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

SIXTH REPORT OF THE RECEIVER OF ST. MARYS PAPER CORP., SMP RESOURCES INC. AND ONTARIO WILDERNESS VACATIONS LIMITED DATED FEBRUARY 12, 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 "**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.

3. On May 8, 2012, International Forest Products LLC (formerly known as International Forest Products Corporation) ("**IFP**") also 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.

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 Ltd. ("**OWVL**"), a related entity to SMPR in which SMPR owns 60% of the shares. OWVL owns wilderness campsites and 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.

5. The OWVL Order also approved and authorized the terms of the Settlement Agreement by and between the Receiver, Robert Dale ("**Dale**") and certain other parties dated January 31, 2013, a redacted copy of which was attached to the Fifth Report of the Receiver dated February 4, 2013 (the "**Fifth Report**") at Appendix "A" (the "**OWVL Settlement Agreement**"). Among other things, the Settlement Agreement:

a) authorized Dale to be the broker and agent for OWVL to sell OWVL's Assets (as defined in the OWVL Settlement Agreement) in accordance with the terms of the OWVL Settlement Agreement; and

b) authorized and directed the Receiver to hold and distribute any Escrow Funds (as defined in the OWVL Settlement Agreement) in accordance with the terms of the OWVL Settlement Agreement.

6. A detailed overview of the terms of the Settlement Agreement was included in the Fifth Report.

PURPOSE

7. This Sixth Report is the Receiver's sixth report to the Court in connection with the receivership of St. Marys, its third report to the Court in connection with the receivership of SMPR and the first report to the Court in connection with the receivership of OWVL (the "**Sixth Report**").

8. The purpose of this Sixth Report is to report to this Court with respect to:

   a) a summary of the activities of the Receiver from February 4, 2013 to date;

   b) a summary of the Statement of Receipts and Disbursements as of February 7, 2014; and

   c) the Receiver's motion for an Order:

      i. approving the sale transaction (the "**Warehouse Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver of St. Marys and SMPR, as seller and Topline Plumbing Limited, as purchaser (the "**Purchaser**") dated May 6, 2013, as amended and extended from time to time, with respect to a warehouse building owned by SMPR and located at 488 Grant Street in Sault Ste. Marie in Ontario (the "**Warehouse**"), and vesting in the Purchaser, the Receiver's right, title and interest, if any, in and to the assets described in the Sale Agreement free and clear of all claims and encumbrances. A copy of the Sale Agreement is attached as Appendix "**A**" to this Sixth Report;

      ii. approving and authorizing the settlement agreement between the Receiver and the Batchewana Band Industries Limited ("**BBIL**") dated January 17, 2014 (the "**BBIL Settlement Agreement**") and authorizing the Receiver to pay to BBIL the amount of $60,000 pursuant to the BBIL Settlement Agreement. A copy of the BBIL Settlement Agreement is attached as Appendix "**B**" to this Sixth Report;

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iii. authorizing the Receiver to conduct a claims process (the "**Claims Process**") with respect to SMPR and OWVL to identify claims against SMPR and OWVL, other than intercompany claims between each of St. Marys, SMPR and OWVL as set out in the draft claims order attached to the Receiver's notice of motion (the "**Claims Process Order**");

iv. approving and authorizing Minutes of Settlement (the "**Minutes of Settlement**") between Dennis Bunnell, John Lloyd, Dick O'Brien, Wishart Law Firm LLP ("**Wishart**") and WeirFoulds LLP (collectively, the "**Moving Parties**"), Gordon Acton ("**Acton**"), IFP, the Receiver and the Trustee (subject to the approval of the inspectors of the estate of St. Marys), attached as Confidential Appendix "A" to the affidavit of Daniel Moore sworn on February 12, 2013 (the "**Moore Affidavit**");

v. authorizing and directing the Receiver to make the payments required to be made by the Receiver from the funds held by the Receiver, pursuant to the terms and conditions set out in the Minutes of Settlement;

vi. directing that Confidential Appendix "A" to the Moore Affidavit remain confidential and subject to a protective order of the Court and that it not form part of the permanent court record except by further order of this Court made on notice to the Moving Parties, Acton, IFP, the Receiver and the Trustee;

vii. authorizing and directing the Receiver to distribute the amount of $600,000 to IFP (the "**Third Interim Distribution**") from the cash in the Receiver's possession, and declaring that the distribution of $600,000 is to be applied on account of the indebtedness owing by St. Marys to IFP; and

viii. approving this Sixth 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

9. In preparing this Sixth 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 Debtor's books and records, and information from other third-party sources (collectively, the "**Information**"). Except as described in this Sixth 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 Canadian Institute of Chartered Accountants 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 Sixth First Report in its capacity as a court-appointed officer solely for the use of this Court and the stakeholders of St. Marys, SMPR and OWVL, and will make a copy of this Sixth Report available on the Receiver's website at www.ey.com/ca/smp.

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

SUMMARY OF THE ACTIVITIES OF THE RECEIVER

11. 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 dated March 20, 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 "**Fourth Report**") and the Fifth Report.

