

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

)

MONDAY, THE 16TH

MR. JUSTICE MORAWETZ

)

DAY OF JULY, 2012

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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.

APPROVAL AND VESTING ORDER

THIS MOTION, made by Terrace Bay Pulp Inc. (the "**Debtor**") for an order approving a transfer to The Corporation of the Township of Terrace Bay (the "**Township**") of the Township Pumphouse Lands (as defined below) and the grant of an easement to the Township over the Township Pumphouse Easement Lands (as defined below), in return for the transfer by the Township to the Debtor of two water line easements and an aerial telecommunications easement (collectively, the "**Company Easements**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Wolfgang Gericke sworn July 12, 2012 and the Sixth Report of the Monitor dated July 12, 2012 (the "**Sixth Report**"), and on hearing the submissions of counsel for the Debtor and the submissions of counsel for the Monitor, no one appearing for any other person on the service list, filed,

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the notice of motion, motion record and Sixth Report is hereby abridged, such that this motion is properly

returnable today, that the manner of service is hereby approved and validated, and that all parties entitled to notice of this motion have been properly served with notice of this motion, and service on any other parties is hereby dispensed with.

2. **THIS COURT ORDERS AND DECLARES** that the transfer of the lands as more particularly described in **Schedule "A"** hereto (the "**Township Pumphouse Lands**") to the Township, on which the pumphouse (the "**Township Pumphouse**") constructed by the Township is situate, is hereby approved, and the execution by the Debtor of a Transfer of the Township Pumphouse Lands in favour of the Township is hereby authorized and approved.

3. **THIS COURT ORDERS AND DECLARES** that upon the prior execution and delivery by the Township to the Debtor of the Company Easements and the subsequent registration in the Land Registry Office for the Land Titles Division of Thunder Bay (No. 55) (the "**Land Titles Office**") of a Transfer (the "**Transfer**") duly executed by the Debtor in favour of the Township relating to the Township Pumphouse Lands, there shall be vested in the Township title to the Township Pumphouse Lands, free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Morawetz dated January 25, 2012, as amended and restated; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed in **Schedule "B"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed in **Schedule "C"**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Township Pumphouse Lands are hereby expunged and discharged as against the Township Pumphouse Lands.

4. **THIS COURT ORDERS** that upon the registration in the Land Titles Office of the Transfer, the Land Registrar for the said Land Titles Office is hereby directed to enter the

Township as the owner of the Township Pumphouse Lands (as described in **Schedule "A"** hereto), and is hereby directed to delete and expunge from title to the Township Pumphouse Lands all of the Claims listed in **Schedule "B"** hereto.

5. **THIS COURT ORDERS AND DECLARES** that the transfer of an easement on, over and under the lands more particularly described in **Schedule "D"** hereto (the "**Township Pumphouse Easement Lands**") by the Debtor in favour of the Township for purposes of operating, maintaining and repairing a water line and related infrastructure required for the operation of the Township Pumphouse is hereby approved, and the execution by the Debtor of a Transfer of Easement over the Township Pumphouse Easement Lands in favour of the Township is hereby authorized and approved.

6. **THIS COURT ORDERS AND DECLARES** that upon the prior execution and delivery by the Township to the Debtor of the Company Easements and the subsequent registration in the Land Titles Office of a Transfer of Easement (the "**Transfer of Easement**") executed by the Debtor in favour of the Township relating to the Township Pumphouse Easement Lands, there shall be vested in the Township rights in the nature of an easement as described in such Transfer of Easement.

7. **THIS COURT ORDERS AND DECLARES** that those Claims listed in **Schedule "B"** hereto (and all indebtedness secured by such Claims) be and all of the same are hereby postponed and subordinated to and in favour of the interests of the Township in the Township Pumphouse Easement Lands arising under and pursuant to the Transfer of Easement.

8. **THIS COURT ORDERS** that upon the registration in the Land Titles Office of the Transfer of Easement, the Land Registrar for the said Land Titles Office is hereby directed to enter the Township as the holder of an easement in the Township Pumphouse Easement Lands (as described in **Schedule "D"** hereto) as described in the said Transfer of Easement, and further the said Land Registrar is hereby directed to postpone and subordinate all of the Claims listed in **Schedule "B"** hereto in favour of the Transfer of Easement.

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

JUL 17 2012



SCHEDULE "A"

TOWNSHIP PUMPHOUSE LANDS

PART OF PIN 62457-1206 (LT)

PT LOC JK300 STREY AS IN PPA5174 DESIGNATED AS PART 4, PL 55R13405;
TERRACE BAY

SCHEDULE "B"

REAL PROPERTY LIENS TO BE DISCHARGED OR POSTPONED

The following claims are to be (a) deleted and expunged from the Township Pumphouse Lands described in Schedule "A", and (b) postponed and subordinated to the Transfer of Easement in favour of the Township over the Township Pumphouse Easement Lands described in Schedule "D":

