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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 28th
	)	
JUSTICE MORAWETZ	)	DAY OF OCTOBER, 2013

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

UNOFFICIAL TRANSCRIPTION OF THE ENDORSEMENT OF THE HONOURABLE MR. JUSTICE MORAWETZ DATED OCTOBER 28, 2013

M. McGraw for Terrace Bay
S. Seigel for Ernst & Young Inc., Monitor
F. Myers for Township of Terrace Bay

The Applicant moves for an extension of the Stay Period to April 30, 2014.

A proposed transaction for the sale of Non-Mill Assets has fallen through and the Applicant wants to conduct a limited recanvassing of the market.

The Non Mill property assets are somewhat unusual. The Non-Mill Property includes but is not limited to, the following:

(a) Golf Course
(b) Airstrip
(c) 800 acres of vacant land on Lake Superior
(d) 3600 acres (some on Lake)

A Sales Process was followed. A number of parties submitted Letters of Intent. The offer that was considered the best failed to close.

The issue is what to do now. The Applicant and the Monitor submit that a limited recanvassing should take place between now and April.

Counsel to Corp. Terrace Bay argues for a much shorter time frame – a matter of weeks – and suggests that the Monitor should revisit the possibility of firming up an offer from one of the parties who participated in the first sale process.

There were apparently 8 such parties who originally participated.

Counsel to Corp. Terrace Bay is concerned about costs.

The Corp Terrace Bay is, however, not without its own agenda. It is a potential purchaser of some of the Non Mill Assets.

It is noted that the position of Corp Terrace Bay, as creditor is unaffected as tax payments are current.

In my view, it is necessary to consider the financial implications of extending the stay and to balance that as against the potential benefits of a limited recanvassing of the market. The Applicant has no ongoing business. Its cash resources decline monthly. These factors suggest that it is in the interests of stakeholders that the sale process should be completed as soon as possible.

It seems to me that the proper balance point is such that the Applicant/Monitor should have a period of time to recanvass the market – with the emphasis of the marketing process being concentrated on parties who showed original interest.

In my view this limited recanvassing can be completed in 30-45 days. Thereafter the Monitor can report back to Court with its recommendations.

Taking into account that if a sale is recommended it will take more time to close, it seems to me appropriate to extend the stay to January 20, 2014.

In arriving at this conclusion, I have accepted that the Applicant continues to work in good faith and with due diligence such that the extension is justified.

Counsel to the Monitor advised that no adverse comment has been received to the 9th and 10th Reports which are approved together with the described activities.

Motion granted extending stay to January 20, 2014.

Reports 9 and 10 approved.

Mr. Justice G. Morawetz