

Court File No. CV10-9041-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

BETWEEN:

**G.E. CANADA EQUIPMENT FINANCING G.P.**

Applicant

- and -

**ATIKOKAN FOREST PRODUCTS LTD.**

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND  
INSOLVENCY ACT, R.S.C. 1985, c.C-36, as amended, AND SECTION 101 OF THE  
COURTS OF JUSTICE ACT, R.S.O. 1990, c.C.43, as amended.

**MOTION RECORD  
(RETURNABLE MAY 29, 2013)**

May 17, 2013

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Elizabeth Pillon** LSUC#: 35638M  
Tel: (416) 869-5623  
**Maria Konyukhova** LSUC#: 52880V  
Tel: (416) 869-5230  
Fax: (416) 947-0866

Lawyers for the Applicant

TO: SERVICE LIST

**GE CANADA EQUIPMENT FINANCING G.P.**  
**Atikokan Forest Products Ltd.**

**Service List as at May 17, 2013**

COMPANY	CONTACT/TELEPHONE/EMAIL	FAX NO.
<b>PricewaterhouseCoopers Inc.</b> 3000 Toronto Dominion Centre P.O. Box 82, 77 King Street West Toronto, ON M5K 1G8	<b>Gregory Prince</b> Tel: (416) 814-5752 Email: gregory.n.prince@ca.pwc.com	(416) 814-3210
<b>Receiver</b>	<b>Nathaly Labbe</b> Tel: (416) 941-8383 Email: nathaly.labbe@ca.pwc.com	(416) 941-8250
	<b>Jonathan Reimche</b> Tel: (416) 814-5827 Email: jonathan.p.reimche@ca.pwc.com	(416) 814-3210
<b>Osler, Hoskin &amp; Harcourt LLP</b> 100 King Street West 1 First Canadian Place P.O. Box 50, Suite 6100 Toronto ON M5X 1B8	<b>Tracy C. Sandler</b> Tel: (416) 862-5890 Email: tsandler@osler.com	(416) 862-6666
<b>Counsel to the Receiver</b>	<b>Artem Miakichev</b> Tel: (416) 862-5673 Email: amiakichev@osler.com	
<b>GE Canada Equipment Financing G.P.</b> 123 Front Street West Suite 1400, P.O. Box 14 Toronto ON M5J 2M2	<b>Michael Pisani</b> Tel: (416) 842-1749 Email: michael.pisani@ge.com	(416) 202-6226
<b>Applicant</b>	<b>Jennifer Guerard</b> Tel: (416) 842-1743 Email: jennifer.guerard@ge.com	
<b>Stikeman Elliott LLP</b> 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9 Tel: (416) 869-5500	<b>Elizabeth Pillon</b> Tel: (416) 869-5623 Email: lpillon@stikeman.com	(416) 947-0866
<b>Counsel to GE Canada Equipment Financing G.P.</b>	<b>Maria Konyukhova</b> Tel: (416) 869-5230 Email: mkonyukhova@stikeman.com	

