



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE REGIONAL) THURSDAY, THE 7TH
SENIOR JUSTICE MORAWETZ) DAY OF AUGUST, 2014

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.

TERMINATION AND DISCHARGE ORDER

THIS MOTION made by Terrace Bay Pulp Inc. (the "Applicant") for an Order, *inter alia*, terminating these proceedings pursuant to the *Companies' Creditors Arrangement Act*, c. C-36 (the "CCAA Proceedings") and discharging Ernst & Young Inc. ("EY"), in its capacity as Monitor of the Applicant (the "Monitor"), was heard this day at 330 University Avenue, Toronto, Ontario.

UPON READING the Notice of Motion dated August 1, 2014, the Thirteenth Report of the Monitor dated August 1, 2014 (the "Thirteenth Report"), and the Affidavit of Wolfgang Gericke sworn August 1, 2014 (the "Gericke Affidavit"), all filed, and upon hearing the submissions of counsel for the Applicant, the Monitor and those parties listed on the counsel slip, no other party appearing though properly served.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Thirteenth Report and the Motion Record 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, and service on any other parties is hereby dispensed with.

DISPENSING WITH SEALING PROVISIONS

2. **THIS COURT ORDERS** that the requirement for Confidential Appendices "B" and "C" to the Twelfth Report of the Monitor dated May 5, 2014 and the redacted Cash Purchase Prices and Deposits in the redacted Purchase Agreements attached as Exhibits "E" through "H" to the Affidavit of Wolfgang Gericke sworn May 5, 2014, to remain confidential, sealed and segregated and not form part of the permanent court record, as provided in paragraph 3 of the Order of the Honourable Regional Senior Justice Morawetz dated May 12, 2014 (the "May Order"), be and is hereby dispensed with.

ABANDONMENT OF UNSOLD PROPERTY

3. **THIS COURT ORDERS** that the Applicant be and is hereby authorized and directed to abandon the Unsold Property (as defined in the Gericke Affidavit) as more particularly described at Schedule "A" to this Order.

APPOINTMENT OF PROPERTY TAX REBATE CONSULTANT

4. **THIS COURT ORDERS** that the Applicant be and is hereby authorized to retain Ducharme, McMillan & Associates ("Ducharme") as consultant to and agent of the Applicant, on a contingency fee basis, for the purposes of pursuing and collecting the Property Tax Rebate (as defined in the Gericke Affidavit) on such terms as may be agreed between the Applicant and Ducharme and that the Applicant is hereby authorized and directed to pay any amounts received with respect to the Property Tax Rebate, less any amounts payable to Ducharme pursuant to the agreed upon contingency terms, to the Plan Note Trustee as described below in paragraph 5.

BALANCE OF FUNDS ON HAND AND CONTINGENCY RESERVE

5. **THIS COURT ORDERS** that the Applicant be and is hereby authorized and directed, in relation to the balance of the funds it has remaining in its accounts as of the date of this Order and any further amounts received by the Applicant on or following the date of this Order, including any Property Tax Rebate and the Interim Distributions (as defined in the May Order) from the Monitor (the "Remaining Funds") and without further Order of this Court, to proceed as follows:

- (a) to establish a contingency reserve in the amount of \$100,000 (the "Contingency Reserve") to be held by the Applicant in a separate account for a period of three years from the date of this Order to permit the Applicant, if required, to settle and pay any remaining obligations of the Applicant from the Contingency Reserve relating to the period following the commencement of the CCAA Proceedings that might be found to be outstanding (the "Contingency Obligations"), without admission of the existence, quantum or validity of any such amounts, or the priority of same relative to the security held by the Plan Note Trustee (as defined in the Gericke Affidavit);
- (b) to pay the Remaining Funds less the Contingency Reserve to the Plan Note Trustee, in trust for the Beneficiaries (as defined in the Gericke Affidavit), on account of the Company's obligations under the Plan Note (as defined in the Gericke Affidavit), for distribution as soon as practicable by the Plan Note Trustee to the Beneficiaries on a pro rata basis in accordance with the Plan Note, the Plan and the Indenture (all as defined in the Gericke Affidavit); and
- (c) upon the expiry of three years from the date of this Order, and unless otherwise ordered by this Court, to pay any portion of the Contingency Reserve then remaining, to the Plan Note Trustee.

MONITOR'S REPORT

6. **THIS COURT ORDERS** that the Thirteenth Report and the actions and activities of the Monitor and its legal counsel as described therein, be and are hereby approved.

