



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 27 TH
	)	
JUSTICE MORAWETZ	)	DAY OF MARCH, 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 GTP ORDER

THIS MOTION made by Terrace Bay Pulp Inc. (the "Applicant") for an Order, *inter alia*, authorizing (i) the Applicant to make certain payments to suppliers and contractors from the Applicant's cash resources and (ii) approving the allocation of funds received from Natural Resources Canada ("NRC"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Aaron Blazina sworn March 26, 2012, and the Exhibits thereto (the "Blazina Affidavit") and the Third Report of Ernst & Young Inc, in its capacity as Monitor of the Applicant (the "Monitor"), and on hearing the submissions of counsel for the Applicant, and counsel for the Monitor, no other parties appearing:

DEFINITIONS

1. THIS COURT ORDERS that all terms not defined herein shall have the meaning given to them in the Blazina Affidavit.

SERVICE

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

AUTHORIZATION OF PAYMENTS

3. THIS COURT ORDERS that the Applicant is authorized to pay from its cash resources amounts equal to:

- (i) the Phase I Holdback to those contractors and suppliers entitled, provided that (a) the October Arrears have been paid by the Applicant to those contractors and suppliers entitled, and (b) NRC has approved that the Phase I Tasks complete Phase I of the GTP Project;
- (ii) any further holdback in respect of invoices submitted to NRC in relation to Phase I of the GTP Project, in the event that the Applicant completes tasks for Phase I in addition to the Phase I Tasks, with the approval of the Monitor and NRC;
- (iii) the HST for any work completed after January 25, 2012 relating to the GTP Project; and
- (iv) the Phase II Holdback to Venshore, provided that the Phase II Tasks have been completed.

4. THIS COURT ORDERS THAT notwithstanding paragraph 4 of the GTP Order, the October Arrears shall only be paid to those contractors and suppliers entitled to be paid the October Arrears upon the Applicant: (i) providing to the Monitor a fully executed copy of the

Venshore Contract; and (ii) delivering to NRC an invoice for all tasks to be performed under the Venshore Contract prior to the Eligible Cost Deadline.

ALLOCATION APPROVAL

5. THIS COURT ORDERS that the proposed allocation of the Funded Amount by the Applicant as described in paragraphs 32 to 34 of the Blazina Affidavit, and Exhibit H thereto, is hereby approved and the Applicant is hereby authorized and directed to distribute the Funded Amount in accordance with the amounts indicated in Net Net Payment column of the Exhibit H.

6. THIS COURT ORDERS, subject to paragraph 4 hereof that, the Applicant is hereby authorized and directed to distribute the October Arrears in accordance with the amounts indicated in Exhibit H.



A handwritten signature, likely "J. H. Morris", is written over a horizontal line.

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

MAR 27 2012



Handwritten initials, possibly "JB", are written below the date.

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

SECOND GTP ORDER

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