EXHIBIT “F”

This is **Exhibit "F"** referred to in the
Affidavit of Russell York
sworn the 10th day of March, 2009

A COMMISSIONER, ETC.

GENERAL SECURITY AGREEMENT

THIS AGREEMENT made the 26th day of July , 2007.

B E T W E E N:

TERRACE BAY PULP INC.

(hereinafter called the "**Debtor**")

and

NEXCAP FINANCE CORPORATION

(hereinafter called the "**Secured Party**")

IN CONSIDERATION of the sum of One Dollar ($1.00) now paid to it by the Secured Party (receipt of which is hereby acknowledged), and to secure the due payment and performance of all Obligations (hereinafter defined), the Debtor hereby agrees with the Secured Party and provides as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless there is something in the subject matter or content inconsistent therewith:

(a) "**Applicable Law**" shall mean any applicable law, treaty, rule, requirement, regulation, ordinances, code, policy, rule of common law and the like, now or hereafter in effect, of any Governmental Authority, including any judicial, administrative or other Governmental Authority interpretations thereof, and any judicial or administrative orders, consents, decrees or Judgments binding on such Person or any of its respective Properties.

(b) "**Collateral**" shall mean, collectively, all Property, interests in Property, collateral and/or security granted and/or securities pledged to the Agent, for the benefit of the Lender Parties, or any Lender by the Borrower and any Other Person pursuant to the Loan Documents, including, without limitation, all Property in which a Lien is granted pursuant to the Security Documents;

(c) "**Constating Documents**" means, in the case of a corporation incorporated under the laws of the Province of Ontario or the federal laws of Canada, the articles (within the meaning of the Applicable Law) and the by-laws of the corporation; in the case of a partnership, the partnership agreement and the limited partnership declaration, if applicable;

(d) "**Event of Default**" has the meaning ascribed thereto in the Loan Agreement;

(e) **"Governmental Body"** means any nation, government, province, state, region, municipality or other political subdivision or any governmental department, ministry, commission, board, agency or instrumentality or other public authority or person, domestic or foreign, exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing and includes any court of competent jurisdiction;

(f) **"Lease"** means any lease (whether now existing, presently arising or created in future) whereby the Premises or any part thereof are demised and leased to the Debtor;

(g) **"Lien"** has the meaning ascribed thereto in the Loan Agreement; shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind or any other priority arrangement (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof), or any other arrangement pursuant to which title to the Property is retained by or vested in some other Person for security purposes.

(h) **"Loan Agreement"** means the Credit Agreement dated the 26th day of July between the Debtor and the Secured Party, as amended, supplemented, restated or replaced from time to time;

(i) **"Loan Documents"** shall mean, collectively, this Agreement, the Notes, the Security Documents, all Compliance Certificates, and all other agreements, documents, instruments and certificates heretofore or hereafter executed or delivered to the Agent or any Lender (excluding the Related Documents) in connection with any of the foregoing or the Loan, in each case as the same may be amended, modified or supplemented from time to time.

(j) **"Obligations"** shall mean, without duplication, all present and future obligations, Indebtedness and liabilities of the Debtor and/or any other Credit Party or other Person to the Agent and/or the other Lender Parties at any time and from time to time of every kind, nature and description arising under any Loan Document, whether direct or indirect, secured or unsecured, joint and/or several, absolute or contingent, due or to become due, matured or unmatured, now existing or hereafter arising, contractual or tortuous or liquidated or unliquidated, including, without limitation, all interest, reasonable fees, charges, expenses and/or amounts paid or advanced by Agent or any other Lender Party to, on behalf of or for the benefit of any such Person for any reason at any time, obligations of performance as well as obligations of payment, and all interest, reasonable fees and other amounts;

(k) **"Permitted Liens"** has the meaning ascribed thereto in the Loan Agreement;

(l) "**Premises**" means all lands and premises owned or occupied by the Debtor from time to time (including the lands and premises referred to in Schedule A hereto);

(m) "**Receiver**" shall include one or more of a receiver, receiver-manager or receiver and manager of all or a portion of the undertaking, property and assets of the Debtor appointed by the Secured Party pursuant to this Agreement or by or under any judgment or order of a court;

(n) "**Security Interest**" means the security interest and the other rights, title and interest granted to the Secured Party pursuant to Section 2.1; and

(o) "**Subsidiary**" shall mean, as to any initial Person, any other Person in which more than fifty percent (50%) of all equity, membership, partnership or other ownership interests is owned directly or indirectly by such initial Person or one or more of its Subsidiaries. Any reference to "Subsidiary" herein shall be deemed to refer to a Subsidiary of the Borrower unless the context provides otherwise.

1.2 **Construction**

(a) The division of this Agreement into Articles, Sections, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

(b) Words importing the singular number only include the plural and vice versa and words importing gender includes all genders.

(c) The terms, "**this Agreement**", "**hereof**", "**hereunder**", and similar expressions refer to the whole of this agreement, as it may be amended, modified, revised, supplemented or restated from time to time, and not to any particular Article, Section, subsection, paragraph or other portion of this Agreement.

(d) The term, "**Debtor**" includes each party hereto executing this Agreement in that capacity, both collectively and individually. Their liability hereunder shall be both joint and several. Any provision of this Agreement which mentions the Debtor shall be applied separately to each named Debtor and to all of them collectively. In the case of a Debtor which is a partnership, any provision of this Agreement which mentions the Debtor shall be applied separately to the partnership, to each of the partners (whether or not signatory hereto but excluding the limited partners, if any) and to all of them (including the partnership) collectively.

(e) The terms, "**including**", "**includes**", "**any**" and "**or**", are not exclusive or limiting unless expressly indicated to the contrary.

(f) The term, "**person**", means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, Governmental Body or any other legal entity whatsoever.

(g) Every reference to a party hereto shall extend to and include such party's heirs, executors, administrators, other legal representatives, successors and permitted assigns, as if specifically named.

(h) Unless otherwise expressly provided in this Agreement, any reference in this Agreement to any law shall include any by-law, regulation, order, act or statute of any Governmental Body and shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

(i) Time shall be in all respects of the essence hereof.

(j) If there is any conflict or inconsistency between this Agreement and Loan Agreement, the provisions of the Loan Agreement shall govern and prevail.

(k) If any of the provisions of this Agreement shall be held invalid or unenforceable by any court having jurisdiction, this Agreement shall be construed as if not containing those provisions, and the rights and obligations of the parties hereto should be construed and enforced accordingly.

(l) This Agreement shall be governed by, and construed in accordance with, the internal laws of the Province of Ontario and the federal laws of Canada applicable therein (other than conflict of laws rules) and shall be treated in all respects as an Ontario contract.

(m) Except as expressly provided herein, terms which are defined in the *Personal Property Security Act* (Ontario) shall have the same meaning where used herein.

ARTICLE 2
SECURITY

2.1 Charge

Subject to the exceptions set forth in Section 2.2, the Debtor hereby grants, sells, assigns, conveys, transfers, mortgages, pledges and charges, as and by way of fixed and specific mortgage, pledge and charge to and in favour of the Secured Party, and grants to the Secured Party a security interest in, the whole of the undertaking of the Debtor and all of its property and assets, real and personal, movable and immovable, tangible and intangible, of every nature and kind whatsoever and wheresoever situate, present and future, now or at any time and from time to time owned by the Debtor or in which or in respect of which the Debtor has any interest or rights of any kind, including the following described property -

(a) all inventory of whatsoever kind and wheresoever situate now owned or hereafter acquired by the Debtor including goods for sale or lease or that have been leased; goods furnished or to be furnished under a contract of service; goods which are raw materials, work in process or materials used or consumed in a business or profession of the Debtor; goods used or procured for packing; finished goods;

industrial growing crops, oil, gas and other minerals to be extracted; timber to be cut; and the young of animals after conception ("**Inventory**"),

(b) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due or owned by the Debtor including claims against the Crown and claims under insurance policies ("**Accounts**"),

(c) all machinery, equipment, tools, apparatus, plants, fixtures, furniture, vehicles, goods and other tangible personal property of whatsoever nature and kind, now owned or hereafter acquired by the Debtor other than Inventory ("**Equipment**"),

(d) all chattel paper now owned or hereafter acquired by the Debtor ("**Chattel Paper**"),

(e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or otherwise, now owned or hereafter acquired by the Debtor ("**Documents of Title**"),

(f) all instruments now owned or hereafter acquired by the Debtor ("**Instruments**"),

(g) all deeds, documents, writings, papers, books of accounts and other books evidencing or relating to Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable; and all contracts, securities, instruments and other rights and benefits in respect thereof,

(h) all Security now owned or hereafter acquired by the Debtor,

(i) all intangible property now owned or hereafter acquired by the Debtor including choses in action, agreements entitling the Debtor to rent, lease or otherwise use Goods, other contract rights, goodwill, licences, patents, trade-marks, copyrights, industrial designs, plant breeders' rights, integrated circuit topographies, trade secrets, rights of personality, information technology (whether registered or not and whether Canadian or foreign) and all other intellectual property and industrial property ("**Intangibles**"), excluding Accounts, Chattel Paper, Documents of Title, Instruments, Money and Security;

(j) all Money now owned or hereafter acquired by the Debtor,

(k) any property in any form (including fixtures) derived directly or indirectly from any dealings with any property herein described (including all products and cash and non-cash proceeds thereof); indemnification or compensation for any such property lost, destroyed, damaged or lawfully or unlawfully taken or injuriously affected; all increases, additions and accessions thereto and substitutions and replacements thereof, and

(l) all personal property, if any, described in Schedule B hereto.

2.2 **Leaseholds and Consents**

Notwithstanding anything to the contrary herein contained:

(a) Leases

The last day of any term of years reserved by any lease of real property, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor shall not be subject to the Security Interest, but the Debtor shall stand possessed of any such reversion upon trust to assign and dispose thereof as the Secured Party may direct.

(b) Other Collateral

If the Security Interest in respect of any Intangible would result in damage to or the termination or breach of such Intangible, then such Intangible will not for the time being be subject to such Security Interest but will be held in trust by the Debtor for the benefit of the Secured Party; provided that such Intangible shall become subject to the Security Interest and the Security Interest shall attach to such Intangible (or applicable portion thereof) immediately at such time as the condition as would cause such damage, termination or breach shall be satisfied, remedied or waived.

2.3 **Charge Valid Irrespective of Advance of Money**

The mortgages, pledges and charges hereby created shall have effect and be deemed to be effective whether or not the monies or obligations hereby secured or any part thereof shall be advanced or owing or in existence before or after or upon the date of this Agreement and neither the giving of this Agreement nor any advance of funds shall oblige the Secured Party to advance any funds or any additional funds. The Debtor acknowledges that the parties have not agreed to postpone the time for attachment of the Security Interest, all of which shall attach upon the execution hereof or, in the case of Collateral in which the Debtor acquires any rights in future, at the time the Debtor acquires such rights. The Debtor acknowledges that value has been given.

2.4 **Supplemental Indentures**

The Debtor shall from time to time on demand by the Secured Party execute and deliver such further deeds or indentures supplemental hereto, which shall thereafter form part hereof, for the purpose of mortgaging to the Secured Party any property now owned or hereafter acquired by the Debtor and falling within the description of the Collateral, for correcting or amplifying the description of any property hereby mortgaged or intended so to be, or for any other purpose not inconsistent with the terms of this Agreement.

2.5 Continuing Security

The Collateral and any other security given with the Secured Party's consent in replacement thereof, substitution therefor or in addition thereto shall be held by the Secured Party as general and continuing security for due payment and performance of all Obligations, including all costs and amounts payable pursuant hereto and interest on the Obligations at the rate or rates applicable thereto in accordance with the prevailing agreement between the Secured Party and the Debtor.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 General Representations and Warranties

The Debtor represents, warrants and covenants to and with the Secured Party as follows:

(a) Status

The Debtor is duly formed and validly subsisting under Applicable Laws and has the power and capacity to own its properties and assets and to carry on its business as presently carried on by it; and holds all material licences, permits and assets as are required to own its properties and assets and to carry on business in each jurisdiction in which it does so.

(b) Power and Capacity

The Debtor has the power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated hereunder or thereunder to be done, observed and performed by it.

(c) Due Authorization and Enforceability

The Debtor has taken all necessary action to authorize the execution, delivery and performance of this Agreement and it constitutes a valid and binding obligation of the Debtor enforceable against it in accordance with its terms, subject only to the following qualifications -

(i) an order of specific performance and an injunction are discretionary remedies, and in particular, may not be available where damages are considered an adequate remedy, and

(ii) enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws generally affecting enforceability of creditors' rights.

