

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

)

THURSDAY, THE 19TH

MR. JUSTICE MORAWETZ

)

DAY OF JULY, 2012

)



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 the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Purchase Agreement**") between the Debtor and AV Terrace Bay Inc. (the "**Purchaser**") dated as of the 5th day of July, 2012 and appended as Appendix B to the Sixth Report of Ernst & Young Inc., in its capacity as monitor (the "**Monitor**") dated as of July 12, 2012 (the "**Sixth Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement), was heard July 16, 2012 at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Amended Notice of Motion, the Affidavit of Wolfgang Gericke sworn July 10, 2012, and the Exhibits thereto, the Affidavit of Silvana M. D'Alimonte sworn July 16, 2012, and the Exhibits thereto, the Sixth Report, and the Supplemental Sixth Report of the Monitor dated July 16, 2012 (the "**Supplemental Sixth Report**"), and on hearing the submissions of counsel for the Debtor, the Monitor, The Corporation of the Township of Terrace Bay, the Purchaser, the Province of Ontario, as represented by the Minister of Northern Development and Mines, Birchwood Trading, Inc.,

Tangshan Sanyou Xingda Chemical Fiber Co. (subject to a determination of standing) and the United Steelworkers Association, Local 665, no one appearing for any other person on the service list although properly served as appears from the Affidavits of Charlene Griffin sworn July 11, 2012 and July 16, 2012, filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the notice of motion, amended notice of motion, motion record, Sixth Report and Supplemental Sixth Report is hereby abridged, such that this motion is properly returnable July 16, 2012, 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 Transaction is hereby approved, and the execution of the Purchase Agreement by the Debtor is hereby authorized and approved, with such minor amendments as the Debtor may deem necessary. The Debtor is hereby authorized and directed to take such additional steps and execute the Ancillary Agreements (as defined in the Purchase Agreement) and such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Monitor's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets (including the Purchased Assets set out in Schedule B hereto) shall vest absolutely in the Purchaser, 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, the "**Initial Order**"), (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 on Schedule C 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 D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Thunder Bay (No. 55) of:

- (a) an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar for the said Land Titles Division is hereby directed to enter the Purchaser as the owner of the subject real property identified in Part 1 of Schedule B hereto in fee simple, and
- (b) an Application to Amend Based on Court Order in the form prescribed by the *Land Titles Act*, the Land Registrar for the said Land Titles Division is hereby directed to enter the Purchaser as the owner of the leasehold estate in the real property identified in Part 2 of Schedule B hereto (the said real property identified in Part 1 of Schedule B hereto and the said leasehold estate in the real property identified in Part 2 of Schedule B being referred to, collectively, as the “**Real Property**”),

and the said Land Registrar is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

5. **THIS COURT ORDERS** that the net cash proceeds of the sale of the Purchased Assets, inclusive of the deposit paid pursuant to the Purchase Agreement (the “**Net Proceeds**”), shall be paid by the Purchaser to the Monitor, and that, effective from and after the time of delivery of the Monitor’s Certificate to the Purchaser, for the purposes of determining the nature and priority of Claims, the Net Proceeds shall stand in the place and stead of the Purchased Assets, and that all Claims and Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The Net Proceeds shall be held by the Monitor pending further Order or Orders of the Court, provided that, with the approval of the Monitor, payment of obligations secured by the Administration Charge (as defined in the Initial Order), and such amounts as may be required in connection with the market and sale of the remaining assets of the Debtor may be paid by the Monitor from the Net Proceeds, from time to time, without further

Order of this Court. Furthermore, the Debtor is authorized and directed to pay from the Net Proceeds the property taxes contemplated in the Revised Cash Flow Forecast as appended as Appendix J to the Sixth Report.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that the Fifth Report of the Monitor dated June 12, 2012, and the conduct and activities of the Monitor as described therein are hereby approved.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of *Personal Information Protection and Electronic Documents Act*, (Canada) the Debtor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, and all information relating to customers of the Debtor. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

9. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS AND DECLARES** that

- (i) the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario), and
- (ii) this Order is not, for the purposes of section 50(3) of the *Planning Act* (Ontario), a conveyance by way of deed or transfer.