1. A charge registered on September 15, 2010 as No. TY108158 in favour of Her Majesty the Queen in Right of the Province of Ontario, as represented by the Minister of Northern Development, Mines and Forestry.
2. A charge registered on September 15, 2010 as No. TY108162 in favour of Computershare Trust Company of Canada.
3. A construction lien registered on December 13, 2011 as No. TY132002 by EKT 90 Inc.
4. A construction lien registered on January 5, 2012 as No. TY132979 by Venshore Mechanical Ltd.
5. A construction lien registered on January 5, 2012 as No. TY132984 by Venasky-Pouru Electric Limited.
6. A construction lien registered on January 9, 2012 as No. TY133102 by Alstom Power & Transport Canada Inc.
7. A construction lien registered on January 10, 2012 as No. TY133201 by Keating Insulation Inc.
8. A construction lien registered on January 12, 2012 as No. TY133355 by A. H. Lundberg Systems Limited.
9. An application to register Court Order registered on January 27, 2012 as No. TY134036 to which is attached a certificate of action re: TY132002.
10. A certificate registered on February 17, 2012 as No. TY135090 to which is attached a certificate of action re: TY133355.
11. A certificate registered on February 17, 2012 as No. TY135091 to which is attached a certificate of action re: TY132979.
12. A certificate registered on February 17, 2012 as No. TY135103 to which is attached a certificate of action re: TY132984.
13. A certificate registered on February 21, 2012 as No. TY135174 to which is attached a certificate of action re: TY133102.

14. An application to register Court Order registered on February 24, 2012 as No. TY135375 to which is attached a certificate of action re: TY133201.
15. A construction lien registered on November 30, 2011 as No. TY131319 by North West Installations Inc.
16. A construction lien registered on December 2, 2011 as No. TY131507 by Fabmar Metals Inc.
17. A construction lien registered on December 5, 2011 as No. TY131541 by Mills & Manufacturing Acrylic Products Ltd.
18. A construction lien registered on December 5, 2011 as No. TY131567 by KMH Engineering Inc.
19. A construction lien registered on December 5, 2011 as No. TY131596 by TISI Canada Inc.
20. A construction lien registered on December 8, 2011 as No. TY131806 by Vector Construction Ltd.
21. A construction lien registered on December 9, 2011 as No. TY131889 by FRP Systems Ltd.
22. A construction lien registered on December 19, 2011 as No. TY132336 by Link Steel & Mechanical Inc.
23. A construction lien registered on December 19, 2011 as No. TY132337 by North American Kiln Service Inc.
24. A certificate registered on December 28, 2011 as No. TY132731 to which is attached a certificate of action re: No. TY131567.
25. A certificate registered on December 28, 2011 as No. TY132732 to which is attached a certificate of action re: No. TY131889.
26. A construction lien registered on January 4, 2012 as No. TY132967 by Skyway Canada Limited.
27. A certificate registered on January 11, 2012 as No. TY133232 to which is attached a certificate of action re: No. TY131541
28. A certificate registered on January 11, 2012 as No. TY133239 to which is attached a certificate of action re: No. TY131319
29. A certificate of action registered on January 13, 2012 as No. TY133386 to which is attached a certificate of action re: No. TY131596.

30. A certificate registered on January 20, 2012 as No. TY133709 to which is attached a certificate of action re: No. TY131806
31. A certificate registered on January 31, 2012 as No. TY134274 to which is attached a certificate of action re: No. TY132967.

SCHEDULE "C"

PERMITTED ENCUMBRANCES AND EASEMENTS RELATED TO THE TOWNSHIP PUMPHOUSE LANDS

Part of PIN 62457-1206(LT)

1. An order registered on September 26, 1947 as No. LPA32578 made by the Ontario Municipal Board under the Municipal Act incorporating the Improvement District of Terrace Bay.
2. An easement registered on November 26, 1956 as No. LPA49848 as set out and illustrated on transfer of right-of-way and easement in favour of The Hydro-Electric Power Commission of Ontario.
3. An easement registered March 15, 1979 as No. LT148631 in favour of The Corporation of The Township of Terrace Bay for purposes relating to a sewer line.
4. An easement registered March 15, 1979 as No. LT148632 in favour of The Corporation of The Township of Terrace Bay for purposes relating to a hydro line.
5. An order registered on July 26, 1988 as No. LT233066 made under the Planning Act, 1983 as to zoning, use of land and erection and use of buildings or structures.
6. An easement registered on September 20, 1996 as No. F65076 in favour of The Corporation of The Township of Terrace Bay for purposes relating to sewers, drains and watercourses, pipes for water and gas, conduits for wires of all kinds and of street lights.
7. A Land Registrar's order registered on October 6, 2004 as No. F137183 to amend the thumbnail description.
8. An application to amend register registered on November 25, 2004 as No. TY238 relating to No. LT169283.
9. A Land Registrar's order registered on January 11, 2005 as No. TY2293 to amend the thumbnail description.
10. A Land Registrar's order registered on June 22, 2012 as No. TY141651 to amend the thumbnail description.

SCHEDULE "D"

TOWNSHIP PUMPHOUSE EASEMENT LANDS

PART OF PIN 62457-1206 (LT)

PT LOC JK300 AS IN PPA5174 DESIGNATED AS PARTS 2, 3, 5 & 16, PL 55R13405;
TERRACE BAY

PART OF PIN 62457-1117 (LT)

PCL 8757 SEC TBF; WATER LOT JK304 STREY IN LAKE SUPERIOR OPPOSITE PT OF
LOCATION JK 300 AS IN PPA5345 DESIGNATED AS PART 6, PL 55R13405; TERRACE
BAY

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

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