12. Since the Fifth Report, the Receiver took the following steps in conjunction with its mandate:

a) continued to work with St. Marys' property tax consultant and legal counsel to the Receiver with respect to an appeal of certain property tax assessments related to the period prior to the closing of the transaction related to the sale of St. Marys' mill in

Sault Ste. Marie. As part of property tax appeal process, the Receiver along with its counsel and the property tax consultant attended discoveries scheduled to be held in Sault Ste. Marie, however, such discoveries did not take place. Further to discussions with Municipal Property Assessment Corporation ("**MPAC**") and the City of Sault Ste. Marie, the Receiver is in discussions with MPAC with respect to a potential settlement of the property tax assessments;

b) continued to insure the Warehouse owned by SMPR and the real estate assets of OWVL;

c) continued to pursue opportunities to realize on the remaining assets of St. Marys and SMPR;

d) worked with Dale to sell one of OWVL's wilderness campsites known as Blue Lake sustainability Inc. for $125,000. The sale transaction closed on November 5, 2013. The proceeds of the sale were distributed by Dale in accordance with the OWVL Settlement Agreement including approximately $57,000 to the Ministry of Natural Resources and approximately $59,500 to the Royal Bank of Canada, the secured lender of OWVL. No funds were received by the Receiver as a result of this sale.

13. The remaining assets of OWVL are primarily certain wilderness campsites at Ranger Lake, Goulais Lake and Hawk Lake in Ontario.

14. As described earlier in this Sixth Report, pursuant to the OWVL Settlement Agreement, Dale is acting as a broker and agent for OWVL to sell the assets of OWVL. Given the remote location of OWVL's assets which primarily include wilderness campsites in remote locations in Northern Ontario, the Receiver has not taken physical possession of the OWVL assets.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

15. Attached as Appendix "C" to this Sixth Report is the Receiver's Statement of Receipts and Disbursements for St. Marys for the period from December 30, 2011 to February 7,

2014 which reflects remaining funds of $1,061,488 as of February 7, 2014. Appendix "C" includes further details with respect to the individual receipt and disbursement line items. In addition, the Receiver holds approximately US$41,371 as of February 7, 2014 in a U.S. 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.

WAREHOUSE APPROVAL AND VESTING ORDER

16. As discussed in the Third Report, SMPR's assets include the Warehouse, a 60% holding in OWVL and certain timber agreements. As described in the Fourth Report, the Receiver sold the timber agreements.

17. The main SMPR asset is the Warehouse which was purchased by SMPR in December 2005. The Warehouse has a frontage of approximately 680 feet and is located in the Blue Heron Industrial Park in the Algoma District of Sault Ste. Marie on land that is leased from BBIL.

18. Monthly holding costs for the warehouse total approximately $7,000. Such costs include costs for lease rent, insurance and utilities.

19. As the Warehouse is located on leased real estate, the number of prospective purchasers was limited. Further, the Receiver was required to coordinate with the BBIL to facilitate a new lease between the BBIL and any ultimate purchaser of the Warehouse.

20. In April 2013, the Receiver listed the Warehouse for sale with Remax Sault Ste. Marie Realty Inc. (the "**Realtor**"), a local realtor in Sault Ste. Marie. The Realtor is familiar with the commercial real estate market in Sault Ste. Marie and had begun canvassing the market prior to the formal listing of the Warehouse.

21. On May 6, 2013, the Realtor received an offer of $250,000 plus applicable taxes from the Purchaser. The Realtor advised the Receiver that the offer from the Purchaser was the

best offer available for the Warehouse.

22. As set out in the Sale Agreement, the Warehouse is being sold on an "as is, where is" basis with no representations of warranties from the Receiver. The Purchaser was required to conduct its own due diligence and inspection of the Warehouse.

23. It is the Receiver's view that the sale price maximizes the value to the St. Marys' and SMPR's creditors. Accordingly, the Receiver is seeking an Approval and Vesting Order (the "**Warehouse Approval and Vesting Order**") from this Court to approve the Warehouse Transaction contemplated by the Sale Agreement between the Receiver and the Purchaser. A copy of the draft Warehouse Approval and Vesting Order is attached to the Notice of Motion of the Receiver.

24. The Warehouse Approval and Vesting Order contemplates that upon the closing of the Warehouse Transaction, all of St Marys' and SMPR's right, title and interest in the Warehouse shall vest in the Purchaser free and clear of encumbrances.

BBIL SETTLEMENT AGREEMENT

25. As mentioned above, the Warehouse is located on land leased from BBIL. However, the lease between BBIL and St. Marys expired on December 31, 2011, prior to SMPR's receivership proceedings. The monthly lease rent was approximately $4,300 a month. The lease was in arrears at the time of the receivership and no lease rent has been paid by the Receiver since the commencement of these receivership proceedings.

26. In connection with pursuing a sale to the Purchaser, the Receiver and BBIL negotiated the BBIL Settlement Agreement which requires the Receiver to pay an amount of $60,000 in full and final settlement of all lease rents owed to the BBIL by St. Marys and the Receiver and requires BBIL to negotiate a land lease with the Purchaser. The amount of $60,000 will be paid by the Purchaser to BBIL from the sale proceeds of the Warehouse Transaction. A copy of the BBIL Settlement Agreement is attached as Appendix "**B**" to this Sixth Report.

CLAIMS PROCESS FOR SMPR AND OWVL

27. As mentioned earlier in this Sixth Report, the Appointment Order was expanded to include SMPR and OWVL as St. Marys owns 100% of the shares of SMPR and SMPR in turn owns 60% of the shares of OWVL.

28. The security interests of IFP, the first secured lender of St. Marys, do not directly include the assets of SMPR and OWVL.

29. Based on the books and records of SMPR, as of the date of its receivership, SMPR owed certain amounts to St. Marys and certain other creditors. Accordingly, the purpose of the Claims Process is to identify any creditor claims with respect to SMPR.

30. Proceeds from the sale of SMPR's assets will first be available to pay its creditors and the remaining funds will be available to St. Marys, the sole shareholder of SMPR.

