently telefaxed to the intended party.

11.3 Either party hereto may, from time to time and by written notice delivered to the other party in the manner aforesaid, change the address or telefax number to which its notices are to be delivered or telefaxed, as the case may be.

12.0 GENERAL

12.1 This Offer shall be effective to create an interest in the Real Property only if the Vendor complies with the subdivision controls of the Planning Act by completion and Vendor covenants to proceed diligently, at its expense, to obtain any necessary consents by completion.

12.2 Time shall in all respects be of the essence hereof provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors who are hereby expressly appointed in this regard.

12.3 Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors on the date for completion of this Agreement. Money may be tendered by bank draft or cheque certified by a chartered bank, trust company or Province of Ontario Savings Office.

12.4 This Offer shall constitute the entire agreement between the Purchaser and the Vendor. The parties acknowledge that other than as herein set out there is no representation, warranty, collateral agreement or condition, whether direct or collateral, or express or implied which induced either party hereto to enter into this Agreement or on which reliance is placed by any such party, or which affects this Offer or the Property or which is supported hereby other than as expressed herein. This Offer shall be read with all changes of gender or number required by the content.

12.5 This Offer shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

12.6 This Offer shall not be amended, altered or modified except by memorandum in writing signed by or on behalf of the parties hereto and any amendment, alteration or modification hereof shall be null and void and shall not be binding unless made and recorded as aforesaid.

12.7 This Offer may be executed and delivered in two or more counterparts, or by facsimile or e-mail transmission, each of which shall be deemed to be an original and all of which together shall contribute one and the same instrument.

IN WITNESS WHEREOF the Purchaser has executed this 3rd day of March 2014.

2406614 ONTARIO LTD.

Per: Robert Beamish

Robert Beamish

I have authority to bind the Corporation

The undersigned accepts the within Offer this 4 day of MARCH 2014.

WITNESS as to the signature of Robert Dale as Agent and Broker for Ontario Wilderness Vacations Limited	ROBERT DALE as Agent and Broker for Ontario Wilderness Vacations Limited

TAB B

MUNICIPAL PROPERTY ASSESSMENT CORPORATION

MINUTES OF SETTLEMENT UNDER SECTION 40 OF THE ASSESSMENT ACT			
In the matter of the assessment made for the	2009	taxation year for the property described as:	
Roll Number:	57 61 040 031 10700 0000		
Location/Legal Description:	75 Huron Street		
Municipality:	City of Sault Ste. Marie		
Between:	THE MUNICIPAL PROPERTY ASSESSMENT CORPORATION	FIELD OFFICE NO.	31
And:	Ernst & Young Inc. in its capacity as Court-Appointed Receiver of St. Mary's Paper Corp.		

The assessment of the property described above was appealed to the Assessment Review Board under the provisions of Section 40 of the Assessment Act. The following settlement was reached between the parties:

Current Property Assessment

Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only)	2008 Current Value	Phase-In Assessment for Taxation Years			
			2009	2010	2011	2012
LT	$12,648,701	$10,437,500	$10,437,500	$10,437,500	$10,437,500	$10,437,500
CT	$250,798	$206,500	$206,500	$206,500	$206,500	$206,500
LU	$35,501	$30,000	$30,000	$30,000	$30,000	$30,000
Total	**$12,935,000**	**$10,674,000**	**$10,674,000**	**$10,674,000**	**$10,674,000**	**$10,674,000**

Revised Property Assessment

Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only	2008 Current Value	Phase-In Assessment for Taxation Years			
			2009	2010	2011	2012
LT	$3,450,006	$3,450,006	$3,450,006	$3,450,006	$3,450,006	$3,450,006
CT	$289,170	$289,170	$289,170	$289,170	$289,170	$289,170
LU	$40,824	$40,824	$40,824	$40,824	$40,824	$40,824
Total	**$3,780,000**	**$3,780,000**	**$3,780,000**	**$3,780,000**	**$3,780,000**	**$3,780,000**

It is agreed between the parties that the order of the Assessment Review Board will be made in accordance with the settlement. By accepting this settlement, the assessed person hereby acknowledges that the appeal, under Section 40 of the Assessment Act, for the taxation year described above, is settled and no hearing is required by the Assessment Review Board. None of the parties will advance any claim for costs.