11. **THIS COURT ORDERS** that the Stay Period (as defined in the Initial Order) is hereby extended until and including October 31, 2012.

12. **THIS COURT ORDERS AND DIRECTS** that the documents marked as Confidential Appendix E to the Sixth Report contain confidential information and shall remain confidential and shall not form part of the permanent court record pending further order of this Court.

13. **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 Debtor and 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 Debtor, as may be necessary or desirable to give effect to this Order or to assist the Debtor and the Monitor and their respective agents in carrying out the terms of this Order.



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



JUL 19 2012

Schedule A – Form of Monitor's Certificate

Court File No. CV-12-9566-00CL

**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.*

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Court dated July 19, 2012, the Court approved the agreement of purchase and sale made as of July 5, 2012 (the "Purchase Agreement") between the Debtor and AV Terrace Bay Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 9 of the Purchase Agreement have been satisfied or waived by the Debtor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

B. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Purchase Agreement;

2. The Debtor and the Purchaser have confirmed that the conditions to Closing as set out in Article 9 of the Purchase Agreement have been satisfied or waived.
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at [TIME] on _____ [DATE].

**ERNST & YOUNG INC., in its capacity as
court-appointed Monitor of TERRACE BAY
PULP INC., and not in its personal or
corporate capacity**

Per: _____
Name:
Title:

Schedule B – Purchased Assets

PART 1
FREEHOLD

PIN: 62456-0120 (LT)

PCL 8876 SEC TBF; PART LOCATION JK 315 SYINE WITHIN THE LIMITS OF THE TOWNSHIP OF SYINE AS IN PPA5365 EXCEPT LPA42665; DISTRICT OF THUNDER BAY

PIN: 62456-0122 (LT)

PCL 8876 SEC TBF; LOCATION JK 316 SYINE AS IN LPA5365 EXCEPT LPA42665; S/T LPA83730; DISTRICT OF THUNDER BAY

PIN: 62457-0728 (LT)

PCL PLAN-1 SEC M329; LT 117 PLAN M329 STREY; TERRACE BAY

PIN: 62457-0815 (LT)

PCL PLAN-1 SEC M329; BLOCK C PLAN M329 STREY; TERRACE BAY

PIN: 62457-0954 (LT)

PCL PLAN-1 SEC M329; BLOCK D PLAN M329 STREY; TERRACE BAY

PIN: 62457-0956 (LT)

PCL PLAN-1 SEC M329; BLOCK F PLAN M329 STREY; TERRACE BAY

PIN: 62457-1000 (LT)

PCL 12860 SEC TBF; PART LT 11 PLAN M225 STREY PART 2 55R5587; TERRACE BAY

PIN: 62457-1024 (LT)

PCL 12860 SEC TBF; PART LT 25 PLAN M225 STREY PART 1 55R9343; TERRACE BAY

PIN: 62457-1025 (LT)

PCL 12860 SEC TBF; LT 26 PLAN M225 STREY; TERRACE BAY

PIN: 62457-1026 (LT)

PCL 12860 SEC TBF; LT 27 PLAN M225 STREY; TERRACE BAY

PIN: 62457-1033 (LT)

PCL 12860 SEC TBF; BLOCK A PLAN M225 STREY; TERRACE BAY

PIN: 62457-1034 (LT)

PCL 12860 SEC TBF; BLOCK B PLAN M225 STREY; TERRACE BAY

PIN: 62457-1041 (LT)

PCL 12860 SEC TBF; BLOCK I PLAN M225 STREY; TERRACE BAY

PIN: 62457-1048 (LT)

PCL 23484 SEC TBF; PART SPUR LINE RD PLAN M225 STREY PART 6 55R6668 CLOSED BY LT222763; S/T LT235181; TERRACE BAY

PIN: 62457-1082 (LT)

PCL 20408 SEC TBF; PT LT 314 PL M121 STREY PT 1 56R732 EXCEPT PT 2 55R4506 & PT 1 55R8043; TERRACE BAY

PIN: 62457-1105 (LT)