(d) No Contravention

The execution and delivery of this Agreement and the performance by the Debtor of its obligations hereunder -

(i) do not and will not violate any Applicable Law or any provision of the Constating Documents of the Debtor or constitute a breach of any existing contractual or other obligation of the Debtor or contravene any licence or permit to which the Debtor is subject,

(ii) will not result in the creation of, or require the Debtor to create, any Lien in favour any person other than the Secured Party, and

(iii) will not result in or permit the acceleration of the maturity of any indebtedness or other obligation of the Debtor.

(e) No Consents Required

No authorization, consent or approval of, or filing with or notice to, any person is required in connection with the execution, delivery or performance of this Agreement by the Debtor.

(f) Locations

The chief executive office of the Debtor is at 21 Mill Road, Terrace Bay ON P0T 2W0 and all of the tangible Collateral (except for Inventory in transit) is located at the Premises referred to in Schedule A hereto or in such warehouses as permitted in the Loan Agreement

(g) Title

Subject only to Permitted Liens, the Debtor lawfully owns and is lawfully possessed of the Collateral and all property and assets indicated by the financial statements which it has delivered to the Secured Party to be owned by it and has good right and authority to mortgage and charge the same as provided for herein, free and clear of all Liens (other than Permitted Liens), and it will warrant and defend the title thereto as well as to any other property, rights and interests hereafter acquired by the Debtor. No person has any agreement or right or option to acquire any of such property (except under unfilled purchase orders accepted in the ordinary course of business for the sale of Inventory).

(h) Serial Numbered Goods and Fixtures

Full particulars (including serial number) of each motor vehicle in which the Debtor has rights and which is not Inventory shall forthwith be provided to the Secured Party upon the occurrence of an Event of Default. None of the goods comprised in the Collateral are fixtures except any fixtures that are described so that they may be readily identified in Schedule B hereto and identified as fixtures therein and that are affixed or attached to the Premises described in Schedule A hereto.

(i) Consumer Goods

None of the Collateral now owned or hereafter acquired is now or shall at any time be consumer goods of the Debtor.

ARTICLE 4
COVENANTS OF THE DEBTOR

4.1 General Covenants

So long as this Agreement remains outstanding, the Debtor covenants and agrees as follows:

(a) To Pay Costs

The Debtor shall pay to the Secured Party on demand all reasonable costs and expenses of the Secured Party, its agents, officers and employees, any Receiver appointed by it or by a court incurred in connection with the Obligations, including those in connection with:

(i) the preparation, execution, filing and registration of this Agreement, any actual or proposed amendment or modification hereof or any waiver hereunder and all instruments supplemental or ancillary hereto;

(ii) obtaining advice regarding the Secured Party's rights and responsibilities hereunder;

(iii) the administration and monitoring of this Agreement; and

(iv) the defence, establishment, protection or enforcement of any of the rights or remedies of the Secured Party hereunder including all costs and expenses of establishing the validity and enforceability of this Agreement or any of the Obligations, or of collection of amounts owing in respect of any of the Obligations;

including all of the fees, expenses and disbursements of any appraisers, environmental or other consultants, accountants, actuaries, the Secured Party's counsel (on a full indemnity basis) and any Receiver appointed by it or any court, and out-of-pocket expenses incurred by the Secured Party (including travel expenses) incurred in connection therewith, and including all sales or value-added taxes payable by the Secured Party (to the extent not otherwise refunded or reimbursed to the Secured Party) on all such costs and expenses, all such costs and expenses to bear interest at the highest rate applicable to any Obligations.

(b) To Pay Certain Debts

The Debtor shall punctually pay and discharge every obligation, failure to pay or discharge which might result in any Lien, forfeiture, termination or sale or any other remedy being enforced against the Collateral and provide to the Secured Party when required satisfactory evidence of such payment and discharge, but the Debtor may on giving the Secured Party such security (if any) as the Secured Party may require refrain from paying or discharging any obligation so long as it contests in good faith its liability therefor.

(c) To Maintain Existence and Security

The Debtor shall -

(i) maintain its existence,

(ii) observe and conform to all valid requirements of Applicable Law and of any Governmental Body relative to the Collateral or the carrying on by the Debtor of its business,

(iii) repair and keep in repair and good order and condition all property, including the Collateral, the use of which is necessary or advantageous in connection with its business,

(iv) except in the case of consumable Inventory and except for a reasonable number of Inventory items used by the Debtor for demonstration purposes, keep all Inventory in a new and unused condition,

(v) immediately notify the Secured Party in writing of any proposed change of name of the Debtor or of the Debtor's chief executive office,

(vi) keep the Secured Party constantly informed in writing as to the location of the Collateral and the books of account and other records of the Debtor, and

(vii) effect such registrations as may be required by the Secured Party from time to time to protect the security hereof.

(d) To Insure

The Debtor shall keep the Collateral and the operations of the Debtor insured in such amounts as the Secured Party may reasonably require against loss or damage by fire and such other risks as the Secured Party may from time to time specify, with insurers approved by the Secured Party. The Debtor shall whenever from time to time requested by the Secured Party provide the Secured Party with satisfactory evidence of such insurance and any renewal thereof which shall at all times be subject to mortgage clauses in a form approved by the Secured Party, and shall at the request of the Secured Party forthwith assign, transfer and deliver unto the Secured Party the policy or policies of such insurance. Evidence satisfactory to the Secured Party of the renewal of every policy of insurance shall be provided to the Secured Party at least seven (7) days before the termination thereof.

(e) <u>To Furnish Proofs</u>

The Debtor shall forthwith on the happening of any loss or damage furnish at its own expense all necessary proofs and do all necessary acts to enable the Secured Party to obtain payment of the insurance monies, which, in the sole discretion of the Secured Party, may be applied in reinstating the insured property or be paid to the Debtor or be applied in payment of the monies owing hereunder, whether due or not then due, or paid partly in one way and partly in another.

(f) <u>Inspection by the Secured Party</u>

The Debtor shall allow any employees or authorized agents of the Secured Party at any reasonable time to enter the Premises in order to inspect the Collateral and to inspect the books and records of the Debtor and make extracts therefrom, and shall permit the Secured Party prompt access to such other persons as the Secured Party may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to this Agreement, the business and affairs of the Debtor, the Collateral or the books and records of the Debtor, provided that any information so obtained shall be kept confidential, save as required by the Secured Party in exercising its rights hereunder.

(g) <u>Accounts</u>

Subject to any Permitted Liens, Accounts shall be received by the Debtor in trust for the Secured Party; provided that as long as an Event of Default has not occurred the Debtor may collect and use the Accounts in the ordinary course of business.

(h) <u>Not to Create Certain Charges</u>

The Debtor shall not, without the prior written consent of the Secured Party, create or permit to arise any Lien on any of the Collateral (other than Permitted Liens), and will not permit any Subsidiary to do the same (except in favour of the Debtor).

(i) Not to Sell

The Debtor shall not, except as otherwise permitted hereunder, remove, destroy, lease, sell or otherwise dispose of any of the Collateral; provided that the Debtor may –

(i) sell or otherwise dispose of Equipment which has become worn out or damaged or otherwise unsuitable for their purposes on condition that it shall substitute therefor, subject to the lien hereof and free from prior Liens, property of at least equal value so that the security hereby constituted shall not thereby be in any way reduced or impaired, and

(ii) sell Inventory and grant licences to use intellectual property in the ordinary course of business and for the purpose of carrying on the same.

(j) Not to Make Certain Changes

The Debtor shall not without the prior written consent of the Secured Party remove any of the Collateral or any of the books of account or other records of the Debtor from the jurisdiction where presently located, save and except the warehousing of Inventory outside of the jurisdiction as permitted in the Loan Agreement

(k) Serial Numbered Goods and Fixtures

Upon the occurance of an Event of Default the Debtor will forthwith give written notice to the Secured Party of full particulars (including the serial number) of motor vehicles which are not Inventory which the Debtor has acquired both before and since the date of the within General Security Agreement and in which the Debtor still has an interest at the time of such Event of Default. The Debtor will not permit goods now or hereafter comprised in the Collateral to become fixtures unless they are, or are to be, affixed or attached to the Premises described in Schedule A hereto and unless the goods are described in Schedule B hereto so that they may be readily identified and are identified therein as fixtures.

ARTICLE 5
REMEDIES

5.1 Acceleration

Upon the occurrence of an Event of Default, all Obligations and all monies secured hereby shall at the option of the Secured Party become forthwith due and payable whereupon all of the rights and remedies hereby conferred in respect of the Collateral shall become immediately enforceable and any and all additional and collateral securities for payment of the Obligations shall become immediately enforceable.

5.2 **Enforcement**

Upon the happening of any Event of Default the Secured Party may by instrument in writing declare that the security hereof has become enforceable and crystallized and the Secured Party shall have the following rights and powers:

(a) to enter into possession of all or any part of the Collateral;

(b) to preserve and maintain the Collateral and make such replacements thereof and additions thereto as it deems advisable;

(c) to borrow money in the Debtor's name or in the Secured Party's name or to advance the Secured Party's own money to the Debtor, in any case upon such terms as the Secured Party may deem reasonable and upon the security hereof;

(d) to pay or otherwise satisfy in whole or in part any Liens which, in the Secured Party's opinion, rank in priority to the security hereof;

(e) after entry by its officers or agents or without entry to sell, lease or otherwise dispose in any way whatsoever of all or any part of the Collateral either en bloc or separately at public auction or by tender or by private agreement and at such time or times and on such terms and conditions as the Secured Party in its absolute discretion may determine and without any notice to or concurrence of the Debtor except as may be required by Applicable Law; and

(f) by instrument in writing to appoint any person or persons (whether an officer or officers of the Secured Party or not) the Receiver of all or any part of the Collateral and to remove any Receiver so appointed and appoint another or others in his stead.

The security of this Agreement may be realized and the rights enforced by any remedy or in any manner authorized or permitted by this Agreement or by law or equity and no remedy for the realization of the security hereof shall be exclusive of or dependent upon any other remedy and all or any remedies may from time to time be exercised independently or in any combination.

5.3 **Disposition**

Without limiting the generality of the foregoing it shall be lawful for the Secured Party:

(a) to make any sale, lease or other disposition of the Collateral either for cash or upon credit or partly for one and partly for the other upon such conditions as to terms of payment as it in its absolute discretion may deem proper;

(b) to rescind or vary any contract for sale, lease or other disposition that the Secured Party may have entered into pursuant hereto and resell, release or redispose of the Collateral with or under any of the powers conferred herein; and

(c) to stop, suspend or adjourn any sale, lease or other disposition from time to time and to hold the same as adjourned without further notice.

Upon any such sale, lease or other disposition the Secured Party shall be accountable only for money actually received by it. The Debtor shall be accountable for any deficiency and the Secured Party shall be accountable for any surplus. The Secured Party may deliver to the purchaser or purchasers of the Collateral or any part thereof good and sufficient conveyances or deeds for the same free and clear of any claim by the Debtor. The purchaser or lessee receiving any disposition of the Collateral or any part thereof need not inquire whether default under this Agreement has actually occurred but may as to this and all other matters rely upon a statutory declaration of an officer of the Secured Party, which declaration shall be conclusive evidence as between the Debtor and any such purchaser or lessee, and the purchaser or lessee need not look to the application of the purchase money, rent or other consideration given upon such sale, lease or other disposition, which shall not be affected by any irregularity of any nature or kind relating to the enforcing of the security hereof or the taking of possession of the Collateral or the sale, lease or other disposition thereof.

5.4 **Powers of Receiver**

Any Receiver appointed as aforesaid shall have the power without legal process:

(a) to take possession of the Collateral or any part thereof wherever the same may be found;

(b) to carry on the business of the Debtor or any part thereof in the name of the Debtor or of the Receiver; and

(c) to exercise on behalf of the Secured Party all of the rights and remedies herein granted to the Secured Party,

and without in any way limiting the foregoing the Receiver shall have all the powers of a receiver appointed by a court of competent jurisdiction. Any Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor, and the Secured Party shall not be in any way responsible for any acts or omissions of any Receiver or any loss resulting therefrom.

5.5 **Limitations on Liability**

Neither the provisions of this Agreement nor anything done under or pursuant to the rights, remedies and powers conferred upon the Secured Party and the Receiver, whether hereunder or otherwise, will render the Secured Party a mortgagee in possession. Neither the Secured Party nor any Receiver will be bound to collect, dispose of, realize, enforce or sell any Accounts, Security, Instruments, Documents of Title, Chattel Paper, Money or Intangibles included in the Collateral or to allow any such Collateral to be sold or disposed of, nor will it be responsible for any loss occasioned by any such sale or other dealing or for any failure to sell or so act, nor will it be responsible for any failure to take necessary steps to preserve rights against others in respect of such Collateral, nor will it be responsible for any loss occasioned by the failure to exercise any rights in respect of Collateral within the time limited for the exercise thereof. Neither the Secured Party nor the Receiver will be obligated to keep Collateral separate or identifiable.