On behalf of the Municipal Property Assessment Corporation CARREL + Partners LLP per Jack N. M. Jamieson Print Name: Sign:	Date (yyyy/mm/dd)
Assessed Person's Signature or Authorized Representative Print Name: Sign:	Date (yyyy/mm/dd)
On behalf of the Municipality Print Name: Sign:	Date (yyyy/mm/dd)

PLEASE NOTE:
If there is any change in the law that affects the determination of the adjusted 2005 CVA used as the starting point to determine the phased-in assessments in these Minutes of Settlement, MPAC reserves the right to re-state the phase-in amounts included in this Settlement to comply with the statutory or regulatory change.

Hearing No.:	552249		Complaint No.:2025346	
DD	MM	YY		
			«Complaint_Number»	

mpac

MUNICIPAL PROPERTY ASSESSMENT CORPORATION

MINUTES OF SETTLEMENT UNDER SECTION 40 OF THE ASSESSMENT ACT

In the matter of the assessment made for the	**2010**	**taxation year** for the property described as:
Roll Number:	57 61 040 031 10700 0000	
Location/Legal Description:	75 Huron Street	
Municipality:	City of Sault Ste. Marie	

Between:	**THE MUNICIPAL PROPERTY ASSESSMENT CORPORATION**	**FIELD OFFICE NO.**	31
And:	Ernst & Young Inc. in its capacity as Court-Appointed Receiver of St. Mary's Paper Corp Assessed Person(s)		

The assessment of the property described above was appealed to the Assessment Review Board under the provisions of Section 40 of the Assessment Act. The following settlement was reached between the parties:

Current Property Assessment

Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only)	2008 Current Value	Phase-In Assessment for Taxation Years		
			2010	2011	2012
LT	$12,648,701	$10,437,500	$10,437,500	$10,437,500	$10,437,500
CT	$250,798	$206,500	$206,500	$206,500	$206,500
LU	$35,501	$30,000	$30,000	$30,000	$30,000
Total	**$12,935,000**	**$10,674,000**	**$10,674,000**	**$10,674,000**	**$10,674,000**

Revised Property Assessment

Property Classification RTC/RTQ	2005 Current Value (Phase-In Use Only	2008 Current Value	Phase-In Assessment for Taxation Years		
			2010	2011	2012
LT	$3,450,006	$1,369,050	$1,369,050	$1,369,050	$1,369,050
CT	$289,170	$114,750	$114,750	$114,750	$114,750
LU	$40,824	$16,200	$16,200	$16,200	$16,200
Total	**$3,780,000**	**$1,500,000**	**$1,500,000**	**$1,500,000**	**$1,500,000**

It is agreed between the parties that the order of the Assessment Review Board will be made in accordance with the settlement. By accepting this settlement, the assessed person hereby acknowledges that the appeal, under Section 40 of the Assessment Act, for the taxation year described above, is settled and no hearing is required by the Assessment Review Board.

None of the parties will advance any claim for costs.

On behalf of the Municipal Property Assessment Corporation CARREL + Partners LLP per Jack N. M. Jamieson Print Name: Sign:	Date (yyyy/mm/dd)
Assessed Person's Signature or Authorized Representative Print Name: Sign:	Date (yyyy/mm/dd)
On behalf of the Municipality Print Name: Sign:	Date (yyyy/mm/dd)

PLEASE NOTE:
If there is any change in the law that affects the determination of the adjusted 2005 CVA used as the starting point to determine the phased-in assessments in these Minutes of Settlement, MPAC reserves the right to re-state the phase-in amounts included in this Settlement to comply with the statutory or regulatory change.