PCL 8464 SEC TBF; PART CANADIAN PACIFIC RAILWAY BALLAST PIT STREY PART 2, 3, 6, 7, 55R11735; TERRACE BAY

PIN 62457-1117 (LT)

PCL 8757 SEC TBF; WATER LOT JK304 STREY IN LAKE SUPERIOR OPPOSITE PT OF LOCATION JK 300 AS IN PPA5345; TERRACE BAY

PART of PIN: 62457-1118 (LT)

PCL 8624 SEC TBF; LOCATION JK 306 STREY AS IN PPA5277 EXCEPT LPA39779, EXCEPT PARTS 1, 3 AND 4, PLAN 55R4355, S/T LPA43496 PARTIALLY RELEASED BY LT152053; TERRACE BAY

PIN: 62457-1121 (LT)

PCL 8505 SEC TBF; PART LOCATION JK 300 STREY BEING THE ROW FOR HIGHWAY AS IN PPA5218 EXCEPT LPA39779, LPA32991; TERRACE BAY

PIN: 62457-1202 (LT)

PCL 8876 SEC TBF; PART LOCATION JK 315 STREY WITHIN THE LIMITS OF STREY TOWNSHIP AS IN PPA5365 EXCEPT LPA42665; S/T LPA83730; TERRACE BAY

PART of PIN: 62457-1206 (LT)

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the Geographic Township of Strey, Township of Terrace Bay, District of Thunder Bay and in the Province of Ontario, being composed of part of Location JK 300, being all of PIN 62457-1206

SAVING AND EXCEPTING

FIRSTLY, that portion of JK-300 described as Parts 1 and 2, as shown on a reference plan of survey deposited in the Land Registry Office for the District of Thunder Bay as 55R-13391,

SECONDLY, **[being the portion of the description to be redescribed by reference plan pursuant to an undertaking]** that portion of JK-300 more particularly described as follows:

PREMISING that the bearings are referred to the east limit of JK 300 having a bearing of North $0^{\circ}02'$ West as shown on Plan of Survey of JK 300, by J.K. Benner O.L.S. and attached to document registered in the Land Registry Office for the District of Thunder Bay as PPA5174,

COMMENCING at a point in the east limit of said JK 300 where it is intersected by the south limit of the Canadian Pacific Railway Right-of-Way as registered in said Land Registry Office as Plan Number 88, and shown on said Plan of Survey of JK 300,

THENCE, South $0^{\circ}02'$ East along the said east limit of JK 300 387 meters, more or less to the northerly shore of Lake Superior,

THENCE, in a general westerly direction and following said shore in all its windings to a point where it is intersected by the limit between JK 300 and plan of subdivision registered in the said Registry Office M-122 (formerly the east limit of Mineral Location 1, Salter's Survey),

THENCE, northerly along the said limit between JK 300 and RP M-122, to the southerly limit of Lot 566 as shown on plan of subdivision registered in the said Land Registry Office as M-143,

THENCE, easterly along the south limit of said Lot 566, 149.56 meters, more or less, to the Southeast corner of said Lot 566, also being an angle point in the west limit of Lot 567 in said plan of subdivision M-143,

THENCE, southerly along the west limit of said Lot 567, 366.48 meters, more or less, to the Southwest corner of said Lot 567,

THENCE, easterly along the south limit of said Lot 567, 676.58 meters, more or less, to the Southeast corner of said Lot 567,

Thence, northerly along east limit of said Lot 567, 273.54 meters more or less, to the south limit of Lot 314 as shown on plan of subdivision registered in the said Land Registry Office as M-121,

THENCE, easterly along the south limit of Lot 314 and Lot 315 in said plan of subdivision M-121, 475.54 meters, more or less, to the Southeast corner of said Lot 315,

Thence, northerly along east limit of said Lot 315, also being the limit between JK 300 and RP M-121, 568.29 meters, more or less, to the southeasterly limit of Highway Number 17 as widened by Plan P-2803-18-A, registered in said Land Registry Office as LPA58436,