COMPANY	CONTACT/TELEPHONE/EMAIL	FAX NO.
<b>Weiler, Maloney, Nelson</b> 1001 William Street, Suite 201 Thunder Bay, ON, P7B 6M1  <b>Counsel to Atikokan Forest Products Ltd.</b>	<b>Paul Jasiura</b> Tel: (807) 625-8881 Email: pjasiura@wmnlaw.com	(807) 623-4947
<b>Kirwin Fryday Lawyers</b> 140 Fullarton Street, Suite 104 London, ON N6A 5P2  <b>Counsel to 6322093 Manitoba Inc. (o/a Global Recycling &amp; Recovery)</b>	<b>David J. Kirwin</b> Tel: (519) 679-8800 Email: dkirwin@lawhouse.ca	(519) 518-2362
<b><u>Secured Creditor</u></b>		
<b>Buchanan Sales Inc.</b> 1120 Premiere Way Thunder Bay, ON P7B 0A3	<b>Wolfgang Gericke / Russ York</b>	
<b>Blake, Cassels &amp; Graydon LLP</b> 2800 Commerce Court West 199 Bay Street Toronto ON M5L 1A9  <b>Counsel to Buchanan Sales Inc.</b>	<b>Jackie Moher</b> Tel: (416) 863-3174 Email: jackie.moher@blakes.com	(416) 863-2653
<b><u>Union</u></b>		
<b>Industrial, Wood, and Applied Workers of Canada, Local 2693</b> Lakehead Labour Centre 929 Ft. William Rd., Room 6 Thunder Bay, ON P7B 3A6	Tel: (807) 345-9041	(807) 345-5169
<b><u>Government Entities</u></b>		
<b>Ministry of the Environment</b> Thunder Bay Regional Office 435 James Street South, Suite 331 3 <sup>rd</sup> Floor Thunder Bay, ON P7E 6S7	<b>John Taylor, Director, Northern Region</b> Email: john.p.taylor@ontario.ca  <b>Grant Ritchie, acting Director</b> Email: grant.ritchie@ontario.ca	(807) 475-1754
<b>Ministry of the Environment Legal Services Branch</b> 10 <sup>th</sup> Floor, 135 St. Clair Ave. West Toronto, ON M4V 1P5	<b>Mario Faieta</b> Email: mario.faieta@ontario.ca	(416) 314-6579

COMPANY	CONTACT/TELEPHONE/EMAIL	FAX NO.
<b>Ministry of Northern Development, Mines and Forestry</b>  Suite 210, 70 Foster Drive Sault Ste. Marie, ON P6A 6V5	<b>Bill Thornton, Assistant Deputy Minister, Forestry Division</b> Tel: (705) 945-6660 Email: bill.thornton@ontario.ca	(705) 945-5977
Suite 210, 70 Foster Drive Sault Ste. Marie, ON P6A 6V5	<b>David Hayhurst, Director, Industry Relations Branch, Forestry Division</b> Tel: (705) 945-5733 Email: david.hayhurst@ontario.ca	(705) 541-5111
Room M2-17 MacDonald Block 900 Bay Street Toronto, ON M7A 1C3	<b>Donald Bennett, Legal Counsel</b> Tel: (416) 327-0637 Email: donald.bennett@ontario.ca	(416) 327-0646
Legal Services Branch Room M2-24 MacDonald Block Toronto, ON M7A 1C3	<b>Andrew Macdonald</b> Tel: (416) 327-0613 Email: andrew.macdonald@ontario.ca	(416) 327-0640
Legal Services Branch 5 <sup>th</sup> Floor, 56 Wellesley St. W. Toronto, ON M7A 2E7	<b>Lawrence Fagan</b> Tel: (416) 326-1010 Email: lawrence.fagan@ontario.ca	Fax: (416) 326-1018
<b>Ministry of Natural Resources</b> 99 Wellesley St. West, Room 3420 Toronto, ON M7A 1W3	<b>Stuart Davidson, Legal Counsel</b> Tel: (416) 314-2004 Email: stuart.davidson@ontario.ca	(416) 314-2030
<b>Financial Services Commission of Ontario</b> 5160 Yonge Street 17th Floor, Box 85 Toronto ON M2N 6L9	<b>Mark Bailey</b> Tel: (416) 590-7555 Email: Mark.Bailey@fsco.gov.on.ca	(416) 590-7070
<b>Ministry of the Attorney General</b> Crown Law Office – Civil 720 Bay Street, 8 <sup>th</sup> Floor Toronto, ON M7A 2S9	<b>Eunice Machado</b> Tel: (416) 326-4576 Email: eunice.machado@ontario.ca	(416) 326-4181

# INDEX

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING G.P.