31. As explained in greater detail in the Fifth Report, pursuant to the OWVL Settlement Agreement, the proceeds from the sale of OWVL's assets will be distributed in accordance as follows:

    a) First, two percent (2%) of the sale price of a campsite to Dale, or to Great Northern Freight Forwarding Limited ("**GNFFL**") as directed by Dale, such amount representing payment in full of the commission due to Dale on such sale if such amount has not already been paid;

    b) Second, to Royal Bank of Canada as payment in full of its secured debt if it has not already been paid in full from the proceeds of sale of any prior assets of OWVL;

    c) Third, an amount equal to the estimated tax liability of OWVL shall be set aside for remittance by the Receiver when due;

    d) Fourth, payment of lease arrears to enable sale of leased campsites for which an offer has been received;

e) Fifth, an amount equal to the then outstanding severance payments due to employees of OWVL, which is currently estimated not to exceed $40,000;

f) Sixth, any amounts owed by OWVL to other creditors of OWVL (other than SMPR, GNFFL, Air-Dale or other related parties), including in respect of lease arrears not paid in (d), as agreed upon by the Receiver, Dale and IFP or as determined by the Court on notice to the Parties;

g) Seventh, $60,000.00 to the Receiver (on behalf of SMPR), which shall constitute payment in full of all debt owed by OWVL to SMPR; and

h) Eighth, the remaining amount, after the payments referenced in subsections (a) through (g) above paid as follows: (a) 30% shall be paid to GNFFL, up to a maximum of $313,250.00 and (b) the remaining 70% shall be divided and paid as follows: (A) 60% to the Receiver (on behalf of SMPR) and (B) 40% to Dale or to GNFFL as Dale may direct.

32. The purpose of the Claims Process for OWVL is to identify any other creditor claims against OWVL as required under (f) above.

33. The Claims Process excludes claims between each of St. Marys, SMPR and OWVL as such information with respect to such claims is known to the Receiver.

34. The Claims Process proposed by the Receiver contains the following key elements:

a) the Receiver will obtain information with respect to the known creditors of SMPR and OWVL from the accounting records made available to the Receiver by management of SMPR and OWVL (the "**Known Creditors**");

b) within 10 business days from the issuance of the Claims Process Order, the Receiver shall send a claims package including a copy of an instruction letter and a proof of claim form (the "**Claims Package**") to all Known Creditors. The Receiver shall rely on information previously provided to it by management of SMPR and OWVL;

c) within 10 business days of the closing of the Warehouse Transaction, the Receiver will post a copy of the notice of the Claims Process (the "**Notice to Creditors**") on its website and as soon as possible thereafter, publish the Notice to Creditors for one business day in the *Sault Star*, the local newspaper in the city of Sault Ste. Marie;

d) the Receiver shall provide a copy of the Claims Package to any person requesting such materials or any person who believes they have a claim;

e) any creditor asserting a claim with respect to SMPR and OWVL is required to do so by delivering a proof of claim to the Receiver by no later than 5.00 p.m. (Toronto time) on April 30, 2014 (the "**Claims Bar Date**");

f) the claims of any creditor who does not deliver a proof of claim to the Receiver by the Claims Bar Date shall be forever extinguished and barred;

g) as the Receiver does not anticipate receiving a large number of claims, a relatively streamlined process is proposed to deal with the revision and disallowance and appeals of claims. As such, if the Receiver disputes the amount of a claim filed by a creditor, the Receiver may request additional evidence from the creditor or have discussions with such creditor to attempt to resolve the claim, establish a procedure for the resolution of such claim or apply to this Court for either a determination of such claim or further direction of this Court with respect to such claim; and

h) no claim will be accepted unless notice of acceptance of such claim is delivered to the applicable creditor in writing by the Receiver or ordered by this Court.

35. The Receiver is of the view that the Claims Process is appropriate and allows for the quantification and determination of claims against SMPR and OWVL. The proposed process and form of notice provided for in the Claims Process is reasonable and provides adequate time to creditors to file a claim. It is anticipated that, given the likely small number of claims, that the timeline and process proposed in the Claims Process should

allow for an appropriate review of the claims submitted to the Receiver by the Claims Bar Date.

36. The Monitor will report to this Court regarding the outcome of the Claims Process including a summary of the number and value of the proofs of claim received, the claims resolved, the claims accepted and the process to determine claims that are not resolved.

CLAIMS FROM THE MOVING PARTIES

37. As discussed in the Moore Affidavit, on or about July 31, 2012, the Moving Parties brought a motion seeking, among other things, payment of certain amounts from IFP for services provided to St. Marys prior to the commencement of these receivership proceedings (the "**Motion**").

38. The Moving Parties include Dennis Bunnell (the former CEO of St. Marys), John Lloyd (a former consultant to St. Marys), Dick O'Brien (a former consultant to St. Marys), Wisharts (St. Marys' counsel in Sault Ste. Marie) and WeirFoulds LLP (St. Marys' counsel in Toronto). In accordance with the SMPR Order, the Receiver is currently holding a reserve of approximately $532,000 (the "**Reserve**") with respect to claims from the Moving Parties.

39. On or about November 6, 2013, IFP brought a cross-motion against Wishart and Acton seeking, among other things, indemnification from Wishart and Acton with respect to the claims of the Moving Parties asserted in the Motion (the "**Cross-Motion**").

