



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.

JUSTICE MORAWETZ

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TUESDAY, THE 7th

DAY OF FEBRUARY, 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.

Applicant

SECOND SUPPLEMENTAL INITIAL ORDER

THIS APPLICATION made by Terrace Bay Pulp Inc. (the "Applicant") for the relief contained in paragraph 1(g) of the Applicant's Notice of Application, including a declaration that the Directors' Charge and the Administration Charge have priority over the security interests of Computershare Trust Company of Canada (the "Trustee") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of Wolfgang Gericke sworn January 24, 2012, and the Exhibits thereto, the Initial Order of Mr. Justice Morawetz dated January 25, 2012 (the "Initial Order"), the Supplemental Initial Order of Mr. Justice Morawetz dated February 2, 2012 and the Affidavit of Nancy Thompson sworn February 1, 2012, and on being advised that the Trustee was served with the Application Record and the Initial Order in accordance with the Initial Order (as confirmed by the affidavits of service of Martina Eva

Mager sworn January 26, 2012 and Wondimu Feleke sworn January 27, 2012), and that the Trustee did not serve any materials in support of any opposition to the relief sought by January 31, 2012 as required by paragraph 39 of the Initial Order, and on hearing the submissions of counsel for the Applicant, counsel for Ernst & Young Inc. in its capacity as Monitor of the Applicant and counsel for the Trustee, no other parties appearing:

DEFINITIONS

1. THIS COURT ORDERS that all terms not otherwise defined herein shall have the meaning given to them in the Initial Order.

SERVICE

2. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record on the Trustee is hereby abridged and validated, and that the Applicant has served the Trustee in accordance with paragraphs 37 and 38 of the Initial Order, so that the hearing in respect of the relief sought in paragraph 1(g) of this Application is properly returnable today and hereby dispenses with further service thereof.

PRIORITY OF CHARGES

3. THIS COURT ORDERS that notwithstanding paragraph 35 of the Initial Order, the Charges have priority over the Encumbrances in favour of the Trustee with effect from and after the date of the Initial Order.



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

FEB - 7 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.

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

Applicant

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Proceeding commenced at Toronto

SECOND SUPPLEMENTAL INITIAL ORDER

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