

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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.

Applicant

**NOTICE OF MOTION
(Returnable October 16, 2009)**

The Applicant will make a motion to a Judge presiding over the Commercial List on Friday, October 16, 2009, at 10:00 a.m., or as soon after that time as the motion can be heard, at the Court House, 330 University Avenue, 8th Floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard

☐ in writing under subrule 37.12.1(1)

☐ in writing as an opposed motion under subrule 37.12.1(4);

☒ orally.

THE MOTION IS FOR an Order substantially in the form attached hereto as Schedule "A":

- (a) abridging the time for service of the Notice of Motion and Motion Record herein, validating the service of such motion material and dispensing with the service of such motion material on interested parties not served;
- (b) directing that capitalized terms not otherwise defined in the draft Order have the same meaning as in the Monitor's Sixth Report dated October 13, 2009 (the "Sixth Report");
- (c) extending the Stay Period until November 2, 2009;
- (d) authorizing and directing the Applicant and the Monitor to consent to an extension of the time period for the Applicants (the "Judicial Review Applicants") in the Application To Divisional Court for Judicial Review in Court File No. 96/07 (the "Judicial Review Application") to perfect the Judicial Review Application until December 31, 2010, and that, if necessary, granting leave of this Court to lift the stay of proceedings herein solely for the purpose of the Judicial Review Applicants perfecting the Judicial Review Application and that the Judicial Review Applicants continue to be otherwise prohibited from proceeding with the Judicial Review Application as against the Applicant without written consent of the Applicant and the Monitor or leave of this Court;
- (e) approving the Sixth Report and the conduct and activities of the Monitor described therein; and

- (f) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE

- (a) the reasons described in the Sixth Report and the Affidavit of Russell York sworn October 13, 2009 (the “York Affidavit”);
- (b) Section 11 of the CCAA; and
- (c) such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) The Sixth Report and the York Affidavit; and
- (b) such other materials as counsel may advise and this Honourable Court permit.

October 13, 2009

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SCHEDULE "A"

Court File No. CV-09-8062-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 16 TH
	)	
MR. JUSTICE MORAWETZ	)	DAY OF OCTOBER, 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.

ORDER

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

- (a) abridging the time for service of the Notice of Motion and Motion Record herein, validating the service of such motion material and dispensing with the service of such motion material on interested parties not served;
- (b) directing that all capitalized terms not otherwise defined herein have the same meaning as in the Sixth Report of Ernst & Young Inc. in its capacity as Monitor (the "Monitor") dated October 13, 2009 (the "Sixth Report");
- (c) extending the Stay Period until November 2, 2009;
- (d) authorizing and directing the Applicant and the Monitor to consent to an extension of the time period for the Applicants (the "Judicial Review Applicants") in the Application To Divisional Court for Judicial Review in Court File No. 96/07 (the "Judicial Review Application") to perfect the Judicial Review

Application until December 31, 2010, and that, if necessary, granting leave of this Court to lift the stay of proceedings herein solely for the purpose of the Judicial Review Applicants perfecting the Judicial Review Application and that the Judicial Review Applicants continue to be otherwise prohibited from proceeding with the Judicial Review Application as against the Applicant without written consent of the Applicant and the Monitor or leave of this Court;

- (e) approving the Sixth Report and the conduct and activities of the Monitor described therein; and
- (f) such further and other relief as this Honourable Court may deem just;

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

ON READING the Sixth Report and the Affidavit of Russell York sworn October 13, 2009, all filed, and on hearing the submissions of counsel for the Applicant and counsel for the Monitor,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and that any requirement for service of the Motion and the Motion Record on any parties other than the parties actually served with the Notice of Motion and the Motion Record is hereby dispensed with.
2. **THIS COURT ORDERS** that all capitalized terms not otherwise defined herein have the same meaning as in the Sixth Report.
3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until November 2, 2009.
4. **THIS COURT ORDERS** that the Applicant and the Monitor be and are hereby authorized and directed to consent to an extension of the time period for the Judicial

Review Applicants to perfect the Judicial Review Application until December 31, 2010, and that, if necessary, leave of this Court is hereby granted to lift the stay of proceedings herein solely for the purpose of the Judicial Review Applicants perfecting the Judicial Review Application and that the Judicial Review Applicants continue to be otherwise prohibited from proceeding with the Judicial Review Application as against the Applicant without written consent of the Applicant and the Monitor or leave of this Court.

5. **THIS COURT ORDERS** that the Sixth Report and the conduct and activities of the Monitor described therein be and are hereby approved.
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Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

ORDER

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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Proceeding commenced at Toronto

**NOTICE OF MOTION
(RETURNABLE OCTOBER 16, 2009)**

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