40. Further to several discussions and negotiations between the parties a settlement was reached. Based on the settlement, certain amounts are to be paid to the Moving Parties by the Receiver and the remaining amount of the Reserve is to be distributed to IFP. A copy of the Minutes of Settlement are attached as Confidential Appendix "A" to the Moore Affidavit. Among other things, the Minutes of Settlement contemplate releases from certain parties including the Receiver and the Trustee of St. Marys. In addition to being subject to approval of the Court, the Minutes of Settlement and releases contemplated therein are subject to the approval of the inspectors of the bankrupt estate

of St. Marys. The Trustee will hold a meeting of inspectors to discuss the Minutes of Settlement with the inspectors and seek approval from them.

41. As noted above, a copy of the Minutes of Settlement is attached as Confidential Appendix "A" to the Moore Affidavit, which shall be excluded from the publicly available version of the Moore Affidavit but will be provided to the Court on a confidential basis subject to a request by the Receiver for a protective order with respect to Confidential Appendix "A" to the Moore Affidavit.

42. Certain parties to the settlement have requested that the settlement be kept confidential in order to protect the interests of such parties. The Receiver believes that the public non-disclosure of the Minutes of Settlement is reasonable and appropriate in order to protect the business interests of certain parties to the settlement. Accordingly, the Receiver is seeking a protective Order from this Court with respect to the Minutes of Settlement.

THIRD INTERIM DISTRIBUTION TO IFP

43. Pursuant to previous Orders of this Court the Receiver has made distributions totalling approximately $4.5 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 October 25, 2012 ("**First Interim Distribution**");

b) Payment of $576,404 to IFP on August 8, 2012, as authorized and directed in the Order dated October 25, 2012, which represented remaining funds to be distributed from the First Interim Distribution; and

c) Payments totalling $550,000 to IFP or its counsel as authorized and directed in the Order dated October 25, 2012 (the "**Second Interim Distribution**").

44. As discussed in the Moore Affidavit, as at February 10, 2014, St. Marys is still indebted to IFP in the amount of approximately US$ 2.9 million.

45. 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.

46. As discussed above, as of February 7, 2014, the Receiver holds remaining funds of $1,061,488 and US$41,371 primarily from the sale proceeds of assets 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.

47. Based on its analysis, the Receiver recommends that this Court approve a distribution in the amount of $600,000 to IFP which includes the remaining Reserve pursuant to the Minutes of Settlement. After the distribution of $600,000 to IFP, as of February 7, 2014 the Receiver will continue to hold $461,488 in Canadian currency and $41,371 in U.S. currency.

RECOMMENDATION

48. For the reasons detailed above, the Receiver respectfully recommends that this Court grant the relief requested in paragraph 8(c) of this Sixth Report substantially in the form of the draft Orders attached to the Receiver's Notice of Motion.

All of which is respectfully submitted this12th day of February, 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

OREA Ontario Real Estate Association

Agreement of Purchase and Sale
Commercial

Form 500
for use in the Province of Ontario

This Agreement of Purchase and Sale dated this 6 day of May 20 13

BUYER, TOPLINE ELECTRIC LIMITED, agrees to purchase from
(Full legal names of all Buyers)

SELLER, Ernst & Young Inc. in its Capacity as the Receiver & Receiver Manager of St. Mary's ~~Corp.~~ Paper and Ship Resources Inc. and not in its personal capacity. the following
(Full legal names of all Sellers)

REAL PROPERTY:

Address 488 GRAN STREET

fronting on the NORTH side of GRAN STREET

in the District of ALGOMA

and having a frontage of 680 FEET more or less by a depth of IRREGULAR more or less

and legally described as LOTS 13-15, 32-1 (LEASED LAND) OF SAULT STE. MARIE, DISTRICT OF ALGOMA

(Legal description of land including easements not described elsewhere) (the "property").

PURCHASE PRICE: Dollars (CDN$) 250,000.00

Two Hundred Fifty Thousand Dollars

DEPOSIT: Buyer submits Upon acceptance
(Herewith/Upon Acceptance/as otherwise described in this Agreement)

Five Thousand Dollars (CDN$) 5,000.00

by negotiable cheque payable to REMAX SAULT STE. MARIE REALTY INC. "Deposit Holder" to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit

Buyer agrees to pay the balance as more particularly set out in Schedule A attached.

SCHEDULE(S) A attached hereto form(s) part of this Agreement.

1. **IRREVOCABILITY:** This offer shall be irrevocable by Buyer (Seller/Buyer) until 6 p.m. on the 7 day of May, 20 13, after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest

2. **COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the 14 day of June 20 13. Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.

INITIALS OF BUYER(S): **INITIALS OF SELLER(S):**

3. **NOTICES:** The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.: .... (For delivery of Documents to Seller)

FAX No.: .... (For delivery of Documents to Buyer)

Email Address: .... (For delivery of Documents to Seller)

Email Address: .... (For delivery of Documents to Buyer)

4. **CHATTELS INCLUDED:**

NONE

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

5. **FIXTURES EXCLUDED:**

NONE

6. **RENTAL ITEMS:** The following equipment is rented and **not** included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:

ANY RENTALS

7. **HST: If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be in addition to the Purchase Price.** The Seller will not collect HST if the Buyer provides to the Seller a warranty that the Buyer is registered under the Excise Tax Act ("ETA"), together with a copy of the Buyer's ETA registration, a warranty that the Buyer shall self assess and remit the HST payable and file the prescribed form and shall indemnify the Seller in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the transaction. If the sale of the property is not subject to HST, Seller agrees to certify on or before closing, that the transaction is not subject to HST. Any HST on chattels, if applicable, is not included in the Purchase Price.