ARTICLE 6
GENERAL

6.1 Waiver and Amendment

No waiver of any provision hereof and no consent to any departure by the Debtor herefrom shall be effective unless the same shall be in writing and signed by the Secured Party and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. Any amendment hereto shall be signed by the Secured Party and the Debtor.

6.2 Waivers and Indemnity

(a) To the extent permitted by applicable law, the Debtor unconditionally and irrevocably waives:

  (i) all claims, damages and demands it may acquire against the Secured Party arising out of the lawful exercise by the Secured Party or any Receiver of any rights or remedies under this Agreement or at law, and

  (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.

(b) The Debtor agrees to indemnify the Secured Party from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or willful misconduct of the Secured Party or any of its agents or employees) which may be imposed on, incurred by, or asserted against the Secured Party and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act in connection with this Agreement.

6.3 Other Securities

The rights of the Secured Party hereunder shall not be prejudiced nor shall the liabilities of the Debtor or of any other person be reduced in any way by the taking of any other security of any nature or kind whatsoever either at the time of execution of this Agreement or at any time hereafter.

6.4 Other Dealings

The Secured Party, without exonerating the Debtor in whole or in part, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Debtor and all other persons and securities as the Secured Party may see fit.

6.5 No Merger or Novation

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Debtor to pay the moneys hereby secured nor shall the same operate as a merger of any covenant herein contained or of any other Obligation, nor shall the acceptance of any payment or other security constitute or create any novation.

6.6 Amalgamation

The Debtor, if a corporation, acknowledges that if it amalgamates with any other corporation or corporations:

(a) the Collateral and the lien created hereby shall extend to and include all the property and assets of each of the amalgamating corporations and the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired;

(b) the term, "**Debtor**", where used herein, shall extend to and include each of the amalgamating corporations and the amalgamated corporation; and

(c) the term, "**Obligations**", where used herein, shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation.

Nothing contained in this Section 6.6 shall be interpreted as permitting the Debtor to amalgamate in violation of any covenant of the Debtor contained herein or in any other agreement binding the Debtor.

6.7 Power of Attorney

The Debtor for valuable consideration irrevocably appoints the Secured Party and its officers from time to time or any of them to be the attorneys of the Debtor in the name of and on behalf of the Debtor to execute and do any deeds, transfers, conveyances, assignments, assurances and things which the Debtor ought to execute and do under the covenants and provisions herein contained and generally to use the name of the Debtor in the exercise of all or any of the powers hereby conferred on the Secured Party, including to receive, endorse and collect all instruments made payable to the Debtor representing any distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

6.8 The Secured Party May Remedy Default

If the Debtor fails to do anything hereby required to be done by it, the Secured Party may, but shall not be obliged to, do such thing and all sums thereby expended by the Secured Party shall be payable by the Debtor on demand, together with interest thereon at the highest rate applicable to any of the Obligations, shall be secured hereby and shall have the benefit of the lien hereby created, but no such performance by the Secured Party shall be deemed to relieve the Debtor from any default hereunder.

6.9 Collections

The Secured Party is entitled, if an Event of Default has occurred, to notify any account debtor or any obligor on an Instrument to make payment to the Secured Party whether or not the Debtor was theretofore making collections on the Collateral and to take control of any proceeds to which the Secured Party is entitled.

6.10 Appropriation of Payments

Any and all payments made at any time in respect of the Obligations and the proceeds realized from any securities held therefor (including moneys realized from the enforcement of this Agreement and any increase in or profits from the Collateral) may be applied (and reapplied from time to time notwithstanding any previous application) to such part or parts of the Obligations as the Secured Party sees fit, or held by the Secured Party unappropriated as additional security hereunder for such period of time as the Secured Party sees fit to be applied against the Obligations when and how the Secured Party sees fit. The Debtor shall be accountable for any deficiency and the Secured Party shall be accountable for any surplus.

6.11 Purchase Money Security Interest

The Debtor acknowledges that the Security Interest in any item of Collateral and its proceeds shall constitute a purchase-money security interest to the extent it secures Obligations incurred by the Debtor to enable the Debtor to acquire rights in such Collateral.

6.12 Notices

All notices given pursuant to or in connection with this Agreement shall be in writing and the provisions of the Loan Agreement regarding the giving of notices shall apply to the giving of notices hereunder as if such provisions were incorporated herein.

6.13 Receipt

The Debtor hereby acknowledges receipt of a true copy of this Agreement and a copy of the financing statement registered under the *Personal Property Security Act* (Ontario) in respect of the security created hereby.

6.14 **Successors and Assigns, etc.**

This Agreement and all its provisions shall enure to the benefit of the Secured Party, its successors and assigns, and shall be binding upon the Debtor, its successors and permitted assigns.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF the Debtor has duly executed this Agreement as of the dated first above written.

TERRACE BAY PULP INC.

Per: ______________________________

Name: TARAS SAWKA

Title: VICE PRESIDENT & TREASURER

Per: ______________________________

Name:

Title:

ACKNOWLEDGED this 26th day of July, 2007. The Secured Party hereby reserves title and ownership to each item of Collateral sold from time to time by the Secured Party to the Debtor until the purchase price therefor has been paid and satisfied in full, whereupon title and ownership thereof shall pass to the Debtor, but subject to the security interest created in the above agreement until all Obligations have been paid and satisfied in full.

NEXCAP FINANCE CORPORATION

Per: ______________________________

Name: BRUCE SHERK

Title: PRESIDENT

Per: ______________________________

Name:

Title:

Schedule A
PREMISES

(Section 1.1(l))

Municipal Address

21 Mill Road, Terrace Bay ON P0T 2W0

Legal Description

Refer to Schedules

Schedule B
SPECIFIED PERSONAL PROPERTY

(Section 2.1(l))

The following goods now located at:

The following intellectual property:

II. Trade Marks - NONE

No.	Trademark	Owner	Country	Status	Date	Description

III. Patents

No.	Patent	Owner	Country	Status	Date	Description

EXHIBIT "G"

This is **Exhibit "G"** referred to in the
Affidavit of Russell York
sworn the 10th day of March, 2009

A COMMISSIONER, ETC.

SCHEDULE 2
DEMAND DEBENTURE

1. DEBENTURE

TERRACE BAY PULP INC. (the "Borrower") for value received, promises to pay to Lucky Star Holdings Inc. (the "Lender") at its Head Office, 233 South Court Street, Thunder Bay, Ontario, P7B 2W6 (or such other place in Canada as the Lender may designate in writing to the Borrower) on demand the sum of TWENTY MILLION DOLLARS ($20,000,000.00) (the "principal") together with Expenses. There shall be no interest payable on the principal or on the Expenses until 30 days after Demand, if full payment is not made by that date. Any interest so payable shall be at a rate of 15% calculated from the date of Demand. Such principal, interest (if any) and Expenses being referred to herein as the "Indebtedness").

2. SECURITY INTEREST

(1) as security for the payment of the Indebtedness and for all other monies from time to time owing hereunder, the Borrower:

(1) grants, mortgages, charges, assigns and transfers to the Lender

(1) as and by way of a fixed and specific mortgage, pledge and charge all freehold and leasehold real property or interest therein now owned or leased by the Borrower including, but not limited to, the lands and premises described in Schedule "A" as amended from time to time, together with all buildings, erections and fixtures now or hereafter constructed or placed on such freehold and leasehold real property, and

(2) as and by way of a fixed and specific mortgage, pledge and charge, all freehold and leasehold real property or interest therein hereafter owned or leased by or on behalf of the Borrower, together with all buildings, erections, and fixtures constructed or placed on such freehold and leasehold real property

(2) grants, mortgages, charges, assigns and transfers to the Lender a first floating charge, as and by way of a security interest over:

(1) PROCEEDS - all of the Borrowers' property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for Collateral destroyed or damages (all of which property is hereinafter collectively called "Proceeds");

(2) BOOKS & RECORDS - all of the Borrower's deeds, documents, writings, papers, books of account and other books relating to or being records of debts, chattel paper, or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable; (all of which property is hereinafter collectively called "Books & Records");

(3) EQUIPMENT - all tools, machinery, equipment, furniture, plants, fixtures, and other tangible personal property, vehicles and fixed goods and chattels including all tools, machinery, equipment, furniture, plants, fixtures, vehicles, fixed goods and chattels (all of which property is hereinafter collectively called "Equipment");

(4) INVENTORY - all goods and chattels now or hereafter forming the inventory of the Borrower, of whatever kind and wherever located, including, without limitation, all goods, merchandise, raw materials, work in process, finished goods and chattels held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the Borrower, goods used in or procured for packing or packaging, timber cut or to be cut, oil, gas and minerals extracted (all of which goods and chattels are hereinafter collectively called "Inventory")'

(5) OTHER PROPERTY - the undertaking and all other property and assets of the Borrower for the time being of whatsoever nature and kind both present and future including without limiting the generality of the foregoing, uncalled capital, moneys, rights, franchises, negotiable and non-negotiable instruments, judgments and securities (all of which are hereinafter collective called "Other Property"), other than that which is at any and all times validly subject to the first, fixed and specific mortgage and charge hereby created or subject to the assignment set forth in subparagraph (iii).

(3) GENERAL ASSIGNMENT OF BOOK DEBTS

And the Borrower for good and valuable consideration assigns, transfers, and sets over unto the Lender all debts, accounts, choses in action, claims, demands, and moneys now due or owing or accruing due or which may hereafter become due or owing to the Borrower, including (without limiting the foregoing) claims against the Crown in the right of Canada or of any province, moneys which may become payable under any policy of insurance in respect of any loss by fire or other cause which has been or may be incurred by the Borrower (collectively called "Book Debts"), together with all contracts, securities, bills, notes, lien notes, judgments, chattel mortgagees, mortgages and all other rights, benefits and documents now or hereafter taken, vested in or held by the Borrower in respect of or as security for the Book Debts hereby assigned or intended so to be or any part thereof and the full benefit and advantage thereof, and all rights of action, claim, or demand which the Borrower now has or may at any time hereafter have against any person or persons, firm or corporation in respect thereof. The Borrower further hereby covenants, promises, and agrees to and with the Lender to well and truly execute or cause to be executed all or any such further or other document or documents as shall or may be required by the Lender to more completely or fully vest in the Lender the Book Debts hereby assigned or intended so to be and the right to receive the said moneys or to enable the Lender to recover same and will from time to time prepare and deliver to the Lender all deeds, books, vouchers, promissory notes, bills of exchange, accounts, letters, invoices, papers, and all other documents in any way relating to the Book Debts. Provided that this assignment is and shall be a continuing collateral security to the Lender for the Indebtedness. All money or any other form of payment received by the Borrower in payment of any Book Debts shall be received and held by the Borrower in trust for the Lender.

(2) Last Day of Lease Not Included - The Collateral shall not include the last day of the term of any lease agreement but upon the enforcement of the Debenture the Borrower shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(3) Definitions and Interpretation - Unless otherwise provided, the capitalized terms used in this Debenture shall have the meanings assigned in Schedule "B". Words in the singular include the plural and the words in the plural include the singular. Words of masculine gender include the feminine gender and vice-versa. The division of this Debenture into sections and sub-sections and the insertion of headings is for convenience of reference only and does not affect the construction or the interpretation of this Debenture.

3. BORROWER'S COVENANTS

The Borrower represents, warrants and covenants that, so long as this Debenture remains in effect:

(1) No Encumbrances - the Collateral and each and every part thereof is lawfully owned by the Borrower, free and clear of any and all prior mortgages, charges, liens and other encumbrances save and except any common easements for utilities.