Hearing No.: 552249	Complaint No.:2348766
Date of Hearing: DD / MM / YY	

mpac

MUNICIPAL PROPERTY ASSESSMENT CORPORATION

MINUTES OF SETTLEMENT UNDER SECTION 40 OF THE ASSESSMENT ACT

In the matter of the assessment made for the **2011 and 2012 taxation years** for the property described as:

Roll Number:	57 61 040 031 10700 0000
Location/Legal Description:	75 Huron Street
Municipality/Taxing Authority:	City of Sault Ste. Marie

Between:	**THE MUNICIPAL PROPERTY ASSESSMENT CORPORATION**	**FIELD OFFICE NO.**	31
And:	Ernst & Young Inc. in its capacity as Court-Appointed Receiver of St. Mary's Paper Corp Assessed Person(s)		

The assessment of the property described above was appealed to the Assessment Review Board under the provisions of section 40 of the Assessment Act. The following settlement was reached between the parties:

Original Property Assessment

Property Classification RTC/RTQ	**2005 Current Value** (Phase-In Use Only)	**2008 Current Value**	**Phase-In Assessment for Taxation Years**	
			2011	**2012**
LT	$12,648,701	$10,437,500	$10,437,500	$10,437,500
CT	$250,798	$206,500	$206,500	$206,500
LU	$35,501	$30,000	$30,000	$30,000
Total	**$12,935,000**	**$10,674,000**	**$10,674,000**	**$10,674,000**

Revised Property Assessment

Property Classification RTC/RTQ	**2005 Current Value** (Phase-In Use Only)	**2008 Current Value**	**Phase-In Assessment for Taxation Years**	
			2011	**2012**
LT	$3,450,006	$912,700	$912,700	$912,700
CT	$289,170	$76,500	$76,500	$76,500
LU	$40,824	$10,800	$10,800	$10,800
Total	**$3,780,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**

It is agreed between the parties that the Order of the Assessment Review Board will be made in accordance with the settlement. By accepting this settlement, the assessed person hereby acknowledges that the appeal, under section 40 of the Assessment Act, for the taxation year described above, is settled and no hearing is required by the Assessment Review Board. None of the parties will advance any claim for costs.

On behalf of the Municipal Property Assessment Corporation

PRINT NAME:	**SIGNATURE:**	**DATE: (YYYY/MM/DD)**
CARREL + Partners LLP per Jack N. M. Jamieson		

Assessed Person's Signature or Authorized Representative

PRINT NAME:	**SIGNATURE:**	**DATE: (YYYY/MM/DD)**

On behalf of the Municipality/Taxing Authority

PRINT NAME:	**SIGNATURE:**	**DATE: (YYYY/MM/DD)**

PLEASE NOTE:
If there is any change in the law that affects the determination of the adjusted 2005 CVA used as the starting point to determine the phased-in assessments in these Minutes of Settlement, MPAC reserves the right to re-state the phase-in amounts included in this Settlement to comply with the statutory or regulatory change.

Hearing No.:552249			Complaint No. 2695727, 2923313
DD	MM	YYYY	

TAB C

ST. MARY'S PAPER CORP.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD DECEMBER 30, 2011 TO MAY 25, 2014

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		704,720
Property tax refund	4		125,325
Caterpillar Settlement	5		50,000
Other Receipts	6		6,736,058
Total Receipts			**8,745,762**
Disbursements:			
Distributions to IFP	7		5,104,000
Repayment of Receiver's Certificates with interest	1		1,083,673
Payroll and payroll related remittances	8		428,079
PS Johnson Settlement	9		40,000
Settlement with prior management	9		80,000
Independent Contractor Costs	10		13,838
Insurance	11		82,109
Repairs and maintenance of the mill	12		27,643
Payments to the IESO for electricity	13		151,392
Other Utilities	14		21,192
Consulting fees	15		6,556
Pre-receivership advisory services	16		39,965
Legal Counsel fees and disbursements	17		287,026
Receiver's fees and disbursements	18		735,857
Miscellaneous expenses	19		669
Registrar's fees	20		70
HST Paid	21		152,248
Advances to Trustee	22		91,749
Advances to OWVL Receivership	23		48,581
Advances SMPR Receivership	23		50,944
Transfer to U.S. Account	24		16,327
Total Disbursements			8,461,918
Remaining funds available in Canadian Currency		$	283,844

U.S. Currency Account:

	Note		Amount
Receipts:			
Transfer of funds from St. Marys' Account	2	$	14,939
Transfer from CDN Account	24		16,454
Other Receipts	6		10,160
Total Receipts			41,553
Disbursements:			
Bank Charges			190
Remaining funds available in U.S. Currency		$	41,363

In the Matter of the Receivership of St Mary's Paper Corp. ("St. Marys").
Notes to the Statement of Receipts and Disbursements as of May 25 2014.