8. **TITLE SEARCH:** Buyer shall be allowed until 6:00 p.m. on the 7 day of [illegible] 2013, [illegible] COMMERCIAL BUILDING [illegible]

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):

9 **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

10 **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telephone services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.

11 **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where 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 Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer 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 Seller and Buyer 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. Unless otherwise 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.

12 **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.

13 **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller.

14 **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance [illegible]

PLANNING ACT [illegible]

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):

16. **DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O.1990.

17. **RESIDENCY:** Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate or a statutory declaration that Seller is not then a non-resident of Canada.

18. **ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.

19. **TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.

20. **PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction

21. **TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.

22. **FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O.1990 unless Seller's spouse has executed the consent hereinafter provided.

23. **UFFI:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.

24. **LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.

25. **CONSUMER REPORTS: The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.**

26. **AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.

27. **TIME AND DATE:** Any reference to a time and date in this Agreement shall mean [illegible]

INITIALS OF BUYER(S): INITIALS OF SELLER(S):

28 **SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

(Witness) (Buyer/Authorized Signing Officer) (Seal) DATE

(Witness) (Buyer/Authorized Signing Officer) (Seal) DATE

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer.

SIGNED, SEALED AND DELIVERED in the presence of IN WITNESS whereof I have hereunto set my hand and seal:

Ernst & Young Inc. in its capacity as Receiver of St. Marys Paper ... SMP Resources Inc. and not in its personal capacity

(Witness) (Seller/Authorized Signing Officer) (Seal) DATE May 7, 2013

(Witness) (Seller/Authorized Signing Officer) (Seal) DATE

SPOUSAL CONSENT: The Undersigned Spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O 1990, and hereby agrees with the Buyer that he/she will execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

(Witness) (Spouse) (Seal) DATE

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at .... a.m./p.m. this .... day of ...., 20...

(Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)

Listing Brokerage REMAX REALTY Tel No.

SAM BUTKOVICH

Co-op/Buyer Brokerage CENTURY 21 CHOICE REALTY INC., BROKERAGE-49 Tel No. (705)942-2100

121 BROCK ST. SAULT STE. MARIE

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

(Seller) DATE

(Seller) DATE

Address for Service

Tel No.

Seller's Lawyer

Address

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

(Buyer) DATE

(Buyer) DATE

Address for Service

Tel No.

Buyer's Lawyer

Address

COMMISSION TRUST AGREEMENT

CENTURY 21 CHOICE REALTY INC., BROKERAGE-49

OREA Ontario Real Estate Association

Schedule A

Agreement of Purchase and Sale – Commercial

Form 500
for use in the Province of Ontario

This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER, TOPLINE ELECTRIC LIMITED and

SELLER, Ernst & Young Inc. in its Capacity as the Receiver & Receiver Manager of St. Mary's Corp. Paper and SMP Resources Inc., and not in its personal capacity.

for the purchase and sale of 488 GRAN STREET ALGOMA

dated the 6 day of May 2013

Buyer agrees to pay the balance as follows:

The Buyer agrees to pay the balance of the purchase price, subject to adjustments, to the Seller on completion of this transaction, with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.

This Offer is conditional upon the Buyer arranging, at the Buyer's own expense, a new FIRST Charge/Mortgage satisfactory to the Buyer in the Buyer's sole and absolute discretion. Unless the Buyer gives notice in writing delivered to the Seller personally or in accordance with any other provisions for the delivery of notice in this Agreement of Purchase and Sale or any Schedule thereto not later than 6 p.m. on 24th day of May, 2013, that this condition is fulfilled, this Offer shall be null and void and the deposit shall be returned to the Buyer in full without deduction. This condition is included for the benefit of the Buyer and may be waived at the Buyer's sole option by notice in writing to the Seller as aforesaid within the time period stated herein.

This Offer is conditional upon the Landlord and the Buyer consenting and agreeing to a Land Lease satisfactory to the Buyer. Unless the Buyer gives notice in writing delivered to the Seller personally or in accordance with any other provisions for the delivery of notice in this Agreement of Purchase and Sale or any Schedule thereto not later than 6 p.m. on 24th day of May, 2013, that this condition has been fulfilled, this Offer shall become null and void and the deposit shall be returned to the Buyer in full without deduction. The Buyer hereby agrees to proceed immediately to make an application and provide such material as may be required by the Landlord for approval of the Buyer as Tenant.

This Offer is conditional upon the inspection of the subject property by the Buyer and the obtaining of a report satisfactory to the Buyer at the Buyer's own expense. Unless the Buyer gives notice in writing delivered to the Seller personally or in accordance with any other provisions for the delivery of notice in this Agreement of Purchase and Sale or any Schedule thereto not later than 6 p.m. on the 24th day of May, 2013, that this condition is fulfilled, this Offer shall be null and void and the deposit shall be returned to the Buyer in full without deduction. The Seller agrees to co-operate in providing access to the property for the purpose of this inspection. This condition is included for the benefit of the Buyer and may be waived at the Buyer's sole option by notice in writing to the Seller as aforesaid within the time period stated herein.

This form must be read in conjunction with the Agreement of Purchase and Sale

INITIALS OF BUYER(S): **INITIALS OF SELLER(S)**

Confirmation of Co-operation and Representation

Form 320
for use in the Province of Ontario

BUYER: TOPLINE ELECTRIC LIMITED

SELLER: Ernst & Young Inc. in its Capacity as the Receiver & Receiver Manager of St. Mary's Paper Corp. and SMP Resources Inc. and not in its personal capacity

For this transaction on the property known as: 488 GRAN STREET ALGOMA

For the purposes of this Confirmation of Co-operation and Representation, "Seller" includes a vendor, a landlord, or a prospective, seller, vendor or landlord and "Buyer" includes a purchaser, a tenant, or a prospective, buyer, purchaser or tenant, "sale" includes a lease, and "Agreement of Purchase and Sale" includes an Agreement to Lease.