(2) Defence of Title - it shall warrant and defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein;

(3) Restrictions on Collateral - it shall not be at liberty to sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Lender; provided that, until default, the Borrower may, in the ordinary course of the Borrower's business, sell or lease Inventory, and subject to sub-section (j), use monies available to the Borrower; and the Borrower shall notify the Lender promptly of:

   (1) any change in the information provided to the Lender in this Debenture or in the Schedules,

   (2) the details of any significant acquisition of Collateral,

   (3) the details of any claims or litigation before any court, administrative board or other tribunal affecting the Borrower or the Collateral,

   (4) any loss of or damage to the Collateral,

   (5) any default by any significant debtor of the Borrower in any payment or other performance of its obligations with respect to the Collateral,

   (6) the return to or repossession by the Borrower of the Collateral, and

   (7) any removal of any Collateral from any jurisdiction in which this Debenture is registered or the acquisition of any Collateral in any jurisdiction in which this Debenture is not registered;

(4) Conduct of Business - it shall keep the Collateral in good order, condition and repair and not use the Collateral in violation of the provisions of this Debenture or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

(5) Insurance - it shall insure and keep insured the Collateral with extended coverage against loss or damage by fire, theft, collision or other insurable value thereof, with all such insurance to be maintained with such insurer or insurers as may be approved by the Lender, and the loss under all such insurance shall be payable to the Lender,

and the Borrower will cause to be affixed to each policy of insurance a mortgage section or mortgage endorsement in form satisfactory to the Lender and provide for a minimum of thirty (30) days' notice to the Lender of cancellation or lapse, and the Borrower shall pay all premiums in connection with such insurance and will deposit certified copies of the insurance policies with the Lender or otherwise deal with them as the Lender may require;

(6) Payment of Taxes, etc. - it shall pay all rents, taxes, rates, levies, assessments, government fees or dues and other charges of every nature which shall be levied, assessed or imposed in respect of the Borrower or the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Lender, when required, the receipts and vouchers establishing such payment;

(7) Observance of Governmental Requirements and Covenants - it shall comply with all applicable laws, ordinances, regulations, rules and by-laws, and it shall obtain all licences and permits required to operate its business and maintain the Collateral;

(8) Provide Subsequent Charges - it shall do, execute, acknowledge and deliver such financing statements and further mortgages, charges, assignments, transfers, documents, acts, matters and things (including further schedules) as may be reasonably requested by the Lender of or with respect to the Collateral in order to give effect to this Debenture and shall pay all costs for searches and filings;

(9) Further Documentation - it will deliver to the Lender from time to time promptly upon request:

(1) any documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral,

(2) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,

(3) all financial statements prepared by or for the Borrower regarding the Borrower's business,

(4) all policies and certificates of insurance relating to the Collateral, and

(5) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as the Lender may reasonably request;

(10) No Further Encumbrances - subject to sub-section (3), it shall not, without the prior written consent of the Lender create any prior Security Interest upon the Collateral or any part thereof;

(11) Inspection - the Lender shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and the Borrower agrees to furnish all assistance and information and perform all such acts as the Lender may reasonably request in connection with such inspections and for such purpose grant to the Lender or its agents access to all places where the Collateral may be located and to all premises occupied by the Borrower;

(12) Consent of Landlord - it shall obtain the consent of the landlord to the charging of any leasehold lands and premises referred to in Section 2(1);

(13) Strict Compliance - it shall strictly comply with every covenant and undertaking given to the Lender. If the Borrower should fail to perform any covenant or agreement, the Lender may (but is not obligated to) itself perform or cause to be performed the same and all Expenses incurred or payments made by the Lender in so doing shall be paid by the Borrower and be secured by this Debenture,.

4. EVENTS OF DEFAULT

The Indebtedness secured by this Debenture shall immediately become payable and the security hereby constituted shall immediately become enforceable if the Borrower makes default in payment of any of the Indebtedness or of any obligation, provision, covenant or condition contained in this Debenture or under any other agreement to which the Borrower and the Lender are parties, or:

(1) Bankruptcy or Insolvency - if an order is made or if a resolution is passed which results in the Bankruptcy of the Borrower or if the Borrower ceases or threatens to cease to carry on business, becomes insolvent or makes an authorized assignment or makes or agrees to make a bulk sale of its assets with or without complying with applicable law or commits or threatens to commit an act of Bankruptcy or if a Bankruptcy petition or a petition for winding-up is filed or presented against the Borrower or if a receiver or trustee is appointed for the Borrower or for any assets of the Borrower or if any proceedings with respect to the Borrower are commenced under any statute designed to compromise the claims of creditors;

(2) Execution, etc. - if any execution, sequestration, or other process of any court becomes enforceable against the Borrower or if a distress or analogous process is levied upon the assets of the Borrower or any part thereof;

(3) Encumbrances - if any encumbrance affecting the Collateral becomes enforceable against the Collateral;

(4) Change of Ownership or Amalgamation - if there is any change in ownership of the shares of the Borrower without the prior written approval of the Lender, or if the Borrower merges or amalgamates with any other corporation without the prior written approval of the Lender;

(5) Cross-Default - if the Borrower is in default under the provisions of any agreement evidencing or relating to any outstanding indebtedness or liability of the Borrower, or if the execution and delivery of the Debenture or any other security document delivered to the Lender in connection with the Debenture should constitute a breach of any agreement to which the Borrower is a party or by which it may be bound;

(6) Litigation - if there is litigation pending or threatened against the Borrower before any court, administrative board or other tribunal which, if determined adversely to the Borrower, in the opinion of the Lender would materially affect the Collateral or would have a material adverse affect on the financial condition of the Borrower;

(7) Dissolution, Liquidation, Winding-Up - if there is instituted by or against the Borrower any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding-up of affairs of the Borrower;

(8) False Report - if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Borrower pursuant to or in connection with this Debenture, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Lender to extend any credit to or to enter into this or any other agreement with the Borrower,

proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against the Borrower; or if upon the date of execution of this Debenture, there shall have been any material adverse change in any of the facts disclosed by such certificate, representation, statement, warranty or audit report which change shall not have been disclosed to the Lender at or prior to the time to such execution; or

(9) Material Adverse Change - if, in the opinion of the Lender, there is a material adverse change in the financial condition, ownership, or operation of the Borrower.

The provisions of this section are not intended in any way to affect any rights of the Lender with respect to any indebtedness which may now or hereafter be payable on demand.

5. LENDER MAY WAIVE DEFAULT

The Lender may by written notice to the Borrower waive any default on the part of the Borrower on such terms and conditions as the Lender may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom.

6. LENDER'S RIGHTS UPON SECURITY BECOMING ENFORCEABLE

Whenever the security hereby constituted becomes enforceable and so long as it remains enforceable the Lender may (to the extent permitted by law):

(1) Take Possession - immediately take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and, whether or not the Lender has so taken possession, may sell, lease or otherwise dispose of the Collateral either as a whole or in separate parcels at public auction, by public tender or by private sale, either for cash or upon credit and at such time or times and upon such terms and conditions as the Lender may determine with or without notice, advertising or any other formality, all of which are hereby waived by the Borrower; and the Lender may also rescind or vary any contract of sale that may have been entered into and resell with or under any other powers conferred without being answerable for any loss and may adjourn any such sale from time to time; and the Lender may execute and deliver to any purchaser of the Collateral or any part thereof good and sufficient deeds and documents for the same, the Lender being irrevocably constituted the attorney of the Lender for the purpose of making any such sale and executing such deeds and documents;

(2) Appointment of Receiver, etc. - by instrument in writing appoint any person qualified under applicable legislation, whether an officer or employee of the Lender or not, to be a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof and remove any receiver so appointed and appoint another in his stead; and, subject to the provisions of the instrument appointing such receiver, any such receiver so appointed shall have power (to the extent permitted by law):

(1) to take possession of the Collateral or any part thereof,

(2) to carry on (or to concur in the carrying on of) all or any part of the business of the Lender relating to the Collateral and to use the Collateral directly in carrying on the Lender's business or as security for loans or advances to enable him to carry on the Lender's business or otherwise,

(3) to make any arrangement or compromise which the receiver shall think expedient,

(4) to borrow money on the security of the Collateral and in priority to this Debenture for the purpose of the maintenance, preservation or protection of the Collateral or any part thereof or for carrying on all or any part of the business of the Borrower relating to the Collateral (and in so doing the receiver may issue certificates called "Receiver's Certificates"). Receiver's Certificates may be payable either to order or to bearer and may be payable at such time or times as the receiver may think expedient and shall bear interest as shall be stated therein and the amounts from time to time payable by virtue of Receiver's Certificates shall form a charge upon the Collateral in priority to the charge of this Debenture, and

(5) to sell, lease or otherwise dispose of the whole or any part of the Collateral (or to concur therein) at public auction, by public tender or by private sale, with or without advertisement, for cash or upon credit or partly for cash and partly for credit, at such time and upon such terms and conditions as the receiver shall determine with or without notice and with or without advertising and without any formality all of which are hereby waived by the borrower, with power to vary or rescind any contract of sale or other contract, buy at any such auction, resell with or under any of the powers conferred hereunder without being answerable for any loss and adjourn any sale from time to time; and the receiver may execute and deliver to any purchaser of the Collateral or any part thereof good and sufficient deeds and documents for the same, the receiver being irrevocably constituted the attorney of the Borrower for the purpose of making any such sale and executing such deeds and documents, provided that such receiver shall be deemed the agent of the Borrower and not that of the Lender and the Lender shall not be in any way responsible for any misconduct, negligence or non-feasance of any such receiver, his servants, agents or employees. To facilitate the foregoing powers, any such receiver may, to the exclusion of all others, including the Borrower, enter upon, use and occupy all premises owned or occupied by the Borrower wherein the Collateral may be situate, maintain the Collateral upon such premises, borrow money and use Collateral directly in carrying on the Borrower's business or as security for loans or advances to enable him to carry on the Borrower's business or otherwise, as such receiver shall, in his discretion, determine. Except as may be otherwise directed by the Lender, the net profits of carrying on the said business and the net proceeds of sale shall be applied by the receiver, subject to claims ranking in priority to this Debenture:

(1) firstly, in payment of all costs, charges and Expenses of and incidental to the appointment of the receiver and the exercise by him of all or any of the powers aforesaid, including the reasonable remuneration of the receiver and all outgoings properly paid by him,

(2) secondly, in payment to the Lender of all Indebtedness in such order as the Lender in its discretion shall determine, and

(3) thirdly, subject to claims ranking subsequently to this Debenture, by remitting any surplus to the Borrower;

(3) Consultants - require the Borrower to engage a consultant of the Lender's choice, such consultant to receive the full cooperation and support of the Borrower and its employees including, without limitation, unrestricted access to the premises, books and records of the Borrower; all fees and Expenses of such consultant shall be for the account of the Borrower and the Borrower hereby authorizes such consultant to

report directly to the Lender as well as to the Borrower and to disclose to the Lender any and all information obtained in the course of such consultant's employment;

(4) Further Rights - exercise any of the other rights to which the Lender is entitled as holder of this Debenture, including the right to take proceedings in any court of competent jurisdiction for the appointment of a receiver and manager, for the sale of the Collateral or any part thereof or for foreclosure, and the right to take any other actions, suit, remedy or proceeding authorized or permitted thereunder or by law or by equity in order to enforce the security constituted by this Debenture;

(5) Statutory Rights - in addition to those rights granted herein and in any other agreement now or hereafter in effect between the Borrower and the Lender and in addition to any other rights the Lender may have at law or in equity, the Lender shall have, both before and after default all rights and remedies of a secured party under applicable statutes provided always that the Lender shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes;

(6) Power of Attorney - act as attorney for the Borrower (and the Borrower grants to the Lender its irrevocable power of attorney, which power shall be binding upon the Borrower and all third parties) to execute and deliver on behalf of the Borrower all documents and instruments as may be necessary to effect the transfer, assignments and enforcement procedures contemplated in this Section 6; and

(7) Lender May Purchase Collateral - may become (and any subsidiary, agent or representative of the Lender may become) purchasers at any sale of the Collateral, whether made under the powers of sale contained in this Debenture or pursuant to judicial proceedings.

(8) Perishable Collateral - Except to the extent that the Lender believes on reasonable grounds that any part of the Collateral is perishable or will decline speedily in value, the Borrower shall be entitled to not less than fifteen days' notice in writing of the date, time and place of any intended disposition of the Collateral, such notice to be sent by registered mail to the last known post office address of the Borrower.

7. LENDER NOT OBLIGED TO REALIZE SECURITY

The Lender shall not be liable or accountable for any failure to collect, enforce or realize an Intangible and shall not be bound to institute proceedings for the purpose of collecting, enforcing or realizing the same for the purpose of preserving any right of the Lender, the Borrower or any other person, firm or corporation in respect of the same, and shall have no obligation to take any steps to preserve rights against prior parties to any Debt, Instrument or Chattel Paper whether Collateral or Proceeds and whether or not in the Lender's possession and shall not be liable or accountable for any delay in or failure to do so.