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 May 25, 2014.

1) **Funding from IFP through Receiver's Certificates:**
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, the Receiver advised 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 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. These letters of credit were primarily in favour of utilities and a power cogeneration project. Further to the cancellation of the letters of credit, RBC paid the Receiver $688,756.35, net of draws on the letters of credit and RBC's fees. A further amount of approximately $15,963 was subsequently received from RBC.

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 related to the sale of the mill, 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 of the Receiver to Court dated May 3, 2012.

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 of the Receiver to Court dated March 20, 2012 (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 SMPR.

7) **Distributions to IFP**
As described in the Seventh Report, pursuant to the Orders of the Court, the Receiver made distributions of $5,104,000 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, pursuant to the Court Order of June 6, 2012. Further, pursuant to the Order of the Court of October 25, 2012, the Receiver distributed $550,000 to IFP. In addition, pursuant to the Order of the Court of February 14, 2014, the Receiver distributed $600,000 to IFP.

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) **PS Johnson Settlement and settlement to prior management:**
The amount represents the settlement to PS Johnson as set out in the Court Order dated June 6, 2012 and the settlement with prior management as set out in the Court Order dated February 14, 2014.

10) **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.

11) **Insurance:**
Insurance includes premium costs with respect to property insurance related to the Mill. After the closing of the Mill, the Receiver terminated the insurance related to the Mill.

12) **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.

13) **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.

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

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

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

17) **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.

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

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

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

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

22) **Advances to Trustee:**
This amount represents funds payments made to the Trustee of St. Marys Paper Corp.

23) **Advances to OWVL Receivership and SMP Resources Receivership**
Amounts paid to the SMPR and OWVL Receivership proceedings which will be reimbursed by these proceedings.

24) **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.

SMP RESOURCES INC.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD MAY 8, 2012 TO MAY 25, 2014

Canadian Currency Account:

	Note		Amount
Receipts:			
Sale of warehouse building (net)	1	$	173,050
Sale of two bridges	2		46,000
SMP Resources' Account (CAD)	3		20,628
SMP Resources' Account (USD)	3		20,820
Other U.S. currency receipts	4		9,491
Sale of timber licenses	5		16,000
HST Refunds and Interest	6		31,928
Funds received from St. Marys' receivership	7		50,944
Interest earned	8		517
Total Receipts			**369,378**
Disbursements:			
Receiver's fees and disbursements	9		61,462
Legal Fees and Disbursements	9		61,877
Insurance	10		39,830
Utilities	11		10,479
Payroll and Contractor's fees and disbursements	12		5,706
Commission on sale of two bridges	1		4,600
HST Paid	13		11,916
Registrar Fees	14		70
Bank Charges	15		57
Total Disbursements			195,998
Remaining funds available in Canadian Currency		$	173,381

In the Matter of the Receivership of SMP Resources Inc. ("SMPR").
Notes to the Statement of Receipts and Disbursements as of May 25, 2014.

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 May 25, 2014.

1) **Sale of warehouse building:**
These are the net sale proceeds from the sale of SMPR's warehouse in Sault Ste. Marie. The building was sold for $250,000. A payment of $60,000 was made to the landlord of the land on which the warehouse building was located in full settlement of outstanding rents. Further, payments were made to the sales agents for commissions and fees.

2) **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.

3) **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.

4) **Other U.S. Receipts**
Other receipts include the release of performance bonds related to certain timber licences, foreign exchange gains and other receipts.

5) **Sale of Timber Licenses:**
SMPR owned certain timber licenses in the State of Michigan that were sold for $16,000.

6) **HST Refunds and Interest:**
HST refunds represent refunds based on HST returns filed with Canada Revenue Agency. Interest represents interest earned on the cash held by the Receiver.

7) **Receipt of funds from St. Marys' receivership:**
The SMPR receivership proceedings are being funded by St. Marys receivership until the sale of the remainder of SMPR's assets.

8) **Interest Earned:**
The amount represents interest earned on funds in the bank account.

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

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

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

12) **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.

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

14) **Registrar Fees:**
The amount represents the mandatory fee paid to the Registrar.

15) **Bank Charges:**
The amount represents bank charges related to the bank accounts.

