

**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.**

Applicant

**MOTION RECORD
(Returnable January 16, 2014)
(Stay Extension)**

January 10, 2014

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**ONTARIO
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IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF TERRACE BAY PULP INC.

Applicant

**MOTION RECORD
(Returnable January 16, 2014)
(Re: Stay Extension)**

I N D E X

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
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OF TERRACE BAY PULP INC.

Applicant

**NOTICE OF MOTION
(STAY EXTENSION)**

Terrace Bay Pulp Inc. (the "**Applicant**") will make a motion to a Judge presiding over the Commercial List on Thursday, the 16th day of January, 2014 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, 8th Floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR an Order substantially in the form attached as **Tab 3** to the Applicant's Motion Record:

- (a) abridging the time for service of the Notice of Motion, the Motion Record and the Eleventh Report of the Monitor, Ernst & Young Inc. (the "**Monitor**") (the "**Eleventh Report**") such that the motion is properly returnable on January 16, 2014;
- (b) approving an extension of the stay of proceedings (the "**Stay Period**"), provided for at paragraph 10 of the Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated

January 25, 2012 (as amended and restated, the “**Initial Order**”) to August 15, 2014;

- (c) approving the Eleventh Report and the conduct and activities of the Monitor as described therein; and
- (d) such further and other relief as the Applicant may request and this Court shall deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) the reasons described in the Affidavit of Wolfgang Gericke sworn January 10, 2014 (the “**Gericke Affidavit**”);
- (b) the reasons described in the Eleventh Report;
- (c) the Applicant has been and continues to operate in good faith and with due diligence, with a view to completing the sale of the Non-Mill Property in accordance with the Refreshed Sale Process (as these terms are described in the Gericke Affidavit);
- (d) sections 11 & 11.02 of the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36;
- (e) section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43;
- (f) Rules 2.03, 3.02, and 37 of the *Ontario Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (g) such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the Gericke Affidavit;
- (b) the Eleventh Report;
- (c) the pleadings and proceedings herein; and
- (d) such further and other materials as counsel may advise and this Honourable Court may permit.

Date: January 10, 2014

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Lawyers for the Applicant

**TO: THE SERVICE LIST AS ATTACHED
TO THE MOTION RECORD**

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36 AND IN
THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TERRACE BAY PULP INC.

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF MOTION
(STAY EXTENSION)**

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TAB 2

**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.

Applicant

AFFIDAVIT OF WOLFGANG GERICKE
(Sworn January 10, 2014)

I, Wolfgang Gericke, of the City of Thunder Bay, in the Province of Ontario,

MAKE OATH AND SAY AS FOLLOWS:

Introduction

1. I am the President and sole director of Terrace Bay Pulp Inc. ("**Terrace Bay**" or the "**Company**") and, as such, have knowledge of the matters deposed to in this affidavit. Where this affidavit is not based on my direct personal knowledge, it is based on information and belief and I have indicated the source of such information and belief and I verily believe such information to be true

Purpose

2. This affidavit is sworn in support of the Company's motion for an order:
 - a) abridging the time for service of the Notice of Motion, the Motion Record and the Eleventh Report of the Monitor, Ernst & Young Inc. (the "**Monitor**") (the

“**Eleventh Report**”) such that the motion is properly returnable on January 16, 2014;

- b) approving an extension of the stay of proceedings (the “**Stay Period**”), provided for at paragraph 10 of the Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 25, 2012 (as amended and restated, the “**Initial Order**”) to August 15, 2014;
 - c) approving the Eleventh Report and the conduct and activities of the Monitor as described therein; and
 - d) such further and other relief as the Company may request and this Court shall deem just.
3. The purpose of this affidavit is to provide the Court with an update on the sale of Terrace Bay’s Non-Mill Property and the status of the OHSA Proceedings (as such terms are defined herein), and to support the Company’s request for an extension of the Stay Period in order to complete the Refreshed Sales Process (as defined below).
4. Capitalized terms not defined herein shall have the meanings ascribed to them in my affidavit sworn October 23, 2013 (the “**October Gericke Affidavit**”).

Background

5. On January 25, 2012, Terrace Bay sought and obtained protection from its creditors under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”), pursuant to

the Initial Order. In accordance with the Initial Order, Ernst & Young Inc. was appointed Monitor of the Company.