8. DISCHARGE

If the Borrower pays to the Lender the Indebtedness secured hereby or makes arrangement with respect thereto which are to the complete satisfaction of the Lender, and otherwise observes and performs the terms and conditions hereof, then the Lender shall at the request and at the expense of the Borrower cancel and discharge the mortgage(s) and charge(s) of this Debenture and the Security Interest created hereby and execute and deliver to the Borrower such deeds and other instruments that shall be requisite therefore, provided that until such cancellation and discharge this Debenture shall remain in full force and effect; provided further that this Debenture may be assigned, pledged, hypothecated or deposited by the Borrower as security for advances or loans to or for indebtedness or other obligations or liabilities of the Borrower, and in such event this Debenture shall not be deemed to have been discharged or redeemed by reason of the account of the Borrower having ceased to be in debit.

9. NOTICES

Any notice or demand required or permitted to be given or made by the Lender to the Borrower may be served personally on a director, officer or employee of the Borrower or may be given or made by mailing the same by prepared registered mail addressed to the Borrower at the most recent address on the records of the Lender and shall be conclusively deemed to have been received by the Borrower if served personally on the day served and if given or made by mailing by prepaid registered mail on the third business day following the date of such mailing. In addition such service may be made by facsimile transmission at the fax number of the recipient most recently in the records of the sender and in such case, service shall be deemed to be made on the date of the transmission if before 4:00 p.m. (local time of the recipient) on a business day and otherwise on the next business day.

10. DEBENTURE TO BE CONTINUING SECURITY

The remedies of the Lender under this Debenture may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Lender however created. The execution and delivery of this Debenture shall not act as a merger of any simple contract debt or suspend the fulfilment of, or affect the rights, remedies or powers of the Lender in respect of, any present or future debts, liabilities or obligations of the Borrower to the Lender or any security now or hereafter held by the Lender for the payment or fulfilment thereof.

11. SET-OFF

The Indebtedness secured hereby shall be paid and this Debenture shall be assignable without regard to any set-off, counter-claim or equities between the Borrower and the Lender. Notwithstanding the foregoing, and any other provision of this Debenture, the Lender may at any time, without notice to the Borrower or to any other person, and from time to time, set-off, appropriate and apply any and all deposits by or for the benefit of the Borrower with the Lender, general or special, matured or unmatured, and any other indebtedness of the Lender to the Borrower, against and on account of the Indebtedness secured hereby irrespective of whether or not the Lender has made any demand for payment or the Indebtedness secured hereby is due.

12. GOVERNING LAW

This Debenture shall be governed in all respect by the law of the Province of Ontario.

13. FURTHER ACTS

The Borrower authorizes the Lender to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules identifying the Collateral or any permitted encumbrances affecting the Collateral or identifying the locations at which the Borrower's business is carried on and the Collateral and records relating thereto are situate) as the Lender may deem appropriate to perfect and continue the grant(s), mortgage(s), charge(s), assignment(s) and transfer(s) of this Debenture and the Security Interest created hereby, to protect and preserve the Collateral and to realize upon the Debenture and the Borrower hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the Lender the true and lawful attorney of the Borrower, with full power of substitution, to do any of the foregoing in the name of the Borrower whenever and wherever it may be deemed necessary or expedient.

14. SUCCESSORS AND ASSIGNS

This Debenture shall enure to the benefit of and be binding upon the parties and their respective successors and assigns including, without limitation, any entity with which the Borrower may be amalgamated. In any action brought by an assignee of this Debenture and the Security Interest or any part thereof to enforce any rights hereunder, the Borrower shall not assert against the assignee any claim or defence which the Borrower now has or hereafter may have against the Lender.

15. AMENDMENTS

Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Debenture shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

16. INVALIDITY

In the event the terms and provisions of this Debenture, as amended from time to time, shall be deemed invalid or void, in whole or in pat, by any Court of competent jurisdiction, the remaining terms of this Debenture shall remain in full force and effect.

17. ATTACHMENT

The Security Interest created by this Debenture is intended to attach when this Debenture is signed by the Borrower; provided that, with respect to after-acquired property, the Security Interest created by this Debenture is intended to attach when the Borrower acquires an interest in such property.

18. RECEIPT OF COPY

The Borrower acknowledges receipt of a copy of this Debenture by signing it.

IN WITNESS WHEREOF, the Borrower has executed this Debenture this 7th day of November, 2006.

TERRACE BAY PULP INC.

Per: ______________________
Wolfgang Gericke - President

I have the authority to bind the Corporation.

SCHEDULE 'A'

All lands and premises described in Instrument No. TY32365 registered August 29th, 2006.

SCHEDULE 'B'

DEFINITIONS

(a) "Collateral" means:

(1) all real property
(2) Proceeds
(3) Books & Records
(4) Equipment
(5) Inventory
(6) Other Property
(7) Book Debts

that is granted, mortgaged, charged, assigned or transferred to the Lender pursuant to the attached Debenture;

(b) "Expenses" means all expenses incurred in recovering any Indebtedness secured by the attached Debenture or in enforcing the security thereby constituted including, but not limited to, the Expenses incurred by consultants appointed pursuant to Section 6(3) and those incurred by the Receiver in connection with the repossession, holding, repairing, processing, preparing for disposition and disposing of any of the Collateral (including reasonable legal costs on a substantial indemnity basis and other Expenses), ;

EXHIBIT "H"

This is **Exhibit "H"** referred to in the
Affidavit of Russell York
sworn the 10th day of March, 2009

A COMMISSIONER, ETC.

RUN NUMBER : 050
RUN DATE : 2009/02/19
ID : 20090219081301.54

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(9180)

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

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : TERRACE BAY PULP INC.

FILE CURRENCY : 18FEB 2009

ENQUIRY NUMBER 20090219081301.54 CONTAINS 17 PAGE(S), 7 FAMILY(IES).

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.

BLAKE, CASSELS & GRAYDON LLP (ATTN: FINANCIAL SERVICES)

JN

CONTINUED... 2

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crfj2 11/2008)

Ontario

RUN NUMBER : 050
RUN DATE : 2009/02/19
ID : 20090219081301.34

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
9181

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00	FILE NUMBER 650228301							
01	CAUTION FILING	PAGE NO. 01	OF	TOTAL PAGES 003	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER 20081128 1445 1530 6243	REGISTERED UNDER P PPSA	REGISTRATION PERIOD 3

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
02	DEBTOR					
03	NAME	BUSINESS NAME	TERRACE BAY PULP INC.			ONTARIO CORPORATION NO.
04		ADDRESS	21 MILL ROAD		TERRACE BAY	ON P0T 2W0
		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR					
06	NAME	BUSINESS NAME				ONTARIO CORPORATION NO.
07		ADDRESS				
08	SECURED PARTY / LIEN CLAIMANT		LIFTCAPITAL CORPORATION			
09		ADDRESS	300 THE EAST MALL, SUITE 402		TORONTO	ON M9B 6B7

	COLLATERAL CLASSIFICATION									
	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10			X		X					

		YEAR MAKE	MODEL	V.I.N.
11	MOTOR			
12	VEHICLE			

13	GENERAL	MATERIAL HANDLING EQUIPMENT TOGETHER WITH ALL PARTS, ATTACHMENTS,
14	COLLATERAL	ACCESSORIES, ADDITIONS, BATTERIES, CHARGERS, REPAIR PARTS, AND OTHER
15	DESCRIPTION	EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN
16	REGISTERING AGENT	CANADIAN SECURITIES REGISTRATION SYSTEMS
17	ADDRESS	4126 NORLAND AVENUE BURNABY BC V5G 3S8

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

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SURETÉS MOBILIÈRES
(cr) Ir 11/2009)

Ontario

RUN NUMBER : 050
RUN DATE : 2009/02/19
ID : 20090219083301.34

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 652238301

	CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		02	003		20081118 1446 1530 6243		

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 DEBTOR
03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION
CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
10

YEAR MAKE MODEL V.I.N.
11 MOTOR
12 VEHICLE

13 GENERAL WITH ANY PROCEEDS THEREOF AND THEREFROM INCLUDING, WITHOUT
14 COLLATERAL LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE,
15 DESCRIPTION CHATTEL PAPER AND INTANGIBLES AS DEFINED IN THE PERSONAL PROPERTY

16 REGISTERING AGENT
17 ADDRESS

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

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SURETES MOBILIÈRES
(crj1fr 11/2005)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 19FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 655226301

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		03		005		20081128 1446 1530 6243		

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
02	DEBTOR					
03	NAME	BUSINESS NAME				ONTARIO CORPORATION NO.
04		ADDRESS				

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR					
06	NAME	BUSINESS NAME				ONTARIO CORPORATION NO.
07		ADDRESS				

08 SECURED PARTY / LIEN CLAIMANT

09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL SECURITY ACT.
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT

17 ADDRESS

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

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fr 11/2008)

Ontario

RUN NUMBER : 050
RUN DATE : 2009/02/19
ID : 20090219081501.34

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
644895315

01

CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001		001		20080506 1529 1862 0509	P PPSA	5

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR
03 NAME BUSINESS NAME TERRACE BAY PULP INC. ONTARIO CORPORATION NO. 2101997
04 ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT LUCKY STAR HOLDINGS INC.
09 ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

10 COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
	X	X	X	X	X	13000000			X

YEAR MAKE MODEL V.I.N.

11 MOTOR
12 VEHICLE

13 GENERAL DEBENTURE DATED MAY 5, 2008
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT WEILER MALONEY NELSON
17 ADDRESS 1001 WILLIAM STREET, SUITE 201 THUNDER BAY ON P7B 6M1

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

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SURETÉS MOBILIÈRES

(crj1fr 1/2008)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 644895333

01 CAUTION FILING | PAGE NO. 001 | OF TOTAL PAGES 001 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20080506 1530 1862 0610 | REGISTERED UNDER P PPSA | REGISTRATION PERIOD 5

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

02 DEBTOR
03 NAME BUSINESS NAME TERRACE BAY PULP INC. ONTARIO CORPORATION NO. 2101997
04 ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

05 DEBTOR
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT LUCKY STAR HOLDINGS INC.
09 ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X			X	5000000			X

YEAR MAKE | MODEL | V.I.N.

11 MOTOR
12 VEHICLE

13 GENERAL SECURITY AGREEMENT DATED MAY 5, 2008
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT WEILER MALONEY NELSON
17 ADDRESS 1001 WILLIAM STREET, SUITE 201 THUNDER BAY ON P7B 6M1

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

CONTINUED...

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY
LE REGISTRATEUR DES SURETES MOBILIERES
(crj1fr 11/2005)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
645251077

	CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001	2		20080327 1003 6005 7244	P PPSA	04

			DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
02	DEBTOR						
03	NAME	BUSINESS NAME		TERRACE BAY PULP INC.			ONTARIO CORPORATION NO.
04		ADDRESS		21 MILLS ROAD		TERRACE BAY	ON P0T 2W0

			DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR						
06	NAME	BUSINESS NAME					ONTARIO CORPORATION NO.
07		ADDRESS					

08	SECURED PARTY / LIEN CLAIMANT		NATIONAL LEASING GROUP INC. LE2411960		
09		ADDRESS	1558 WILLSON PLACE	WINNIPEG	MB R3T 0Y4

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10			X							

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL ALL PHOTOCOPIERS OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER
14 COLLATERAL 2411960 BETWEEN THE SECURED PARTY, AS LESSOR AND THE DEBTOR AS
15 DESCRIPTION LESSEE, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS,

16 REGISTERING AGENT
17 ADDRESS

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

CONTINUED ... 8

CERTIFIED BY/CERTIFIÉES PAR

K. — Ey

REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crjll- 11/2008)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
643322137

01 CAUTION FILING | PAGE NO. 002 | OF | TOTAL PAGES 2 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20080307 1005 6005 7214 | REGISTERED UNDER | REGISTRATION PERIOD

02 DEBTOR | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 NAME | BUSINESS NAME | ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 NAME | BUSINESS NAME | ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION
10 CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | OR | NO FIXED MATURITY DATE

11 MOTOR | YEAR | MAKE | MODEL | V.I.N.
12 VEHICLE

13 GENERAL ACCESSORIES AND SUBSTITUTIONS.
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT
17 ADDRESS

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

CONTINUED... 9

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fr 11/2009)

Ontario

RUN NUMBER : 050
RUN DATE : 2009/02/18
ID : 20090219081501.34

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(9188)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 637712254

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		001		001		20070730 1315 1862 0813	P PPSA	5

DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME

02 DEBTOR
03 NAME — BUSINESS NAME: TERRACE BAY PULP INC. — ONTARIO CORPORATION NO. 002191997
04 ADDRESS: 21 MILL ROAD, TERRACE BAY, ON P0T 2W0

DATE OF BIRTH — FIRST GIVEN NAME — INITIAL — SURNAME

05 DEBTOR
06 NAME — BUSINESS NAME — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: NEXCAP FINANCE CORPORATION
09 ADDRESS: 2017 HARVESTER ROAD, SUITE 212, BURLINGTON, ON L7N 3G7

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X					X

YEAR — MAKE — MODEL — V.I.N.