THENCE, northeasterly along said limit of Highway Number 17, 481.66 meters, more or less, to the southerly limit of the said Canadian Pacific Railway Right-of-Way,

THENCE, easterly along the said limit of the CPR Right-of-Way on a curve to the left having a radius of 1776.88 meters, arc measurement of 228.40 meters, the chord equivalent being North $86^{\circ}42'35''$ East, 228.25 meters, more or less, to an iron bar

THENCE, North $83^{\circ}00'20''$ East, along said limit of the CPR Right-of-Way 218.05 meters, more or less to an iron bar

THENCE, continuing along the said limit of the CPR Right-of-Way on a curve to the right having a radius of 1715.90 meters, arc measurement of 443.25 meters, the chord equivalent being South $89^{\circ}35'40''$ East, 442.02 meters, more or less, to an iron bar

THENCE, South $82^{\circ}11'40''$ East, along said limit of the CPR Right-of-Way 826.09 meters, more or less, to an iron bar,

THENCE, easterly along the said limit of the CPR Right-of-Way on a curve to the right having a radius of 408.26 meters, arc measurement of 201.16 meters, the chord equivalent being South $83^{\circ}41'20''$ West, 199.13 meters, more or less to the POINT OF COMMENCEMENT.

AND EXCEPTING THEREFROM THE "SECONDLY" LANDS

FIRSTLY: all that portion of JK 300 as described in document registered in said Land Registry Office as LPA33775,

SECONDLY: all that portion of JK 300 as described in document registered in said Land Registry Office as LPA62030,

THIRDLY: all that portion of JK 300 as described in document registered in said Land Registry Office as LPA65839,

FOURTHLY: Parts 1, 2, and 4, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-2142,

FIFTHLY: Part 4, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-2424,

SIXTHLY: Part 3, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-3211,

SEVENTHLY: Parts 1, 9, 10, AND 11, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-3612,

EIGHTHLY: Parts 3, 5, and 8, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-4166,

NINTHLY: Parts 2 and 3, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-4338,

TENTHLY: Part 2, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-4604,

ELEVENTHLY: Part 2, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-8897,

TWELFTHLY: Part 2, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-9593,

THIRTEENTHLY: Parts 2, 3, 5, 8, 9, 10, 11, 12, 14, 16, 18, 19, 20, and 21, as shown on a reference plan of survey deposited in the said Land Registry Office as 55R-13405.

SUBJECT TO an easement over a portion of the above described land in JK 300, being Part 5 55R-3612, as described in document registered in the said Land Registry Office as LT148631,

SUBJECT TO an easement over a portion of the above described land in JK 300, as described in document registered in the said Land Registry Office as LT148632,

SUBJECT TO an easement over a portion of the above described land in JK 300 as described in document registered in the said Land Registry Office as LPA49848,

SUBJECT TO an easement over a portion of the above described land in JK 300 as described in document registered in the said Land Registry Office as F65076,

TOGETHER WITH an easement over a portion of land in JK 300 as described in document registered in the said Land Registry Office as LT148629,

TOGETHER WITH an easement over a portion of land in Registered Plan M-329 as described in document registered in the said Land Registry Office as LT169283,

TOGETHER WITH an easement over a portion of land in Registered Plan M-225 as described in document registered in the said Land Registry Office as F117275.

PART of PIN: 62501-0003 (LT)

PCL 8686 SEC TBF; ISLANDS IN LAKE SUPERIOR IN FRONT OF TWP SYINE UNSURVEYED TERRITORY WHICH SAID ISLANDS ARE MORE PARTICULARLY ENUMERATED AND DESCRIBED AS FOLLOWS J.D.2126, J.D.2128, J.D.2129, J.D.2130; DISTRICT OF THUNDER BAY

PIN: 62501-0090 (LT)

PCL 8877 SEC TBF; WATER LT JK-317 SYINE BEING LAND AND LAND UNDER THE WATERS OF MOBERLEY BAY OF LAKE SUPERIOR OPPOSITE LOCATION JK-316 IN SYINE TOWNSHIP AS IN PPA5366; S/T LPA53820; DISTRICT OF THUNDER BAY