ONTARIO WILDERNESS VACATIONS LIMITED
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD FEBRUARY 6, 2013 TO MAY 25, 2014

Canadian Currency Account:

	Note		Amount
Receipts:			
Funds received from St. Marys' receivership	1	$	48,581
Total Receipts			**48,581**
Disbursements:			
Receiver's fees and disbursements	2		12,239
Legal Fees and Disbursements	2		8,880
Insurance	3		27,462
Total Disbursements			48,581
Remaining funds available in Canadian Currency		$	-

Note: The above Statement of Receipts and Disbursements does not include the sale of OWVL's assets. The sale proceeds will be distributed based on the OWVL Settlement Agreement described in the Seventh Report.

In the Matter of the Receivership of Ontario Wilderness Vacations Limited. ("OWVL").
Notes to the Statement of Receipts and Disbursements as of May 25, 2014.

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 February 6, 2013 until May 25, 2014.

1) **Receipt of funds from St. Marys' receivership:**
OWVL advised that it did not have any funds remaining as of the date of the receivership. Accordingly, with the consent of the secured lender of St. Marys, the OWVL receivership proceedings are being funded by St. Marys receivership until the sale of OWVL's assets.

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

3) **Insurance:**
Insurance represents insurance costs with respect to OWVL's assets which primarily include camps and other lodgings in Northern Ontario.

TAB D

Ontario ServiceOntario

LAND REGISTRY OFFICE #1

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

31257-0001 (LT)

PREPARED FOR LOliveira
ON 2014/05/27 AT 10:38:28

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

PROPERTY DESCRIPTION: PCL 4838 SEC ACS; ISLAND IN GOULAIS LAKE HOFFMAN/BUTCHER SUMMER RESORT LOCATION JC334; DISTRICT OF ALGOMA

PROPERTY REMARKS: CROWN GRANT SEE A9774.

ESTATE/QUALIFIER:
FEE SIMPLE
ABSOLUTE

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2006/02/20

OWNERS' NAMES: ONTARIO WILDERNESS VACATIONS LIMITED

CAPACITY: BENO
SHARE:

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
PRINTOUT INCLUDES ALL DOCUMENT TYPES AND D ETED I STRUMENTS SINCE 2006/02/17						
LT79814	1974/05/24	TRANSFER			ONTARIO WILDERNESS VACATIONS LIMITED	C
LT221301	1998/12/14	CHARGE	$100,000		ROYAL BANK OF CANADA	

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

TAB E

oncorp

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM (ONTARIO) ENQUIRY RESULTS

Prepared for :	CASSELS BROCK - O. D'INNOCENZO
Reference :	5533
Docket :	25522-10
Search ID :	535247
Date Processed :	5/27/2014 10:04:42 AM
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: May 26, 2014

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.

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          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: May 26, 2014


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.                                MV                     DATE OF  OR NO FIXED
GOODS INVTRY. EQUIP  ACCTS  OTHER  INCL     AMOUNT        MATURITY    MAT DATE
10        X      X      X      X      X
YEAR MAKE                      MODEL               V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
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16 AGENT:
17 ADDRESS :
CITY    :                         PROV:         POSTAL CODE:

CONTINUED

  *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
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          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: May 26, 2014


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.                             MV                         DATE OF      NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER   INCL       AMOUNT        MATURITY OR  MAT DATE
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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. ***
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           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: May 26, 2014


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
01 CAUTION  :     01  OF 001  MV SCHED:      20010731 1758 1531 9436
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.                             MV                         DATE OF      NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER   INCL       AMOUNT         MATURITY OR  MAT DATE
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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. ***
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          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: May 26, 2014


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
21 REFERENCE FILE NUMBER : 029658159
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
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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. ***
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          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: May 26, 2014


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.                            MV                         DATE OF      NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER   INCL      AMOUNT           MATURITY OR  MAT DATE
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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. ***
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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: May 26, 2014

2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

FAMILY : 1 OF 1 ENQUIRY PAGE : 6 OF 6

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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.                              MV                        DATE OF      NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER   INCL      AMOUNT        MATURITY OR  MAT DATE
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16 NAME : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS : 4126 NORLAND AVENUE
CITY    : BURNABY                  PROV : BC    POSTAL CODE : V5G 3S8
LAST SCREEN
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*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***