The following information is confirmed by the undersigned salesperson/broker representatives of the Brokerage(s). If a Co-operating Brokerage is involved in the transaction, the brokerages agree to co-operate, in consideration of, and on the terms and conditions as set out below.

DECLARATION OF INSURANCE: The undersigned salesperson/broker representative(s) of the Brokerage(s) hereby declare that he/she is insured as required by the Real Estate and Business Brokers Act, 2002 (REBBA 2002) and Regulations.

1. LISTING BROKERAGE

a) ☑ The Listing Brokerage represents the interests of the Seller in this transaction. It is further understood and agreed that:

1) ☐ The Listing Brokerage is not representing or providing Customer Service to the Buyer.
(If the Buyer is working with a Co-operating Brokerage, Section 3 is to be completed by Co-operating Brokerage)

2) ☐ The Listing Brokerage is providing Customer Service to the Buyer.

b) ☐ **MULTIPLE REPRESENTATION:** The Listing Brokerage has entered into a Buyer Representation Agreement with the Buyer and represents the interests of the Seller and the Buyer, with their consent, for this transaction. The Listing Brokerage must be impartial and equally protect the interests of the Seller and the Buyer in this transaction. The Listing Brokerage has a duty of full disclosure to both the Seller and the Buyer, including a requirement to disclose all factual information about the property known to the Listing Brokerage. However, the Listing Brokerage shall not disclose:

- That the Seller may or will accept less than the listed price, unless otherwise instructed in writing by the Seller;
- That the Buyer may or will pay more than the offered price, unless otherwise instructed in writing by the Buyer;
- The motivation of or personal information about the Seller or Buyer, unless otherwise instructed in writing by the party to which the information applies, or unless failure to disclose would constitute fraudulent, unlawful or unethical practice;
- The price the Buyer should offer or the price the Seller should accept;
- And, the Listing Brokerage shall not disclose to the Buyer the terms of any other offer.

However, it is understood that factual market information about comparable properties and information known to the Listing Brokerage concerning potential uses for the property will be disclosed to both Seller and Buyer to assist them to come to their own conclusions.

Additional comments and/or disclosures by Listing Brokerage: (e.g. The Listing Brokerage represents more than one Buyer offering on this property.)

2. PROPERTY SOLD BY BUYER BROKERAGE – PROPERTY NOT LISTED

The Brokerage represents the Buyer and the property is not listed with any real estate brokerage. The Brokerage will be paid

☐ by the Seller in accordance with a Seller Customer Service Agreement

or ☐ by the Buyer directly

Additional comments and/or disclosures by Buyer Brokerage: (e.g. The Buyer Brokerage represents more than one Buyer offering on this property.)

INITIALS OF BUYER(S)/SELLER(S)/BROKERAGE REPRESENTATIVE(S) (Where applicable)

LISTING BROKERAGE | CO-OPERATING/BUYER BROKERAGE | SELLER | BUYER

3. **Co-operating Brokerage completes Section 3 and Listing Brokerage completes Section 1.**

CO-OPERATING BROKERAGE- REPRESENTATION:

a) [✓] The Co-operating Brokerage represents the interests of the Buyer in this transaction

b) [ ] The Co-operating Brokerage is providing Customer Service to the Buyer in this transaction

c) [ ] The Co-operating Brokerage is not representing or providing Customer Service to the Buyer in this transaction

CO-OPERATING BROKERAGE- COMMISSION:

a) [✓] The Listing Brokerage will pay the Co-operating Brokerage the commission as indicated in the MLS® information for the property as per mls from the amount paid by the Seller to the Listing Brokerage.
(Commission As Indicated In MLS® Information)

b) [ ] The Co-operating Brokerage will be paid as follows:

Additional comments and/or disclosures by Co-operating Brokerage: (e.g., The Co-operating Brokerage represents more than one Buyer offering on this property.)

Commission will be payable as described above, plus applicable taxes

COMMISSION TRUST AGREEMENT: If the above Co-operating Brokerage is receiving payment of commission from the Listing Brokerage, then the agreement between Listing Brokerage and Co-operating Brokerage further includes a Commission Trust Agreement, the consideration for which is the Co-operating Brokerage procuring an offer for a trade of the property, acceptable to the Seller. This Commission Trust Agreement shall be subject to and governed by the MLS® rules and regulations pertaining to commission trusts of the Listing Brokerage's local real estate board, if the local board's MLS® rules and regulations so provide. Otherwise, the provisions of the OREA recommended MLS® rules and regulations shall apply to this Commission Trust Agreement. For the purpose of this Commission Trust Agreement, the Commission Trust Amount shall be the amount noted in Section 3 above. The Listing Brokerage hereby declares that all monies received in connection with the trade shall constitute a Commission Trust and shall be held, in trust, for the Co-operating Brokerage under the terms of the applicable MLS® rules and regulations.