11 MOTOR
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT: WISHART LAW FIRM LLP
17 ADDRESS: 390 BAY STREET, 5TH FLOOR, SAULT STE. MARIE, ON P6A 1X2

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

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SURETÉS MOBILIÈRES
(crj1fr (1/2008)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF PAGES	TOTAL MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		001	001		20070223 1506 1862 0820	

21 RECORD REFERENCED FILE NUMBER 637713234

PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED A AMENDMENT RENEWAL YEARS CORRECT PERIOD

22 FIRST GIVEN NAME INITIAL SURNAME

23 REFERENCE
24 DEBTOR/ TRANSFEROR BUSINESS NAME TERRACE BAY PULP INC.

25 OTHER CHANGE
26 REASON/ AMEND SECURED PARTY ADDRESS TO READ
27 DESCRIPTION
28 5420 NORTH SERVICE ROAD, SUITE 504, BURLINGTON, ON L7N 8C7
02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/
03 TRANSFEREE BUSINESS NAME ONTARIO CORPORATION NO.
06
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08 NEXCAP FINANCE CORPORATION
09 ADDRESS 5420 NORTH SERVICE RD., SUITE 504 BURLINGTON ONT L7N 6V7

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

YEAR MAKE MODEL V.I.N.

11 MOTOR
12 VEHICLE
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OF WISHART LAW FIRM LLP
17 SECURED PARTY/ ADDRESS 390 BAY STREET, 5TH FLOOR SAULT STE. MARIE ON P6A 1X2
LIEN CLAIMANT

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

CONTINUED... 11

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		001		001		20070502 1506 1862 1087	

21 RECORD REFERENCED FILE NUMBER 637713234

	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
22	1		A AMENDMENT		

			FIRST GIVEN NAME	INITIAL	SURNAME
23	REFERENCE				
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	TERRACE BAY PULP INC.		

25 OTHER CHANGE
26 REASON/ ADD COLLATERAL TO REGISTRATION
27 DESCRIPTION
28

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
02/ 05	DEBTOR/				
03/ 06	TRANSFEREE	BUSINESS NAME			ONTARIO CORPORATION NO.
04/07		ADDRESS			

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10						X				

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OR WISHART LAW FIRM LLP
17 SECURED PARTY/ ADDRESS 390 BAY STREET, 5TH FLOOR SAULT STE. MARIE ON P6A 1X2
LIEN CLAIMANT

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

CONTINUED... 12

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj2fr 11/2008)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01		001		001		20070803 0936 1862 1179	

21 RECORD REFERENCED FILE NUMBER 637713354

PAGE AMENDED | NO SPECIFIC PAGE AMENDED | CHANGE REQUIRED | RENEWAL YEARS | CORRECT PERIOD

22 1 A AMENDMENT

FIRST GIVEN NAME | INITIAL | SURNAME

23 REFERENCE
24 DEBTOR/ BUSINESS NAME TERRACE BAY PULP INC.
TRANSFEROR

25 OTHER CHANGE
26 REASON/ TO SUBSTITUTE LINE 1? AND IF REQUIRED TO CLARIFY FINANCING CHANGE
27 DESCRIPTION STATEMENT 2007?8021306186?1087
28
02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/
03/ TRANSFEREE BUSINESS NAME ONTARIO CORPORATION NO.
06
04/07 ADDRESS

29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X	X	X	X	X				

YEAR MAKE MODEL V.I.N.

11 MOTOR
12 VEHICLE
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OR WISHART LAW FIRM LLP
17 SECURED PARTY/ ADDRESS 390 BAY STREET, 5TH FLOOR SAULT STE. MARIE ON P6A 1X2
LIEN CLAIMANT

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

CONTINUED... 13

CERTIFIED BY/CERTIFIÉES PAR
K.—Cy
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SURETÉS MOBILIÈRES
(crj2fr 11/2008)

Ontario

RUN NUMBER : 050
RUN DATE : 2009/02/19
ID : 20090219083101.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 634463275

01 CAUTION FILING | PAGE NO. 01 | OF TOTAL PAGES 002 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20070418 1543 1531 9387 | REGISTERED UNDER P PPSA | REGISTRATION PERIOD 3

02 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
03 BUSINESS NAME TERRACE BAY PULP INC. — ONTARIO CORPORATION NO.
04 ADDRESS 21 MILL ROAD TERRACE BAY ON P0T 2W0

05 DEBTOR NAME — DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
06 BUSINESS NAME — ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT CITICORP VENDOR FINANCE, LTD.
09 ADDRESS 123 FRONT STREET WEST 15TH FL TORONTO ON M5J 2M3

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR NO FIXED MATURITY DATE
10			X			X			

	MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
11	MOTOR	2007	TOYOTA	7FGU25	84961
12	VEHICLE	2007	TOYOTA	7FGU25	84969

13 GENERAL TOGETHER WITH ALL PARTS, ATTACHMENTS, ACCESSORIES, ADDITIONS, REPAIR
14 COLLATERAL PARTS AND OTHER EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS
15 DESCRIPTION DESCRIBED HEREIN AND ANY PROCEEDS THEREOF AND THEREFROM INCLUDING

16 REGISTERING AGENT CANADIAN SECURITIES REGISTRATION SYSTEMS
17 ADDRESS SUITE 130 - 3751 SHELL ROAD RICHMOND BC V6X 2W2

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

CONTINUED... 14

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fr 1/2008)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
634466275

	CAUTION FILING	PAGE NO.	OF PAGES TOTAL	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
01		02	002		20070418 1542 1531 9387		

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
02	DEBTOR					
03	NAME	BUSINESS NAME				ONTARIO CORPORATION NO.
04		ADDRESS				

		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR					
06	NAME	BUSINESS NAME				ONTARIO CORPORATION NO.
07		ADDRESS				

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10										

		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				

13 GENERAL WITHOUT LIMITATION, ALL GOODS, SECURITIES, INSTRUMENTS, DOCUMENTS OF
14 COLLATERAL TITLE, CHATTEL PAPER AND INTANGIBLES (AS DEFINED IN THE PERSONAL
15 DESCRIPTION PROPERTY SECURITY ACT)

16 REGISTERING AGENT
17 ADDRESS

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

CONTINUED... 15

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fr 11/2009)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 631475865

01
CAUTION FILING	PAGE NO.	OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	01		002		20061215 1441 1616 1578	P PPSA	7

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

02 DEBTOR
03 NAME — BUSINESS NAME: TERRACE BAY PULP INC — ONTARIO CORPORATION NO.

04 ADDRESS: 1033 AMBER DRIVE, THUNDER BAY, ON P7B 6M4

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME

05 DEBTOR
06 NAME — BUSINESS NAME — ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT: KINECOR LP

09 ADDRESS: 2200 52 EME AVENUE, LACHINE, QC H8T 2Y3

COLLATERAL CLASSIFICATION

	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
10		X								

	YEAR	MAKE	MODEL	V.I.N.
11 MOTOR				
12 VEHICLE				

13 GENERAL — CONSIGNMENT AGREEMENT, FURTHER TO A CONSIGNMENT AGREEMENT BETWEEN
14 COLLATERAL — THE SELLER KINECOR LP & THE BUYER TERRACE BAY PULP INC. ALL GOODS
15 DESCRIPTION — CONSIGNED BY THE SELLER TO THE BUYER, SUCH AS BUT NOT RESTRICTED TO:

16 REGISTERING AGENT: GOLD ONLINE

17 ADDRESS: 16-1375 SOUTHDOWN RD STE 312, MISSISSAUGA, ONT L5J 2Z1

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

CONTINUED... 16

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SURETES MOBILIERES
(crj1fr 11/2008)

Ontario

RUN NUMBER : 050
RUN DATE : 2009/02/19
ID : 20090219081301.34

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 16
(195)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 631475865

01 CAUTION FILING | PAGE NO. 02 | OF TOTAL PAGES 002 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20061215 1441 1616 1576 | REGISTERED UNDER | REGISTRATION PERIOD

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
02 DEBTOR
03 NAME | BUSINESS NAME | ONTARIO CORPORATION NO.
04 ADDRESS

DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME
05 DEBTOR
06 NAME | BUSINESS NAME | ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

COLLATERAL CLASSIFICATION
CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | OR | NO FIXED MATURITY DATE
10

YEAR | MAKE | MODEL | V.I.N.
11 MOTOR
12 VEHICLE

13 GENERAL HYDRAULIC AND PROCESS EQUIPMENT, BEARINGS AND POWER TRANSMISSION
14 COLLATERAL (BEARINGS, PILLOW BLOCK & COMPONENTS, PACKING, CAM FOLLOWERS,
15 DESCRIPTION GASKETS, ETC)

16 REGISTERING AGENT
17 ADDRESS

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

CONTINUED ... 17

CERTIFIED BY CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crj1fr 11/2009)

Ontario

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : TERRACE BAY PULP INC.
FILE CURRENCY : 18FEB 2009

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
650228201	20081128 1446 1530 6243			
644895315	20080506 1539 1862 0609			
644895333	20080506 1550 1862 0610			
643702097	20080307 1093 6005 7224			
637715254	20070730 1215 1862 0810	[illegible] 1326 1862 0320	20070802 1036 1861 1087	20070803 0936 1862 1178
634468375	20070418 1943 1531 838[illegible]			
631475865	20061215 1441 1618 1576			

10 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
REGISTRAR OF PERSONAL PROPERTY SECURITY/ LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES
(crfj2 11/2008)

Ontario

CORPORATION SERVICE COMPANY

Invoice No. 51810712
Invoice Date 03/06/09
Amount Due 60.25
Page 1
MC4

Re: TERRACE BAY PULP INC.
Account No. 5125066

Billing Address
MARTI ROININEN
BLAKE, CASSELS & GRAYDON LLP
SUITE 2800, 199 BAY STREET
COMMERCE COURT WEST
TORONTO ON M5L 1A9

Shipping Address
SAME

Matter No. 71942/4
Order No. 915853 001
Order Date 03/06/09

	Description of Services	Amount
	PROJECT ID: Not Provided	
	Additional Ref: NOT PROVIDED	.00
DCUC00	LIEN/LITIGATION WORK IN DISTRICT OF COLUMBIA, RECORDER OF DEEDS	27.25
DCUDUS	DISBURSEMENT/COST	28.00
DCU60C	SERVICE FEE - UCC SEARCH - COUNTY LEVEL	5.00
DC243E	IMAGING FEE	
	TOTAL AMOUNT	60.25

THANK YOU FOR USING CSC - Heather Chapman - 800-927-9800

THANK YOU for your business

TERMS: NET 30 DAYS - Invoices not paid within 30 days are subject to a 1.5% per month finance charge. CSC extends credit to the party requesting service whom it holds responsible for payment in full for all monies expended and services rendered.

CSC E.I.D. No: 510009810

Please return this portion with your payment.

Account No.	Invoice No.	Invoice Date	Amount Due
5125066	51810712	03/06/09	60.25

Amount Remitted $____________

Credit Card Payment (optional)

Circle one: VISA MC Amex
Card No.____________
Expiration Date____________
Signature____________
Telephone No.____________

Please Remit to:
CSC
PO Box 13397
Philadelphia, PA 19101-3397

3 01 5125066 2 51810712 00006025 00000000 00000000 00000000 00000000

Registre
des droits personnels
et réels mobiliers
Québec

Accueil | Plan du site | Courrier | Portail Québec | Liens pertinents | English

Ministère de la Justice

Terminer session

Recherche des inscriptions sous la désignation d'une personne physique ou d'un organisme

Date, heure, minute de certification : 2009-02-18 15:00

Objet de la recherche

Nom de l'organisme : Terrace Bay Pulp inc.

Résultat de la recherche

Nom de l'organisme	Code postal
TERRACE BAY PULP INC	P0T 2W3

Nom présentant des similarités - Nombre d'occurrences : 0

Aucune fiche nominative n'est établie au registre sous un nom présentant des similarités avec le nom consulté. La recherche peut ne pas être exhaustive.