Applicant

- and -

ATIKOKAN FOREST PRODUCTS LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND  
INSOLVENCY ACT, R.S.C. 1985, c.C-36, as amended, AND SECTION 101 OF THE  
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E.	Confidential Appendix E - Summary of relevant terms and conditions of offers (to be filed separately)
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**TAB 1**

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

**G.E. CANADA EQUIPMENT FINANCING G.P.**

Applicant

- and -

**ATIKOKAN FOREST PRODUCTS LTD.**

Respondent

**NOTICE OF MOTION  
(returnable May 29, 2013)**

PricewaterhouseCoopers Inc. ("PWC") in its capacity as court-appointed receiver (the "Receiver") of Atikokan Forest Products Ltd. ("Atikokan") will make a motion to a Judge on May 29, 2013 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

**THE MOTION IS FOR:**

1. An Order in the form at Tab 4 of the Motion Record:
  - (a) if necessary, abridging the time for service of the Notice of Motion and Motion Record herein, validating the service of such motion material and directing that any further service of the Notice of Motion and the Motion Record be dispensed with such that the motion is properly returnable today;
  - (b) approving the asset purchase agreement (the "Sale Agreement") to be entered into by the Receiver and Resolute FP Canada Inc. ("Resolute

FP" or the "Purchaser") for the sale of the real property, including its mill located at 623 Sapawe Road, Sapawe, Ontario (the "Atikokan Site");

- (c) authorizing and directing the Receiver to execute the Sale Agreement and any such additional documents necessary to complete the sale transaction;
- (d) vesting Atikokan's right, title and interest, if any, in and to the Atikokan Site in and to the Purchaser, free and clear of all encumbrances, save and except for permitted encumbrances;
- (e) sealing the Confidential Appendix to the Eighth Report of the Receiver dated May 16, 2013 and the unredacted version of the Sale Agreement until further Order of the Court;
- (f) authorizing and directing the Receiver to distribute the net sale proceeds of the Transaction following payment of the Receiver's fees and expenses, including those of its legal counsel, associated with the completion of the Transaction (the "Receiver's Expenses") to GE (the "GE Distribution"), on account of GE's security;
- (g) approving the Eighth Report of the Receiver dated May 16, 2013 and the activities of the Receiver as described therein; and
- (h) such other relief as this Court deems just.

**THE GROUNDS FOR THE MOTION ARE:**

- (a) The facts described in the Eighth Report of the Receiver dated May 16, 2013; and
- (b) such other grounds as counsel may advise and this Court may permit.

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

- (c) the Eighth Report of the Receiver, dated May 16, 2013;
- (d) the Discharge Order, dated July 10, 2012; and
- (e) such further and other evidence as counsel may advise and this Court may permit.

May 17, 2013

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Elizabeth Pillon** LSUC#: 35638M  
Tel: (416) 869-5623  
**Maria Konyukhova** LSUC#: 52880V  
Tel: (416) 869-5230  
Fax: (416) 947-0866

Lawyers for the Applicant

G.E. Canada Equipment Financing G.P.  
and

Atikokan Forest Products Ltd.

Court File No: CV10-9041-00CL

Applicant

Respondent

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**NOTICE OF MOTION  
(RETURNABLE MAY 29, 2013)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Elizabeth Pillon LSUC#.35638M**  
Tel: (416) 869-5623  
**Maria Konyukhova LSUC#: 52880V**  
Tel: (416) 869-5230  
Fax: (416) 947-0866

Lawyers for the Applicant

**TAB 2**

**ATIKOKAN FOREST PRODUCTS LTD.**

**EIGHTH REPORT OF THE RECEIVER**

**May 16, 2013**

**ONTARIO  
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING G.P.

Applicant

- AND -

ATIKOKAN FOREST PRODUCTS LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**EIGHTH REPORT OF  
PRICEWATERHOUSECOOPERS INC.  
AS RECEIVER OF  
ATIKOKAN FOREST PRODUCTS LTD.**