6. Pursuant to the Initial Order, Terrace Bay was authorized to conduct a sales process to solicit offers for its Mill Property.
7. On July 5, 2012, Terrace Bay entered into an asset purchase agreement with AV Terrace Bay Inc. for the sale of the Mill Property, which agreement was approved by the Court on July 19, 2012. The transaction contemplated by the agreement closed on July 23, 2012.
8. In addition to the sale of the Mill Property, the Initial Order also authorized the Company, with the assistance of the Monitor, to market for sale certain ancillary assets not used in connection with the Company's business (as further detailed in the Gericke Affidavit, the "**Non-Mill Property**").
9. As set out in greater detail in the further amended and restated Eighth Report of the Monitor dated April 19, 2013, the Monitor undertook various activities with respect to effecting a sale of the Non-Mill Property, which ultimately led to execution of the Non-Mill Property Purchase Agreement between Terrace Bay and a prospective purchaser (the "**First Prospective Purchaser**").
10. As described in the October Gericke Affidavit and the Tenth Report of the Monitor dated October 23, 2013 (the "**Tenth Report**"), the First Prospective Purchaser elected in the course of its due diligence investigations not to waive the Due Diligence Condition of the

Non-Mill Property Purchase Agreement. As such, the Non-Mill Property Purchase Agreement was terminated.

11. Accordingly, on October 28, 2013, the Company sought and was granted an Order extending the Stay Period until January 20, 2014 so that the Company and the Monitor could conduct a limited re-canvassing of the market for the Non-Mill Property. Copies of the Order and Endorsement of the Honourable Mr. Justice Morawetz dated October 28, 2013 (the “**Endorsement**”) are attached herein as **Exhibit “A”**.
12. Consistent with the proposed re-canvassing of the market set out in the October Gericke Affidavit, the Tenth Report and the Endorsement, the Monitor, with the assistance of and in consultation with the Company, engaged in the following activities:
 - a) contacted parties who previously submitted a letter of intent to determine their interest in relation to the Non-Mill Property and invited them to confirm their interest in proceeding under the letter of intent as submitted or to deliver a new letter of intent;
 - b) contacted parties who signed non-disclosure agreements to let them know that the Non-Mill Property is still available for sale, to determine if they have an interest in the Non-Mill Property and invited them to submit a letter of intent;
 - c) as appropriate, contacted other parties that have approached the Monitor in respect of purchasing the Non-Mill Property;

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- d) informed all of the foregoing parties that the deadline for submitting, or, if applicable, confirming, a letter of intent was December 6, 2013 (the “**Refreshed Bid Deadline**”); and
- e) placed an advertisement in the National Edition of the Globe & Mail advising potentially interested parties of the December 6, 2013 deadline for the submission of a letter of intent to purchase the Non-Mill Property;

(collectively, the “**Refreshed Sale Process**”).

Status of Sale of Non-Mill Property

- 13. The Monitor received letters of intent from several prospective purchasers (the “**LOIs**”) by the Refreshed Bid Deadline. With one exception, each LOI expressed an interest in purchasing certain (but not all) parts of the real property that comprises the Non-Mill Property.
- 14. After reviewing and analyzing each of the LOIs, Terrace Bay and the Monitor selected a combination of offers from several different purchasers which collectively provide for the sale of almost all of the land that comprises the Non-Mill Property.
- 15. The Company, with the assistance of the Monitor, is reviewing its options with respect to the parcel of the Non-Mill Property that is not subject to any of the contemplated sales.

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16. Terrace Bay and the Monitor have provided a draft agreement of purchase and sale to each of the prospective purchasers. The parties are currently proceeding to negotiate the terms of the agreements.
17. I am advised by Silvana D'Alimonte of Blake, Cassels & Graydon LLP, counsel to Terrace Bay, that because sales to multiple purchasers are contemplated which involve the splitting of some parcels of land among such purchasers, reference plans of survey will need to be prepared and registered on title before the closing of certain of the contemplated sales of the Non-Mill Property.
18. Ms. D'Alimonte has been advised by a local surveyor that the field work required to complete such reference plans cannot be performed during the winter months. The surveyor further advised Ms. D'Alimonte that the earliest that some of the field work could be commenced is in or about late April to early May, while other field work cannot be commenced safely until in or about June, 2014. While time periods are subject to variance and not within the control of Terrace Bay, it is contemplated that all of the required reference plans will be completed by the end of June, 2014.
19. While Terrace Bay will work to close the proposed transactions in a timely manner, closing of certain of the transactions, of necessity, will follow the completion and registration on title of the required reference plans of survey. Accordingly, in order to provide for the time required to have the necessary reference plans of survey prepared and registered, Terrace Bay requests an extension of the Stay Period to August 15, 2014.