Imprimer la page

Demande d'état certifié
Consulter les inscriptions sous la désignation d'une autre personne physique ou organisme ou sous un autre numéro d'identification d'un véhicule routier

Retour à la page Consulter le registre | | Aide en ligne

Dernière modification : 12 février 2009
Politique de confidentialité

Québec

Registre
des droits personnels
et réels mobiliers
Québec

Accueil | Plan du site | Courrier | Portail Québec | Liens pertinents | English

Ministère de la Justice

Terminer session

Inscriptions sous la désignation d'une personne physique ou d'un organisme

Date, heure, minute de certification : 2009-02-18 15:00

Nom de l'organisme : TERRACE BAY PULP INC **Code postal :** P0T 2W3

Nombre de fiches détaillés : 1

FICHE SYNOPTIQUE

Fiche	Inscription	Date heure:minute
001	07-0456676-0001	2007-08-09 13:08

RECTIFICATION D'UNE INSCRIPTION

Imprimer la page

Demande d'état certifié
Retour à la page Recherche des inscriptions sous la désignation d'une personne physique ou d'un organisme
Consulter les inscriptions sous la désignation d'une autre personne physique ou organisme ou sous un autre numéro d'identification d'un véhicule routier

Retour à la page Consulter le registre | | Aide en ligne

Dernière modification : 12 février 2009
Politique de confidentialité

Québec

Terminer session

Recherche des inscriptions sous la désignation d'une personne physique ou d'un organisme

Imprimer la page

Date, heure, minute de certification : 2009-02-18 15:00
Nom de l'organisme : TERRACE BAY PULP INC Code postal : P0T 2W3
Nombre de fiches détaillées : 1

FICHE DÉTAILLÉE : 001 INSCRIPTION : 1 DE 1

INSCRIPTION DATE-HEURE-MINUTE
07-0456676-0001 2007-08-09 13:08
RECTIFICATION D'UNE INSCRIPTION

.PARTIES.

CREDIT-BAILLEUR
NEXCAP FINANCE CORPORATION
5420 NORTH SERVICE ROAD, SUITE 504 BURLINGTON ON L7N 6C7

CREDIT-PRENEUR
TERRACE BAY PULP INC.
21 MILL ROAD, TERRACE BAY ON P0T 2W3

.MENTIONS.
RÉFÉRENCE À L'INSCRIPTION VISÉE
NUMÉRO NATURE
07-0445634-0001 DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR

refers to this registration (attached)

OBJET DE LA RECTIFICATION :
TO AMEND THE CREDIT-PRENEUR AND CREDIT-BAILLEUR THAT WERE ENTERED INCORRECTLY

REMOVE AS CREDIT-BAILLEUR: TERRACE BAY PULP INC.
ADD AS CREDIT-BAILLEUR: NEXCAP FINANCE CORPORATION

REMOVE AS CREDIT-PRENEUR: NEXCAP FINANCE CORPORATION
ADD AS CREDIT-PRENEUR: TERRACE BAY PULP INC.

ALL OTHER INFORMATION STAYS THE SAME

AUTRES MENTIONS :
TERRACE BAY PULP INC., BY CELIA LOURENCO

.REMARQUES.

| Retour à la page Inscriptions sous la désignation d'une personne physique ou d'un organisme | Consulter les inscriptions sous la désignation d'une autre personne physique ou organisme ou sous un autre numéro d'identification d'un véhicule routier

Retour à la page Consulter le registre | | Aide en ligne

Registre des droits personnels et réels mobiliers
Québec

Accueil | Plan du site | Courrier | Portail Québec | Liens pertinents | English

Ministère de la Justice

Terminer session

Inscription particulière

Imprimer la page

Date, heure, minute de certification : 2009-02-18 15:00
Numéro d'inscription : 07-0445634-0001

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
07-0445634-0001	2007-08-03 10:28	2012-07-31

DROITS DE PROPRIÉTÉ DU CRÉDIT-BAILLEUR

.PARTIES.

Crédit-bailleur
TERRACE BAY PULP INC.
21 MILL ROAD, TERRACE BAY, ONTARIO P0T 2W0

Crédit-preneur
NEXCAP FINANCE CORPORATION
5420 NORTH SERVICE ROAD, SUITE 504, BURLINGTON, ONTARIO L7N 6C7

.BIENS.

SECURITY TO BE TAKEN OVER ALL PRESENT AND AFTER ACQUIRED COLLATERAL WITH THE EXCEPTION OF CONSUMER GOODS (INVENTORY, EQUIPMENT, ACCOUNTS, MOTOR VEHICLE AND OTHER.) ALL INVENTORY AS SECURED UNDER GENERAL SECURITY AGREEMENT DATED JULY 26, 2007.

.MENTIONS.

RÉFÉRENCE À L'ACTE CONSTITUTIF
FORME DE L'ACTE : Sous seing privé
DATE : 2007-07-23
LIEU : BURLINGTON ON

.REMARQUES.

INSCRIPTION	DATE-HEURE-MINUTE
07-0456676-0001	2007-08-09 13:08

RECTIFICATION D'UNE INSCRIPTION

Consulter une autre inscription particulière

Retour à la page Consulter le registre | | Aide en ligne

ENGLISH
FRANÇAIS

ESD main page | BSG home | PPR main page | Services

Manitoba

Business Debtor

Search Results | Print Requests | Mailing Information | Payment

Logon

Help

Services

Search Services

- Individual Debtor
- Business Debtor
- Registration Number
- Serial Number
- Document Copies

Other Services

- Fees
- Party Code
- Registration History
- Contact Us

Search by Business Debtor

Date: 2009-02-19
Time: 8:06:25 AM
Inquiry Number: 10135244749
User ID:

Business Name: Terrace Bay Pulp Inc.

Credit Card Receipt

1 exact match was found.

0 similar matches were found.

EXACT MATCHES

Business Debtor Name	No. of Registrations
1. TERRACE BAY PULP INC.	1

1. TERRACE BAY PULP INC.

1.1 TERRACE BAY PULP INC.: Registration 200714043209 (2007-07-31 4:12:49 PM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2012-07-31
Special Notices	Perfection in Another Jurisdiction
Debtor Address	21 MILL ROAD TERRACE BAY, ON Canada P0T 2W0
Secured Parties (party code, name, address)	NEXCAP FINANCE CORPORATION 5420 NORTH SERVICE ROAD, SUITE 504 BURLINGTON, ON Canada L7N 6C7
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property. ALL INVENTORY AS SECURED UNDER GENERAL SECURITY AGREEMENT DATED JULY 26, 2007 ADDITION OF THE FOLLOWING COLLATERAL BEING EQUIPMENT, ACCOUNTS, OTHER AND MOTOR VEHICLES. TO SUBSTITUTE COLLATERAL GENERAL DESCRIPTION TO INCLUDE ALL PRESENT AND AFTER-ACQUIRED INVENTORY, EQUIPMENT, ACCOUNTS, MOTOR VEHICLES AND OTHER AND IF REQUIRED TO CLARIFY FINANCING CHANGE STATEMENT REGISTRATION 200714229213
Change History	Registration Number: 200714279717 (2007-08-03 9:01:43 AM) Sections Changed: Secured Parties, General Collateral Description
	Registration Number: 200714229213 (2007-08-02 2:21:49 PM) Sections Changed: Secured Parties, General Collateral Description

Back to Top

END OF EXACT MATCHES

Additional Options:

To request Printed Search Results or Printed Registered Documents, please select the "Print Requests" tab.
To start a new search, please select the "New Search" button:

New Search

Search Results | Print Requests | Mailing Information | Payment

Government Links: home | welcome | on-line services | news | help | departments | contact | privacy

Alberta

Personal Property Registry
Search Results Report

Search ID#: Z00921894

Transmitting Party
BLAKE CASSELS & GRAYDON LLP

3500 -855-2ND STREET S.W.
CALGARY, AB T2P4J8

Party Code: 50038397
Phone #: 403 260 9618
Reference #: MRO/New

Search ID #: Z00921894 **Date of Search:** 2009-Feb-19 **Time of Search:** 08:19:34

Business Debtor Search For:

TERRACE BAY PULP INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

REGISTRAR OF PERSONAL PROPERTY

Alberta

Personal Property Registry
Search Results Report

Search ID#: Z00921894

Business Debtor Search For:

TERRACE BAY PULP INC.

Search ID #: Z00921894 **Date of Search:** 2009-Feb-19 **Time of Search:** 08:19:34

Registration Number: 07073125309 Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Jul-31 Registration Status: Current

Expiry Date: 2012-Jul-31 23:59:59

Exact Match on: Debtor No: 1

Amendments to Registration

07080205490	Amendment	2007-Aug-02
07080308575	Amendment	2007-Aug-03

Debtor(s)

Block		Status
1	TERRACE BAY PULP INC. 21 MILL ROAD TERRACE BAY, ON P0T 2W0	Current

Secured Party / Parties

Block		Status
1	NEXCAP FINANCE CORPORATION 5420 NORTH SERVICE ROAD, SUITE 504 BURLINGTON, ON L7N 6C7	Current

Collateral: General

Block	Description	Status
1	ALL INVENTORY AS SECURED UNDER GENERAL SECURITY AGREEMENT DATED	Current
2	JULY 26, 2007	Current
3	ADDITION OF COLLATERAL BEING EQUIPMENT, ACCOUNTS, MOTOR VEHICLE	Current By 07080205490
4	AND OTHER.	Current By 07080205490

5	TO SUBSTITUTE COLLATERAL GENERAL DESCRIPTION TO INCLUDE ALL	Current By 07080308575
6	PRESENT AND AFTER ACQUIRED INVENTORY, EQUIPMENT, ACCOUNTS,	Current By 07080308575
7	MOTOR VEHICLE AND OTHER AND IF REQUIRED TO CLARIFY FINANCING	Current By 07080308575
8	CHANGE STATEMENT REGISTRATION 07080205490	Current By 07080308575

Result Complete

CORPORATION SERVICE COMPANY
www.cscglobal.com

CSC- Tallahassee
1201 Hays Street
Tallahassee, FL 32301-2607
800-342-8086
850-558-1515 (Fax)

Matter# 71942/4
Project Id :
Additional Reference : NOT PROVIDED

Order# 915853-1
Order Date 03/06/2009

Subject :	**TERRACE BAY PULP INC.**
Jurisdiction :	**DC-RECORDER OF DEEDS**
Request for :	**UCC Debtor Search**
Result :	Records found
Thru Date :	February 25, 2009
No. of findings :	1
Original UCC Filings :	1
Amendments :	0
Continuations :	0
Assignments :	0
Releases :	0
Corrections :	0
Terminations :	0

Ordered by MARTI ROININEN at BLAKE, CASSELS & GRAYDON LLP

Thank you for using CSC. For real-time 24 hour access to the status of any order placed with CSC, access our website at www.cscglobal.com.

If you have any questions concerning this order or CSCGlobal, please feel free to contact us.

Heather Chapman
hchapman@cscinfo.com

CORPORATION SERVICE COMPANY
www.cscglobal.com

CSC- Tallahassee
1201 Hays Street
Tallahassee, FL 32301-2607
800-342-8086
850-558-1515 (Fax)

Matter# 71942/4
Project Id :
Additional Reference : NOT PROVIDED

Order# 915853-1
Order Date 03/06/2009

Subject : TERRACE BAY PULP INC.

Jurisdiction : DC-RECORDER OF DEEDS

Request for : UCC Debtor Search

Result : Records found

File Type : Original
File Number : 2007102150
File Date : 08/03/2007
Current Secured Party of Record : NEXCAP FINANCE CORPORATION

Ordered by MARTI ROININEN at BLAKE, CASSELS & GRAYDON LLP

Thank you for using CSC. For real-time 24 hour access to the status of any order placed with CSC, access our website at www.cscglobal.com.

If you have any questions concerning this order or CSCGlobal, please feel free to contact us.

Heather Chapman
hchapman@cscinfo.com

[redacted]

LT1-5-2007102150-1

LT2-0-0-1

Doc# 2007102150 Fees:$48.50
08/03/2007 11:47AM Pages 1
Filed & Recorded in Official Records of
WASH DC RECORDER OF DEEDS LARRY TODD

SURCHARGE $ 8.50
UCCRECORD $ 40.00

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Corporation Service Company
1090 Vermont Ave., NW #430
Washington, DC 20005

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME			
Terrace Bay Pulp Inc.			
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS	CITY	STATE / POSTAL CODE	COUNTRY
21 Mill Road	Terrace Bay	ON / P0T 2W0	CAN
1d. SEE INSTRUCTIONS / ADD'L INFO RE ORGANIZATION DEBTOR / 1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any	
CORP	ONTARIO	2131997	NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME			
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS	CITY	STATE / POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS / ADD'L INFO RE ORGANIZATION DEBTOR / 2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any	NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME			
Nexcap Finance Corporation			
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS	CITY	STATE / POSTAL CODE	COUNTRY
5420 North Service Rd., Ste. 504	Burlington	ON / L7N 6V7	CAN

4. This FINANCING STATEMENT covers the following collateral:

All assets of the Debtor.