**May 16, 2013**

## BACKGROUND

1. On January 4<sup>th</sup>, 2011, by Order (the “**Atikokan Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, over all the assets, undertakings and properties (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**” or the “**Company**”). The appointment of the Receiver is referred to herein as the “**Receivership Proceedings**”.
2. By Order of the Court on January 4<sup>th</sup>, 2011 (the “**Atikokan Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process (the “**Atikokan Sale Process**”) outlined in the report of PwC as proposed receiver of Atikokan, dated December 30, 2010 (the “**Proposed Receiver’s Report**”).
3. During the course of the Receivership Proceedings, the Receiver filed seven reports with the Court (the “**Receiver’s Reports**” and collectively with the Proposed Receiver’s Reports, the “**Reports**”), providing the Court with, among other things, periodic updates on the Receiver’s overall conduct and strategy with respect to the administration of the estate, the results of the Atikokan Sale Process, the liquidation of the Atikokan Property, the efforts made by the Receiver to sell the real property owned by Atikokan, the review of the security held by Atikokan’s Secured Lenders (as hereinafter defined) and the distribution of funds held by the Receiver amongst the Secured Lenders.
4. The Atikokan Sale Process resulted in a transaction (the “**EACOM Transaction**”) with EACOM Timber Corporation (“**EACOM**”) for the sale of substantially all of the Atikokan Property, subject to various conditions precedent for the benefit of EACOM. However, as detailed in the Receiver’s Reports, after a significant due diligence period, and efforts to satisfy the conditions precedent in the sale agreement, the EACOM Transaction was not completed.
5. On August 11, 2011, the Court granted an order approving an agency sale agreement (the “**Agency Agreement**”) between the Receiver and Maynards Industries Ltd. (“**Maynards**”), for the liquidation of the Atikokan Property (excluding its real property).

6. Following the termination of the EACOM Transaction, in addition to negotiating the Agency Agreement with Maynards and completing the sale of certain of the Atikokan's Property in the liquidation process, the Receiver subsequently contacted various parties who had expressed an interest in Atikokan's real property, including its mill located at 623 Sapawe Road, Sapawe, Ontario (the "**Atikokan Site**") to determine whether these parties were interested in purchasing the Atikokan Site. However, as detailed in the Receiver's seventh report to the Court dated June 28, 2012 (the "**Seventh Report**") and as summarized later in this report, following a review of the terms and conditions imposed by the offers received for the Atikokan Site, the Receiver concluded that, at that time, the Atikokan Site was incapable of being sold for an amount that justified the efforts to complete a sale. As a result, the Receiver elected not to advance efforts to realize on the Atikokan Site, at that time.
7. On July 10, 2012, the Court made an Order (the "**Discharge Order**"), which among other things:
  - i) authorized the Receiver to distribute \$3,000 to Buchanan Sales Inc. ("**Buchanan**") in full satisfaction of Buchanan's secured interest in certain motor vehicles sold during the Receivership Proceedings;
  - ii) authorized the Receiver to distribute \$640,000 to G.E. Canada Equipment Financing G.P. ("**GE**"), Atikokan's primary secured creditor;
  - iii) approved the release of 22 Maple Crescent, Atikokan, Ontario ("**22 Maple Cres**"), a residential home owned by Atikokan, over which Buchanan held a prior ranking security interest, to Buchanan on July 15, 2011, *nunc pro tunc*;
  - iv) approved the fees and disbursements of the Receiver and those of its legal counsel for the Receivership Proceedings;
  - v) authorized the Receiver to distribute the remaining funds in its possession from the realization of the Atikokan Property to GE, subject to payment of the final receivership costs as set out in the Seventh Report; and

vi) discharged PwC as Receiver of Atikokan, subject to the performance of incidental duties as may be required to complete the administration of the Receivership Proceedings.