20. Terrace Bay intends to seek Court approval of the various sales once agreements of purchase and sale are executed with each of the successful bidders and any due diligence conditions provided therein have been either satisfied or waived. In this regard, and if appropriate, it is contemplated that one or more motions seeking approval of such transactions will be brought to this Court.
21. Based on a review of the LOIs received in advance of the Refreshed Bid Deadline and the transactions now contemplated, it is now apparent that there will be no recoveries for the unsecured creditors of Terrace Bay.

Status of OHSA Proceedings

22. The Ministry of Labour, Legal Services Branch commenced a proceeding known as *R. v. Terrace Bay Pulp Inc. & Gino Leblanc* against Terrace Bay on January 10, 2012 in the Ontario Provincial Offences Court (Thunder Bay) (the “**First OHSA Proceeding**”), and a proceeding known as *R. v. Terrace Bay Pulp Inc., Venshore Mechanical Ltd., Joseph Mykietyn, Arthur Szczepaniak & Alain Zborowski* against Terrace Bay on October 15, 2012 in the Ontario Provincial Offences Court (Thunder Bay) (the “**Second OHSA Proceeding**” together with the First OHSA Proceeding, the “**OHSA Proceedings**”). The Second OHSA Proceeding was subsequently transferred to Ontario Provincial Court (Thunder Bay).
23. On May 15 and June 5, 2013, Terrace Bay brought a motion in these CCAA proceedings seeking, among other things, a declaration that the OHSA Proceedings were stayed such

that Terrace Bay was not required to defend or participate further in the OHSA Proceedings (the “**OHSA Motion**”). By Endorsement dated August 9, 2013, the OHSA Motion was denied (the “**OHSA Decision**”).

24. Pursuant to the OHSA Decision, Justice Morawetz held that Terrace Bay had a choice, albeit an unenviable choice, to defend or not to defend the OHSA Proceedings.
25. After the OHSA Decision, in order to avoid the expense and time associated with a trial in the OHSA Proceedings, Terrace Bay, in consultation with the Monitor, commenced negotiations with the Ontario Ministry of the Attorney General, Ministry of Labour (the “**Crown**”) with a view to arriving at a disposition of the OHSA Proceedings without a trial.
26. Terrace Bay is in advanced negotiations with the Crown with a view to finalizing a possible plea agreement with the Crown for settlement of both OHSA Proceedings. The next pre-trials scheduled in the First OHSA Proceeding and the Second OHSA Proceeding are March 28, 2014 and January 23, 2014 respectively.
27. One of the proposed plea terms is the imposition of a fine plus a victim surcharge of 25% of such fine, to be levied against Terrace Bay (the “**Offence Award**”). Another proposed term is that the Offence Award shall not become due and owing by Terrace Bay until the date that is two years from the date the plea is accepted by Order of a court in the OHSA Proceedings.

28. It is the position of Terrace Bay and the Monitor that the Offence Award is an unsecured claim against the estate of Terrace Bay, subject to the stay of proceedings imposed by the Initial Order. Further, the Offence Award is to be treated in the same manner and with identical priority as other unsecured claims against the estate of Terrace Bay.

Revised Cash Flow

29. Attached as Appendix "B" to the Eleventh Report is Terrace Bay's revised cash flow forecast through to August 16, 2014 (the "**Revised Cash Flow Forecast**"). As set out in the Revised Cash Flow Forecast, Terrace Bay is projected to have approximately \$582,000 on hand at August 16, 2014, excluding trust funds held by the Monitor.
30. Based on information contained in the Revised Cash Flow Forecast, the Company will have sufficient resources to complete the sale of the Non-Mill Property, and seeks an extension of the Stay Period until August 15, 2014. The Company contemplates that it will return to Court before that date for approval of one or more of the contemplated sales transactions.