5. ALTERNATIVE DESIGNATION (if applicable) LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

DC-Recorder Of Deeds

037893-1

Corporation Service Company

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02)

EXHIBIT "I"

This is **Exhibit "I"** referred to in the
Affidavit of Russell York
sworn the 10th day of March, 2009

A COMMISSIONER, ETC.

Terrace Bay Pulp Inc.
CCAA Cash Flows
19 Week Period Ending July 19, 2009
(CDN$000s)

Week Ended	11-Mar-09 to 15-Mar-09	22-Mar-09	29-Mar-09	05-Apr-09	12-Apr-09	19-Apr-09	26-Apr-09	03-May-09	10-May-09	17-May-09	24-May-09	31-May-09	07-Jun-09	14-Jun-09	21-Jun-09	28-Jun-09	05-Jul-09	12-Jul-09	19-Jul-09	Total
Receipts																				
Customer receipts	1,200	2,000	2,000	2,000	2,000	1,604	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	40,834
GST	-	-	100	-	-	-	-	50	-	-	-	50	-	-	-	-	50	-	-	250
Other receipts	-	-	-	-	-	3,500	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500
Total receipts	1,200	2,000	2,100	2,000	2,000	5,104	2,310	2,360	2,310	2,310	2,310	2,360	2,310	2,310	2,310	2,310	2,360	2,310	2,310	44,584
Disbursements																				
Freight & sales agent	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(333)	(11)	(5,996)
Salaries & wages	(73)	-	(122)	-	(122)	-	(122)	-	(122)	-	(122)	-	(122)	-	(122)	-	(122)	-	(122)	(1,171)
Payroll withholdings	-	(65)	-	(65)	-	(65)	-	(65)	-	(65)	-	(65)	-	(65)	-	(65)	-	(65)	-	(585)
Benefits & pension	-	(200)	-	(130)	-	(200)	-	(50)	-	(200)	-	-	(50)	(200)	-	-	(50)	(200)	-	(1,280)
WSIB	-	-	-	(70)	-	-	-	(12)	-	-	-	-	(12)	-	-	-	(12)	-	-	(100)
Vacation pay	-	-	-	(550)	-	-	-	(550)	-	-	-	-	(550)	-	-	-	-	(550)	-	(2,200)
Utilities & fuel	(109)	(1,290)	-	(300)	(600)	(150)	(150)	(450)	(150)	(150)	(75)	(375)	(75)	(75)	(75)	(375)	(75)	(75)	(75)	(4,624)
Insurance	-	-	-	(188)	-	-	-	(188)	-	-	-	-	(188)	-	-	-	(188)	-	-	(752)
Interest payments to secured creditors	-	-	-	(150)	-	-	-	(138)	-	-	-	-	(90)	-	-	-	(36)	-	-	(414)
Principal payments to secured creditors	-	-	-	-	-	(3,500)	(1,000)	(1,000)	(1,000)	(1,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(1,500)	(25,000)
Restructuring costs	(150)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(1,050)
Total disbursements	(665)	(1,938)	(505)	(1,836)	(1,105)	(4,298)	(1,655)	(2,836)	(1,655)	(1,798)	(2,580)	(2,823)	(3,470)	(2,723)	(2,580)	(2,823)	(2,866)	(3,273)	(1,758)	(43,179)
Cash Flow	535	63	1,596	165	896	807	656	(476)	656	513	(270)	(463)	(1,160)	(413)	(270)	(513)	(506)	(963)	552	1,406
Bank balance, opening	299	834	897	2,492	2,657	3,552	4,359	5,015	4,539	5,195	5,707	5,438	4,975	3,816	3,403	3,134	2,621	2,116	1,153	299
Cash flow	535	63	1,596	165	896	807	656	(476)	656	513	(270)	(463)	(1,160)	(413)	(270)	(513)	(506)	(963)	552	1,406
Bank balance, closing	834	897	2,492	2,657	3,552	4,359	5,015	4,539	5,195	5,707	5,438	4,975	3,816	3,403	3,134	2,621	2,116	1,153	1,705	1,705
Nexcap loan, opening	25,000	25,000	25,000	25,000	25,000	25,000	21,500	20,500	19,500	18,500	17,500	15,500	13,500	11,500	9,500	7,500	5,500	3,500	1,500	25,000
Payments to Nexcap	-	-	-	-	-	(3,500)	(1,000)	(1,000)	(1,000)	(1,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(1,500)	(25,000)
Nexcap loan, closing	25,000	25,000	25,000	25,000	25,000	21,500	20,500	19,500	18,500	17,500	15,500	13,500	11,500	9,500	7,500	5,500	3,500	1,500	-	-
Accounts receivable, opening	15,687	16,091	16,401	16,711	17,021	17,331	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	15,687
Sales	1,604	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	43,184
Collections of accounts receivable	(1,200)	(2,000)	(2,000)	(2,000)	(2,000)	(1,604)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)	(40,834)
Accounts receivable, closing	16,091	16,401	16,711	17,021	17,331	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037	18,037
Inventory tons (admt)	60,900	57,400	53,900	50,400	46,900	43,400	39,900	36,400	32,900	29,400	25,900	22,400	18,900	15,400	11,900	8,400	4,900	1,400	-	

Terrace Bay Pulp Inc.
Notes to CCAA Cash Flows

1. The forecast assumes that the mill remains shut down and finished goods are liquidated. As such, the forecast also assumes that pulp logs on-site are not processed. Sales assumptions are 3,500 admt per week. It is assumed that proceeds from these sales will be collected in 45 days.
2. Salary and wage costs represent only those amounts necessary to pay staff required to liquidate the finished goods inventory and to collect the proceeds from same in addition to costs for those staff members responsible for preserving the value the mill assets.
3. It is assumed that all accrued vacation pay is paid to those employees entitled. It is further assumed that all benefit and withholding amounts are paid in accordance with employee plans and the applicable laws, respectively.
4. Interest is paid to Nexcap when due and in accordance with the Nexcap loan agreement.
5. Surplus cash is used to pay Nexcap until such time as the full value of the indebtedness is extinguished.
6. It is assumed that vendor terms are cash on delivery ("COD").

TAB 3

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	WEDNESDAY, THE 11TH
	)	
JUSTICE MORAWETZ	)	DAY OF MARCH, 2009

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.

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Russell York sworn March 10, 2009 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, counsel for Ernst & Young Inc. (the "Monitor"), in its capacity as proposed Monitor, and counsel for Nexcap Finance Corporation ("Nexcap"), and on reading the consent of Ernst & Young Inc. to act as the Monitor,

SERVICE

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

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") between, *inter alia*, the Applicant and one or more classes of its secured and/or unsecured creditors as it deems appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses and expenses payable on or after the date of this Order, but not severance and termination pay, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges;

provided that unless specifically contemplated by this paragraph, the Applicant shall only be entitled (but not required) to pay costs and expenses that were incurred before the date of this Order to the extent that such costs and expenses are deemed necessary for the preservation of the Property and/or the Business by the Applicant and the Monitor, or upon further order in these proceedings.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business, except that the Applicant is entitled to pay to Nexcap any surplus amounts after estimated operating costs.

9. THIS COURT ORDERS that the Applicant shall not cease to provide water supply services to the Town of Terrace Bay other than on 2 weeks notice to the Town of Terrace Bay.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicant shall, subject to the terms of this Order, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding $150,000 in any one transaction or $750,000 in the aggregate;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;

(c) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate; and

(d) pursue all avenues of refinancing and offers for material parts of its Business or Property, in whole or part, in accordance with the Solicitation Process approved herein at paragraph 35, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a), above),

(e) proceed with an orderly liquidation of such Property as the Applicant deems necessary or appropriate, including retaining any liquidator or advisor in connection therewith;

(f) sell, convey, transfer, assign, lease, or in any other manner dispose of the Property, or any part or parts thereof in the ordinary course of business without the specific approval of this Court;

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

11. THIS COURT ORDERS that until and including **April 10, 2009**, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

12. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities, including warehousemen, storers or bailees (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) exempt the Applicant from compliance with statutory or regulatory

provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or re-perfect an existing security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

13. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, and the Applicant shall be entitled to possession of its Property, wherever situate, without any interference of any kind from any Person except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

15. THIS COURT ORDERS that, notwithstanding anything else contained herein, no creditor of the Applicant shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicant, after the date hereof, to make payments of the nature referred to in subparagraphs 5(a), 7(a), 7(b) and 7(c) of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicant except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

18. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of $2,500,000 as security for the indemnity provided in paragraph 17 of this Order. The Directors' Charge shall have the priority set out in paragraphs 29 and 31 herein.

19. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 17 of this Order.

APPOINTMENT OF MONITOR

20. THIS COURT ORDERS that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicant's conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

21. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicant's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to Nexcap and Lucky Star Holdings Inc. (the "Secured Creditors") and their counsel on a periodic basis of financial and other information as agreed to between the Applicant and the Secured Creditors which may be used in these proceedings including reporting on a basis to be agreed with the Secured Creditors;

(d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the Secured Creditors, which information shall be reviewed with the Monitor and delivered to the Secured Creditors and their counsel on a periodic basis as agreed to by the Secured Creditors;

(e) advise the Applicant in its development of the Plan and any amendments to the Plan;

(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to the books, records and management, employees and advisors of the Applicant and to the Business and the Property to the extent required to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order, including being at liberty to retain and utilize the services of entities related to the Monitor as may be necessary to perform its duties hereunder;

(i) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan;

(j) advise and assist the Applicant as requested in its negotiations and discussions with suppliers, customers, creditors and other stakeholders;

(k) assist the Applicant in the conduct of any solicitation process or processes as the Applicant may consider necessary or advisable to sell the Property and Business or any part thereof, including pursuant to the Solicitation Process approved herein; and

(l) perform such other duties as are required by this Order or by this Court from time to time.

22. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

23. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection*

Act, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

24. THIS COURT ORDERS that that the Monitor shall provide the Secured Creditors and any other creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

25. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a weekly basis.

27. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal

counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of $750,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 29 and 31 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

29. THIS COURT ORDERS that the priorities of the Directors' Charge, and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $750,000); and

Second - Directors' Charge (to the maximum amount of $2,500,000).

30. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge and the Administration Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

31. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

32. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Directors' Charge or the Administration Charge, unless the Applicant also obtains the prior written consent of the

Monitor and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

33. THIS COURT ORDERS that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the Bankruptcy and Insolvency Act ("BIA"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents or agreements in respect thereof shall create or be deemed to constitute a breach by the Applicant of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the execution, delivery or performance of any agreements or obligations in respect thereof; and

(c) the granting of the Charges do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

APPROVAL OF AGREEMENT WITH BUCHANAN FOREST PRODUCTS LTD.

34. THIS COURT ORDERS that the Applicant be and is hereby entitled to enter into such arrangements for the purchase of log and chip inventory owned by Buchanan Forest Products Ltd. and stored by the Applicant, provided that the purchase and processing of the log and

chip inventory is approved by the Monitor and Nexcap, or, failing which, on the approval of the Court.

APPROVAL OF SOLICITATION PROCESS

35. THIS COURT ORDERS that the Monitor and the Applicant are hereby authorized to conduct a process for the solicitation of offers for a financing or a sale of the Property (the "Solicitation Process"), and are authorized to take such steps as are necessary or advisable in carrying out the Solicitation Process in accordance with the following timetable, with such modifications, amendments or extensions of time as the Applicant and the Monitor may deem appropriate in the circumstances:

(a) Preparation of Confidential Information Memorandum and identification of potential offerors: by March 23, 2009;

(b) Dissemination of Confidential Information Memorandum to interested parties on execution of confidentiality agreements: by April 6, 2009; and

(c) Deadline for expressions of interest: by April 24, 2009.

36. THIS COURT ORDERS that the Applicant and the Monitor may obtain advice and directions from the Court with respect to the Solicitation Process.

SERVICE AND NOTICE

37. **THIS COURT ORDERS that** the Monitor shall, within ten (10) business days of the date of entry of this Order, send notice of this Order to the known creditors of the Applicant, other than employees and creditors to which the Applicant owes less than $250, at their addresses as they appear on the Applicant's records, advising that such creditor may obtain a copy of this Order on the internet at the website of the Monitor, **www.ey.com/ca/terracebay**, (the "Website") and if such creditor is unable to obtain it by that means, such creditor may request a copy from the Monitor. The Monitor shall promptly send a copy of this Order to any interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

38. THIS COURT ORDERS that the Applicant and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant' creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

39. THIS COURT ORDERS that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on the Website.

GENERAL

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

41. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

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

proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

43. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

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

45. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Savings Time on the date of this Order.

Court File No.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C., 1985 c. C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TERRACE BAY PULP INC.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

APPLICATION RECORD

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