PART 2
SUBLEASEHOLD

PART of PIN: 62457-1149 (LT)

A SUBLEASEHOLD INTEREST IN PCL 1260 SEC TBL; PART OF LOCATION JK305 STREY DESIGNATED AS PARTS 1, 2, 3, 4 AND 5 ON PLAN 55R-1944; THUNDER BAY/TERRACE BAY; PURSUANT TO A SUBLEASE OF LAND BETWEEN ONTARIO HYDRO, AS SUB-LESSOR, AND KIMBERLY-CLARK OF CANADA LIMITED, AS SUB-LESSEE WHICH WAS REGISTERED AS A NOTICE OF SUBLEASE, ON APRIL 22, 1976 AS NO. LT120340.

**Schedule C to the Approval and Vesting Order -
Claims to be deleted and expunged from title to Real Property**

REAL PROPERTY LIENS TO BE DISCHARGED

The following claims are to be deleted and expunged from all the Freehold PINS listed under Part 1 of Schedule B:

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.

In addition, the following claims are to be deleted and expunged from Part of Freehold PINS 62457-1118 (LT) and 62457-1206 (LT) as set out under Part 1 of Schedule B:

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.

In addition, the following claims are to be deleted and expunged from the following PIN as set out under Part 2 of Schedule B:

Part of PIN 62457-1149(LT)

32. A notice of charge of lease registered on September 15, 2010 as No. TY108159 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 relating to LT120340.

33. A notice of charge of lease registered on September 15, 2010 as No. TY108163 in favour of Computershare Trust Company of Canada relating to LT120340.

Additional Registrations

Together with such further claims as may arise and/or be registered against title to any of the real property described in Schedule B up to and including the time of closing of the Transaction (as set out in more detail by way of solicitor's statement or affidavit annexed to the Application for Vesting Order or Application to Amend Based on Court Order, as the case may be).

Schedule D
Permitted Encumbrances and Easements
related to the Real Property

Part 1
Freehold

PIN 62456-0122 (LT)

1. An easement registered on October 9, 1968 as No. LPA83730 in favour of The Hydro-Electric Power Commission of Ontario.

PIN 62457-1048 (LT)

2. An easement registered on September 30, 1988 as No. LT235181 relating to a watermain over Part 6 on Plan 55R-6668 in favour of The Corporation of The Township of Terrace Bay.

PIN 62457-1082 (LT)

3. An agreement registered on February 11, 1982 as No. LT174387 between Kimberly-Clark of Canada Limited and The Corporation of The Township of Terrace Bay.

PIN 62457-1105 (LT)

4. 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.

PIN 62457-1117 (LT)

5. A plan and description of proposed water intake registered on March 31, 1947 as No. LPA31804 under The Navigable Waters Protection Act.
6. A water line easement in favour of The Corporation of the Township of Terrace Bay over a portion of the above described land, being Part 6 on Plan 55R-13405, as described in document registered in the Land Registry Office prior to the registration of the vesting order in favour of Purchaser.

PIN 62457-1121 (LT)

7. 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.

PIN 62457-1202 (LT)

8. An easement registered on October 9, 1968 as No. LPA83730 in favour of The Hydro-Electric Power Commission of Ontario.

PIN 62501-0090 (LT)

9. An easement registered on July 21, 1958 as No. LPA53820 in favour of The Hydro-Electric Power Commission of Ontario.

Part of PIN 62457-1118 (LT)