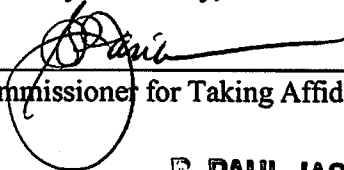
Good Faith and Due Diligence

31. For the reasons described above, Terrace Bay requests an extension of the Stay Period to and including August 15, 2014. Terrace Bay has been and continues to operate in good faith and with due diligence, with a view to completing the sale of the Non-Mill Property and finalizing the Proposed Plea Agreement.

- 10 -

32. The extension of the Stay Period is necessary to provide the stability needed to conclude the contemplated sales of the Non-Mill Property.
33. This affidavit is made in support of the Company's motion for, among other things, extension of the Stay Period, and for no other purpose.

SWORN BEFORE ME at the City
of Thunder Bay, in the province of Ontario,
this 10th day of January, 2014



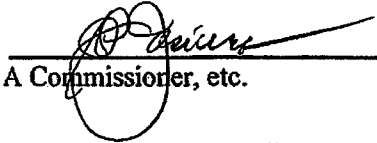
A Commissioner for Taking Affidavits

B. PAUL JASIURA

)
)
)

WOLFGANG GERICKE

This is Exhibit "A" referred to in the
Affidavit of Wolfgang Gericke sworn the
10th day of January, 2014


A Commissioner, etc.

E. PAUL JASIURA

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TERRACE BAY PULP INC.

Applicant

ORDER
(STAY EXTENSION)

THIS MOTION, made by Terrace Bay Pulp Inc. (the "**Company**"), for an order (a) approving an extension of the stay of proceedings (the "**Stay Period**"), provided for at paragraph 10 of the Order of the Honourable Mr. Justice Morawetz dated January 25, 2012 (as amended and restated, the "**Initial Order**") to April 30, 2014 and (b) approving the Ninth Report of the Monitor, Ernst & Young Inc. (the "**Monitor**") dated May 14, 2013 (the "**Ninth Report**"), the Tenth Report of the Monitor (the "**Tenth Report**"), and the conduct and activities of the Monitor as described therein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Wolfgang Gericke sworn October 23, 2013 (the "**Gericke Affidavit**") and the Exhibits thereto, the Ninth Report, the Tenth Report, and on hearing the submissions of counsel for the Company and the Monitor, no one appearing for any other person on the service list although properly served.

DEFINED TERMS

1. **THIS COURT ORDERS** that all terms not otherwise defined herein have the same meaning as in the Gericke Affidavit.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, Motion Record and the Tenth Report is hereby abridged so that this Motion is properly returnable today and that any requirement for service of the Notice of Motion, Motion Record and the Tenth Report on any parties other than the parties actually served with the Notice of Motion, Motion Record and Tenth Report is hereby dispensed with and that service in the manner effected by the Applicant is validated in all respects.

STAY EXTENSION

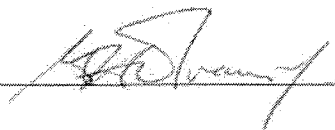
3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until ^{January 20} April 30, 2014.

APPROVAL OF MONITOR'S REPORT

4. **THIS COURT ORDERS** that the Ninth Report, the Tenth Report and the conduct and activities of the Monitor as described therein be and are hereby approved.

ENTERED BY CLERK OF COURT
FOR THE COURT
IN THE COUNTY OF ALBERTA

OCT 20 2013



IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 c. C-36,
AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TERRACE BAY PULP INC.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced at Toronto

**ORDER
(STAY EXTENSION)**

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199 Bay Street,
Toronto, Ontario M5L 1A9

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Lawyers for the Applicant

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TERRACE BAY PULP INC.

Oct 28/13

Applicant

*M. H. Grand for Terrace Bay
S. Leibel for Ernst & Young Inc
Nantaw*

F. Myers for Township of Terrace Bay

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

*A proposed transaction for
the sale of ~~the~~ ^{Nov-17th} assets
has fallen through and the
Applicant wants to conduct
a limited ~~sale~~*

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

[Signature] proceeding commenced at Toronto

MOTION RECORD
(RETURNABLE OCTOBER 28, 2013)
(RE: STAY EXTENSION)

BLAKE, CASSELS & GRAYDON LLP
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Fax: 416-863-2653

Lawyers for the Applicant

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued
recommending of the merit.
The Non Mill Properties ^{Properties} are somewhat
unusual. The Non-Mill Property includes
but is not limited to, the following:
(a) Golf Course
(b) Airstrip
(c) 800 vacant acres of vacant land
or Lake Superior
(d) 3600 acres acres (some on lake)
A Sales Process was followed. A
number of parties submitted to letter
of intent. The offer that was
considered the best failed to be close.
The issue is what to do now.
The Applicant and the Vendor submit
that a limited recommendation should
take place between now and April

Page _____ of _____

Judges Initials _____

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Copy of Judges Endorsment Continued
Counsel to Terrace Bay argues for a
much shorter timeframe - a matter
of weeks - and suggests that the
Master should revisit the
possibility possibility of firming up
an offer from that one of the
parties who participated in the
first sale process.
There were apparently 8 such parties
who originally participated
Counsel to Terrace Bay is concerned
about cost
to Terrace Bay is, however, not
without its own agenda. It is
a potential purchaser of some of
the Non Mill Assets
It is noted that the position of Terrace Bay as creditor is
unaffected in the payment
are covered

Page _____ of _____

Judges Initials _____

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

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

~~The Sale Process did proceed a~~
~~under the terms of the order.~~

It seems to me that the proper
balance point is such that the
Applicant / Trustee should have
a period of time to recover
the ~~market~~ - with ^{the} an emphasis

Page _____ of _____

Judges Initials _____

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

of the sale process being concentrated
on parties who showed original
intent.

In my view this limited recovery
~~the~~ can be ~~so~~ completed in 30-45 days
thereafter the Trustee can report
back to Court with its recommendations.

Taking into account that if a sale
is ^{recommended} ~~proposed~~ it will take
more ~~to~~ time to close it
seem to me appropriate to
extend the stay ~~to~~ to July 20, 2014.

In arriving at ^{this} ~~the~~ ^{conclusion} ~~decision~~,
I have accepted that the
Applicant continues to work
in good faith and with
due ~~diligence~~ ~~diligence~~

Page _____ of _____

Judges Initials _____

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TERRACE BAY PULP INC

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at Toronto

**AFFIDAVIT
OF WOLFGANG GERICKE
Sworn January 10, 2014**

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario M5L 1A9

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Lawyers for Terrace Bay Pulp Inc.

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	THURSDAY, THE 16 th
	)	
JUSTICE MORAWETZ	)	DAY OF JANUARY, 2014

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TERRACE BAY PULP INC.

Applicant

ORDER
(STAY EXTENSION)

THIS MOTION, made by Terrace Bay Pulp Inc. (the “**Company**”), for an order (a) approving an extension of the stay of proceedings (the “**Stay Period**”), provided for at paragraph 10 of the Order of the Honourable Mr. Justice Morawetz dated January 25, 2012 (as amended and restated, the “**Initial Order**”) to August 15, 2014 and (b) approving the Eleventh Report of the Monitor, Ernst & Young Inc. (the “**Monitor**”) dated January 10, 2014, (the “**Eleventh Report**”), and the conduct and activities of the Monitor as described therein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Wolfgang Gericke sworn January 10, 2014 (the “**Gericke Affidavit**”) and the Exhibits thereto, the Eleventh Report, and on hearing the submissions of counsel for the Company and the Monitor, no one appearing for any other person on the service list although properly served,

DEFINED TERMS

1. **THIS COURT ORDERS** that all terms not otherwise defined herein have the same meaning as in the Gericke Affidavit.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Eleventh Report is hereby abridged so that this Motion is properly returnable today and that any requirement for service of the Notice of Motion, the Motion Record and the Eleventh Report on any parties other than the parties actually served with the Notice of Motion, Motion Record and Eleventh Report is hereby dispensed with and that service in the manner effected by the Company is validated in all respects.

STAY EXTENSION

3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until August 15, 2014.

APPROVAL OF MONITOR'S REPORT

4. **THIS COURT ORDERS** that the Eleventh Report and the conduct and activities of the Monitor as described therein be and are hereby approved.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 c. C-36,
AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TERRACE BAY PULP INC.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

**ORDER
(STAY EXTENSION)**

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Lawyers for the Applicant

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TERRACE BAY PULP INC.

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD
(RETURNABLE JANUARY 16, 2014)
(STAY EXTENSION)**

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Lawyers for the Applicant