TERMINATION OF CCAA PROCEEDINGS

7. **THIS COURT ORDERS AND DECLARES** that, except as otherwise provided in this Order, the CCAA Proceedings be and are hereby terminated and discontinued.

DISCHARGE OF MONITOR

8. **THIS COURT ORDERS** that EY be and is hereby discharged from all duties and obligations as Monitor including all duties and obligations set out in the Initial Order of the Honourable Mr. Justice Morawetz dated January 25, 2012 as supplemented, amended and restated and as entered by this Court on February 16, 2012 (the "Initial Order"), and other Orders of the Court in the CCAA Proceedings, provided that, and notwithstanding its discharge as provided for in this Order, EY shall remain Monitor as provided for in this paragraph and in that capacity be entitled to all of the rights and protections so provided to it and confirmed and continued in paragraph 9 of this Order, and shall make the Interim Distributions in accordance with the terms of the May Order, and upon being satisfied that all obligations secured by the Administration Charge (as defined in the Initial Order) have been paid. Furthermore, in addition to the payment of the Interim Distributions, the Monitor shall have the power and authority to perform such incidental duties, steps and actions as it considers necessary or appropriate to complete its administration of the CCAA Proceedings, and upon the filing with this Court of a certificate certifying that all amounts in the Monitor's possession have been paid in accordance with this paragraph and other Orders in the CCAA Proceedings and any such incidental duties, steps and actions of the Monitor to complete the administration of the CCAA Proceedings have been completed, the Monitor shall have no further duties or obligations with respect to the CCAA Proceedings. The Monitor shall be reimbursed for its fees, costs and expenses, including, without limitation, the fees and disbursements of its counsel, to and including the final completion of the administration of the CCAA Proceedings, provided further that upon completion of such administration, and following the rendering and payment of their respective accounts, the Monitor and its counsel are authorized and directed to remit to the Applicant, for its disbursement in accordance with paragraph 5 of this Order, the balance of any retainer funds that may remain.

9. **THIS COURT ORDERS** that other than as expressly set out herein or other Orders of the Court in the CCAA Proceedings, the provisions of the Initial Order, and all other Orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, including the payments with respect to BSI Employees contemplated at paragraph 38 of the Initial Order, except to the extent that such Orders are varied by or are inconsistent with this Order or any further Order of this Court made in the CCAA Proceedings, except and provided that nothing in this Order shall affect, vary, derogate from or amend any of the rights and protections in favour of the Monitor at law or pursuant to the Initial Order and any other Order made in the CCAA Proceedings, all of which are expressly continued and confirmed, including, without limitation, the rights and protections granted in favour of the Monitor, and specifically described in paragraphs 22, 23, 24, 25, 26, 28, 30, 31, 32, 33, 34, 42, 43, 44, 45, and 46 of the Initial Order, which shall continue in full force and effect and extend to any continuing actions and activities of the Monitor in the CCAA Proceedings as provided for herein, or any Order of this Court.

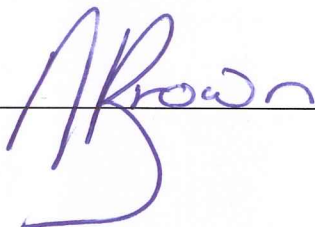
10. **THIS COURT ORDERS** that any and all claims of any person, whether such claims are direct, indirect, derivative or otherwise, against the Monitor, as well as its present and former partners, directors, officers, employees, agents, affiliates, professional advisors (including legal counsel) and associates, arising from or relating in any way to the Monitor's capacity, conduct or the services provided by the Monitor to the Applicant in the CCAA Proceedings shall be and are hereby stayed, extinguished and forever barred from enforcement and the Monitor, as well as its present and former partners, directors, officers, employees, agents, affiliates, professional advisors (including legal counsel) and associates, shall have no liability in respect thereof and shall be forever released and discharged from any and all liability relating thereto and to any matters raised or which could have been raised in the within proceedings, save and except for any claim for gross negligence or wilful misconduct on the Monitor's part.

11. **THIS COURT ORDERS** that the Applicant and the Monitor may apply to this Court for such further advice, directions or assistance as may be necessary to give effect to the terms of this Order.

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

AUG - 7 2014

MB



Natasha Brown
Registrar

SCHEDULE "A"

PIN 62457-0432 (LT)

PCL 9558 SEC TBF; LT 508 PL M143 STREY; TERRACE BAY

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Applicant

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COMMERCIAL LIST

Proceeding commenced at Toronto

TERMINATION AND DISCHARGE ORDER

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