SIGNED BY THE BROKER/SALESPERSON REPRESENTATIVE(S) OF THE BROKERAGE(S) (Where applicable)

REMAX REALTY
(Name of Listing Brokerage)
SAM BUTKOVICH

Tel Fax

Date
(Authorized to bind the Listing Brokerage)

(Print Name of Broker/Salesperson Representative of the Brokerage)

CENTURY 21 CHOICE REALTY INC., BROKERAGE-
(Name of Co-operating/Buyer Brokerage)
121 BROCK ST. SAULT STE. MARI

Tel. (705)942-2100 Fax (705)942-9892

Date
(Authorized to bind the Co-operating/Buyer Brokerage)
JAMES CAICCO
(Print Name of Broker/Salesperson Representative of the Brokerage)

CONSENT FOR MULTIPLE REPRESENTATION (To be completed only if the Brokerage represents more than one client for the transaction)

The Seller/Buyer consent with their initials to their Brokerage representing more than one client for this transaction.

SELLER'S INITIALS **BUYER'S INITIALS**

ACKNOWLEDGEMENT

I have received, read, and understand the above information

Ernst and Young Inc. in its capacity as Receiver of St. Marys Paper Corp. and SMP Resources Inc. and not in its personal capacity.

Date MAY 6/2015

Schedule "B"

Property Address:	488 Grant Street, Sault Ste. Marie, ON
Seller:	Ernst & Young Inc. In Its Capacity As The Receiver And Receiver Manager of St. Mary's Paper Corp. and SMP Resources Inc., and not in its personal capacity.
Buyer:	TOPLINE ELECTRIC LIMITED

Approval and Vesting Order

The completion of this transaction shall be conditional on the Seller's obtaining, prior to the Closing, an Order (the "**Approval and Vesting Order**") of the Ontario Superior Court of Justice: (a) approving the sale by the Seller to the Buyer of the Property in accordance with the provisions of this Agreement; and (b) containing a provision which on Closing vests absolute, clear and unencumbered title to the Property of the Seller in the Buyer subject to applicable permitted encumbrances. In the event that the Seller shall not have obtained the Approval and Vesting Order after making application for it or them, the Deposit shall be returned to the Buyer without interest or deduction, this Agreement shall automatically terminate without any further action on the part of any party hereto, no party hereto shall be under any further obligation to the other to complete the transactions contemplated by this Agreement and each party hereto shall be released of all of its obligations hereunder.

As is Where is

The Buyer acknowledges that the Seller is selling the Property on an "as is, where is" basis as it shall exist on the Closing Date. The Buyer further acknowledges that it will conduct such inspections of the condition of and title to the Purchased Assets as it deems appropriate and that it will satisfy itself with regard to these matters. No representation, warranty or condition is expressed or implied pursuant to this Agreement, any schedule to this Agreement (including any list of any property) or otherwise as to title, encumbrances, description, fitness for purpose, merchantability, condition, assignability, collectability, quantity, outstanding amount, value or quality or in respect of any other matter or thing whatsoever concerning the Property or the right of the Seller to sell any Property. Without limiting the generality of the foregoing, any and all conditions, warranties or representations by the Seller expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in any other jurisdiction shall not apply hereto and are hereby waived by the Buyer. This section shall apply despite any other provision of the Agreement.

Initials of Seller:

Initials of Buyer:

Tab B

THIS SETTLEMENT AGREEMENT DATED OCTOBER _____, 2013

B E T W E E N:

BATCHEWANA BAND INDUSTRIES LIMITED ("BBIL")

- and -

ERNST & YOUNG INC., IN ITS CAPACITY AS RECEIVER AND RECEIVER AND MANAGER OF ST. MARYS PAPER CORP. AND SMP RESOURCES INC. AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY (the "Receiver")

WHEREAS:

A. The Receiver was appointed as receiver and receiver and manager of the property, assets and undertaking of St. Marys Paper Corp. ("**SMPC**") by order of the Superior Court of Justice, dated December 29, 2011 (the "**SMPC Appointment Order**") effective December 30, 2011;

B. The Receiver was appointed as receiver and receiver and manager of the property, assets and undertaking of SMP Resources Inc. ("**SMPR**") by order of the Superior Court of Justice dated May 8, 2012 (the "**SMPR Appointment Order**");

C. SMPR is the owner of certain premises being the building known as 488 Gran Street, Batchewana First Nation (the "**Premises**"), which is subject to a land lease dated November 28, 2005 between SMPR and BBIL (the "**SMPR Lease**");

D. BBIL claims that SMPR is indebted to BBIL in respect of outstanding lease arrears under the SMPR Lease (the "**SMPR Lease Arrears**");

E. The Receiver has entered into an agreement of purchase and sale (the "**Topline APS**") to sell the Premises to Topline Electric Limited ("**Topline**") a condition of which is Topline entering into a land lease with BBIL satisfactory to Topline;

F. BBIL and the Receiver have agreed in principle to settle the SMPR Lease Arrears on the terms set out herein.

NOW THEREFORE, for good and valuable consideration the sufficiency of which is hereby acknowledged, BBIL and the Receiver agree as follows:

1. BBIL shall negotiate a land lease with Topline in respect of the Premises to take effect upon the closing of the Topline APS.

2. The Receiver will pay the amount of CDN$60,000.00 to BBIL from the net sale proceeds received by the Receiver pursuant to the Topline APS which payment shall constitute full satisfaction of the SMPR Lease Arrears.

