



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

)

FRIDAY, THE 27TH

)

MADAM JUSTICE PEPALL

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DAY OF AUGUST, 2010

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TERRACE BAY PULP INC.

ORDER

THIS MOTION, made by Terrace Bay Pulp Inc. (the "Applicant"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order:

- (a) abridging the time for service of the Notice of Motion, the Eighteenth Report of the Monitor, Ernst & Young Inc. (the "Monitor") (the "Eighteenth Report") and the Motion Record, and declaring that the motion is properly returnable on Friday, August 27, 2010;
- (b) approving the Eighteenth Report and the actions and activities of the Monitor as described therein;
- (c) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Morawetz dated March 11, 2009 (the "Initial Order")) to and including September 17, 2010; and

- (d) declaring that the stay of proceedings contained in paragraph 11 of the Initial Order and paragraphs 12 and 15 of the Sanction Order of the Honourable Mr. Justice Morawetz dated July 27, 2010 (the "Sanction Order"), is lifted for the purposes of allowing the Ontario Assessment Review Board (the "ARB") to issue final Orders in the proceedings commenced by the Applicant pursuant to Section 40 of the *Assessment Act*, R.S.O. 1990, C. A-31 in connection with Roll No. 5854000 001 00401 0000 for the 2005, 2006, 2007 and 2008 taxation years (the "ARB Proceedings"); and
- (e) approving the agreements attached as Exhibits "A" and "B" to the Supplementary Affidavit of Russell York sworn August 24, 2010 (the "Extension Agreements"), as between:
- (i) the United Steel Workers, Local 665 and Terrace Bay, and
 - (ii) the International Brotherhood of Electrical Workers, Local 1861 and Terrace Bay.

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Eighteenth Report and the affidavits of Russell York sworn August 23, 2010, and August 24, 2010, all filed, and on hearing the submissions of counsel for the Applicant and counsel for the Monitor,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and that any requirement for service of the Notice of Motion and the Motion Record on any parties other than the parties actually served with the Notice of Motion and the Motion Record is hereby dispensed with and that service in the manner effected by the Applicant is validated in all respects.
2. **THIS COURT ORDERS** that the Eighteenth Report and the actions and activities of the Monitor as described therein are hereby approved.

3. **THIS COURT ORDERS** that the Stay Period is hereby extended until and including September 17, 2010.
4. **THIS COURT ORDERS AND DECLARES** that the stay of proceedings contained in paragraph 11 of the Initial Order and paragraphs 12 and 15 of the Sanction Order is hereby lifted for the purposes of allowing the ARB to issue final Orders in the ARB Proceedings in a form satisfactory to the Applicant, and to take any and all necessary steps and actions in connection therewith.
5. **THIS COURT ORDERS** that the Extension Agreements are hereby approved, and the Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to give effect to the Extension Agreements.



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

AUG 27 2010

PER / PAR:



