

This is Exhibit "E" referred to in the
Affidavit of Wolfgang Gericke
sworn the 5th day of May, 2014



A COMMISSIONER, ETC.

B. PAUL JASIURA

DATED JANUARY 29, 2014

PURCHASE AGREEMENT

by and between

TERRACE BAY PULP INC.

as Vendor

- and -

THE CORPORATION OF THE TOWNSHIP OF TERRACE BAY

as Purchaser

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PURCHASE AGREEMENT

This **PURCHASE AGREEMENT** dated as of January 29, 2014 is made by and between TERRACE BAY PULP INC. (the "**Vendor**") and THE CORPORATION OF THE TOWNSHIP OF TERRACE BAY (the "**Purchaser**").

WHEREAS:

Pursuant to the order of the Court (as defined herein) dated January 25, 2012 (as amended and restated, the "**Initial Order**"), the Vendor obtained protection under the *Companies' Creditors Arrangement Act* (Canada) in Court File No. CV-12-9566-00CL (the "**Proceedings**") and Ernst & Young Inc. was appointed as the court-appointed monitor (the "**Monitor**");

Pursuant to the Initial Order, the Vendor, with the assistance of the Monitor, was authorized to market the sale of, among other things, the Property (as defined herein);

Pursuant to the letters of intent dated November 20, 2013, the Purchaser confirmed its interest in purchasing the Property subject to, among other things, consummation of this Agreement;

The Vendor has agreed to sell all of its right, title and interest in and to the Property to the Purchaser, and the Purchaser has agreed to purchase all of the Vendor's right, title and interest in and to the Property from the Vendor on and subject to the terms and conditions of this Agreement (as defined herein).

The transaction contemplated by this Agreement is subject to the approval of the Court and will be consummated only pursuant to the Approval and Vesting Order (as defined herein) to be entered in the Proceedings.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE I INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following words and terms have the following meanings:

"Agreement" means this purchase agreement and all schedules to this agreement, as such agreement or schedules may be amended from time to time in accordance with the terms hereof.

"Airport Lands" has the meaning ascribed to it in Section 2.6.

"Airport Lease" has the meaning ascribed to it in Section 2.6.

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"Ancillary Agreements" means, collectively, any other agreement, document or instrument contemplated in this Agreement or that the Vendor or the Purchaser enters into in connection with the consummation of the transaction contemplated hereby.

"Approval and Vesting Order" has the meaning ascribed to it in Section 5.1(1).

"Assignment of Permitted Liens" means an assignment by the Vendor and an assumption by the Purchaser of all right, title and interest of the Vendor in and to the Permitted Liens in accordance with this Agreement, including an indemnity given by the Purchaser in favour of the Vendor in respect of any and all claims, demands, actions, losses, costs, liabilities or expenses under such Permitted Liens.

"Assumed Liabilities" has the meaning ascribed to it in Section 2.1(2).

"Business Day" means any day other than a Saturday, Sunday, any legal holiday, or a day on which banking institutions in the Province of Ontario are closed.

"Cash Purchase Price" has the meaning ascribed to it in Section 3.1(a).

"Closing" means the closing of the transaction contemplated herein.

"Closing Date" means the thirtieth (30th) day following the later of: (i) the date of issuance of the Approval and Vesting Order, and (ii) the Due Diligence Date, or such other date that the parties agree to in writing.

"Court" means the Ontario Superior Court of Justice (Commercial List).

"DRA" has the meaning ascribed to it in Section 9.16.

"Deposit" has the meaning ascribed to it in Section 3.2(1).

"Due Diligence Date" means 5:00 p.m. (Toronto time) on the day that is 30 days after the date of execution and delivery of this Agreement by both parties.

"E-Reg" has the meaning ascribed to it in Section 9.16.

"Golf Course Lease" has the meaning ascribed to it in Section 2.5.

"HST" has the meaning ascribed to it in Section 3.5.

"Initial Order" has the meaning ascribed to it in the recitals.

"Lien" means all "Claims" and "Encumbrances", as such terms are defined in the Approval and Vesting Order.

"Monitor" has the meaning ascribed to it in the recitals.

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"Monitor's Certificate" means the certificate to be delivered on Closing and thereafter filed by the Monitor with the Court certifying that all conditions of Closing have been satisfied or waived.

"OPG" has the meaning ascribed to it in Section 2.4.

"Permitted Liens" means: (a) Liens for current and future taxes, assessments or other governmental charges not yet due or payable, or which are being contested in good faith by appropriate proceedings but not including any taxes in arrears or any penalties thereon; (b) easements, rights-of-way, servitudes, restrictions, zoning, building codes or other land use laws, development agreements, development permits, building covenants, encroachment agreements, reciprocal access agreements, by-laws, municipal agreements, license agreements and other similar encumbrances other than monetary encumbrances, judgments and monetary Liens; (c) minor title defects or irregularities consisting of minor survey exceptions, restrictions in the original grant from the Crown or any other governmental authority and other minor unregistered restrictions as to the use of the Property; and (d) Liens identified on Schedule "A" hereto.

"Proceedings" has the meaning ascribed to it in the recitals.

"Property" means the lands and premises legally described in Schedule "B" hereto, including all buildings, structures, fixtures, systems and facilities situate thereon and/or forming a part thereof.

"Purchase Price" has the meaning ascribed to it in Section 3.1.

"Purchaser" has the meaning ascribed to it in the recitals.

"Receiving Party" has the meaning ascribed to it in Section 9.17.

"Reference Plan" has the meaning ascribed to it in Section 2.9.

"Tendering Party" has the meaning ascribed to it in Section 9.17.

"Vendor" has the meaning ascribed to it in the recitals.

Section 1.2 Interpretation.

(a) When a reference is made in this Agreement to a section or article, such reference shall be to a section or article of this Agreement unless otherwise clearly indicated to the contrary.

(b) Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation".

(c) The words "hereof", "herein", "hereunder" and "herewith" and words of similar meaning shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph and

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schedule references refer to the articles, sections, paragraphs and schedules of this Agreement unless otherwise specified.

(d) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns; provided, however, that nothing contained in this clause (e) is intended to authorize any assignment or transfer not otherwise permitted by this Agreement.

(f) A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or reenactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(g) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(h) Any reference in this Agreement to "\$" shall mean the lawful currency of Canada.

(i) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

Section 1.3 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein which apply to contracts made and to be performed entirely in Ontario.

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchased Assets.

(1) On the terms and subject to the conditions hereof, the Vendor agrees to sell, assign and transfer all of its right, title and interest in and to the Property to the Purchaser and the Purchaser agrees to purchase all of the Vendor's right, title and interest in and to the Property from the Vendor, on the Closing Date.

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- (2) Contemporaneously with the purchase of the Property, the Purchaser shall assume and agree to discharge, perform and fulfil, the following obligations and liabilities of the Vendor with respect to the Property:
- (a) all obligations and liabilities of the Vendor under the Permitted Liens;
 - (b) all taxes arising from or relating to the purchase of the Property, including the transfer taxes referred to in Section 3.4;
 - (c) all liabilities and obligations relating to the environmental condition of the Property; and
 - (d) all other obligations and liabilities expressly assumed under this Agreement
- (collectively, the "Assumed Liabilities").

Section 2.2 "As Is, Where Is".

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges and agrees that it is purchasing the Property and shall accept it on Closing and the Assumed Liabilities on an entirely "as is, where is" basis as they exist as of the date of the Closing without representation, warranty or declaration of any kind with respect to any aspect of the Property (including any conditions, representation or warranty, express or implied, pursuant to the *Sale of Goods Act* (Ontario)) or the Assumed Liabilities, and without recourse to the Vendor. In particular, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for use or purpose, merchantability, physical or environmental condition (including the presence or existence of any contaminant in, on or under, or flowing onto or from the Property or any part thereof or adjoining land, or in the air, surface or groundwater flowing through, onto or from the Property or any part thereof); the existence or non-existence of hazardous or toxic materials, wastes or substances, quality, size, dimension or topography, location of structures, walls, fences, wires, lines, pipes or conduits, in, on or outside of the Property, marketability, zoning, subdivision, the necessity or availability of any rezoning, zoning variances, conditional use permits, building permits, environmental impact statements and other governmental permits, development potential, access rights; applicable restrictive covenants, the Property's compliance with any laws, statutes, regulations or ordinances, municipal agreements or easements, faults, limitations and defects (latent and apparent). The Purchaser acknowledges that the Vendor makes no representation, warranty or with respect to, and that the Purchaser has carried out and relies on the results of its own examinations, investigations and searches with respect to the Property. The description of the Property contained in the Schedules hereto is for the purpose of identification only. The Purchaser acknowledges and confirms that no adjustment of the Purchase Price will be made for any change in condition, value, or quality of the Property from the date hereof to the Closing or otherwise. The provisions of this Section shall survive the Closing of this transaction.

Section 2.3 Permitted Liens.

The Purchaser shall, at Closing and subject to the terms and conditions herein:

- (a) accept title to the Property pursuant to the Approval and Vesting Order and subject to the Permitted Liens;
- (b) satisfy itself as to the due compliance with the provisions of such Permitted Liens and not require releases of any Permitted Lien with respect to the Property; and
- (c) be subject to the covenants, obligations and restrictions imposed on the owner of the Property as set out in the Permitted Liens.

Section 2.4 OPG Interests.

The Purchaser hereby acknowledges that Ontario Power Generation Inc.'s ("OPG") activities on the Property result in periodic discharge of water flow that results in temporary partial overflow of water onto hole number 4 and the bottom portion of hole number 2 of the golf course located on a portion of the Property. Subject to Section 9.4, the Purchaser further acknowledges and agrees that it is taking title to the Property subject to any rights of OPG to continue to engage in such activities on the Property.

Section 2.5 Lease of Golf Course.

The Purchaser acknowledges and agrees that a portion of the Property is subject to a lease dated January 1, 1967 in favour of Aguasabon Golf Club (as it may have been amended or modified from time to time, the "Golf Course Lease"), and that the Purchaser shall take title to the Property subject to the rights of Aguasabon Golf Club under such Golf Course Lease.

Section 2.6 Lease of Airport Lands.

The Purchaser acknowledges and agrees that a portion of the Property, being those lands set out in Schedule "B" hereto having PIN 62457-1218(LT) (the "Airport Lands"), is subject to a long-term lease in favour of the Purchaser registered as Instrument No. LT162634, as renewed pursuant to Instrument No. F82873, and as partially surrendered pursuant to Instrument No. TY143572 (collectively, the "Airport Lease") (as shown on leasehold PIN 62457-1111(LT)), and that the Purchaser shall take title to the Property subject to the Airport Lease.

Section 2.7 Due Diligence.

Prior to the Closing Date, the Vendor shall, subject to any confidentiality or safety restrictions, provide the Purchaser and its representatives, at the Purchaser's sole and exclusive risk, reasonable access during normal business hours upon reasonable notice to the Vendor, to the Property and the books, records and files of the Vendor relating to the ownership of the Property that are in possession of the Vendor; provided, however, that the Purchaser shall indemnify the Vendor and any of its representatives from and against any claims arising from the Purchaser's access in accordance with this Section 2.7. The Purchaser shall be responsible for all of its out-of-pocket costs and expenses incurred in connection with this Section and any other

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due diligence performed by the Purchaser prior to the Closing. The Purchaser acknowledges that the Vendor shall have no obligation hereunder or otherwise to undertake environmental testing of the Property prior to Closing.

Section 2.8 Access to Books and Records.

For a period of one year from the Closing Date or for such longer period as may be required by applicable law, the Purchaser shall retain all original books and records in respect of the Property for the period prior to the Closing Date. So long as such books and records are retained by the Purchaser pursuant to this Agreement, the Purchaser shall cooperate with the Vendor by promptly providing the Vendor with such information and/or, at the Vendor's expense, with copies of such books and records as may be reasonably requested by the Vendor. The provisions of this Section 2.8 shall survive the Closing.

Section 2.9 Reference Plan.

The Purchaser hereby acknowledges that in order for certain portions of the Property to be conveyed to the Purchaser as contemplated by this Agreement, a reference plan of survey will need to be prepared and registered prior to Closing. The Vendor hereby covenants and agrees to arrange for the necessary reference plan(s) of survey (the "**Reference Plan**") to be prepared and registered prior to Closing. The sole cost and expense of the preparation and registration of the Reference Plan(s) shall be borne by the Purchaser.

ARTICLE 3 PURCHASE PRICE

Section 3.1 Purchase Price.

In consideration for the sale of the Property to the Purchaser, and upon the terms and subject to the conditions set out herein, the purchase price for the Property shall be the aggregate of (collectively, the "**Purchase Price**");

- (a) \$ plus or minus the adjustments referred to in Section 3.3 hereof (the "**Cash Purchase Price**"); and
- (b) the amount of the Assumed Liabilities.

Section 3.2 Payment of the Purchase Price.

The Purchase Price shall be paid and satisfied by the Purchaser as follows:

- (1) as to the sum of \$ (the "**Deposit**"), by certified cheque or bank draft payable to the Monitor, in trust, which the Monitor acknowledges having received, to be held by the Monitor in trust as a deposit pending the completion or other termination of this Agreement, and to be credited on the Closing Date against the Cash Purchase Price;

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- (2) as to the balance of the Cash Purchase Price, by wire transfer of immediately available funds payable to the Monitor, in trust, or as the Monitor may direct; and
- (3) an amount equal to the amount of the Assumed Liabilities shall be satisfied by the Purchaser at Closing by execution and delivery by the Purchaser of an assignment and assumption agreement.

Section 3.3 Adjustments.

Adjustments shall be made to the Purchase Price as of the Closing Date for any realty taxes, local improvement rates and charges, assessment rates, the costs of water, sewage, hydro-electric power, gas and other utilities, and all other items normally adjusted between a vendor and a purchaser in respect of the sale of property similar to the Property, provided, however that no adjustments will be made for any amounts which became due and owing prior to the date that the Proceedings were commenced.

Section 3.4 Transfer Taxes.

In addition to the Purchase Price, the Purchaser shall be responsible and shall pay or otherwise discharge all HST, land transfer taxes and similar transfer taxes in connection with the transfer of the Property and all registration and filing fees in connection with the Approval and Vesting Order or any instruments of transfer provided for in this Agreement or that are imposed by reason of the sale, transfer, and assignment of the Property.

Section 3.5 HST.

With respect to harmonized sales tax ("HST") payable pursuant to the *Excise Tax Act* (Canada), the Purchaser covenants that:

- (a) at Closing, it shall be the "recipient" of the supply of the Property (as "recipient" is defined in subsection 123(1) of the *Excise Tax Act* (Canada));
- (b) the Purchaser will report and pay any applicable HST payable as required by the provisions of the *Excise Tax Act* (Canada) in the manner and within the time prescribed by that Act;
- (c) the Purchaser will indemnify the Vendor and hold it harmless from any HST, penalty, interest or other amounts which may be payable by or be assessed against the Vendor under the *Excise Tax Act* (Canada) as a result of, or in connection with,
 - (i) the Vendor's failure to collect and remit any HST applicable on the sale of the Property to the Purchaser, and
 - (ii) the failure of the Purchaser to comply with its obligations under this Section 3.5; and

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- (d) on Closing, the Purchaser shall deliver to the Vendor a certificate and indemnity incorporating the provisions of this Section 3.5.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

Section 4.1 Vendor's Representations and Warranties.

The Vendor represents and warrants to the Purchaser, and acknowledges that the Purchaser is relying on same, that:

- (a) subject to the granting of the Approval and Vesting Order, the Vendor has the power, authority and capacity to enter into this Agreement and to carry out the transaction contemplated hereby;
- (b) the Vendor is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada); and
- (c) no broker, agent or other intermediary has acted for or on behalf of the Vendor in connection with the negotiation or consummation of this Agreement or the transactions contemplated hereby.

Section 4.2 Purchaser's Representations and Warranties.

The Purchaser represents and warrants to the Vendor, and acknowledges that the Vendor is relying on same, that:

- (a) the Purchaser is duly organized, validly existing and in good standing and has full corporate power and authority to enter into and to perform its obligations under this Agreement and the Ancillary Agreements;
- (b) this Agreement and each Ancillary Agreement to which the Purchaser is or will become party constitute the Purchaser's valid and binding obligations, enforceable against the Purchaser in accordance with their respective terms;
- (c) the execution, delivery and performance by the Purchaser of this Agreement and any Ancillary Agreements to which the Purchaser is or will become a party do not or will not at the time of execution (a) violate or conflict with any provision of the organizational documents of the Purchaser, (b) violate any provision of applicable law, or any order, writ, injunction, judgment or decree of any court or governmental authority applicable to the Purchaser, or (c) violate or result in a breach of or constitute (with due notice or lapse of time, or both) an event of default or default under any contract to which the Purchaser is a party or by which the Purchaser is bound or to which the Purchaser's properties or assets are subject;

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- (d) except for the Approval and Vesting Order, no consent, waiver, authorization or approval of any person and no declaration to or filing or registration with any governmental authority is required in connection with the execution and delivery by the Purchaser of this Agreement and each Ancillary Agreement to which the Purchaser is or will become a party or the performance by the Purchaser of its obligations hereunder or thereunder;
- (e) the Purchaser has available, or prior to the Closing Date will have available, sufficient funding to enable the Purchaser to consummate the purchase of the Property from the Vendor on the terms set forth herein and otherwise to perform all of the Purchaser's obligations under this Agreement;
- (f) there is no action, suit, proceeding or claim that is pending or, to the Purchaser's knowledge, threatened in any court or by or before any governmental authority that would adversely affect the Purchaser's ability to perform its obligations under this Agreement on a timely basis;
- (g) prior to Closing, the Purchaser will be registered for harmonized sales tax purposes under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) and will provide its registration number to the Vendor at least 3 days prior to Closing;
- (h) the Property transferred pursuant to this Agreement (i) is being purchased by the Purchaser as principal for its own account and is not being purchased by the Purchaser as an agent, trustee or otherwise on behalf of any other person, and (ii) does not constitute a supply of a residential complex made to an individual for the purposes of paragraph 221(2)(b) of the *Excise Tax Act* (Canada); and
- (i) the Purchaser will not be a non-resident of Canada for purposes of section 116 of the *Income Tax Act* (Canada) effective on or prior to Closing.

Section 4.3 Survival of Representations and Warranties.

The representations and warranties of the Vendor herein shall merge on Closing. The representations and warranties of the Purchaser herein shall survive the Closing for a period of six (6) months from the Closing Date.

ARTICLE 5 COURT APPROVAL CONDITION

Section 5.1 Court Approval Condition.

- (1) No party shall be obligated to complete the transaction contemplated by this Agreement unless the Vendor obtains an Order substantially in the form attached hereto as Schedule "C" (the "Approval and Vesting Order").

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- (2) The Vendor shall file with the Court, as soon as reasonably practicable after the satisfaction or waiver of the condition precedent in favour of the Purchaser set forth in Section 6.1(a) hereof, a motion or motions seeking the Court's issuance of the Approval and Vesting Order. The Purchaser shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain the Approval and Vesting Order.
- (3) Notwithstanding anything else contained in this Agreement, if the Vendor is prevented from closing the transaction contemplated by this Agreement as a result of any person obtaining a stay of the Approval and Vesting Order, either the Vendor or the Purchaser shall have the option, subject to Section 8.1 below, of extending the Closing Date for a period or periods of time, in either case, by notice in writing to the other or to the other's solicitors.
- (4) Notwithstanding anything else contained in this Agreement, if the Court shall refuse to grant the Approval and Vesting Order, either party shall have the right to immediately terminate this Agreement.

ARTICLE 6 OTHER CLOSING CONDITIONS

Section 6.1 Conditions Precedent to Performance by the Purchaser.

The obligation of the Purchaser to complete the purchase of the Property contemplated by this Agreement is subject to fulfilment of the following conditions at or before the Closing Date or such other date as may be specified below, which, other than (d) (e) and (f), are included for the exclusive benefit of the Purchaser and may be waived by the Purchaser in whole or in part:

- (a) on or before the Due Diligence Date, the Purchaser shall have satisfied itself with respect to all aspects of the Property, including soil suitability, environmental matters, availability and suitability of services, title, Permitted Liens, and any other matters of interest to the Purchaser;
- (b) the representations and warranties of the Vendor contained in Article 4 hereof shall be true and correct as of the Closing Date in all material respects;
- (c) the Vendor shall have complied with all terms and conditions contained in this Agreement applicable to it prior to the Closing Date in all material respects;
- (d) the Reference Plan will have been registered on title as contemplated by Section 2.9 hereof;
- (e) the Approval and Vesting Order will have been granted by the Court and such order shall not be the subject of a stay; and
- (f) no final or nonappealable order, decree, ruling, injunction or any other action by any court or governmental authority or law that prevents the consummation of the

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transactions contemplated hereby or otherwise prohibits the transfer of the Property contemplated hereby shall be in effect.

Section 6.2 Conditions Precedent to Performance by the Vendor.

The obligation of the Vendor to complete the sale of the Property contemplated by this Agreement is subject to fulfilment of the following conditions at or before the Closing Date, which, other than (e), (f) and (g) below, are included for the exclusive benefit of the Vendor and may be waived by the Vendor in whole or in part:

- (a) the representations and warranties of the Purchaser contained in Article 4 hereof shall be true and correct as of the Closing Date in all material respects;
- (b) the Purchaser shall have complied with all terms and conditions contained in this Agreement applicable to it on or before the Closing Date in all material respects;
- (c) the Purchaser shall have paid the Purchase Price in accordance with the terms of this Agreement;
- (d) the Purchaser shall have executed and delivered any specific assumption agreement as may be required for any Permitted Lien which has not otherwise been expressly set out herein, and any Ancillary Agreement;
- (e) the Reference Plan will have been registered on title as contemplated by Section 2.9 hereof;
- (f) the Approval and Vesting Order will have been granted by the Court and such order shall not be the subject of a stay; and
- (g) no final or nonappealable order, decree, ruling, injunction or any other action by any court or governmental authority or law that prevents the consummation of the transactions contemplated hereby or otherwise prohibits the transfer of the Property contemplated hereby shall be in effect.

Section 6.3 Non-Satisfaction of Conditions.

If any condition set out in Section 6.1, or Section 6.2 is not satisfied or performed on or before the Closing Date (as such date may be extended pursuant to Section 5.1(3)), or on or before the Due Diligence Date in the case of Section 6.1(a), the Purchaser, in the case of the conditions set out in Section 6.1, or the Vendor, in the case of the conditions set out in Section 6.2, may either (i) terminate this Agreement by written notice to the other party hereto delivered on or before the Closing Date, or on or before the Due Diligence Date in the case of Section 6.1(a) (provided, however, that if the Purchaser does not deliver a confirmation of satisfaction or waiver of Section 6.1(a) on or before the Due Diligence Date, this Agreement shall be deemed to be terminated by the Purchaser), in which case no party shall be under any further obligation to the other to complete the transaction contemplated by this Agreement, or (ii) except in the case of the conditions contained in Section 5.1 Section 6.1(d), (e) and (f) and Section 6.2(c) (e), (f) and

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(g), waive compliance with any such condition without prejudice to its right of termination of this Agreement in respect of the non-satisfaction or performance of any other condition.

Each party shall use its reasonable efforts to satisfy the closing conditions set forth herein that are within its reasonable control. All conditions to be satisfied on Closing shall be deemed to be satisfied if Closing occurs.

ARTICLE 7 CLOSING

Section 7.1 Time and Place of Closing.

The completion of the transaction contemplated by this Agreement (the "Closing") shall take place at 2:00 p.m. (Toronto time) on the Closing Date at the offices of Blake, Cassels & Graydon LLP, Toronto, Ontario or at such other place as may be agreed upon among the parties hereto.

Section 7.2 Insurance Matters.

The Vendor shall continue to maintain up to the Closing Date all property insurance coverage currently maintained by it with respect to the Property.

Section 7.3 Vendor's Deliveries.

At the Closing:

- (a) the sale, transfer, assignment, and conveyance of the Property to the Purchaser, shall be effected by the issued and entered Approval and Vesting Order;
- (b) the Vendor shall execute and deliver the Assignment of Permitted Liens, the Ancillary Agreements and all other documents contemplated by this Agreement or by the Approval and Vesting Order to be delivered by the Vendor;
- (c) the Vendor shall deliver a true copy of the Approval and Vesting Order and, upon completion of the Closing, the Monitor's Certificate; and
- (d) the Vendor shall deliver a closing certificate executed by the Vendor, in a form satisfactory to the Purchaser, acting reasonably, certifying that all of the representations and warranties of the Vendor hereunder remain true and correct in all material respects as of the Closing Date.

Section 7.4 Purchaser's Deliveries.

At the Closing:

- (a) the Purchaser shall make the payments referred to in Section 3.2(2) and Section 3.4;

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- (b) subject to the provisions of this Agreement, the Purchaser shall execute and deliver the Assignment of Permitted Liens and any specific assumption agreement as may be required for any Permitted Lien which has not otherwise been expressly set out herein, the HST certificate and indemnity contemplated in Section 3.5(d), the Ancillary Agreements and all other documents contemplated by this Agreement or the Approval and Vesting Order to be delivered by the Purchaser; and
- (c) the Purchaser shall deliver a closing certificate executed by the Purchaser, in a form satisfactory to the Vendor, acting reasonably, certifying that all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date.

ARTICLE 8 TERMINATION

Section 8.1 Termination Rights.

This Agreement may be terminated (i) in accordance with Section 6.3; (ii) by mutual written consent of the parties at any time; or (iii) by either party if Closing has not occurred by 5:00 p.m. (Toronto time) on October 31, 2014, provided that a party hereunder may not terminate this Agreement if its default is the reason for such failure.

Section 8.2 Effect of Termination.

In the event of termination pursuant to Section 8.1, this Agreement shall become null and void and have no effect and no party to this Agreement shall have any liability to any other party, except that the Purchaser shall forfeit the Deposit to the Vendor if the Agreement is terminated by the Vendor as a result of a failure of the Purchaser to perform its obligations under Section 6.2(a), (b), (c) or (d), as a genuine estimate of liquidated damages and not as a penalty. The Vendor shall be liable to return the Deposit to the Purchaser if the Agreement is terminated for any other reason.

ARTICLE 9 MISCELLANEOUS

Section 9.1 Survival.

No representations, warranties, covenants and agreements of the Vendor or the Purchaser made in this Agreement shall survive the Closing Date except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement.

Section 9.2 Severability.

In the event that any part of this Agreement is declared by any court of competent jurisdiction to be null, void or unenforceable, a suitable and equitable provision shall be

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substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable and the application of any provision so substituted, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of (a) the date hereof, and (b) the date this Agreement was last amended.

Section 9.3 Expenses.

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and auditors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 9.4 Third Party Beneficiaries.

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their successors and permitted assigns, and no person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

Section 9.5 Notices.

- (1) All notices, requests, demands, consents and other communications under this Agreement shall be in writing and shall be sent via overnight courier, e-mail (including by way of PDF format) or facsimile. If a notice is received on a Business Day before 5:00 PM local time the notice will be deemed to have been received at such time. If the notice is received other than on a Business Day or after 5:00 PM local time, the notice will be deemed to have been received the following Business Day. Notices shall be sent to the following addresses, as applicable:

If to the Vendor:

Terrace Bay Pulp Inc.
1120 Premier Way
Thunder Bay, Ontario P7B 0A3
Attention: Wolfgang Gericke
Facsimile: (807) 346-0453

- and to -

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, Ontario M5L 1A9

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Attention: Silvana D'Alimonte/Jenna Willis
 Facsimile: (416) 863-2685
 E-mail: smda@blakes.com
jenna.willis@blakes.com

With a copy (which shall not constitute notice) to:

Ernst & Young Inc.
 Ernst & Young Tower
 222 Bay Street, P.O. Box 251
 Toronto, Ontario M5K 1J7
 Attention: Alex Morrison
 Facsimile: (416) 943-3300
 E-mail: alex.f.morrison@ca.ey.com

If to the Purchaser:

The Corporation of the Township of Terrace Bay
 P.O. Box 40
 1 Selkirk Avenue
 Terrace Bay, Ontario P0T 2W0
 Attention: Chief Administrative Officer
 Facsimile: (807) 825-9576
 E-mail: cao@terracebay.ca

- and to -

McKittricks
 Barristers & Solicitors
 17A South Cumberland Street
 Thunder Bay, Ontario P7B 2T3
 Attention: Allan G. McKittrick, Q.C.
 Facsimile: (807) 345-0043
 E-mail: mckits@tbaytel.net

- (2) Any party may change its address or facsimile number for the purpose of this Section 9.5 by giving the other parties written notice of its new address in the manner set forth above.

Section 9.6 Further Assurances.

Each of the parties hereto, upon the request of another party hereto, up until the Closing Date, shall make or cause to be made all such further acts, deeds and assurances, as may be reasonably necessary to more effectually implement the transactions contemplated by this Agreement.

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Section 9.7 Assignment.

At any time prior to the issuance of the Approval and Vesting Order, the Purchaser shall have the right to assign all of its rights and obligations under this Agreement to any entity which remains, at all times up to and including the Closing Date, an affiliate of the Purchaser upon written notice to the Vendor, and provided that (i) the Purchaser shall remain jointly and severally liable to the Vendor for the performance of the obligations of the Purchaser hereunder, unless released by the Vendor in writing, acting reasonably, and (ii) the assignee of the Purchaser has entered into an agreement with the Vendor assuming all rights and obligations of the Purchaser hereunder on terms and conditions satisfactory to the Vendor, acting reasonably.

Except as set out in the previous paragraph, this Agreement shall not be assignable in whole or in part by the Vendor or the Purchaser without the written consent of the other party, which consent may be unreasonably withheld.

Section 9.8 Enurement.

This Agreement shall enure to the benefit of and be binding upon the parties and their successors and permitted assigns.

Section 9.9 Time.

Time shall be of the essence of this Agreement.

Section 9.10 Counterparts.

This Agreement may be executed in any number of counterparts and by the undersigned in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any of the undersigned by facsimile or "pdf" e-mail transmission shall be as effective as delivery of a manually executed copy of this Agreement by such undersigned.

Section 9.11 Risk of Loss.

The Property is and shall be at the risk of the Vendor up to and including Closing Date. If any loss or damage to any of the Property occurs on or before the Closing Date, the Purchaser shall still be obligated to complete the transaction herein on the terms and conditions set out herein.

Section 9.12 Planning Act.

The Vendor and the Purchaser hereby confirm and agree that this Agreement and the transaction reflected herein are subject to compliance with section 50 of the *Planning Act* (Ontario).

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Section 9.13 Dispute Resolution.

The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the Court over any dispute arising out of or relating to this Agreement or the transaction contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action or proceeding related thereto shall be brought within the Proceedings to be heard and determined by way of summary adjudication in such Proceedings or any of the competent Ontario courts taking appeals therefrom.

Section 9.14 Entire Agreement and Modification.

This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the Confidentiality Agreement dated October 23, 2012 and the Ancillary Agreements) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented or otherwise modified except in a written document executed by the party against whose interest the modification will operate.

Section 9.15 Solicitors as Agents.

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated by this Agreement may be given or delivered and accepted or received by the Purchaser's solicitors on behalf of the Purchaser and by the Vendor's solicitors on behalf of the Vendor and any tender of closing documents and/or funds to be delivered under this Agreement may be made upon the Vendor's solicitors and the Purchaser's solicitors, as the case may be.

Section 9.16 Electronic Registration.

The Purchaser's solicitors and the Vendor's solicitors shall each be obliged to be authorized electronic registration ("E-Reg") users and in good standing with the Law Society of Upper Canada, and are hereby authorized by the parties hereto to enter into a document registration agreement in the form adopted by the Joint LSUC-CBAO Committee on Electronic Registration of Title Documents on March 29, 2004 or any replacement thereof, with such amendments as are required to incorporate any agreement between the parties as to the co-ordination of the Closing and/or as the Vendor's solicitors and the Purchaser's solicitors may agree, acting reasonably (hereinafter referred to as the "DRA"), establishing the procedures and timing for completing this transaction, which DRA shall be exchanged between the Vendor's solicitors and the Purchaser's solicitors prior to the Closing Date. The delivery and exchange of all Closing deliveries hereunder and the release hereof to the parties hereto shall be governed by the DRA, pursuant to which the solicitor receiving any Closing deliveries will be required to hold same in escrow, and will not be entitled to release same except in strict accordance with the provisions of the DRA. Despite section 4 of the Joint LSUC-CBAO form of DRA, release of deliveries shall not happen until the registration of the Approval and Vesting Order has been completed.

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Section 9.17 Tender.

Any tender of documents or money shall be made upon the party being tendered or upon its solicitors and money shall be tendered by wire transfer of immediately available funds. It is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by either party (the "**Tendering Party**") upon the other party (the "**Receiving Party**") when the solicitor for the Tendering Party has completed, in addition to all other requirements to effect a valid tender in accordance with the provisions of this Agreement and the DRA (if applicable), all steps required by E-Reg in order to complete this transaction that can be performed or undertaken by the Tendering Party's solicitor without the cooperation or participation of the Receiving Party's solicitor, and specifically when the Tendering Party's solicitor has, where possible, electronically "signed" the transfer and all other instruments to be registered against title to the Property at the time of the Closing for completeness and granted "access" to the Receiving Party's solicitor.

Section 9.18 Broker's Fees.

Each party shall indemnify and hold harmless the other party against any liability, damage, cost or expense involving a finder's or broker's fee payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for such party.

Section 9.19 Vendor and Monitor Liability

The Purchaser acknowledges that all written and oral information obtained from the Vendor, the Monitor or any agent or representative with respect to the Property has been provided and obtained by the Purchaser for the convenience of the Purchaser only, and that the Vendor and the Monitor have not made any representation or warranty, express or implied, statutory or otherwise, as to the accuracy and completeness of any such information. The Purchaser agrees that the Vendor and the Monitor shall have no liability for any representations, express or implied, contained in, or omitted from, any written or oral communications transmitted to the Purchaser in the marketing and sale of the Property, negotiation of this Agreement, the Ancillary Agreements, or in the course of any of the Purchaser's investigations of the Property. The Provisions of this Section shall survive Closing of this transaction.

Section 9.20 Confidentiality

Each party (and their respective agents and representatives) will keep the existence and terms of this Agreement and any written offers made by the Purchaser in connection with this Agreement in strict confidence in accordance with the Confidentiality Agreement dated October 23, 2012, except (i) in the course of conveying necessary information to third parties directly involved in the transaction; and (ii) as may be required by law or otherwise mutually agreed upon in writing by the parties. The Purchaser acknowledges that a copy of this Agreement will be filed by the Vendor and/or the Monitor with the Court and served on the service list in the Proceedings in connection with the motion to obtain the Approval and Vesting Order, and authorizes such disclosure by the Vendor and/or Monitor.

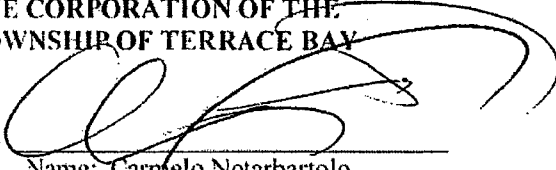
[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of this January 29, 2014.

TERRACE BAY PULP INC.

By: 
Name: W. GERICKE
Title: PRESIDENT

THE CORPORATION OF THE
TOWNSHIP OF TERRACE BAY

By: 
Name: Carmelo Notarbartolo
Title: Chief Administrative Officer

Index of Schedules

Schedule "A"	Permitted Liens
Schedule "B"	Legal Description of the Property
Schedule "C"	Form of Approval and Vesting Order

Schedule "A"
Permitted Liens
The Corporation of the Township of Terrace Bay
(unaffected by the Approval and Vesting Order)

**PIN 62457-1096 (LT), PIN 62457-1116 (LT), PIN 62457-1218 (LT), PIN 62457-1222 (LT),
 PIN 62457-1224 (LT), PIN 62457-1225 (LT), PIN 62457-1235 (LT), PIN 62457-1236 (LT),
 & PIN 62457-1237 (LT)**

1. 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 62457-1222 (LT), PIN 62457-1224 (LT), PIN 62457-1225 (LT), PIN 62457-1235 (LT),
 PIN 62457-1236 (LT) & PIN 62457-1237 (LT)**

2. An application registered on August 15, 2013 as No. TY163708 to amend the thumbnail property description.

PART OF PIN 62457-1083 (LT), & PIN 62457-1218 (LT)

3. An easement, with the right to pass and repass, registered on January 22, 1954 as No. LPA43496 in favour of The Hydro-Electric Power Commission of Ontario, as partially released on PIN 62457-1218 (LT) by Release registered on July 18, 1979 as No. LT152053.

PIN 62457-1218 (LT)

4. An application registered on June 11, 1952 as No. LPA40453 of notice to add lands, comprised of parts of closed highways, to the registered title.
5. An application registered on September 30, 2010 as No. TY109044 to change the name of the benefitting party in easement registered as No. LPA43496 to Ontario Power Generation Inc.

FREEHOLD AIRPORT PIN 62457-1218 (LT)
(SEE ALSO LEASEHOLD AIRPORT PIN 62457-1111 (LT))

6. An application registered on August 29, 1980 as No. LT162634 to which is attached a lease wherein The Corporation of The Township of Terrace Bay is named as tenant.
7. A notice of agreement registered on October 14, 1980 as No. LT163834 to which is attached a licence to Ontario Northland Transportation Commission.

8. A notice registered on October 23, 1998 as No. F82873 to which is attached a lease renewal and addendum wherein The Corporation of The Township of Terrace Bay is named as tenant.
9. An application registered on July 23, 2012 as No. TY143572 to which is attached a partial surrender of lease for land in No. LT162634 as extended by No. F82873.

PIN 62457-1236 (LT)

10. An easement registered on March 15, 1979 as No. LT148631 in favour of The Corporation of the Township of Terrace Bay for entry and repair/maintenance of the sewer line.
11. An easement registered on March 15, 1979 as No. LT148632 in favour of The Corporation of the Township of Terrace Bay for entry and repair/maintenance of the hydro line.

PART OF PIN 62457-1083 (LT)

12. A Land Registrar's order registered on February 3, 2005 as No. TY3308 to amend the thumbnail property description.

GOLF COURSE LEASE

13. Rights of Aguasabon Golf Club under the lease dated January 1, 1967 between Kimberly-Clark Pulp and Paper Company Limited and Aguasabon Golf Club, as amended or modified from time to time.

ONTARIO POWER GENERATION INC.

14. Any rights of Ontario Power Generation Inc. to cause periodic discharge of water flow that results in temporary partial overflow of water onto hole number 4 and the bottom portion of hole number 2 of the golf course located on the Property.
15. The rights of Ontario Power Generation Inc., if any, as illustrated on Reference Plan 55R-9026.
16. Any instruments registered on title to the Property on or before closing by Ontario Power Generation Inc. giving notice of any of the foregoing rights.

SCHEDULE "B"**LEGAL DESCRIPTION OF PROPERTY
THE CORPORATION OF THE TOWNSHIP OF TERRACE BAY****PIN 62457-0492 (LT)**

PCL 14333 SEC TBF; PT LT 567 PL M143 STREY AS IN LPA78854 EXCEPT PT 3
55R4604; TERRACE BAY

PART OF PIN 62457-1083 (LT)

PCL 8903 SEC TBF; BLK B PL M122 STREY; BLK A & BLK C PL M122 STREY EXCEPT
LPA38883, LPA39779, LPA58436, SRO LPA64843, LT135891, PT 1, 2, 3, 4, 5, 6 55R1257, PT
1, 2 55R3211, PT 2, 4 55R3595, PT 1 55R4604, PT 1, 2, 3 55R5097, PT 1 55R5277, PT 1
55R9021, PT 1, 2, 3, 4, 5, 6, 7, 8 55R9026, PT 6 55R9438, PT 1 55R10327, PT 1 55R10817;
S/T LPA43496, LT210598; TERRACE BAY

COMPRISING ONLY PART OF THE AQUASABON GOLF CLUB AND ADJACENT
LANDS THERETO GENERALLY ILLUSTRATED ON EXHIBIT "B-1" HERETO, THE
PRECISE BOUNDARIES OF WHICH SHALL BE DETERMINED BY AN ONTARIO LAND
SURVEYOR AND SHOWN AS PART(S) ON A NEW REFERENCE PLAN OF SURVEY

PIN 62457-1096 (LT)

PCL 17109 SEC TBF; PT LOCATION JK 300 STREY PT 1, 4 & 5 55R2142 EXCEPT PT 1
55R2424, PT 2, 6 & 9 55R4166; PT LT 314 PL M121 STREY PT 6 55R2142; PT LT 315 PL
M121 STREY PT 3 55R2142; TERRACE BAY

PIN 62457-1116 (LT)

PCL 8952 SEC TBF; WATER LT LOCATION AB 1 STREY IN LAKE SUPERIOR, IN
FRONT OF PT OF LOCATION JK 300 AS IN PPA5404; TERRACE BAY

PIN 62457-1218 (LT)

PT LOCATION JK 306 STREY PTS 1, 3 & 4 55R4355; S/T LPA43496 PARTIALLY
RELEASED BY LT152053; TOWNSHIP OF TERRACE BAY

PIN 62457-1222 (LT)

PT LOCATION JK300 STREY PT 1, 55R13612; TOGETHER WITH AN EASEMENT AS IN
F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN
EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1224 (LT)

PT LOCATION JK300 STREY PT 4, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1225 (LT)

PT LOCATION JK300 STREY PT 3, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1235 (LT)

PT LOCATION JK300 STREY PT 10, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1236 (LT)

PT LOCATION JK300 STREY PTS 5-9, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; SUBJECT TO AN EASEMENT IN GROSS OVER PT 7, 55R13612 AS IN LT148631; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 5 & 9, 55R13612 AS IN LT148632; TOWNSHIP OF TERRACE BAY

PIN 62457-1237 (LT)

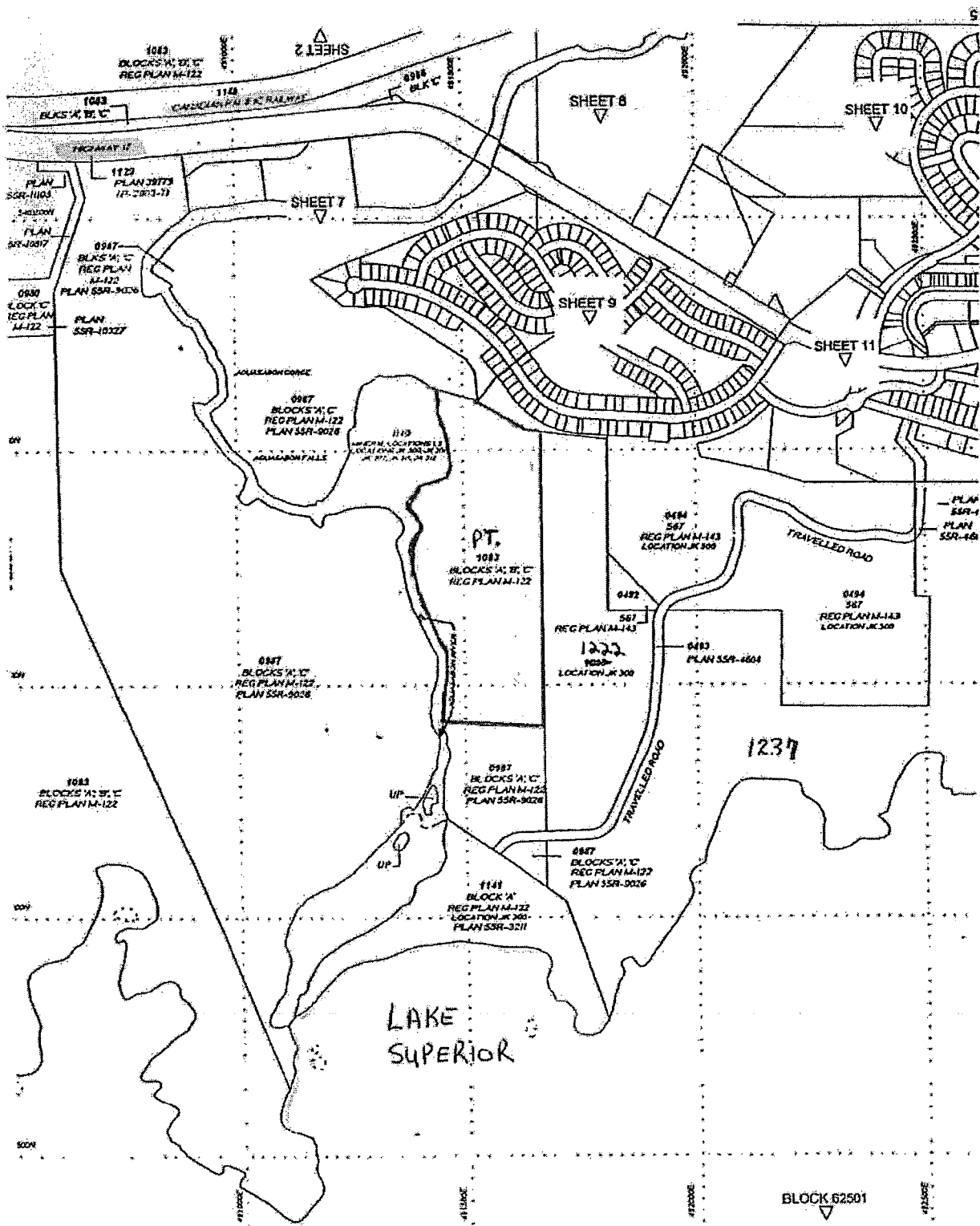
PT LOCATION JK300 STREY, PT 2 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

Amendments to Legal Descriptions

The legal description for PIN 62457-1083 (LT) may be amended prior to closing pursuant to the registration of reference plan(s) (which amended legal description will be set out in more detail by way of solicitor's statement or affidavit annexed to the Application for Vesting Order).

EXHIBIT "B-1"

■ R-PLAN REQUIRED



Schedule "C"Form of Approval and Vesting Order

See attached.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	WEEKDAY, THE #
	)	
JUSTICE	)	DAY OF MONTH, 20YR

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
(Non-Mill Property Parcel [•])**

THIS MOTION, made by Terrace Bay Pulp Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by a purchase agreement (the "**Purchase Agreement**") between the Debtor and [•] (the "**Purchaser**") dated [•], 2014 and appended as Appendix [•] to the [•] Report of Ernst & Young Inc., in its capacity as monitor (the "**Monitor**"), dated [DATE], 2014 (the "[•] Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the Property (as defined in the Purchase Agreement), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of [•] sworn [DATE], 2014 and the Exhibits thereto, and the [•] Report and on hearing the submissions of counsel for the Debtor, the Monitor, the Purchaser, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion, Motion Record and the [•] Report is hereby abridged such that this motion is properly

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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 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 amendments as the Debtor may deem necessary. The Debtor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Property 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 Property described in the Purchase Agreement and listed on 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, restrictive covenants, and other rights listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Property are hereby expunged and discharged as against the Property.

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

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directed to enter [Name of Purchaser] as the owner of the Property identified in Schedule B hereto in fee simple, and the said Land Registrar is hereby directed to delete and expunge from title to the Property all of the Claims listed in Schedule C hereto.

5. **THIS COURT ORDERS** that, for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Property shall stand in the place and stead of the Property, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Property with the same priority as they had with respect to the Property immediately prior to the sale, as if the Property 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 to dispose of any remaining property and assets of the Debtor and complete this administration may be paid from the Net Proceeds and disbursed by the Monitor from the Net Proceeds, from time to time, without further Order of this Court.

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, 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 Property 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.

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8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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

10. **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 made on notice to the Debtor and the Monitor.

11. **THIS COURT ORDERS** that the [•] Report of the Monitor dated [DATE], 2014, and the conduct and activities of the Monitor as described therein are hereby approved.

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 Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice, Commercial List (the "Court") dated [DATE OF ORDER], 2014, the Court approved the purchase agreement made as of [DATE] (the "Purchase Agreement") between Terrace Bay Pulp Inc. (the "Debtor") and [NAME OF PURCHASER] (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Property, which vesting is to be effective with respect to the Property 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 Property; (ii) that the conditions to Closing as set out in Article 6 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.

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THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Property payable on the Closing Date pursuant to the Purchase Agreement;
2. The Debtor and the Purchaser have confirmed to the Monitor, in writing, that the conditions to Closing set out in Article 6 of the Purchase Agreement have been satisfied or waived;
3. The sale transaction contemplated by the Purchase Agreement has been completed to the satisfaction of the Monitor; and
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 to the Approval and Vesting Order –
The Property**

**LEGAL DESCRIPTION OF PROPERTY
THE CORPORATION OF THE TOWNSHIP OF TERRACE BAY**

PIN 62457-0492 (LT)

PCL 14333 SEC TBF; PT LT 567 PL M143 STREY AS IN LPA78854 EXCEPT PT 3
55R4604; TERRACE BAY

PART OF PIN 62457-1083 (LT)

PCL 8903 SEC TBF; BLK B PL M122 STREY; BLK A & BLK C PL M122 STREY EXCEPT
LPA38883, LPA39779, LPA58436, SRO LPA64843, LT135891, PT 1, 2, 3, 4, 5, 6 55R1257, PT
1, 2 55R3211, PT 2, 4 55R3595, PT 1 55R4604, PT 1, 2, 3 55R5097, PT 1 55R5277, PT 1
55R9021, PT 1, 2, 3, 4, 5, 6, 7, 8 55R9026, PT 6 55R9438, PT 1 55R10327, PT 1 55R10817;
S/T LPA43496, LT210598; TERRACE BAY

COMPRISING ONLY PART OF THE AQUASABON GOLF CLUB AND ADJACENT
LANDS THERETO GENERALLY ILLUSTRATED ON EXHIBIT "B-1" HERETO, THE
PRECISE BOUNDARIES OF WHICH SHALL BE DETERMINED BY AN ONTARIO LAND
SURVEYOR AND SHOWN AS PART(S) ON A NEW REFERENCE PLAN OF SURVEY

PIN 62457-1096 (LT)

PCL 17109 SEC TBF; PT LOCATION JK 300 STREY PT 1, 4 & 5 55R2142 EXCEPT PT 1
55R2424, PT 2, 6 & 9 55R4166; PT LT 314 PL M121 STREY PT 6 55R2142; PT LT 315 PL
M121 STREY PT 3 55R2142; TERRACE BAY

PIN 62457-1116 (LT)

PCL 8952 SEC TBF; WATER LT LOCATION AB 1 STREY IN LAKE SUPERIOR, IN
FRONT OF PT OF LOCATION JK 300 AS IN PPA5404; TERRACE BAY

PIN 62457-1218 (LT)

PT LOCATION JK 306 STREY PTS 1, 3 & 4 55R4355; S/T LPA43496 PARTIALLY
RELEASED BY LT152053; TOWNSHIP OF TERRACE BAY

PIN 62457-1222 (LT)

PT LOCATION JK300 STREY PT 1, 55R13612; TOGETHER WITH AN EASEMENT AS IN
F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN
EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1224 (LT)

PT LOCATION JK300 STREY PT 4, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1225 (LT)

PT LOCATION JK300 STREY PT 3, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1235 (LT)

PT LOCATION JK300 STREY PT 10, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1236 (LT)

PT LOCATION JK300 STREY PTS 5-9, 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; SUBJECT TO AN EASEMENT IN GROSS OVER PT 7, 55R13612 AS IN LT148631; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 5 & 9, 55R13612 AS IN LT148632; TOWNSHIP OF TERRACE BAY

PIN 62457-1237 (LT)

PT LOCATION JK300 STREY, PT 2 55R13612; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

Amendments to Legal Descriptions

The legal description for PIN 62457-1083 (LT) may be amended prior to closing pursuant to the registration of reference plan(s) (which amended legal description will be set out in more detail by way of solicitor's statement or affidavit annexed to the Application for Vesting Order).

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

**REAL PROPERTY LIENS TO BE DISCHARGED
THE CORPORATION OF THE TOWNSHIP OF TERRACE BAY**

The following claims are to be deleted and expunged from the PINS listed under "Schedule 1"

1. A charge registered on September 15, 2010 as No. TY108162 in favour of Computershare Trust Company of Canada.
2. A construction lien registered on December 13, 2011 as No. TY132002 by EKT 90 Inc.
3. A construction lien registered on January 10, 2012 as No. TY133201 by Keating Insulation Inc.
4. An application to register Court Order registered on January 27, 2012 as No. TY134036 to which is attached a certificate of action re: TY132002.
5. 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 the PINS listed under "Schedule 2"

6. A construction lien registered on November 30, 2011 as No. TY131319 by North West Installations Inc.
7. A construction lien registered on December 2, 2011 as No. TY131507 by Fabmar Metals Inc.
8. A construction lien registered on December 5, 2011 as No. TY131541 by Mills & Manufacturing Acrylic Products Ltd.
9. A construction lien registered on December 5, 2011 as No. TY131567 by KMH Engineering Inc.
10. A construction lien registered on December 5, 2011 as No. TY131596 by TISI Canada Inc.
11. A construction lien registered on December 8, 2011 as No. TY131806 by Vector Construction Ltd.
12. A construction lien registered on December 9, 2011 as No. TY131889 by FRP Systems Ltd.
13. A construction lien registered on December 19, 2011 as No. TY132336 by Link Steel & Mechanical Inc.

14. A construction lien registered on December 19, 2011 as No. TY132337 by North American Kiln Service Inc.
15. A certificate registered on December 28, 2011 as No. TY132731 to which is attached a certificate of action re: No. TY131567.
16. A certificate registered on December 28, 2011 as No. TY132732 to which is attached a certificate of action re: No. TY131889.
17. A construction lien registered on January 4, 2012 as No. TY132967 by Skyway Canada Limited.
18. A certificate registered on January 11, 2012 as No. TY133232 to which is attached a certificate of action re: No. TY131541.
19. A certificate registered on January 11, 2012 as No. TY133239 to which is attached a certificate of action re: No. TY131319.
20. A certificate of action registered on January 13, 2012 as No. TY133386 to which is attached a certificate of action re: No. TY131596.
21. A certificate registered on January 20, 2012 as No. TY133709 to which is attached a certificate of action re: No. TY131806.
22. A certificate registered on January 31, 2012 as No. TY134274 to which is attached a certificate of action re: No. TY132967.

Additional Registrations

Together with such further claims (other than permitted encumbrances) 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).

"SCHEDULE 1"

62457-0492 (LT)

Part of 62457-1083 (LT)

62457-1096 (LT)

62457-1116 (LT)

62457-1218 (LT)

62457-1222 (LT)

62457- 1224 (LT)

62457-1225 (LT)

62457-1235 (LT)

62457-1236 (LT)

62457-1237 (LT)

"SCHEDULE 2"

62457-1218 (LT)

62457-1222 (LT)

62457-1224 (LT)

62457-1225 (LT)

62457-1235 (LT)

62457-1236 (LT)

62457-1237(LT)

**Schedule D to the Approval and Vesting Order -
Permitted Encumbrances, Easements and Restrictive Covenants related to the Property
(unaffected by the Approval and Vesting Order)**

THE CORPORATION OF THE TOWNSHIP OF TERRACE BAY

**PIN 62457-1096 (LT), PIN 62457-1116 (LT), PIN 62457-1218 (LT), PIN 62457-1222 (LT),
PIN 62457-1224 (LT), PIN 62457-1225 (LT), PIN 62457-1235 (LT), PIN 62457-1236 (LT),
& PIN 62457-1237 (LT)**

1. 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 62457-1222 (LT), PIN 62457-1224 (LT), PIN 62457-1225 (LT), PIN 62457-1235 (LT),
PIN 62457-1236 (LT) & PIN 62457-1237 (LT)**

2. An application registered on August 15, 2013 as No. TY163708 to amend the thumbnail property description.

PART OF PIN 62457-1083 (LT), & PIN 62457-1218 (LT)

3. An easement, with the right to pass and repass, registered on January 22, 1954 as No. LPA43496 in favour of The Hydro-Electric Power Commission of Ontario, as partially released on PIN 62457-1218 (LT) by Release registered on July 18, 1979 as No. LT152053.

PIN 62457-1218 (LT)

4. An application registered on June 11, 1952 as No. LPA40453 of notice to add lands, comprised of parts of closed highways, to the registered title.
5. An application registered on September 30, 2010 as No. TY109044 to change the name of the benefitting party in easement registered as No. LPA43496 to Ontario Power Generation Inc.

**FREEHOLD AIRPORT PIN 62457-1218 (LT)
(SEE ALSO LEASEHOLD AIRPORT PIN 62457-1111 (LT))**

6. An application registered on August 29, 1980 as No. LT162634 to which is attached a lease wherein The Corporation of The Township of Terrace Bay is named as tenant.
7. A notice of agreement registered on October 14, 1980 as No. LT163834 to which is attached a licence to Ontario Northland Transportation Commission.

8. A notice registered on October 23, 1998 as No. F82873 to which is attached a lease renewal and addendum wherein The Corporation of The Township of Terrace Bay is named as tenant.
9. An application registered on July 23, 2012 as No. TY143572 to which is attached a partial surrender of lease for land in No. LT162634 as extended by No. F82873.

PIN 62457-1236 (LT)

10. An easement registered on March 15, 1979 as No. LT148631 in favour of The Corporation of the Township of Terrace Bay for entry and repair/maintenance of the sewer line.
11. An easement registered on March 15, 1979 as No. LT148632 in favour of The Corporation of the Township of Terrace Bay for entry and repair/maintenance of the hydro line.

PART OF PIN 62457-1083 (LT)

12. A Land Registrar's order registered on February 3, 2005 as No. TY3308 to amend the thumbnail property description.

GOLF COURSE LEASE

13. Rights of Aguasabon Golf Club under the lease dated January 1, 1967 between Kimberly-Clark Pulp and Paper Company Limited and Aguasabon Golf Club, as amended or modified from time to time.

ONTARIO POWER GENERATION INC.

14. Any rights of Ontario Power Generation Inc. to cause periodic discharge of water flow that results in temporary partial overflow of water onto hole number 4 and the bottom portion of hole number 2 of the golf course located on the Property.
15. The rights of Ontario Power Generation Inc., if any, as illustrated on Reference Plan 55R-9026.
16. Any instruments registered on title to the Property on or before closing by Ontario Power Generation Inc. giving notice of any of the foregoing rights.

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
(Non-Mill Property Parcel [●])

BLAKE, CASSELS & GRAYDON LLP
Suite 4000, Commerce Court West
199 Bay Street
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Tel: 416-863-2255
Fax: 416-863-2653

Lawyers for the Applicant

This is Exhibit "F" referred to in the
Affidavit of Wolfgang Gericke
sworn the 5th day of May, 2014


A COMMISSIONER, ETC.

B. PAUL JASIURA

DATED FEBRUARY 14, 2014

PURCHASE AGREEMENT

by and between

TERRACE BAY PULP INC.

as Vendor

- and -

THUNDER BAY FIELD NATURALISTS CLUB

as Purchaser

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PURCHASE AGREEMENT

This **PURCHASE AGREEMENT** dated as of February 14, 2014 is made by and between TERRACE BAY PULP INC. (the "**Vendor**") and THUNDER BAY FIELD NATURALISTS CLUB (the "**Purchaser**").

WHEREAS:

Pursuant to the order of the Court (as defined herein) dated January 25, 2012 (as amended and restated, the "**Initial Order**"), the Vendor obtained protection under the *Companies' Creditors Arrangement Act* (Canada) in Court File No. CV-12-9566-00CL (the "**Proceedings**") and Ernst & Young Inc. was appointed as the court-appointed monitor (the "**Monitor**");

Pursuant to the Initial Order, the Vendor, with the assistance of the Monitor, was authorized to market the sale of, among other things, the Property (as defined herein);

Pursuant to the letter of intent dated November 16, 2013, the Purchaser confirmed its interest in purchasing the Property subject to, among other things, consummation of this Agreement;

The Vendor has agreed to sell all of its right, title and interest in and to the Property to the Purchaser, and the Purchaser has agreed to purchase all of the Vendor's right, title and interest in and to the Property from the Vendor on and subject to the terms and conditions of this Agreement (as defined herein).

The transaction contemplated by this Agreement is subject to the approval of the Court and will be consummated only pursuant to the Approval and Vesting Order (as defined herein) to be entered in the Proceedings.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following words and terms have the following meanings:

"**Agreement**" means this purchase agreement and all schedules to this agreement, as such agreement or schedules may be amended from time to time in accordance with the terms hereof.

"**Ancillary Agreements**" means, collectively, any other agreement, document or instrument contemplated in this Agreement or that the Vendor or the Purchaser enters into in connection with the consummation of the transaction contemplated hereby.

"**Approval and Vesting Order**" has the meaning ascribed to it in Section 5.1(1).

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"Assignment and Assumption Agreement" means an assignment and assumption agreement substantially in the form of Schedule "D" hereto.

"Assignment of Permitted Liens" means an assignment by the Vendor and an assumption by the Purchaser of all right, title and interest of the Vendor in and to the Permitted Liens in accordance with this Agreement, including an indemnity given by the Purchaser in favour of the Vendor in respect of any and all claims, demands, actions, losses, costs, liabilities or expenses under such Permitted Liens.

"Assumed Liabilities" has the meaning ascribed to it in Section 2.1(2).

"Business Day" means any day other than a Saturday, Sunday, any legal holiday, or a day on which banking institutions in the Province of Ontario are closed.

"Cash Purchase Price" has the meaning ascribed to it in Section 3.1(a).

"Closing" means the closing of the transaction contemplated herein.

"Closing Date" means the thirtieth (30th) day following the later of: (i) the date of issuance of the Approval and Vesting Order, and (ii) the Due Diligence Date, or such other date that the parties agree to in writing.

"Court" means the Ontario Superior Court of Justice (Commercial List).

"DRA" has the meaning ascribed to it in Section 9.16.

"Deposit" has the meaning ascribed to it in Section 3.2(1).

"Due Diligence Date" means 5:00 p.m. (Toronto time) on the day that is 30 days after the date of execution and delivery of this Agreement by both parties.

"E-Reg" has the meaning ascribed to it in Section 9.16.

"HST" has the meaning ascribed to it in Section 3.5.

"Initial Order" has the meaning ascribed to it in the recitals.

"Lien" means all "Claims" and "Encumbrances", as such terms are defined in the Approval and Vesting Order.

"Monitor" has the meaning ascribed to it in the recitals.

"Monitor's Certificate" means the certificate to be delivered on Closing and thereafter filed by the Monitor with the Court certifying that all conditions of Closing have been satisfied or waived.

"Permitted Liens" means: (a) Liens for current and future taxes, assessments or other governmental charges not yet due or payable, or which are being contested in good faith

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by appropriate proceedings but not including any taxes in arrears or any penalties thereon; (b) easements, rights-of-way, servitudes, restrictions, zoning, building codes or other land use laws, development agreements, development permits, building covenants, encroachment agreements, reciprocal access agreements, by-laws, municipal agreements, license agreements and other similar encumbrances other than monetary encumbrances, judgments and monetary Liens; (c) minor title defects or irregularities consisting of minor survey exceptions, restrictions in the original grant from the Crown or any other governmental authority and other minor unregistered restrictions as to the use of the Property; and (d) Liens identified on Schedule "A" hereto.

"Proceedings" has the meaning ascribed to it in the recitals.

"Property" means the lands and premises legally described in Schedule "B" hereto, including all buildings, structures, fixtures, systems and facilities situate thereon and/or forming a part thereof.

"Purchase Price" has the meaning ascribed to it in Section 3.1.

"Purchaser" has the meaning ascribed to it in the recitals.

"Receiving Party" has the meaning ascribed to it in Section 9.17.

"Reference Plan" has the meaning ascribed to it in Section 2.7.

"Tendering Party" has the meaning ascribed to it in Section 9.17.

"Township" means The Corporation of the Township of Terrace Bay.

"Vendor" has the meaning ascribed to it in the recitals.

Section 1.2 Interpretation.

(a) When a reference is made in this Agreement to a section or article, such reference shall be to a section or article of this Agreement unless otherwise clearly indicated to the contrary.

(b) Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation".

(c) The words "hereof", "herein", "hereunder" and "herewith" and words of similar meaning shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph and schedule references refer to the articles, sections, paragraphs and schedules of this Agreement unless otherwise specified.

(d) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

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(e) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns; provided, however, that nothing contained in this clause (e) is intended to authorize any assignment or transfer not otherwise permitted by this Agreement.

(f) A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or reenactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(g) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(h) Any reference in this Agreement to "\$" shall mean the lawful currency of Canada.

(i) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

Section 1.3 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein which apply to contracts made and to be performed entirely in Ontario.

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchased Assets.

- (1) On the terms and subject to the conditions hereof, the Vendor agrees to sell, assign and transfer all of its right, title and interest in and to the Property to the Purchaser and the Purchaser agrees to purchase all of the Vendor's right, title and interest in and to the Property from the Vendor, on the Closing Date.
- (2) Contemporaneously with the purchase of the Property, the Purchaser shall assume and agree to discharge, perform and fulfil, the following obligations and liabilities of the Vendor with respect to the Property pursuant to the Assignment and Assumption Agreement:
 - (a) all obligations and liabilities of the Vendor under the Permitted Liens;

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- (b) all taxes arising from or relating to the purchase of the Property, including the transfer taxes referred to in Section 3.4 (but not including, for greater certainty, taxes that are personal to the Vendor such as income taxes);
 - (c) all liabilities and obligations relating to the environmental condition of the Property; and
 - (d) all other obligations and liabilities expressly assumed under this Agreement
- (collectively, the "Assumed Liabilities").

Section 2.2 "As Is, Where Is".

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges and agrees that it is purchasing the Property and shall accept it on Closing and the Assumed Liabilities on an entirely "as is, where is" basis as they exist as of the date of the Closing without representation, warranty or declaration of any kind with respect to any aspect of the Property (including any conditions, representation or warranty, express or implied, pursuant to the *Sale of Goods Act* (Ontario)) or the Assumed Liabilities, and without recourse to the Vendor. In particular, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for use or purpose, merchantability, physical or environmental condition (including the presence or existence of any contaminant in, on or under, or flowing onto or from the Property or any part thereof or adjoining land, or in the air, surface or groundwater flowing through, onto or from the Property or any part thereof); the existence or non-existence of hazardous or toxic materials, wastes or substances, quality, size, dimension or topography, location of structures, walls, fences, wires, lines, pipes or conduits, in, on or outside of the Property, marketability, zoning, subdivision, the necessity or availability of any rezoning, zoning variances, conditional use permits, building permits, environmental impact statements and other governmental permits, development potential, access rights; applicable restrictive covenants, the Property's compliance with any laws, statutes, regulations or ordinances, municipal agreements or easements, faults, limitations and defects (latent and apparent). The Purchaser acknowledges that the Vendor makes no representation, warranty or with respect to, and that the Purchaser has carried out and relies on the results of its own examinations, investigations and searches with respect to the Property. The description of the Property contained in the Schedules hereto is for the purpose of identification only. The Purchaser acknowledges and confirms that no adjustment of the Purchase Price will be made for any change in condition, value, or quality of the Property from the date hereof to the Closing or otherwise. The provisions of this Section shall survive the Closing of this transaction.

Section 2.3 - Covenants and Restrictions.

The Purchaser hereby acknowledges receipt of a copy of the letter dated May 3, 2013 sent by counsel to the Township to counsel to the Vendor regarding the Township's municipal planning process. The Purchaser covenants and agrees to observe, perform and adhere to the provisions of all regulations and restrictions enacted by the Township and any other governmental authority as may be applicable with respect to the Property.

Section 2.4 Permitted Liens.

The Purchaser shall, at Closing and subject to the terms and conditions herein:

- (a) accept title to the Property pursuant to the Approval and Vesting Order and subject to the Permitted Liens;
- (b) satisfy itself as to the due compliance with the provisions of such Permitted Liens and not require releases of any Permitted Lien with respect to the Property; and
- (c) be subject to the covenants, obligations and restrictions imposed on the owner of the Property as set out in the Permitted Liens.

Section 2.5 Due Diligence.

Prior to the Closing Date, the Vendor shall, subject to any confidentiality or safety restrictions, provide the Purchaser and its representatives, at the Purchaser's sole and exclusive risk, reasonable access during normal business hours upon reasonable notice to the Vendor, to the Property and the books, records and files of the Vendor relating to the ownership of the Property that are in possession of the Vendor; provided, however, that the Purchaser shall indemnify the Vendor and any of its representatives from and against any claims arising from the Purchaser's access in accordance with this Section 2.5. The Purchaser shall be responsible for all of its out-of-pocket costs and expenses incurred in connection with this Section and any other due diligence performed by the Purchaser prior to the Closing. The Purchaser acknowledges that the Vendor shall have no obligation hereunder or otherwise to undertake environmental testing of the Property prior to Closing.

Section 2.6 Access to Books and Records.

For a period of one year from the Closing Date or for such longer period as may be required by applicable law, the Purchaser shall retain all original books and records in respect of the Property for the period prior to the Closing Date. So long as such books and records are retained by the Purchaser pursuant to this Agreement, the Purchaser shall cooperate with the Vendor by promptly providing the Vendor with such information and/or, at the Vendor's expense, with copies of such books and records as may be reasonably requested by the Vendor. The provisions of this Section 2.6 shall survive the Closing.

Section 2.7 Reference Plan.

The Purchaser hereby acknowledges that in order for certain portions of the Property to be conveyed to the Purchaser as contemplated by this Agreement, a reference plan of survey will need to be prepared and registered prior to Closing. The Vendor hereby covenants and agrees to arrange for the necessary reference plan(s) of survey (the "**Reference Plan**") to be prepared and registered prior to Closing. The sole cost and expense of the preparation and registration of the Reference Plan(s) shall be borne by the Vendor. If the Reference Plan has not been prepared and registered by the Closing Date, the Vendor shall have the option, subject to Section 8.1 below, of

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extending the Closing Date for a period or periods of time by notice in writing to the Purchaser or to the Purchaser's solicitors.

ARTICLE 3 PURCHASE PRICE

Section 3.1 Purchase Price.

In consideration for the sale of the Property to the Purchaser, and upon the terms and subject to the conditions set out herein, the purchase price for the Property shall be the aggregate of (collectively, the "Purchase Price"):

- (a) \$ plus or minus the adjustments referred to in Section 3.3 hereof (the "Cash Purchase Price"); and
- (b) the amount of the Assumed Liabilities.

Section 3.2 Payment of the Purchase Price.

The Purchase Price shall be paid and satisfied by the Purchaser as follows:

- (1) as to the sum of \$ (the "Deposit"), by certified cheque or bank draft payable to the Monitor, in trust, as of the date of execution and delivery of this Agreement by both parties, to be held in trust as a deposit pending the completion or other termination of this Agreement, and to be credited on the Closing Date against the Cash Purchase Price;
- (2) as to the balance of the Cash Purchase Price, by wire transfer of immediately available funds payable to the Monitor, in trust, or as the Monitor may direct; and
- (3) an amount equal to the amount of the Assumed Liabilities shall be satisfied by the Purchaser at Closing by execution and delivery by the Purchaser of the Assignment and Assumption Agreement.

Section 3.3 Adjustments.

Adjustments shall be made to the Purchase Price as of the Closing Date for any realty taxes or mining land taxes (with the Vendor being responsible for all such realty taxes and mining land taxes for the period ending on the day before the Closing Date, and the Purchaser being responsible for all such realty taxes and mining land taxes from and after the Closing Date), local improvement rates and charges, assessment rates, the costs of water, sewage, hydro-electric power, gas and other utilities, and all other items normally adjusted between a vendor and a purchaser in respect of the sale of property similar to the Property, provided, however that no adjustments will be made for any amounts which became due and owing prior to the date that the Proceedings were commenced, being January 25, 2012, other than, if applicable, in respect of realty taxes and mining land taxes.

Section 3.4 Transfer Taxes.

In addition to the Purchase Price, the Purchaser shall be responsible and shall pay or otherwise discharge all HST, land transfer taxes and similar transfer taxes in connection with the transfer of the Property and all registration and filing fees in connection with the Approval and Vesting Order or any instruments of transfer provided for in this Agreement or that are imposed by reason of the sale, transfer, and assignment of the Property.

Section 3.5 HST.

With respect to harmonized sales tax ("HST") payable pursuant to the *Excise Tax Act* (Canada), the Purchaser covenants that:

- (a) at Closing, it shall be the "recipient" of the supply of the Property (as "recipient" is defined in subsection 123(1) of the *Excise Tax Act* (Canada));
- (b) the Purchaser will report and pay any applicable HST payable as required by the provisions of the *Excise Tax Act* (Canada) in the manner and within the time prescribed by that Act;
- (c) the Purchaser will indemnify the Vendor and hold it harmless from any HST, penalty, interest or other amounts which may be payable by or be assessed against the Vendor under the *Excise Tax Act* (Canada) as a result of, or in connection with,
 - (i) the Vendor's failure to collect and remit any HST applicable on the sale of the Property to the Purchaser, and
 - (ii) the failure of the Purchaser to comply with its obligations under this Section 3.5; and
- (d) on Closing, the Purchaser shall deliver to the Vendor a certificate and indemnity incorporating the provisions of this Section 3.5.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

Section 4.1 Vendor's Representations and Warranties.

The Vendor represents and warrants to the Purchaser, and acknowledges that the Purchaser is relying on same, that:

- (a) subject to the granting of the Approval and Vesting Order, the Vendor has the power, authority and capacity to enter into this Agreement and to carry out the transaction contemplated hereby;
- (b) the Vendor is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada);

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- (c) no broker, agent or other intermediary has acted for or on behalf of the Vendor in connection with the negotiation or consummation of this Agreement or the transactions contemplated hereby; and
- (d) since November 13, 2013, the Vendor has not made any change to the physical condition of the Property that would have a material adverse effect on its value.

Section 4.2 Purchaser's Representations and Warranties.

The Purchaser represents and warrants to the Vendor, and acknowledges that the Vendor is relying on same, that:

- (a) the Purchaser is duly organized, validly existing and in good standing and has full corporate power and authority to enter into and to perform its obligations under this Agreement and the Ancillary Agreements;
- (b) this Agreement and each Ancillary Agreement to which the Purchaser is or will become party constitute the Purchaser's valid and binding obligations, enforceable against the Purchaser in accordance with their respective terms;
- (c) the execution, delivery and performance by the Purchaser of this Agreement and any Ancillary Agreements to which the Purchaser is or will become a party do not or will not at the time of execution (a) violate or conflict with any provision of the organizational documents of the Purchaser, (b) violate any provision of applicable law, or any order, writ, injunction, judgment or decree of any court or governmental authority applicable to the Purchaser, or (c) violate or result in a breach of or constitute (with due notice or lapse of time, or both) an event of default or default under any contract to which the Purchaser is a party or by which the Purchaser is bound or to which the Purchaser's properties or assets are subject;
- (d) except for the Approval and Vesting Order, no consent, waiver, authorization or approval of any person and no declaration to or filing or registration with any governmental authority is required in connection with the execution and delivery by the Purchaser of this Agreement and each Ancillary Agreement to which the Purchaser is or will become a party or the performance by the Purchaser of its obligations hereunder or thereunder;
- (e) the Purchaser has available, or prior to the Closing Date will have available, sufficient funding to enable the Purchaser to consummate the purchase of the Property from the Vendor on the terms set forth herein and otherwise to perform all of the Purchaser's obligations under this Agreement;
- (f) there is no action, suit, proceeding or claim that is pending or, to the Purchaser's knowledge, threatened in any court or by or before any governmental authority that would adversely affect the Purchaser's ability to perform its obligations under this Agreement on a timely basis;

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- (g) prior to Closing, the Purchaser will be registered for harmonized sales tax purposes under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) and will provide its registration number to the Vendor at least 3 days prior to Closing;
- (h) the Property transferred pursuant to this Agreement (i) is being purchased by the Purchaser as principal for its own account and is not being purchased by the Purchaser as an agent, trustee or otherwise on behalf of any other person, and (ii) does not constitute a supply of a residential complex made to an individual for the purposes of paragraph 221(2)(b) of the *Excise Tax Act* (Canada); and
- (i) the Purchaser will not be a non-resident of Canada for purposes of section 116 of the *Income Tax Act* (Canada) effective on or prior to Closing.

Section 4.3 Survival of Representations and Warranties.

The representations and warranties of the Vendor herein shall merge on Closing. The representations and warranties of the Purchaser herein shall survive the Closing for a period of six (6) months from the Closing Date.

ARTICLE 5 COURT APPROVAL CONDITION

Section 5.1 Court Approval Condition.

- (1) No party shall be obligated to complete the transaction contemplated by this Agreement unless the Vendor obtains an Order substantially in the form attached hereto as Schedule "C" (the "Approval and Vesting Order").
- (2) The Vendor shall file with the Court, as soon as reasonably practicable after the satisfaction or waiver of the condition precedent in favour of the Purchaser set forth in Section 6.1(a) hereof, a motion or motions seeking the Court's issuance of the Approval and Vesting Order. The Purchaser shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain the Approval and Vesting Order.
- (3) Notwithstanding anything else contained in this Agreement, if the Vendor is prevented from closing the transaction contemplated by this Agreement as a result of any person obtaining a stay of the Approval and Vesting Order, either the Vendor or the Purchaser shall have the option, subject to Section 8.1 below, of extending the Closing Date for a period or periods of time, in either case, by notice in writing to the other or to the other's solicitors.
- (4) Notwithstanding anything else contained in this Agreement, if the Court shall refuse to grant the Approval and Vesting Order, either party shall have the right to immediately terminate this Agreement.

ARTICLE 6 OTHER CLOSING CONDITIONS

Section 6.1 Conditions Precedent to Performance by the Purchaser.

The obligation of the Purchaser to complete the purchase of the Property contemplated by this Agreement is subject to fulfilment of the following conditions at or before the Closing Date or such other date as may be specified below, which, other than (d) (e) and (f), are included for the exclusive benefit of the Purchaser and may be waived by the Purchaser in whole or in part:

- (a) on or before the Due Diligence Date, the Purchaser shall have satisfied itself with respect to all aspects of the Property, including soil suitability, environmental matters, availability and suitability of services, title, Permitted Liens, and any other matters of interest to the Purchaser;
- (b) the representations and warranties of the Vendor contained in Article 4 hereof shall be true and correct as of the Closing Date in all material respects;
- (c) the Vendor shall have complied with all terms and conditions contained in this Agreement applicable to it prior to the Closing Date in all material respects;
- (d) the Reference Plan will have been registered on title as contemplated by Section 2.7 hereof;
- (e) the Approval and Vesting Order will have been granted by the Court and such order shall not be the subject of a stay; and
- (f) no final or nonappealable order, decree, ruling, injunction or any other action by any court or governmental authority or law that prevents the consummation of the transactions contemplated hereby or otherwise prohibits the transfer of the Property contemplated hereby shall be in effect.

Section 6.2 Conditions Precedent to Performance by the Vendor.

The obligation of the Vendor to complete the sale of the Property contemplated by this Agreement is subject to fulfilment of the following conditions at or before the Closing Date, which, other than (e), (f) and (g) below, are included for the exclusive benefit of the Vendor and may be waived by the Vendor in whole or in part:

- (a) the representations and warranties of the Purchaser contained in Article 4 hereof shall be true and correct as of the Closing Date in all material respects;
- (b) the Purchaser shall have complied with all terms and conditions contained in this Agreement applicable to it on or before the Closing Date in all material respects;
- (c) the Purchaser shall have paid the Purchase Price in accordance with the terms of this Agreement;

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- (d) the Purchaser shall have executed and delivered the Assignment and Assumption Agreement and any commercially reasonable specific assumption agreements as may be required for any Permitted Lien which has not otherwise been expressly set out herein, and any Ancillary Agreement;
- (e) the Reference Plan will have been registered on title as contemplated by Section 2.7 hereof;
- (f) the Approval and Vesting Order will have been granted by the Court and such order shall not be the subject of a stay; and
- (g) no final or nonappealable order, decree, ruling, injunction or any other action by any court or governmental authority or law that prevents the consummation of the transactions contemplated hereby or otherwise prohibits the transfer of the Property contemplated hereby shall be in effect.

Section 6.3 Non-Satisfaction of Conditions.

If any condition set out in Section 6.1, or Section 6.2 is not satisfied or performed on or before the Closing Date (as such date may be extended pursuant to Section 5.1(3)), or on or before the Due Diligence Date in the case of Section 6.1(a), the Purchaser, in the case of the conditions set out in Section 6.1, or the Vendor, in the case of the conditions set out in Section 6.2, may either (i) terminate this Agreement by written notice to the other party hereto delivered on or before the Closing Date, or on or before the Due Diligence Date in the case of Section 6.1(a) (provided, however, that if the Purchaser does not deliver a confirmation of satisfaction or waiver of Section 6.1(a) on or before the Due Diligence Date, this Agreement shall be deemed to be terminated by the Purchaser), in which case no party shall be under any further obligation to the other to complete the transaction contemplated by this Agreement, or (ii) except in the case of the conditions contained in Section 5.1 Section 6.1(d), (e) and (f) and Section 6.2(c) (e), (f) and (g), waive compliance with any such condition without prejudice to its right of termination of this Agreement in respect of the non-satisfaction or performance of any other condition.

Each party shall use its reasonable efforts to satisfy the closing conditions set forth herein that are within its reasonable control. All conditions to be satisfied on Closing shall be deemed to be satisfied if Closing occurs.

ARTICLE 7 CLOSING

Section 7.1 Time and Place of Closing.

The completion of the transaction contemplated by this Agreement (the "Closing") shall take place at 2:00 p.m. (Toronto time) on the Closing Date at the offices of Blake, Cassels & Graydon LLP, Toronto, Ontario or at such other place as may be agreed upon among the parties hereto.

Section 7.2 Insurance Matters.

The Vendor shall continue to maintain up to the Closing Date all property insurance coverage currently maintained by it with respect to the Property.

Section 7.3 Vendor's Deliveries.

At the Closing:

- (a) the sale, transfer, assignment, and conveyance of the Property to the Purchaser, shall be effected by the issued and entered Approval and Vesting Order;
- (b) the Vendor shall execute and deliver the Assignment and Assumption Agreement, the Ancillary Agreements and all other documents contemplated by this Agreement or by the Approval and Vesting Order to be delivered by the Vendor;
- (c) the Vendor shall deliver a true copy of the Approval and Vesting Order and, upon completion of the Closing, the Monitor's Certificate; and
- (d) the Vendor shall deliver a closing certificate executed by the Vendor, in a form satisfactory to the Purchaser, acting reasonably, certifying that all of the representations and warranties of the Vendor hereunder remain true and correct in all material respects as of the Closing Date.

Section 7.4 Purchaser's Deliveries.

At the Closing:

- (a) the Purchaser shall make the payments referred to in Section 3.2(2) and Section 3.4;
- (b) subject to the provisions of this Agreement, the Purchaser shall execute and deliver the Assignment and Assumption Agreement and any commercially reasonable specific assumption agreement as may be required for any Permitted Lien which has not otherwise been expressly set out herein, the HST certificate and indemnity contemplated in Section 3.5(d), the Ancillary Agreements and all other documents contemplated by this Agreement or the Approval and Vesting Order to be delivered by the Purchaser; and
- (c) the Purchaser shall deliver a closing certificate executed by the Purchaser, in a form satisfactory to the Vendor, acting reasonably, certifying that all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date.

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ARTICLE 8 TERMINATION

Section 8.1 Termination Rights.

This Agreement may be terminated (i) in accordance with Section 6.3; (ii) by mutual written consent of the parties at any time; or (iii) by either party if Closing has not occurred by 5:00 p.m. (Toronto time) on October 31, 2014, provided that a party hereunder may not terminate this Agreement if its default is the reason for such failure.

Section 8.2 Effect of Termination.

In the event of termination pursuant to Section 8.1, this Agreement shall become null and void and have no effect and no party to this Agreement shall have any liability to any other party, except that the Purchaser shall forfeit the Deposit to the Vendor if the Agreement is terminated by the Vendor as a result of a failure of the Purchaser to perform its obligations under Section 6.2(a), (b), (c) or (d), as a genuine estimate of liquidated damages and not as a penalty. The Vendor shall be liable to return the Deposit to the Purchaser if the Agreement is terminated for any other reason.

ARTICLE 9 MISCELLANEOUS

Section 9.1 Survival.

No representations, warranties, covenants and agreements of the Vendor or the Purchaser made in this Agreement shall survive the Closing Date except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement.

Section 9.2 Severability.

In the event that any part of this Agreement is declared by any court of competent jurisdiction to be null, void or unenforceable, a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable and the application of any provision so substituted, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of (a) the date hereof, and (b) the date this Agreement was last amended.

Section 9.3 Expenses.

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and auditors) incurred in connection

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with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 9.4 Third Party Beneficiaries.

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their successors and permitted assigns, and no person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

Section 9.5 Notices.

- (1) All notices, requests, demands, consents and other communications under this Agreement shall be in writing and shall be sent via overnight courier, e-mail (including by way of PDF format) or facsimile. If a notice is received on a Business Day before 5:00 PM local time the notice will be deemed to have been received at such time. If the notice is received other than on a Business Day or after 5:00 PM local time, the notice will be deemed to have been received the following Business Day. Notices shall be sent to the following addresses, as applicable:

If to the Vendor:

Terrace Bay Pulp Inc.
1120 Premier Way
Thunder Bay, Ontario P7B 0A3
Attention: Wolfgang Gericke
Facsimile: (807) 346-0453

- and to -

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, Ontario M5L 1A9
Attention: Silvana D'Alimonte/Jenna Willis
Facsimile: (416) 863-2685
E-mail: smda@blakes.com
jenna.willis@blakes.com

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With a copy (which shall not constitute notice) to:

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, Ontario M5K 1J7
Attention: Alex Morrison
Facsimile: (416) 943-3300
E-mail: alex.f.morrison@ca.ey.com

If to the Purchaser:

Thunder Bay Field Naturalists Club
Box 10037
Thunder Bay, Ontario P7B 6T6
Attention: Susan Bryan, Nature Reserves Chair
E-mail: bryan@tbaytel.net

- and to -

Carfagnini Law Office
1186 Roland Street
Thunder Bay, Ontario P7B 5M4
Attention: Anthony Carfagnini
Facsimile: (807) 345-3571
E-mail: tony@carflaw.ca

- (2) Any party may change its address or facsimile number for the purpose of this Section 9.5 by giving the other parties written notice of its new address in the manner set forth above.

Section 9.6 Further Assurances.

Each of the parties hereto, upon the request of another party hereto, up until the Closing Date, shall make or cause to be made all such further acts, deeds and assurances, as may be reasonably necessary to more effectually implement the transactions contemplated by this Agreement.

Section 9.7 Assignment.

At any time prior to the issuance of the Approval and Vesting Order, the Purchaser shall have the right to assign all of its rights and obligations under this Agreement to any entity which remains, at all times up to and including the Closing Date, an affiliate of the Purchaser upon written notice to the Vendor, and provided that (i) the Purchaser shall remain jointly and severally liable to the Vendor for the performance of the obligations of the Purchaser hereunder, unless released by the Vendor in writing, acting reasonably, and (ii) the assignee of the Purchaser has entered into an agreement with the Vendor assuming all rights and obligations of the Purchaser hereunder on terms and conditions satisfactory to the Vendor, acting reasonably.

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Except as set out in the previous paragraph, this Agreement shall not be assignable in whole or in part by the Vendor or the Purchaser without the written consent of the other party, which consent may be unreasonably withheld.

Section 9.8 Enurement.

This Agreement shall enure to the benefit of and be binding upon the parties and their successors and permitted assigns.

Section 9.9 Time.

Time shall be of the essence of this Agreement.

Section 9.10 Counterparts.

This Agreement may be executed in any number of counterparts and by the undersigned in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any of the undersigned by facsimile or "pdf" e-mail transmission shall be as effective as delivery of a manually executed copy of this Agreement by such undersigned.

Section 9.11 Risk of Loss.

The Property is and shall be at the risk of the Vendor up to and including Closing Date. If any loss or damage to any of the Property occurs on or before the Closing Date, the Purchaser shall still be obligated to complete the transaction herein on the terms and conditions set out herein.

Section 9.12 Planning Act.

The Vendor and the Purchaser hereby confirm and agree that this Agreement and the transaction reflected herein are subject to compliance with section 50 of the *Planning Act* (Ontario).

Section 9.13 Dispute Resolution.

The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the Court over any dispute arising out of or relating to this Agreement or the transaction contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action or proceeding related thereto shall be brought within the Proceedings to be heard and determined by way of summary adjudication in such Proceedings or any of the competent Ontario courts taking appeals therefrom.

Section 9.14 Entire Agreement and Modification.

This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the Confidentiality Agreement dated October 30, 2012

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and the Ancillary Agreements) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented or otherwise modified except in a written document executed by the party against whose interest the modification will operate.

Section 9.15 Solicitors as Agents.

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated by this Agreement may be given or delivered and accepted or received by the Purchaser's solicitors on behalf of the Purchaser and by the Vendor's solicitors on behalf of the Vendor and any tender of closing documents and/or funds to be delivered under this Agreement may be made upon the Vendor's solicitors and the Purchaser's solicitors, as the case may be.

Section 9.16 Electronic Registration.

The Purchaser's solicitors and the Vendor's solicitors shall each be obliged to be authorized electronic registration ("E-Reg") users and in good standing with the Law Society of Upper Canada, and are hereby authorized by the parties hereto to enter into a document registration agreement in the form adopted by the Joint LSUC-CBAO Committee on Electronic Registration of Title Documents on March 29, 2004 or any replacement thereof, with such amendments as are required to incorporate any agreement between the parties as to the co-ordination of the Closing and/or as the Vendor's solicitors and the Purchaser's solicitors may agree, acting reasonably (hereinafter referred to as the "DRA"), establishing the procedures and timing for completing this transaction, which DRA shall be exchanged between the Vendor's solicitors and the Purchaser's solicitors prior to the Closing Date. The delivery and exchange of all Closing deliveries hereunder and the release hereof to the parties hereto shall be governed by the DRA, pursuant to which the solicitor receiving any Closing deliveries will be required to hold same in escrow, and will not be entitled to release same except in strict accordance with the provisions of the DRA. Despite section 4 of the Joint LSUC-CBAO form of DRA, release of deliveries shall not happen until the registration of the Approval and Vesting Order has been completed.

Section 9.17 Tender.

Any tender of documents or money shall be made upon the party being tendered or upon its solicitors and money shall be tendered by wire transfer of immediately available funds. It is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by either party (the "**Tendering Party**") upon the other party (the "**Receiving Party**") when the solicitor for the Tendering Party has completed, in addition to all other requirements to effect a valid tender in accordance with the provisions of this Agreement and the DRA (if applicable), all steps required by E-Reg in order to complete this transaction that can be performed or undertaken by the Tendering Party's solicitor without the cooperation or participation of the Receiving Party's solicitor, and specifically when the Tendering Party's solicitor has, where possible, electronically "signed" the transfer and all other instruments to be registered against title to the Property at the time of the Closing for completeness and granted "access" to the Receiving Party's solicitor.

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Section 9.18 Broker's Fees.

Each party shall indemnify and hold harmless the other party against any liability, damage, cost or expense involving a finder's or broker's fee payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for such party.

Section 9.19 Vendor and Monitor Liability

The Purchaser acknowledges that all written and oral information obtained from the Vendor, the Monitor or any agent or representative with respect to the Property has been provided and obtained by the Purchaser for the convenience of the Purchaser only, and that the Vendor and the Monitor have not made any representation or warranty, express or implied, statutory or otherwise, as to the accuracy and completeness of any such information. The Purchaser agrees that the Vendor and the Monitor shall have no liability for any representations, express or implied, contained in, or omitted from, any written or oral communications transmitted to the Purchaser in the marketing and sale of the Property, negotiation of this Agreement, the Ancillary Agreements, or in the course of any of the Purchaser's investigations of the Property. The Provisions of this Section shall survive Closing of this transaction.

Section 9.20 Confidentiality

Each party (and their respective agents and representatives) will keep the existence and terms of this Agreement and any written offers made by the Purchaser in connection with this Agreement in strict confidence in accordance with the Confidentiality Agreement dated October 30, 2012, except (i) in the course of conveying necessary information to third parties directly involved in the transaction; and (ii) as may be required by law or otherwise mutually agreed upon in writing by the parties. The Purchaser acknowledges that a copy of this Agreement will be filed by the Vendor and/or the Monitor with the Court and served on the service list in the Proceedings in connection with the motion to obtain the Approval and Vesting Order, and authorizes such disclosure by the Vendor and/or Monitor.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of this February 14, 2014.

TERRACE BAY PULP INC.

By: [Signature]
Name: W. G. GERICK
Title: PRESIDENT

THUNDER BAY FIELD
NATURALISTS CLUB

By: [Signature]
Name: Robert Foster
Title: Vice-President

[Signature]
Name: Susan Bryan
Title: Past President

Index of Schedules

Schedule "A"	Permitted Liens
Schedule "B"	Legal Description of the Property
Schedule "C"	Form of Approval and Vesting Order
Schedule "D"	Form of Assignment and Assumption Agreement

Schedule "A"
Permitted Liens
Thunder Bay Field Naturalists

(unaffected by the Approval and Vesting Order)

PIN 62457-1119 (LT)

1. 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.

PART OF PIN 62457-1083 (LT))

2. An easement, with the right to pass and repass, registered on January 22, 1954 as No. LPA43496 in favour of The Hydro-Electric Power Commission of Ontario.
3. A Land Registrar's order registered on February 3, 2005 as No. TY3308 to amend the thumbnail property description.

PIN 62501-0002 (LT)

4. A right of the Crown to erect and maintain a lighthouse or lighthouses or other works necessary to secure the safe navigation of the waters adjacent thereto as in unregistered Crown Patent dated February 12, 1873.

CASQUE ISLES TRAIL

5. Rights of third parties to use the Casque Isles Trail.

SCHEDULE "B"

LEGAL DESCRIPTION OF PROPERTY THUNDER BAY FIELD NATURALISTS

PART OF PIN 62457-1083 (LT)

PCL 8903 SEC TBF; BLK B PL M122 STREY; BLK A & BLK C PL M122 STREY EXCEPT LPA38883, LPA39779, LPA58436, SRO LPA64843, LT135891, PT 1, 2, 3, 4, 5, 6 55R1257, PT 1, 2 55R3211, PT 2, 4 55R3595, PT 1 55R4604, PT 1, 2, 3 55R5097, PT 1 55R5277, PT 1 55R9021, PT 1, 2, 3, 4, 5, 6, 7, 8 55R9026, PT 6 55R9438, PT 1 55R10327, PT 1 55R10817; S/T LPA43496, LT210598; TERRACE BAY

SAVING AND EXCEPTING:

FIRSTLY: PART 7 ON PLAN 55R1257

SECONDLY: LANDS LYING NORTH OF HIGHWAY NO. 17 AND TO BE DESCRIBED ON A NEW REFERENCE PLAN OF SURVEY AND

THIRDLY: LANDS COMPRISING PART OF AQUASABON GOLF CLUB AND ADJACENT LANDS THERETO AND TO BE DESCRIBED ON A NEW REFERENCE PLAN OF SURVEY

PIN 62457-1119 (LT)

PCL 8625 SEC TBF; WATER LOT JK 314 STREY SITUATE IN TERRACE BAY OF LAKE SUPERIOR OPPOSITE PT OF MINERAL LOCATION 4 SALTER'S SURVEY AS IN PPA5278; TERRACE BAY

PIN 62501-0002 (LT)

PCL 8904 SEC TBF; FIRSTLTLY: ISLAND D PL M122 STREY IN LAKE SUPERIOR OPPOSITE THE SAID TOWNSHIP NO. 83; SECONDLY: ISLAND E PL M122 STREY IN LAKE SUPERIOR OPPOSITE THE SAID TOWNSHIP NO. 83; SAVING AND EXCEPTING THEREFROM THE RIGHT OF THE CROWN TO ERECT AND MAINTAIN A LIGHTHOUSE OR LIGHTHOUSES OR OTHER WORKS ON THE SAID ISLANDS NECESSARY TO SECURE THE SAFE NAVIGATION OF THE WATERS ADJACENT THERETO; THIRDLY: ISLAND F PL M122 STREY IN LAKE SUPERIOR OPPOSITE THE SAID TOWNSHIP NO. 83; DISTRICT OF THUNDER BAY

PIN 62501-0095 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED AS FOLLOWS: J.D.2109; DISTRICT OF THUNDER BAY

PIN 62501-0096 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2110; DISTRICT OF THUNDER BAY

PIN 62501-0097 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2111; DISTRICT OF THUNDER BAY

PIN 62501-0098 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2112; DISTRICT OF THUNDER BAY

PIN 62501-0099 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2113; DISTRICT OF THUNDER BAY

PIN 62501-0100 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2114; DISTRICT OF THUNDER BAY

PIN 62501-0101 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2115; DISTRICT OF THUNDER BAY

PIN 62501-0102 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2119; DISTRICT OF THUNDER BAY

PIN 62501-0103 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2120; DISTRICT OF THUNDER BAY

PIN 62501-0104 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2121; DISTRICT OF THUNDER BAY

PIN 62501-0105 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2124; DISTRICT OF THUNDER BAY

PIN 62501-0106 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2125; DISTRICT OF THUNDER BAY

Amendments to Legal Descriptions

The legal description for PIN 62457-1083 (LT) may be amended prior to closing pursuant to the registration of reference plan(s) (which amended legal description will be set out in more detail by way of solicitor's statement or affidavit annexed to the Application for Vesting Order).

Schedule "C"Form of Approval and Vesting Order

See attached.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	WEEKDAY, THE #
	)	
JUSTICE	)	DAY OF MONTH, 20YR

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
(Non-Mill Property Parcel [•])**

THIS MOTION, made by Terrace Bay Pulp Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by a purchase agreement (the "**Purchase Agreement**") between the Debtor and [•] (the "**Purchaser**") dated [•], 2014 and appended as Appendix [•] to the [•] Report of Ernst & Young Inc., in its capacity as monitor (the "**Monitor**"), dated [DATE], 2014 (the "[•] Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the Property (as defined in the Purchase Agreement), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of [•] sworn [DATE], 2014 and the Exhibits thereto, and the [•] Report and on hearing the submissions of counsel for the Debtor, the Monitor, the Purchaser, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion, Motion Record and the [•] Report is hereby abridged such that this motion is properly

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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 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 amendments as the Debtor may deem necessary. The Debtor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Property 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 Property described in the Purchase Agreement and listed on 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, restrictive covenants, and other rights listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Property are hereby expunged and discharged as against the Property.

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

- 3 -

directed to enter [Name of Purchaser] as the owner of the Property identified in Schedule B hereto in fee simple, and the said Land Registrar is hereby directed to delete and expunge from title to the Property all of the Claims listed in Schedule C hereto.

5. **THIS COURT ORDERS** that, for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Property shall stand in the place and stead of the Property, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Property with the same priority as they had with respect to the Property immediately prior to the sale, as if the Property 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 to dispose of any remaining property and assets of the Debtor and complete this administration may be paid from the Net Proceeds and disbursed by the Monitor from the Net Proceeds, from time to time, without further Order of this Court.

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, 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 Property 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.

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8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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

10. **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 made on notice to the Debtor and the Monitor.

11. **THIS COURT ORDERS** that the [•] Report of the Monitor dated [DATE], 2014, and the conduct and activities of the Monitor as described therein are hereby approved.

**Schedule A to the Approval and Vesting Order –
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 Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice, Commercial List (the "**Court**") dated [DATE OF ORDER], 2014, the Court approved the purchase agreement made as of [DATE] (the "**Purchase Agreement**") between Terrace Bay Pulp Inc. (the "**Debtor**") and [NAME OF PURCHASER] (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Property, which vesting is to be effective with respect to the Property 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 Property; (ii) that the conditions to Closing as set out in Article 6 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.

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THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Property payable on the Closing Date pursuant to the Purchase Agreement;
2. The Debtor and the Purchaser have confirmed to the Monitor, in writing, that the conditions to Closing set out in Article 6 of the Purchase Agreement have been satisfied or waived;
3. The sale transaction contemplated by the Purchase Agreement has been completed to the satisfaction of the Monitor; and
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" to Approval and Vesting Order -
PROPERTY**

THUNDER BAY FIELD NATURALISTS

PART OF PIN 62457-1083 (LT)

PCL 8903 SEC TBF; BLK B PL M122 STREY; BLK A & BLK C PL M122 STREY EXCEPT LPA38883, LPA39779, LPA58436, SRO LPA64843, LT135891, PT 1, 2, 3, 4, 5, 6 55R1257, PT 1, 2 55R3211, PT 2, 4 55R3595, PT 1 55R4604, PT 1, 2, 3 55R5097, PT 1 55R5277, PT 1 55R9021, PT 1, 2, 3, 4, 5, 6, 7, 8 55R9026, PT 6 55R9438, PT 1 55R10327, PT 1 55R10817; S/T LPA43496, LT210598; TERRACE BAY

SAVING AND EXCEPTING:

FIRSTLY: PART 7 ON PLAN 55R1257

SECONDLY: LANDS LYING NORTH OF HIGHWAY NO. 17 AND TO BE DESCRIBED ON A NEW REFERENCE PLAN OF SURVEY AND

THIRDLY: LANDS COMPRISING PART OF AQUASABON GOLF CLUB AND ADJACENT LANDS THERETO AND TO BE DESCRIBED ON A NEW REFERENCE PLAN OF SURVEY

PIN 62457-1119 (LT)

PCL 8625 SEC TBF; WATER LOT JK 314 STREY SITUATE IN TERRACE BAY OF LAKE SUPERIOR OPPOSITE PT OF MINERAL LOCATION 4 SALTER'S SURVEY AS IN PPA5278; TERRACE BAY

PIN 62501-0002 (LT)

PCL 8904 SEC TBF; FIRSTLTLY: ISLAND D PL M122 STREY IN LAKE SUPERIOR OPPOSITE THE SAID TOWNSHIP NO. 83; SECONDLY: ISLAND E PL M122 STREY IN LAKE SUPERIOR OPPOSITE THE SAID TOWNSHIP NO. 83; SAVING AND EXCEPTING THEREFROM THE RIGHT OF THE CROWN TO ERECT AND MAINTAIN A LIGHTHOUSE OR LIGHTHOUSES OR OTHER WORKS ON THE SAID ISLANDS NECESSARY TO SECURE THE SAFE NAVIGATION OF THE WATERS ADJACENT THERETO; THIRDLY: ISLAND F PL M122 STREY IN LAKE SUPERIOR OPPOSITE THE SAID TOWNSHIP NO. 83; DISTRICT OF THUNDER BAY

PIN 62501-0095 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED AS FOLLOWS: J.D.2109; DISTRICT OF THUNDER BAY

PIN 62501-0096 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2110; DISTRICT OF THUNDER BAY

PIN 62501-0097 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2111; DISTRICT OF THUNDER BAY

PIN 62501-0098 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2112; DISTRICT OF THUNDER BAY

PIN 62501-0099 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2113; DISTRICT OF THUNDER BAY

PIN 62501-0100 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2114; DISTRICT OF THUNDER BAY

PIN 62501-0101 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2115; DISTRICT OF THUNDER BAY

PIN 62501-0102 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2119; DISTRICT OF THUNDER BAY

PIN 62501-0103 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2120; DISTRICT OF THUNDER BAY

PIN 62501-0104 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2121; DISTRICT OF THUNDER BAY

PIN 62501-0105 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2124; DISTRICT OF THUNDER BAY

PIN 62501-0106 (LT)

ISLANDS IN LAKE SUPERIOR IN FRONT OF TWPS SYINE, STREY & PRISKE
UNSURVEYED TERRITORY MORE PARTICULARLY ENUMERATED AND DESCRIBED
AS FOLLOWS: J.D.2125; DISTRICT OF THUNDER BAY

Amendments to Legal Descriptions

The legal description for PIN 62457-1083 (LT) may be amended prior to closing pursuant to the registration of reference plan(s) (which amended legal description will be set out in more detail by way of solicitor's statement or affidavit annexed to the Application for Vesting Order).

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

**REAL PROPERTY LIENS TO BE DISCHARGED
THUNDER BAY FIELD NATURALISTS**

The following claims are to be deleted and expunged from the PINS listed under
"Schedule 1"

1. A charge registered on September 15, 2010 as No. TY108162 in favour of Computershare Trust Company of Canada.
2. A construction lien registered on December 13, 2011 as No. TY132002 by EKT 90 Inc.
3. A construction lien registered on January 10, 2012 as No. TY133201 by Keating Insulation Inc.
4. An application to register Court Order registered on January 27, 2012 as No. TY134036 to which is attached a certificate of action re: TY132002..
5. An application to register Court Order registered on February 24, 2012 as No. TY135375 to which is attached a certificate of action re: TY133201.

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).

"SCHEDULE 1"

Part of 62457-1083 (LT)

62457-1119 (LT)

62501-0002 (LT)

62501-0095 (LT)

62501-0096 (LT)

62501-0097 (LT)

62501-0098 (LT)

62501-0099 (LT)

62501-0100 (LT)

62501-0101 (LT)

62501-0102 (LT)

62501-0103 (LT)

62501-0104 (LT)

62501-0105 (LT)

62501-0106 (LT)

**Schedule "D" to Approval and Vesting Order -
Permitted Encumbrances, Easements and Restrictive Covenants related to the Property
Thunder Bay Field Naturalists**

(unaffected by the Approval and Vesting Order)

PIN 62457-1119 (LT)

1. 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.

PART OF PIN 62457-1083 (LT))

2. An easement, with the right to pass and repass, registered on January 22, 1954 as No. LPA43496 in favour of The Hydro-Electric Power Commission of Ontario.
3. A Land Registrar's order registered on February 3, 2005 as No. TY3308 to amend the thumbnail property description.

PIN 62501-0002 (LT)

4. A right of the Crown to erect and maintain a lighthouse or lighthouses or other works necessary to secure the safe navigation of the waters adjacent thereto as in unregistered Crown Patent dated February 12, 1873.

CASQUE ISLES TRAIL

5. Rights of third parties to use the Casque Isles Trail.

Schedule "D"

Form of Assignment and Assumption Agreement

See attached.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is executed as of [DATE] by and between TERRACE BAY PULP INC. (the "Vendor"), and THUNDER BAY FIELD NATURALISTS CLUB (the "Purchaser").

WHEREAS, pursuant to the order of the Court dated January 25, 2012, as amended and restated, the Vendor obtained protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (Canada);

AND WHEREAS, on the terms and subject to the conditions of the purchase agreement dated as of February __, 2014 by and between the Vendor and the Purchaser (as may be modified, amended or supplemented from time to time, the "Purchase Agreement"), the Vendor has agreed to, at the Closing, sell, assign, and transfer to the Purchaser all of the Vendor's right, title and interest in and to the Property;

AND WHEREAS, the Purchase Agreement requires the Vendor and the Purchaser to execute and deliver this Agreement for the purpose of evidencing the assignment to the Purchaser of all rights under the Permitted Liens and the assumption by the Purchaser of all of the Assumed Liabilities as more particularly set out in the Purchase Agreement.

NOW, THEREFORE, for the consideration set forth in the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. All initially capitalized terms used but not defined herein have the meaning given to them in the Purchase Agreement.

Section 2. Assignment of Permitted Liens. On the terms and subject to the conditions set forth in the Purchase Agreement, effective at the time of the Closing, the Vendor hereby assigns, transfers and sets over to the Purchaser all of its right, title, benefit and interest in, to and under the Permitted Liens and the benefit of each and every one of the rights, covenants and other provisions for the benefit of the Vendor contained therein, including all rights of action accruing to the Vendor under the Permitted Liens whenever accrued, and the Purchaser accepts such assignment, transfer and delivery effective as at the Closing.

Section 3. Assumption of Assumed Liabilities. On the terms and subject to the conditions set forth in the Purchase Agreement, effective at the time of the Closing, the Purchaser hereby assumes and shall be responsible for and thereafter pay, perform, observe, honour, discharge and fully satisfy, as and when due, the Assumed Liabilities.

Section 4. Indemnity. In the event that the Purchaser fails to pay or otherwise perform or discharge any Assumed Liability, the Purchaser will hold the Vendor (including any subsequent bankruptcy estate of the Vendor) harmless up to the amount of each unperformed Assumed Liability, together with any interest or penalties that may be assessed in connection therewith and any legal or professional fees incurred by the Vendor as a result of the Purchaser's non-performance of the applicable Assumed Liability. This indemnity will expire and terminate

once all Assumed Liabilities have been paid, discharged or otherwise performed by the Purchaser in accordance with its obligations hereunder.

Section 5. Non-Assignment of Permitted Liens. Notwithstanding anything contained herein to the contrary, this Agreement shall not constitute an agreement to assign any Permitted Lien to the extent that such Permitted Lien is not assignable under applicable law without the consent of any other person party thereto, where the consent of such person has not been given or received.

Section 6. Paramourty. This Agreement is delivered pursuant to and is subject to all of the terms and conditions contained in the Purchase Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

Section 7. Binding on Successors; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors in interest and permitted assigns, including any trustee in bankruptcy appointed with respect to the Vendor or its property. This Agreement is not intended to confer any rights or remedies upon any person other than the parties hereto and their successors in interest and permitted assigns.

Section 8. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 9. Counterparts. This Agreement may be executed in any number of counterparts and by the undersigned in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any of the undersigned by facsimile or portable document format e-mail transmission shall be as effective as delivery of a manually executed copy of this Agreement by such undersigned.

Section 10. Governing Law. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the Laws of the province of Ontario and the federal laws of Canada applicable therein.

Section 11. Time of the Essence. Time shall be of the essence of this Agreement and each of its provisions.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement as of the day and year first above written.

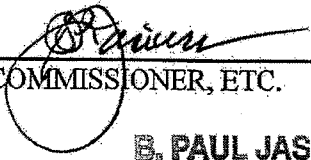
**THUNDER BAY FIELD NATURALISTS
CLUB**

By: _____
Name:
Title:

TERRACE BAY PULP INC.

By: _____
Name:
Title:

This is Exhibit "G" referred to in the
Affidavit of Wolfgang Gericke
sworn the 5th day of May, 2014


A COMMISSIONER, ETC.

B. PAUL JASIURA

DATED MARCH 27, 2014

PURCHASE AGREEMENT

by and between

TERRACE BAY PULP INC.

as Vendor

- and -

ONTARIO POWER GENERATION INC.

as Purchaser

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PURCHASE AGREEMENT

This **PURCHASE AGREEMENT** dated as of March 27, 2014 is made by and between TERRACE BAY PULP INC. (the “**Vendor**”) and ONTARIO POWER GENERATION INC. (the “**Purchaser**”).

WHEREAS:

Pursuant to the order of the Court (as defined herein) dated January 25, 2012 (as amended and restated, the “**Initial Order**”), the Vendor obtained protection under the *Companies’ Creditors Arrangement Act* (Canada) in Court File No. CV-12-9566-00CL (the “**Proceedings**”) and Ernst & Young Inc. was appointed as the court-appointed monitor (the “**Monitor**”);

Pursuant to the Initial Order, the Vendor, with the assistance of the Monitor, was authorized to market the sale of, among other things, the Property (as defined herein);

Pursuant to the letter of intent dated March 31, 2013, as amended and resubmitted by the Purchaser on December 4, 2013, and the letter dated February 18, 2014, the Purchaser confirmed its interest in purchasing the Property subject to, among other things, consummation of this Agreement;

The Vendor has agreed to sell all of its right, title and interest in and to the Property to the Purchaser, and the Purchaser has agreed to purchase all of the Vendor’s right, title and interest in and to the Property from the Vendor on and subject to the terms and conditions of this Agreement (as defined herein).

The transaction contemplated by this Agreement is subject to the approval of the Court and will be consummated only pursuant to the Approval and Vesting Order (as defined herein) to be entered in the Proceedings.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following words and terms have the following meanings:

“**Agreement**” means this purchase agreement and all schedules to this agreement, as such agreement or schedules may be amended from time to time in accordance with the terms hereof.

“**Ancillary Agreements**” means, collectively, any other agreement, document or instrument contemplated in this Agreement or that the Vendor or the Purchaser enters into in connection with the consummation of the transaction contemplated hereby.

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"Approval and Vesting Order" has the meaning ascribed to it in Section 5.1(1).

"Assignment and Assumption Agreement" means an assignment and assumption agreement substantially in the form of Schedule "D" hereto.

"Assignment of Permitted Liens" means an assignment by the Vendor and an assumption by the Purchaser of all right, title and interest of the Vendor in and to the Permitted Liens in accordance with this Agreement.

"Assumed Liabilities" has the meaning ascribed to it in Section 2.1(2).

"Business Day" means any day other than a Saturday, Sunday, any legal holiday, or a day on which banking institutions in the Province of Ontario are closed.

"Cash Purchase Price" has the meaning ascribed to it in Section 3.1(a).

"Closing" means the closing of the transaction contemplated herein.

"Closing Date" means the thirtieth (30th) day following the later of: (i) the date of issuance of the Approval and Vesting Order, and (ii) the Due Diligence Date, or such other date that the parties agree to in writing.

"Court" means the Ontario Superior Court of Justice (Commercial List).

"Deliveries" has the meaning set out in Section 2.5.

"DRA" has the meaning ascribed to it in Section 9.16.

"Deposit" has the meaning ascribed to it in Section 3.2(1).

"Due Diligence Date" means 5:00 p.m. (Toronto time) on the day that is 30 days after the date of execution and delivery of this Agreement by both parties.

"E-Reg" has the meaning ascribed to it in Section 9.16.

"HST" has the meaning ascribed to it in Section 3.5.

"Initial Order" has the meaning ascribed to it in the recitals.

"Lien" means all "Claims" and "Encumbrances", as such terms are defined in the Approval and Vesting Order.

"Monitor" has the meaning ascribed to it in the recitals.

"Monitor's Certificate" means the certificate to be delivered on Closing and thereafter filed by the Monitor with the Court certifying that all conditions of Closing have been satisfied or waived.

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"Permitted Liens" means: (a) Liens for current and future taxes, assessments or other governmental charges not yet due or payable but not including any taxes in arrears or any penalties thereon; (b) easements, rights-of-way, servitudes, restrictions, zoning, building codes or other land use laws, development agreements, development permits, building covenants, encroachment agreements, reciprocal access agreements, by-laws, municipal agreements, license agreements and other similar encumbrances other than monetary encumbrances, judgments and monetary Liens; (c) minor title defects or irregularities consisting of minor survey exceptions, restrictions in the original grant from the Crown or any other governmental authority and other minor unregistered restrictions as to the use of the Property; and (d) Liens identified on Schedule "A" hereto.

"Proceedings" has the meaning ascribed to it in the recitals.

"Property" means the lands and premises legally described in Schedule "B" hereto.

"Purchase Price" has the meaning ascribed to it in Section 3.1.

"Purchaser" has the meaning ascribed to it in the recitals.

"Receiving Party" has the meaning ascribed to it in Section 9.17.

"Reference Plan" has the meaning ascribed to it in Section 2.7.

"Tendering Party" has the meaning ascribed to it in Section 9.17.

"Township" means The Corporation of the Township of Terrace Bay.

"Vendor" has the meaning ascribed to it in the recitals.

Section 1.2 Interpretation.

(a) When a reference is made in this Agreement to a section or article, such reference shall be to a section or article of this Agreement unless otherwise clearly indicated to the contrary.

(b) Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation".

(c) The words "hereof", "herein", "hereunder" and "herewith" and words of similar meaning shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph and schedule references refer to the articles, sections, paragraphs and schedules of this Agreement unless otherwise specified.

(d) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

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(e) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns; provided, however, that nothing contained in this clause (e) is intended to authorize any assignment or transfer not otherwise permitted by this Agreement.

(f) A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or reenactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(g) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(h) Any reference in this Agreement to "\$" shall mean the lawful currency of Canada.

(i) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

Section 1.3 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein which apply to contracts made and to be performed entirely in Ontario.

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchased Assets.

- (1) On the terms and subject to the conditions hereof, the Vendor agrees to sell, assign and transfer all of its right, title and interest in and to the Property to the Purchaser and the Purchaser agrees to purchase all of the Vendor's right, title and interest in and to the Property from the Vendor, on the Closing Date.
- (2) Contemporaneously with the purchase of the Property, the Purchaser shall assume and agree to discharge, perform and fulfil, the following obligations and liabilities of the Vendor with respect to the Property pursuant to the Assignment and Assumption Agreement:
 - (a) all obligations and liabilities of the Vendor under the Permitted Liens;

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- (b) all taxes arising from or relating to the purchase of the Property which are ordinarily the responsibility of a purchaser in a transaction of this nature, including, without limitation, realty taxes, mining land taxes and the transfer taxes referred to in Section 3.4 (but not including, for greater certainty, taxes that are personal to the Vendor such as income taxes);
- (c) all liabilities and obligations relating to the environmental condition of the Property; and
- (d) all other obligations and liabilities expressly assumed under this Agreement

(collectively, the "Assumed Liabilities").

Section 2.2 "As Is, Where Is".

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges and agrees that it is purchasing the Property and shall accept it on Closing and the Assumed Liabilities on an entirely "as is, where is" basis as they exist as of the date of the Closing without representation, warranty or declaration of any kind with respect to any aspect of the Property (including any conditions, representation or warranty, express or implied, pursuant to the *Sale of Goods Act* (Ontario)) or the Assumed Liabilities, and without recourse to the Vendor. In particular, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for use or purpose, merchantability, physical or environmental condition (including the presence or existence of any contaminant in, on or under, or flowing onto or from the Property or any part thereof or adjoining land, or in the air, surface or groundwater flowing through, onto or from the Property or any part thereof); the existence or non-existence of hazardous or toxic materials, wastes or substances, quality, size, dimension or topography, location of structures, walls, fences, wires, lines, pipes or conduits, in, on or outside of the Property, marketability, zoning, subdivision, the necessity or availability of any rezoning, zoning variances, conditional use permits, building permits, environmental impact statements and other governmental permits, development potential, access rights; applicable restrictive covenants, the Property's compliance with any laws, statutes, regulations or ordinances, municipal agreements or easements, faults, limitations and defects (latent and apparent). The Purchaser acknowledges that the Vendor makes no representation, warranty or with respect to, and that the Purchaser has carried out and relies on the results of its own examinations, investigations and searches with respect to the Property. The description of the Property contained in the Schedules hereto is for the purpose of identification only. The Purchaser acknowledges and confirms that no adjustment of the Purchase Price will be made for any change in condition, value, or quality of the Property from the date hereof to the Closing or otherwise. The provisions of this Section shall survive the Closing of this transaction.

Section 2.3 Possible Use Restrictions.

The Purchaser hereby acknowledges receipt of a copy of the letter dated May 3, 2013 sent by counsel to the Township to counsel to the Vendor regarding the Township's municipal planning process.

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Section 2.4 Permitted Liens.

The Purchaser shall, at Closing and subject to the terms and conditions herein:

- (a) accept title to the Property pursuant to the Approval and Vesting Order and subject to the Permitted Liens;
- (b) satisfy itself as to the due compliance with the provisions of such Permitted Liens and not require releases of any Permitted Lien with respect to the Property; and
- (c) be subject to the covenants, obligations and restrictions imposed on the owner of the Property as set out in the Permitted Liens.

Section 2.5 Due Diligence.

Prior to the Closing Date, the Vendor shall, subject to any confidentiality or safety restrictions, provide the Purchaser and its representatives, at the Purchaser's sole and exclusive risk, reasonable access during normal business hours upon reasonable notice to the Vendor, to the Property and the books, records, studies, reports and files of the Vendor relating to the ownership of the Property (the "Deliveries") that are in possession of the Vendor; provided, however, that the Purchaser shall indemnify the Vendor and any of its representatives from and against any claims arising from the Purchaser's physical access to or on the Property in accordance with this Section 2.5. The Purchaser shall be responsible for all of its out-of-pocket costs and expenses incurred in connection with this Section and any other due diligence performed by the Purchaser prior to the Closing. The Purchaser acknowledges that the Vendor shall have no obligation hereunder or otherwise to undertake environmental testing of the Property prior to Closing.

Section 2.6 Access to Books and Records.

For a period of one year from the Closing Date or for such longer period as may be required by applicable law, the Purchaser shall retain all original books and records in respect of the Property for the period prior to the Closing Date. So long as such books and records are retained by the Purchaser pursuant to this Agreement, the Purchaser shall cooperate with the Vendor by promptly providing the Vendor with such information and/or, at the Vendor's expense, with copies of such books and records as may be reasonably requested by the Vendor, however, the Purchaser shall not be liable to the Vendor for the accidental or unintentional loss or destruction of such books and records. The provisions of this Section 2.6 shall survive the Closing.

Section 2.7 Reference Plan.

The Purchaser hereby acknowledges that in order for certain portions of the Property to be conveyed to the Purchaser as contemplated by this Agreement, a reference plan of survey will need to be prepared and registered prior to Closing. The Vendor hereby covenants and agrees to arrange for the necessary reference plan(s) of survey (the "Reference Plan") to be prepared and registered prior to Closing. The sole cost and expense of the preparation and registration of the

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Reference Plan(s) shall be borne by the Vendor. The Purchaser, acting reasonably, shall have the opportunity to review and approve the draft Reference Plan prior to registration of the draft Reference Plan (said draft Reference Plan to be delivered as soon as possible and not later than twenty-one (21) days prior to Closing). If the Reference Plan has not been prepared and registered by the Closing Date, the Vendor shall have the option, subject to Section 8.1 below, of extending the Closing Date for a period or periods of time by notice in writing to the Purchaser or to the Purchaser's solicitors.