10. 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.
11. An application registered on June 11, 1952 as No. LPA40453 made by Longlac Pulp and Paper Company Limited relating to parts of a highway commonly known as Old Highway No. 17 which were transferred to the applicant and form part of Parcel 8624.
12. An easement as set out in transfer of easement registered on January 22, 1954 as No. LPA43496 in favour of The Hydro-Electric Power Commission of Ontario.
13. A release by Ontario Hydro registered on July 18, 1979 as No. LT152053 partially releasing easement LPA43496.
14. An application registered on October 30, 1980 as No. LT164282 by Kimberly-Clark of Canada Limited to which is attached revised provisional certificate of approval waste disposal site No. A591404 issued by the Ministry of the Environment on September 18, 1980.
15. A notice registered on April 18, 1986 as No. LT209729 being an application by Kimberly-Clark of Canada Limited to which is attached provisional certificate of approval waste disposal site No. A591404 issued by the Ministry of the Environment on June 27, 1985.
16. A certificate registered on January 24, 2003 as No. F116935 being a certificate of prohibition for a waste disposal site, provisional certificate of approval No. A591404 by the Ministry of the Environment.
17. A Land Registrar's order registered on October 6, 2004 as No. F137148 to amend the thumbnail description.
18. An application registered on September 30, 2010 as No. TY109044 to record the name of Ontario Power Generation Inc. on title relating to No. LPA43496.

Part of PIN 62457-1206(LT)

19. 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.
20. 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.
21. 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.
22. 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.
23. 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.
24. 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.
25. A Land Registrar's order registered on October 6, 2004 as No. F137183 to amend the thumbnail description.
26. An application to amend register registered on November 25, 2004 as No. TY238 relating to No. LT169283.
27. A Land Registrar's order registered on January 11, 2005 as No. TY2293 to amend the thumbnail description.
28. A Land Registrar's order registered on June 22, 2012 as No. TY141651 to amend the thumbnail description.
29. A water line easement in favour of The Corporation of the Township of Terrace Bay over a portion of the above described land in JK 300, being Parts 2, 3, 5 and 16 on Plan 55R-13405, as described in document registered in the said Land Registry Office prior to the registration of the vesting order in favour of Purchaser.

Part 2

Subleasehold

PIN 62457-1149 (LT)

30. A water power lease agreement, recorded as a Crown Patent registered on February 15, 1954 as No. ML1517 being a 99 year lease between Her Majesty the Queen, in right of Ontario, represented by the Minister of Lands and Forests and The Hydro-Electric Power Commission of Ontario.
31. An application deposited under The Navigable Waters Protection Act on April 2, 1969 as No. LPA85177 being land required for the purposes of the Ontario Department of Public Works Plan as illustrated on Plan No. 405-7E.
32. A notice of sublease registered on April 22, 1976 as No. LT120340 on Parts 1, 2, 3, 4 and 5 on Plan 55R-1994 being among Ontario Hydro, Kimberly-Clark of Canada Limited and Her Majesty the Queen, in right of Ontario, represented by the Ministry of Natural Resources and relating to ML1517.
33. A notice being a partial surrender of lease relating to ML1517 registered on October 18, 1985 as No. LT205291.
34. A transfer of easement in favour of Her Majesty the Queen in right of Canada as represented by the Minister of Transport registered on March 13, 1987 as No. LT218861.
35. A notice of assignment of sublease registered on April 30, 1993 as No. F34714 being between Kimberly-Clark Canada Inc. and 1007234 Ontario Inc. (amended by articles of amalgamation registered as No. F94628) relating to Nos. ML1517 and LT120340.
36. A notice of assignment of lessee interest in lease registered on November 30, 2004 as No. TY457 being between Kimberly-Clark Inc. and Neenah Paper Company of Canada relating to Nos. LT120340 and F34714.
37. A notice of assignment of lessee interest in lease registered on August 29, 2006 as No. TY32369 being between Neenah Paper Company of Canada and Terrace Bay Pulp Inc. and relating to LT120340.
38. An application to change name – owner registered on September 27, 2010 as No. TY108816 from The Hydro-Electric Power Commission of Ontario to Ontario Power Generation Inc.

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

BLAKE, CASSELS & GRAYDON LLP
Suite 4000, Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1A9

Pamela Huff LSUC#: 27344V
Tel: 416-863-2958

Marc Flynn LSUC#52831B
Tel: 416-863-2685

Kristina Desimini LSUC#: 58872Q
Tel: 416-863-2255
Fax: 416-863-2653

Lawyers for the Applicant