3. Upon payment of the amount specified in clause 2 hereof, BBIL and its successors and assigns do each hereby forever, fully and completely release, acquit, remise and forever discharge the Receiver, SMPC and SMPR and their respective affiliates, directors, officers, employees, agents, representatives, servants, successors, heirs and assigns, and their respective heirs, executors, administrators, assigns, successors-in-interest, and each and every one of them, of and from any and all, and all manner of, claims, demands, actions, and causes of action, suits, debts, obligations, promises, expenses, bills, liens, liabilities, dues, accounts, bonds, covenants, contracts, agreements, costs, judgments and demands whatsoever, in law or in equity, or otherwise, whether known or unknown, accrued or unaccrued, direct or indirect, in its name and right or otherwise, which BBIL and its successors and assigns, ever had, now have, or can, shall or may in the future have against the Receiver, SMPC and/or SMPR and/or their respective affiliates, directors, officers, employees, agents, representatives, servants, successors, heirs and assigns, and their heirs, executors, administrators, assigns, successors-in-interest, and each and every one of them, including related to the SMPR Lease or the SMPR Lease Arrears.

4. It is agreed and understood that BBIL will not make or continue any claim or take or continue any proceeding against any other person or corporation who might claim contribution or indemnity in law or equity or under the provision of any statute or regulation from or which otherwise results in a claim against any person or entity discharged hererby.

5. It is agreed and acknowledged that the provisions of this Settlement Agreement are a compromise of any and all outstanding matters or disputes between the Parties and shall not be considered as an admission of liability, fault, negligence or wrongdoing by any party herein, but are made for the purpose of amicably resolving any and all matters or disputes between the parties.

6. This Settlement Agreement shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns.

7. BBIL represents and warrants that it has not transferred or assigned and will not transfer or assign to any person or entity any rights, causes of action, or claims released in this Settlement Agreement.

8. This Agreement shall be governed by, and is to be interpreted, construed and enforced in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario, excluding any rule or principle of conflicts of law that may provide otherwise.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have executed this Settlement Agreement on the dates indicated below.

DATED this 17 day of ~~October, 2013~~ January, 2014

BATCHEWANA BAND INDUSTRIES LIMITED

Per: ____________________
Name: Karen Bird
Title: President
I have authority to bind the Corporation

DATED this ______ day of October, 2013

ERNST & YOUNG INC., IN ITS CAPACITY AS RECEIVER AND RECEIVER AND MANAGER OF ST. MARYS PAPER CORP AND SMP RESOURCES INC., AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per: ____________________
Name:
Title:
I have authority to bind the Corporation

Tab C

ST. MARY'S PAPER CORP.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD DECEMBER 30, 2011 TO MAY 9, 2013

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		6,733,015
Total Receipts			**8,742,719**
Disbursements:			
Distributions to IFP	7		4,504,000
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
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		271,684
Receiver's fees and disbursements	18		704,229
Miscellaneous expenses	19		652
Registrar's fees	20		70
HST Paid	21		141,898
Advances to Trustee	22		89,126
Advances to OWVL Receivership	23		36,856
Advances SMPR Receivership			21,942
Transfer to U.S. Account	24		16,327
Total Disbursements			7,681,231
Remaining funds available in Canadian Currency		$	1,061,488

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			182
Remaining funds available in U.S. Currency		$	41,371

In the Matter of the Receivership of St Mary's Paper Corp. ("St. Marys"). Notes to the Statement of Receipts and Disbursements as of February 7, 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 February 7, 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.

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 Sixth Report, pursuant to the Order of the Court, the Receiver made distributions of $4,504,000 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. Further, pursuant to the Order of the Court of October 25, 2012, the Receiver distributed $550,000 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:**
The amount represents the settlement to PS Johnson as set out in the Court Order.

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.

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 FEBRUARY 7, 2014

Canadian Currency Account:

	Note		Amount
Receipts:			
Sale of two bridges	1	$	46,000
SMP Resources' Account (CAD)	2		20,628
SMP Resources' Account (USD)	2		20,820
Other U.S. currency receipts	3		9,491
Sale of timber licenses	4		16,000
HST Refunds and Interest	5		31,928
Funds received from St. Marys' receivership	6		21,942
Interest earned	7		411
Total Receipts			**167,221**
Disbursements:			
Receiver's fees and disbursements	8		53,188
Legal Fees and Disbursements	8		43,690
Insurance	9		37,618
Utilities	10		10,151
Payroll and Contractor's fees and disbursements	11		5,706
Commission on sale of two bridges	1		4,600
HST Paid	12		11,916
Registrat Fees	13		70
Bank Charges	14		40
Total Disbursements			166,979
Remaining funds available in Canadian Currency		$	242

In the Matter of the Receivership of SMP Resources Inc. ("SMPR").
Notes to the Statement of Receipts and Disbursements as of February 7, 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 February 7, 2014.

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

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

5) **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.

6) **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.

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

8) **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.

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

10) Utilities:

Utilities include costs for the maintenance of the warehouse building.

11) 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.

12) HST Paid:

This line item accumulates HST paid on invoices based on the disbursements described above.

13) Registrar Fees:

The amount represents the mandatory fee paid to the Registrar.

14) Bank Charges:

The amount represents bank charges related to the bank accounts.

[illegible]

[illegible]

[illegible]

ONTARIO WILDERNESS VACATIONS LIMITED
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD FEBRUARY 6, 2013 TO FEBRUARY 7, 2014

Canadian Currency Account:

	Note		Amount
Receipts:			
Funds received from St. Marys' receivership	1	$	36,856
Total Receipts			36,856
Disbursements:			
Receiver's fees and disbursements	2		8,186
Legal Fees and Disbursements	2		7,093
Insurance	3		21,577
Total Disbursements			36,856
Remaining funds available in Canadian Currency		$	-

In the Matter of the Receivership of Ontario Wilderness Vacations Limited. ("OWVL").
Notes to the Statement of Receipts and Disbursements as of February 7, 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 February 7, 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.