ARTICLE 3 PURCHASE PRICE

Section 3.1 Purchase Price.

In consideration for the sale of the Property to the Purchaser, and upon the terms and subject to the conditions set out herein, the purchase price for the Property shall be the aggregate of (collectively, the "Purchase Price"):

- (a) \$ plus or minus the adjustments referred to in Section 3.3 hereof (the "Cash Purchase Price"); and
- (b) the amount of the Assumed Liabilities.

Section 3.2 Payment of the Purchase Price.

The Purchase Price shall be paid and satisfied by the Purchaser as follows:

- (1) by no later than April 4, 2014, the sum of \$ (the "Deposit") shall be paid by certified cheque or bank draft payable to the Monitor, in trust, to be held in trust as a deposit pending the completion or other termination of this Agreement, and to be credited on the Closing Date against the Cash Purchase Price;
- (2) as to the balance of the Cash Purchase Price, by wire transfer of immediately available funds payable to the Monitor, in trust, or as the Monitor may direct; and
- (3) an amount equal to the amount of the Assumed Liabilities shall be satisfied by the Purchaser at Closing by execution and delivery by the Purchaser of the Assignment and Assumption Agreement.

Section 3.3 Adjustments.

Adjustments shall be made to the Purchase Price as of the Closing Date for any realty taxes, local improvement rates and charges, assessment rates, the costs of water, sewage, hydro-electric power, gas and other utilities, and all other items normally adjusted between a vendor and a purchaser in respect of the sale of property similar to the Property, provided, however that no adjustments will be made for any amounts which became due and owing prior to the date that the Proceedings were commenced. If necessary, the parties hereto shall deliver on Closing undertakings to readjust the statement of adjustments, which undertakings shall survive for a period of no more than thirty (30) days after Closing.

Section 3.4 Transfer Taxes.

In addition to the Purchase Price, the Purchaser shall be responsible and shall pay or otherwise discharge all HST, land transfer taxes and similar transfer taxes in connection with the transfer of the Property and all registration and filing fees in connection with the Approval and Vesting Order or any instruments of transfer provided for in this Agreement or that are imposed by reason of the sale, transfer, and assignment of the Property.

Section 3.5 HST.

With respect to harmonized sales tax ("HST") payable pursuant to the *Excise Tax Act* (Canada), the Purchaser covenants that:

- (a) at Closing, it shall be the "recipient" of the supply of the Property (as "recipient" is defined in subsection 123(1) of the *Excise Tax Act* (Canada));
- (b) the Purchaser will report and pay any applicable HST payable as required by the provisions of the *Excise Tax Act* (Canada) in the manner and within the time prescribed by that Act;
- (c) the Purchaser will indemnify the Vendor and hold it harmless from any HST, penalty, interest or other amounts which may be payable by or be assessed against the Vendor under the *Excise Tax Act* (Canada) as a result of, or in connection with,
 - (i) the Vendor's failure to collect and remit any HST applicable on the sale of the Property to the Purchaser, and
 - (ii) the failure of the Purchaser to comply with its obligations under this Section 3.5; and
- (d) on Closing, the Purchaser shall deliver to the Vendor a certificate and indemnity incorporating the provisions of this Section 3.5.

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES**

Section 4.1 Vendor's Representations and Warranties.

The Vendor represents and warrants to the Purchaser, and acknowledges that the Purchaser is relying on same, that:

- (a) subject to the granting of the Approval and Vesting Order:
 - (i) the Vendor has the power, authority and capacity to enter into this Agreement and to carry out the transaction contemplated hereby; and

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- (ii) this Agreement and each Ancillary Agreement to which the Vendor is or will become party constitute, or will constitute, when executed and delivered, the Vendor's valid and binding obligations, enforceable against the Vendor in accordance with their respective terms;
- (b) the Vendor is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada);
- (c) no broker, agent or other intermediary has acted for or on behalf of the Vendor in connection with the negotiation or consummation of this Agreement or the transactions contemplated hereby;
- (d) except for the Approval and Vesting Order, no consent, waiver, authorization or approval of any person and no declaration to or filing or registration with any governmental authority is required in connection with the execution and delivery by the Vendor of this Agreement and each Ancillary Agreement to which the Vendor is or will become a party or the performance by the Vendor of its obligations hereunder or thereunder;
- (e) the Vendor has not sold or entered into any other existing agreements for the sale of the Property; and
- (f) save and except as may be disclosed in the Deliveries, no work or services have been performed and no materials have been placed or furnished in and or in respect of the Property at the request of the Vendor within the last sixty (60) days which could entitle a person to claim a lien against the Property under the *Construction Lien Act* (Ontario).

Section 4.2 Purchaser's Representations and Warranties.

The Purchaser represents and warrants to the Vendor, and acknowledges that the Vendor is relying on same, that:

- (a) the Purchaser is duly organized, validly existing and in good standing and has full corporate power and authority to enter into and to perform its obligations under this Agreement and the Ancillary Agreements;
- (b) this Agreement and each Ancillary Agreement to which the Purchaser is or will become party constitute or will constitute, when executed and delivered, the Purchaser's valid and binding obligations, enforceable against the Purchaser in accordance with their respective terms;
- (c) except for the Approval and Vesting Order, no consent, waiver, authorization or approval or order of any person and no declaration to or filing or registration with any governmental authority is required in connection with the execution and delivery by the Purchaser of this Agreement and each Ancillary Agreement to

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which the Purchaser is or will become a party or the performance by the Purchaser of its obligations hereunder or thereunder;

- (d) the Purchaser has available, or prior to the Closing Date will have available, sufficient funding to enable the Purchaser to consummate the purchase of the Property from the Vendor on the terms set forth herein and otherwise to perform all of the Purchaser's obligations under this Agreement;
- (e) prior to Closing and as of Closing, the Purchaser will be registered for harmonized sales tax purposes under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) and will provide its registration number to the Vendor at least 3 days prior to Closing;
- (f) the Property transferred pursuant to this Agreement is being purchased by the Purchaser as principal for its own account and is not being purchased by the Purchaser as an agent, trustee or otherwise on behalf of any other person; and
- (g) the Purchaser will not be a non-resident of Canada for purposes of section 116 of the *Income Tax Act* (Canada) effective on or prior to Closing.

Section 4.3 Survival of Representations and Warranties.

The representations and warranties of the Vendor and the Purchaser herein shall merge on Closing.

ARTICLE 5 COURT APPROVAL CONDITION

Section 5.1 Court Approval Condition.

- (1) No party shall be obligated to complete the transaction contemplated by this Agreement unless the Vendor obtains an Order substantially in the form attached hereto as Schedule "C" (the "Approval and Vesting Order").
- (2) The Vendor shall file with the Court, as soon as reasonably practicable after the satisfaction or waiver of the condition precedent in favour of the Purchaser set forth in Section 6.1(a) hereof, a motion or motions seeking the Court's issuance of the Approval and Vesting Order. The Purchaser shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain the Approval and Vesting Order. The Vendor shall remain solely responsible for obtaining the Approval and Vesting Order (including all costs associated with obtaining the Approval and Vesting Order).
- (3) Notwithstanding anything else contained in this Agreement, if the Vendor is prevented from closing the transaction contemplated by this Agreement as a result of any person obtaining a stay of the Approval and Vesting Order, either the Vendor or the Purchaser shall have the option, subject to Section 8.1 below, of extending the Closing Date for a

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period or periods of time, in either case, by notice in writing to the other or to the other's solicitors.

- (4) Notwithstanding anything else contained in this Agreement, if the Court shall refuse to grant the Approval and Vesting Order, either party shall have the right to immediately terminate this Agreement.

ARTICLE 6 OTHER CLOSING CONDITIONS

Section 6.1 Conditions Precedent to Performance by the Purchaser.

The obligation of the Purchaser to complete the purchase of the Property contemplated by this Agreement is subject to fulfilment of the following conditions at or before the Closing Date or such other date as may be specified below, which, other than (d) (e) and (f), are included for the exclusive benefit of the Purchaser and may be waived by the Purchaser in whole or in part:

- (a) on or before the Due Diligence Date, the Purchaser shall have satisfied itself with respect to all aspects of the Property, including soil suitability, environmental matters, availability and suitability of services, title, Permitted Liens, the Deliveries and any other matters of interest to the Purchaser;
- (b) the representations and warranties of the Vendor contained in Article 4 hereof shall be true and correct as of the Closing Date in all material respects;
- (c) the Vendor shall have complied with all terms and conditions contained in this Agreement applicable to it prior to the Closing Date in all material respects;
- (d) the Reference Plan shall be consistent with the draft Reference Plan approved by the Purchaser and will have been registered on title as contemplated by Section 2.7 hereof;
- (e) the Approval and Vesting Order will have been granted by the Court and such order shall not be the subject of a stay; and
- (f) no final or nonappealable order, decree, ruling, injunction or any other action by any court or governmental authority or law that prevents the consummation of the transactions contemplated hereby or otherwise prohibits the transfer of the Property contemplated hereby shall be in effect.

Section 6.2 Conditions Precedent to Performance by the Vendor.

The obligation of the Vendor to complete the sale of the Property contemplated by this Agreement is subject to fulfilment of the following conditions at or before the Closing Date, which, other than (e), (f) and (g) below, are included for the exclusive benefit of the Vendor and may be waived by the Vendor in whole or in part:

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- (a) the representations and warranties of the Purchaser contained in Article 4 hereof shall be true and correct as of the Closing Date in all material respects;
- (b) the Purchaser shall have complied with all terms and conditions contained in this Agreement applicable to it on or before the Closing Date in all material respects;
- (c) the Purchaser shall have paid the Purchase Price in accordance with the terms of this Agreement;
- (d) the Purchaser shall have executed and delivered the Assignment and Assumption Agreement and any specific assumption agreement as may be required for any Permitted Lien which has not otherwise been expressly set out herein, and any Ancillary Agreement;
- (e) the Reference Plan will have been registered on title as contemplated by Section 2.7 hereof;
- (f) the Approval and Vesting Order will have been granted by the Court and such order shall not be the subject of a stay; and
- (g) no final or nonappealable order, decree, ruling, injunction or any other action by any court or governmental authority or law that prevents the consummation of the transactions contemplated hereby or otherwise prohibits the transfer of the Property contemplated hereby shall be in effect.

Section 6.3 Non-Satisfaction of Conditions.

If any condition set out in Section 6.1, or Section 6.2 is not satisfied or performed on or before the Closing Date (as such date may be extended pursuant to Section 5.1(3)), or on or before the Due Diligence Date in the case of Section 6.1(a), the Purchaser, in the case of the conditions set out in Section 6.1, or the Vendor, in the case of the conditions set out in Section 6.2, may either (i) terminate this Agreement by written notice to the other party hereto delivered on or before the Closing Date, or on or before the Due Diligence Date in the case of Section 6.1(a) (provided, however, that if the Purchaser does not deliver a confirmation of satisfaction or waiver of Section 6.1(a) on or before the Due Diligence Date, this Agreement shall be deemed to be terminated by the Purchaser), in which case no party shall be under any further obligation to the other to complete the transaction contemplated by this Agreement, or (ii) except in the case of the conditions contained in Section 5.1, Section 6.1(d), (e) and (f) and Section 6.2(c), (e), (f) and (g), waive compliance with any such condition without prejudice to its right of termination of this Agreement in respect of the non-satisfaction or performance of any other condition.

Each party shall use its reasonable efforts to satisfy the closing conditions set forth herein that are within its reasonable control. All conditions to be satisfied on Closing shall be deemed to be satisfied if Closing occurs.

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ARTICLE 7 CLOSING

Section 7.1 Time and Place of Closing.

The completion of the transaction contemplated by this Agreement (the "Closing") shall take place at 2:00 p.m. (Toronto time) on the Closing Date at the offices of Blake, Cassels & Graydon LLP, Toronto, Ontario or at such other place as may be agreed upon among the parties hereto.

Section 7.2 Insurance Matters.

The Vendor shall continue to maintain up to the Closing Date all property insurance coverage currently maintained by it with respect to the Property.

Section 7.3 Vendor's Deliveries.

At or prior to the Closing:

- (a) the sale, transfer, assignment, and conveyance of the Property to the Purchaser, shall be effected by the issued and entered Approval and Vesting Order;
- (b) the Vendor shall execute and deliver the Assignment and Assumption Agreement, the Assignment of Permitted Liens, the Ancillary Agreements and all other documents contemplated by this Agreement or by the Approval and Vesting Order to be delivered by the Vendor;
- (c) the Vendor shall deliver a true copy of the Approval and Vesting Order and, upon completion of the Closing, the Monitor's Certificate;
- (d) the Vendor shall deliver a closing certificate executed by the Vendor, in a form satisfactory to the Purchaser, acting reasonably, certifying that all of the representations and warranties of the Vendor hereunder remain true and correct in all material respects as of the Closing Date;
- (e) the Vendor shall deliver a statement of adjustments and, if necessary, an undertaking to readjust the statement of adjustments;
- (f) the Vendor shall deliver a duly executed DRA as contemplated by Section 9.16 herein; and
- (g) the Vendor shall deliver a direction as to the payee or payees of the Cash Purchase Price.

Section 7.4 Purchaser's Deliveries.

At the Closing:

- (a) the Purchaser shall make the payments referred to in Section 3.2(2) and Section 3.4;
- (b) subject to the provisions of this Agreement, the Purchaser shall execute and deliver the Assignment and Assumption Agreement, the Assignment of Permitted Liens and any specific assumption agreement as may be required for any Permitted Lien which has not otherwise been expressly set out herein, the HST certificate and indemnity contemplated in Section 3.5(d), the Ancillary Agreements, an undertaking to readjust the statement of adjustments (if necessary) and all other documents contemplated by this Agreement or the Approval and Vesting Order to be delivered by the Purchaser; and
- (c) the Purchaser shall deliver a closing certificate executed by the Purchaser, in a form satisfactory to the Vendor, acting reasonably, certifying that all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date.

**ARTICLE 8
TERMINATION**

Section 8.1 Termination Rights.

This Agreement may be terminated (i) in accordance with Section 6.3; (ii) by mutual written consent of the parties at any time; or (iii) by either party if Closing has not occurred by 5:00 p.m. (Toronto time) on October 31, 2014, provided that a party hereunder may not terminate this Agreement if its default is the reason for such failure.

Section 8.2 Effect of Termination.

In the event of termination pursuant to Section 8.1, this Agreement shall become null and void and have no effect and no party to this Agreement shall have any liability to any other party, except that the Purchaser shall forfeit the Deposit to the Vendor if the Agreement is terminated by the Vendor as a result of a failure of the Purchaser to perform its obligations under Section 6.2(a), (b), (c) or (d), as a genuine estimate of liquidated damages and not as a penalty. The Vendor shall be liable to return the Deposit to the Purchaser if the Agreement is terminated for any other reason.

**ARTICLE 9
MISCELLANEOUS**

Section 9.1 Survival.

No representations, warranties, covenants and agreements of the Vendor or the Purchaser made in this Agreement shall survive the Closing Date except where, and only to the extent that,

the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement.

Section 9.2 Severability.

In the event that any part of this Agreement is declared by any court of competent jurisdiction to be null, void or unenforceable, a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable and the application of any provision so substituted, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of (a) the date hereof, and (b) the date this Agreement was last amended.

Section 9.3 Expenses.

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and auditors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

Section 9.4 Third Party Beneficiaries.

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their successors and permitted assigns, and no person, other than the parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

Section 9.5 Notices.

- (1) All notices, requests, demands, consents and other communications under this Agreement shall be in writing and shall be sent via overnight courier, e-mail (including by way of PDF format) or facsimile. If a notice is received on a Business Day before 5:00 PM local time the notice will be deemed to have been received at such time. If the notice is received other than on a Business Day or after 5:00 PM local time, the notice will be deemed to have been received the following Business Day. Notices shall be sent to the following addresses, as applicable:

If to the Vendor:

Terrace Bay Pulp Inc.
1120 Premier Way
Thunder Bay, Ontario P7B 0A3
Attention: Wolfgang Gericke
Facsimile: (807) 346-0453

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- and to -

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Commerce Court West
Toronto, Ontario M5L 1A9
Attention: Silvana D'Alimonte/Jenna Willis
Facsimile: (416) 863-2685
E-mail: smda@blakes.com
jenna.willis@blakes.com

With a copy (which shall not constitute notice) to:

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, Ontario M5K 1J7
Attention: Alex Morrison
Facsimile: (416) 943-3300
E-mail: alex.f.morrison@ca.ey.com

If to the Purchaser:

Ontario Power Generation
700 University Ave, H18D9
Toronto, Ontario M5G 1X6
Attention: Mr. Ron Murphy, Manager Real Estate Services
E-mail: ronald.murphy@opg.com

- (2) Any party may change its address or facsimile number for the purpose of this Section 9.5 by giving the other parties written notice of its new address in the manner set forth above.

Section 9.6 Further Assurances.

Each of the parties hereto, upon the request of another party hereto, up until the Closing Date, shall make or cause to be made all such further acts, deeds and assurances, as may be reasonably necessary to more effectually implement the transactions contemplated by this Agreement.

Section 9.7 Assignment.

At any time prior to the issuance of the Approval and Vesting Order, the Purchaser shall have the right to assign all of its rights and obligations under this Agreement to any entity which remains, at all times up to and including the Closing Date, an affiliate of the Purchaser upon written notice to the Vendor, and provided that (i) the Purchaser shall not be released from its obligations under this Agreement or any Ancillary Agreement and shall remain jointly and

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severally liable to the Vendor for the performance of the obligations of the Purchaser hereunder and under all Ancillary Agreements, and (ii) the assignee of the Purchaser has entered into an agreement with the Vendor assuming all rights and obligations of the Purchaser hereunder on terms and conditions satisfactory to the Vendor, acting reasonably.

Except as set out in the previous paragraph, this Agreement shall not be assignable in whole or in part by the Vendor or the Purchaser without the written consent of the other party, which consent may be unreasonably withheld.

Section 9.8 Enurement.

This Agreement shall enure to the benefit of and be binding upon the parties and their successors and permitted assigns.

Section 9.9 Time.

Time shall be of the essence of this Agreement.

Section 9.10 Counterparts.

This Agreement may be executed in any number of counterparts and by the undersigned in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any of the undersigned by facsimile or "pdf" e-mail transmission shall be as effective as delivery of a manually executed copy of this Agreement by such undersigned.

Section 9.11 Risk of Loss.

The Property is and shall be at the risk of the Vendor up to and including Closing Date. If any loss or damage to any of the Property occurs on or before the Closing Date, the Purchaser shall still be obligated to complete the transaction herein on the terms and conditions set out herein.

Section 9.12 Planning Act.

The Vendor and the Purchaser hereby confirm and agree that this Agreement and the transaction reflected herein are subject to compliance with section 50 of the *Planning Act* (Ontario) and that the Vendor shall be solely responsible for compliance with the subdivision control provisions of the *Planning Act* (Ontario).

Section 9.13 Dispute Resolution.

The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the Court over any dispute arising out of or relating to this Agreement or the transaction contemplated hereby and each party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action or proceeding related thereto shall be brought within the Proceedings to be heard and

determined by way of summary adjudication in such Proceedings or any of the competent Ontario courts taking appeals therefrom.

Section 9.14 Entire Agreement and Modification.

This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (along with the Amended and Restated Confidentiality Agreement dated March 18, 2013 and the Ancillary Agreements) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented or otherwise modified except in a written document executed by the party against whose interest the modification will operate.

Section 9.15 Solicitors as Agents.

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated by this Agreement may be given or delivered and accepted or received by the Purchaser's solicitors on behalf of the Purchaser and by the Vendor's solicitors on behalf of the Vendor and any tender of closing documents and/or funds to be delivered under this Agreement may be made upon the Vendor's solicitors and the Purchaser's solicitors, as the case may be.

Section 9.16 Electronic Registration.

The Purchaser's solicitors and the Vendor's solicitors shall each be obliged to be authorized electronic registration ("E-Reg") users and in good standing with the Law Society of Upper Canada, and are hereby authorized by the parties hereto to enter into a document registration agreement in the form adopted by the Joint LSUC-CBAO Committee on Electronic Registration of Title Documents on March 29, 2004 or any replacement thereof, with such amendments as are required to incorporate any agreement between the parties as to the co-ordination of the Closing and/or as the Vendor's solicitors and the Purchaser's solicitors may agree, acting reasonably (hereinafter referred to as the "DRA"), establishing the procedures and timing for completing this transaction, which DRA shall be exchanged between the Vendor's solicitors and the Purchaser's solicitors prior to the Closing Date. The delivery and exchange of all Closing deliveries hereunder and the release hereof to the parties hereto shall be governed by the DRA, pursuant to which the solicitor receiving any Closing deliveries will be required to hold same in escrow, and will not be entitled to release same except in strict accordance with the provisions of the DRA. Despite section 4 of the Joint LSUC-CBAO form of DRA, release of deliveries shall not happen until the registration of the Approval and Vesting Order has been completed.

Section 9.17 Tender.

Any tender of documents or money shall be made upon the party being tendered or upon its solicitors and money shall be tendered by wire transfer of immediately available funds. It is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by either party (the "Tendering Party") upon the other party (the "Receiving Party") when the solicitor for the Tendering Party has completed, in addition to all other

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requirements to effect a valid tender in accordance with the provisions of this Agreement and the DRA (if applicable), all steps required by E-Reg in order to complete this transaction that can be performed or undertaken by the Tendering Party's solicitor without the cooperation or participation of the Receiving Party's solicitor, and specifically when the Tendering Party's solicitor has, where possible, electronically "signed" the transfer and all other instruments to be registered against title to the Property at the time of the Closing for completeness and granted "access" to the Receiving Party's solicitor.

Section 9.18 Broker's Fees.

Each party shall indemnify and hold harmless the other party against any liability, damage, cost or expense involving a finder's or broker's fee payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for such party.

Section 9.19 Vendor and Monitor Liability

The Purchaser acknowledges that all written and oral information obtained from the Vendor, the Monitor or any agent or representative with respect to the Property has been provided and obtained by the Purchaser for the convenience of the Purchaser only, and that the Vendor and the Monitor have not made any representation or warranty, express or implied, statutory or otherwise, as to the accuracy and completeness of any such information. The Purchaser agrees that the Vendor and the Monitor shall have no liability for any representations, express or implied, contained in, or omitted from, any written or oral communications transmitted to the Purchaser in the marketing and sale of the Property, negotiation of this Agreement, the Ancillary Agreements, or in the course of any of the Purchaser's investigations of the Property. The Provisions of this Section shall survive Closing of this transaction.

Section 9.20 Confidentiality

Each party (and their respective agents and representatives) will keep the existence and terms of this Agreement and any written offers made by the Purchaser in connection with this Agreement in strict confidence in accordance with the Amended and Restated Confidentiality Agreement dated March 18, 2013, except (i) in the course of conveying necessary information to third parties directly involved in the transaction; and (ii) as may be required by law or otherwise mutually agreed upon in writing by the parties. The Purchaser acknowledges that a copy of this Agreement will be filed by the Vendor and/or the Monitor with the Court and served on the service list in the Proceedings in connection with the motion to obtain the Approval and Vesting Order, and authorizes such disclosure by the Vendor and/or Monitor.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of this March 27, 2014.

TERRACE BAY PULP INC.

By: 
Name: W. GERICKE
Title: PRESIDENT

I have the authority to bind the corporation.

ONTARIO POWER GENERATION
INC.

By: 
Name: RONALD MURPHY
Title: SR. MANAGER, REAL ESTATE SERVICES

I have the authority to bind the corporation.

Index of Schedules

Schedule "A"	Permitted Liens
Schedule "B"	Legal Description of the Property
Schedule "C"	Form of Approval and Vesting Order
Schedule "D"	Form of Assignment and Assumption Agreement

Schedule "A"
Permitted Liens
Ontario Power Generation Inc.

(unaffected by the Approval and Vesting Order)

PIN 62457-1120 (LT), PIN 62457-1229 (LT), PIN 62457-1230 (LT), PIN 62458-0523 (LT) & PIN 62458-0533 (LT)

1. 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 62457-1120 (LT)

2. An application registered on June 11, 1952 as No. LPA40453 of notice to add lands, comprised of parts of closed highways, to the registered title.
3. An easement, with the right to remove sand and gravel, registered on January 22, 1954 as No. LPA43492 in favour of The Hydro-Electric Power Commission of Ontario.
4. An easement, with the right to remove silt, registered on January 22, 1954 as No. LPA43494 in favour of The Hydro-Electric Power Commission of Ontario.

PART OF PIN 62457-1083 (LT) & PIN 62457-1120 (LT)

5. An easement, with the right to pass and repass, registered on January 22, 1954 as No. LPA43496 in favour of The Hydro-Electric Power Commission of Ontario.
6. An easement registered on May 23, 1986 as No. LT210598 in favour of Her Majesty the Queen in Right of Canada with rights over Parts 8, 9 and 10 on Plan 55R-5375 for access to and from Part 1 on Plan 55R-5375.

PART OF PIN 62457-1083 (LT)

7. A Land Registrar's order registered on February 3, 2005 as No. TY3308 to amend the thumbnail property description.

PIN 62458-0523 (LT)

8. An easement, with flooding rights, registered on November 27, 1947 as No. LPA32803 in favour of The Hydro-Electric Power Commission of Ontario.

PIN 62458-0534 (LT)

9. An application registered on June 11, 1952 as No. LPA40453 of notice to add lands, comprised of parts of closed highways, to the registered title.

ONTARIO POWER GENERATION INC.

10. The rights of Ontario Power Generation Inc., if any, as illustrated on Reference Plan 55R-9026.

SCHEDULE "B"

LEGAL DESCRIPTION OF PROPERTY ONTARIO POWER GENERATION INC.

PART OF PIN 62457-1083 (LT) (TO BE DESCRIBED BY NEW REFERENCE PLAN OF SURVEY)

PCL 8903 SEC TBF; BLK B PL M122 STREY; BLK A & BLK C PL M122 STREY EXCEPT LPA38883, LPA39779, LPA58436, SRO LPA64843, LT135891, PT 1, 2, 3, 4, 5, 6 55R1257, PT 1, 2 55R3211, PT 2, 4 55R3595, PT 1 55R4604, PT 1, 2, 3 55R5097, PT 1 55R5277, PT 1 55R9021, PT 1, 2, 3, 4, 5, 6, 7, 8 55R9026, PT 6 55R9438, PT 1 55R10327, PT 1 55R10817; S/T LPA43496, LT210598; TERRACE BAY

SAVING AND EXCEPTING THOSE LANDS LYING SOUTH OF HIGHWAY NO. 17 BUT INCLUDING PART 7 ON PLAN 55R1257

PIN 62457-1120 (LT)

PCL 8626 SEC TBF; LOCATION JK 301 STREY AS IN PPA5279; S/T LPA43492, LPA43494, LPA43496, LT210598; TERRACE BAY

PIN 62457-1229 (LT)

PT LOCATION JK300 STREY PT 1, 55R13391; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1230 (LT)

PT LOCATION JK300 STREY PT 2, 55R13391; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62458-0523 (LT)

PCL 5378 SEC TBF; MINING CLAIM TB 3413 PRISKE S/T RIGHT IN LPA32803; TERRACE BAY

PIN 62458-0533 (LT)

PCL 8623 SEC TBF; LOCATION JK 303 PRISKE AS IN PPA5276; TERRACE BAY

PIN 62458-0534 (LT)

PCL 8666 SEC TBF; LOCATION JK 302 PRISKE AS IN PPA5289 EXCEPT LPA39780, LPA67285, PT 10-12, 55R11271; TERRACE BAY

Amendments to Legal Descriptions

The legal description for PIN 62457-1083 (LT) may be amended prior to closing pursuant to the registration of reference plan(s) (which amended legal description will be set out in more detail by way of solicitor's statement or affidavit annexed to the Application for Vesting Order).

Schedule "C"Form of Approval and Vesting Order

See attached.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	WEEKDAY, THE #
	)	
JUSTICE	)	DAY OF MONTH, 20YR

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
(Non-Mill Property Parcel [●])**

THIS MOTION, made by Terrace Bay Pulp Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by a purchase agreement (the "**Purchase Agreement**") between the Debtor and [●] (the "**Purchaser**") dated [●], 2014 and appended as Appendix [●] to the [●] Report of Ernst & Young Inc., in its capacity as monitor (the "**Monitor**"), dated [DATE], 2014 (the "[●] Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the Property (as defined in the Purchase Agreement), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of [●] sworn [DATE], 2014 and the Exhibits thereto, and the [●] Report and on hearing the submissions of counsel for the Debtor, the Monitor, the Purchaser, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion, Motion Record and the [●] Report is hereby abridged such that this motion is properly

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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 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 amendments as the Debtor may deem necessary. The Debtor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Property 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 Property described in the Purchase Agreement and listed on 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, restrictive covenants, and other rights listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Property are hereby expunged and discharged as against the Property.

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

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directed to enter [Name of Purchaser] as the owner of the Property identified in Schedule B hereto in fee simple, and the said Land Registrar is hereby directed to delete and expunge from title to the Property all of the Claims listed in Schedule C hereto.

5. **THIS COURT ORDERS** that, for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Property shall stand in the place and stead of the Property, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Property with the same priority as they had with respect to the Property immediately prior to the sale, as if the Property 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 to dispose of any remaining property and assets of the Debtor and complete this administration may be paid from the Net Proceeds and disbursed by the Monitor from the Net Proceeds, from time to time, without further Order of this Court.

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, 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 Property 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.

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8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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

10. **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 made on notice to the Debtor and the Monitor.

11. **THIS COURT ORDERS** that the [●] Report of the Monitor dated [DATE], 2014, and the conduct and activities of the Monitor as described therein are hereby approved.

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 Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice, Commercial List (the "**Court**") dated [DATE OF ORDER], 2014, the Court approved the purchase agreement made as of [DATE] (the "**Purchase Agreement**") between Terrace Bay Pulp Inc. (the "**Debtor**") and [NAME OF PURCHASER] (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Property, which vesting is to be effective with respect to the Property 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 Property; (ii) that the conditions to Closing as set out in Article 6 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.

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THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Property payable on the Closing Date pursuant to the Purchase Agreement;
2. The Debtor and the Purchaser have confirmed to the Monitor, in writing, that the conditions to Closing set out in Article 6 of the Purchase Agreement have been satisfied or waived;
3. The sale transaction contemplated by the Purchase Agreement has been completed to the satisfaction of the Monitor; and
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" – Property**PART OF PIN 62457-1083 (LT)****(TO BE DESCRIBED BY NEW REFERENCE PLAN OF SURVEY)**

PCL 8903 SEC TBF; BLK B PL M122 STREY; BLK A & BLK C PL M122 STREY EXCEPT LPA38883, LPA39779, LPA58436, SRO LPA64843, LT135891, PT 1, 2, 3, 4, 5, 6 55R1257, PT 1, 2 55R3211, PT 2, 4 55R3595, PT 1 55R4604, PT 1, 2, 3 55R5097, PT 1 55R5277, PT 1 55R9021, PT 1, 2, 3, 4, 5, 6, 7, 8 55R9026, PT 6 55R9438, PT 1 55R10327, PT 1 55R10817; S/T LPA43496, LT210598; TERRACE BAY

SAVING AND EXCEPTING THOSE LANDS LYING SOUTH OF HIGHWAY NO. 17 BUT INCLUDING PART 7 ON PLAN 55R1257

PIN 62457-1120 (LT)

PCL 8626 SEC TBF; LOCATION JK 301 STREY AS IN PPA5279; S/T LPA43492, LPA43494, LPA43496, LT210598; TERRACE BAY

PIN 62457-1229 (LT)

PT LOCATION JK300 STREY PT 1, 55R13391; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62457-1230 (LT)

PT LOCATION JK300 STREY PT 2, 55R13391; TOGETHER WITH AN EASEMENT AS IN F117275; TOGETHER WITH AN EASEMENT AS IN LT169283; TOGETHER WITH AN EASEMENT AS IN LT148629; TOWNSHIP OF TERRACE BAY

PIN 62458-0523 (LT)

PCL 5378 SEC TBF; MINING CLAIM TB 3413 PRISKE S/T RIGHT IN LPA32803; TERRACE BAY

PIN 62458-0533 (LT)

PCL 8623 SEC TBF; LOCATION JK 303 PRISKE AS IN PPA5276; TERRACE BAY

PIN 62458-0534 (LT)

PCL 8666 SEC TBF; LOCATION JK 302 PRISKE AS IN PPA5289 EXCEPT LPA39780, LPA67285, PT 10-12, 55R11271; TERRACE BAY

Amendments to Legal Descriptions

The legal description for PIN 62457-1083 (LT) may be amended prior to closing pursuant to the registration of reference plan(s) (which amended legal description will be set out in more detail by way of solicitor's statement or affidavit annexed to the Application for Vesting Order).

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

**REAL PROPERTY LIENS TO BE DISCHARGED
ONTARIO POWER GENERATION INC.**

The following claims are to be deleted and expunged from the PINS listed under "Schedule 1"

1. A charge registered on September 15, 2010 as No. TY108162 in favour of Computershare Trust Company of Canada.
2. A construction lien registered on December 13, 2011 as No. TY132002 by EKT 90 Inc.
3. A construction lien registered on January 10, 2012 as No. TY133201 by Keating Insulation Inc.
4. An application to register Court Order registered on January 27, 2012 as No. TY134036 to which is attached a certificate of action re: TY132002.
5. 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 the PINS listed under "Schedule 2"

6. A construction lien registered on November 30, 2011 as No. TY131319 by North West Installations Inc.
7. A construction lien registered on December 2, 2011 as No. TY131507 by Fabmar Metals Inc.
8. A construction lien registered on December 5, 2011 as No. TY131541 by Mills & Manufacturing Acrylic Products Ltd.
9. A construction lien registered on December 5, 2011 as No. TY131567 by KMH Engineering Inc.
10. A construction lien registered on December 5, 2011 as No. TY131596 by TISI Canada Inc.
11. A construction lien registered on December 8, 2011 as No. TY131806 by Vector Construction Ltd.
12. A construction lien registered on December 9, 2011 as No. TY131889 by FRP Systems Ltd.
13. A construction lien registered on December 19, 2011 as No. TY132336 by Link Steel & Mechanical Inc.

14. A construction lien registered on December 19, 2011 as No. TY132337 by North American Kiln Service Inc.
15. A certificate registered on December 28, 2011 as No. TY132731 to which is attached a certificate of action re: No. TY131567.
16. A certificate registered on December 28, 2011 as No. TY132732 to which is attached a certificate of action re: No. TY131889.
17. A construction lien registered on January 4, 2012 as No. TY132967 by Skyway Canada Limited.
18. A certificate registered on January 11, 2012 as No. TY133232 to which is attached a certificate of action re: No. TY131541.
19. A certificate registered on January 11, 2012 as No. TY133239 to which is attached a certificate of action re: No. TY131319.
20. A certificate of action registered on January 13, 2012 as No. TY133386 to which is attached a certificate of action re: No. TY131596.
21. A certificate registered on January 20, 2012 as No. TY133709 to which is attached a certificate of action re: No. TY131806.
22. A certificate registered on January 31, 2012 as No. TY134274 to which is attached a certificate of action re: No. TY132967.

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).

"SCHEDULE 1"

Part of 62457-1083 (LT)

62457-1120 (LT)

62457-1229 (LT)

62457-1230 (LT)

62458-0523 (LT)

62458-0533 (LT)

62458-0534 (LT)

"SCHEDULE 2"

62457-1229 (LT)

62457-1230 (LT)

**Schedule "D" - Permitted Encumbrances, Easements and Restrictive Covenants related to
the Property**

(unaffected by the Approval and Vesting Order)

**PIN 62457-1120 (LT), PIN 62457-1229 (LT), PIN 62457-1230 (LT), PIN 62458-0523 (LT) &
PIN 62458-0533 (LT)**

1. 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 62457-1120 (LT)

2. An application registered on June 11, 1952 as No. LPA40453 of notice to add lands, comprised of parts of closed highways, to the registered title.
3. An easement, with the right to remove sand and gravel, registered on January 22, 1954 as No. LPA43492 in favour of The Hydro-Electric Power Commission of Ontario.
4. An easement, with the right to remove silt, registered on January 22, 1954 as No. LPA43494 in favour of The Hydro-Electric Power Commission of Ontario.

PART OF PIN 62457-1083 (LT) & PIN 62457-1120 (LT)

5. An easement, with the right to pass and repass, registered on January 22, 1954 as No. LPA43496 in favour of The Hydro-Electric Power Commission of Ontario.
6. An easement registered on May 23, 1986 as No. LT210598 in favour of Her Majesty the Queen in Right of Canada with rights over Parts 8, 9 and 10 on Plan 55R-5375 for access to and from Part 1 on Plan 55R-5375.

PART OF PIN 62457-1083 (LT)

7. A Land Registrar's order registered on February 3, 2005 as No. TY3308 to amend the thumbnail property description.

PIN 62458-0523 (LT)

8. An easement, with flooding rights, registered on November 27, 1947 as No. LPA32803 in favour of The Hydro-Electric Power Commission of Ontario.

PIN 62458-0534 (LT)

9. An application registered on June 11, 1952 as No. LPA40453 of notice to add lands, comprised of parts of closed highways, to the registered title.

ONTARIO POWER GENERATION INC.

10. The rights of Ontario Power Generation Inc., if any, as illustrated on Reference Plan 55R-9026.

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
(Non-Mill Property Parcel [●])

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Lawyers for the Applicant

Schedule "D"**Form of Assignment and Assumption Agreement**

See attached.

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is executed as of [DATE] by and between TERRACE BAY PULP INC. (the "Vendor"), and ONTARIO POWER GENERATION INC. (the "Purchaser").

WHEREAS, pursuant to the order of the Court dated January 25, 2012, as amended and restated, the Vendor obtained protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (Canada);

AND WHEREAS, on the terms and subject to the conditions of the purchase agreement dated as of March 27, 2014 by and between the Vendor and the Purchaser (as may be modified, amended or supplemented from time to time, the "Purchase Agreement"), the Vendor has agreed to, at the Closing, sell, assign, and transfer to the Purchaser all of the Vendor's right, title and interest in and to the Property;

AND WHEREAS, the Purchase Agreement requires the Vendor and the Purchaser to execute and deliver this Agreement for the purpose of evidencing the assignment to the Purchaser of all rights under the Permitted Liens and the assumption by the Purchaser of all of the Assumed Liabilities as more particularly set out in the Purchase Agreement.

NOW, THEREFORE, for the consideration set forth in the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. All initially capitalized terms used but not defined herein have the meaning given to them in the Purchase Agreement.

Section 2. Assignment of Permitted Liens. On the terms and subject to the conditions set forth in the Purchase Agreement, effective at the time of the Closing, the Vendor hereby assigns, transfers and sets over to the Purchaser all of its right, title, benefit and interest in, to and under the Permitted Liens and the benefit of each and every one of the rights, covenants and other provisions for the benefit of the Vendor contained therein, including all rights of action accruing to the Vendor under the Permitted Liens whenever accrued, and the Purchaser accepts such assignment, transfer and delivery effective as at the Closing.

Section 3. Assumption of Assumed Liabilities. Effective at the time of the Closing, the Purchaser hereby assumes and shall be responsible for and thereafter pay, perform, observe, honour, discharge and fully satisfy, as and when due, the Assumed Liabilities.

Section 4. Non-Assignment of Permitted Liens. Notwithstanding anything contained herein to the contrary, this Agreement shall not constitute an agreement to assign any Permitted Lien to the extent that such Permitted Lien is not assignable under applicable law without the consent of any other person party thereto, where the consent of such person has not been given or received.

Section 5. Paramountcy. This Agreement is delivered pursuant to and is subject to all of the terms and conditions contained in the Purchase Agreement. In the event of

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any inconsistency between the provisions of this Agreement and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

Section 6. Binding on Successors; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors in interest and permitted assigns, including any trustee in bankruptcy appointed with respect to the Vendor or its property. This Agreement is not intended to confer any rights or remedies upon any person other than the parties hereto and their successors in interest and permitted assigns.

Section 7. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 8. Counterparts. This Agreement may be executed in any number of counterparts and by the undersigned in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any of the undersigned by facsimile or portable document format e-mail transmission shall be as effective as delivery of a manually executed copy of this Agreement by such undersigned.

Section 9. Governing Law. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the Laws of the province of Ontario and the federal laws of Canada applicable therein.

Section 10. Time of the Essence. Time shall be of the essence of this Agreement and each of its provisions.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement as of the day and year first above written.

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

I have the authority to bind the corporation

TERRACE BAY PULP INC.

By: _____
Name:
Title:

I have the authority to bind the corporation