## **PURPOSE OF THIS REPORT**

8. The purpose of this, the eighth report (the “**Eighth Report**”) of PwC, in its capacity as the Receiver of Atikokan, is to update the Court with respect to:

- i) an unsolicited offer received from Resolute FP Canada Inc. (“**Resolute FP**” or the “**Purchaser**”) for the purchase of the Atikokan Site;
- ii) the efforts made by the Receiver to negotiate an asset purchase agreement to be entered into by the Receiver and Resolute FP (the “**Sale Agreement**”) for the sale of the Atikokan Site, subject to Court approval (the “**Transaction**”);

and to recommend to the Court that an order be granted (the “**Approval and Vesting Order**”):

- iii) varying the terms of the Discharge Order to permit the Receiver to complete the sale of the Atikokan Site to Resolute FP, as contemplated by the Sale Agreement;
- iv) approving the Sale Agreement and the Transaction;
- v) authorizing and directing the Receiver to execute the Sale Agreement and any such additional documents necessary to complete the Transaction;
- vi) vesting Atikokan’s right, title and interest, if any, in and to the Atikokan Site in and to the Purchaser, free and clear of all encumbrances, save and except for permitted encumbrances; and
- vii) authorizing and directing the Receiver to distribute the net sale proceeds of the Transaction following payment of the Receiver’s fees and expenses, including those of its legal counsel, associated with the completion of the Transaction (the “**Receiver’s Expenses**”) to GE (the “**GE Distribution**”), on account of GE’s security.

9. In preparing this Eighth Report, the Receiver has relied upon certain unaudited financial information of the Company, the Company's books and records, information obtained from former personnel of the Company and other sources (collectively, the "**Information**").

Except as described in this Eighth Report:

- i) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
- ii) the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.

10. All monetary amounts referred to herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Reports.

## **RECEIVER'S ACTIVITIES WITH RESPECT TO THE ATIKOKAN SITE**

### **THE RECEIVER'S EFFORTS TO SELL THE ATIKOKAN SITE**

11. The efforts made by the Receiver to canvass the market generally for prospective purchasers for the Atikokan Property, including the Atikokan Site, are detailed in certain of the Reports, more particularly the Proposed Receiver's Report and the second report of the Receiver dated April 18, 2011 (the "**Second Report**"), the third report of the Receiver dated May 2, 2011 (the "**Third Report**"), the fifth report of the Receiver dated July 27, 2011 (the "**Fifth Report**") and the Seventh Report, copies of which, without appendices, are attached hereto as **Appendices "A", "B", "C" and "D"**.
12. As more particularly described in the Reports, the Atikokan Sale Process provide a timeline in connection with the advertisement of the Atikokan Property for sale and the solicitation of offers from prospective purchasers or liquidators in connection with the proposed sale.
13. As described in the Second Report, following its marketing efforts and after the stated date for receipt of offers, during the initial Atikokan Sale Process, the Receiver received a total of four (4) bids (the "**Bids**") in respect of the Atikokan Property from prospective purchasers (the

“**Prospective Purchasers**”), including liquidation proposals. A summary of the Bids, as amended, based upon the Prospective Purchasers discussions with the Receiver, were summarized in confidential Appendix “A” attached to the Second Report. Based on its review, the Receiver, in consultation with GE, determined that the most favourable offers for the Atikokan Property, including the Atikokan Site, was a bid submitted by EACOM, a Canadian forestry company that owns other sawmills primarily in Eastern Canada.

14. On April 29, 2011, the Receiver and EACOM executed an asset purchase agreement in respect of the Atikokan Property (the “**Atikokan APA**”). The Atikokan APA contained various conditions precedent including, but not limited to, the confirmation by the Receiver of the availability of wood allocation (the “**Wood Allocation**”) to the Atikokan Site from the Ministry of Northern Development, Mines and Forestry (the “**MNDFM**”) or from alternative commercial sources, as approved by the MNDFM, in order to recommence Atikokan’s sawmill operations.
15. Between May and August, 2011, as described in the Receiver’s Third Report, the Receiver and its counsel worked with EACOM, MNDFM, the Town of Atikokan, its respective counsel or advisors and various other parties who had an interest in the Atikokan Site and the EACOM Transaction, to determine whether a wood supply, acceptable to EACOM, was available to EACOM on the terms and conditions set by the Atikokan APA. Ultimately, after a lengthy due diligence period and significant efforts to satisfy the Wood Allocation condition precedent in the Atikokan APA, the Receiver determined that it was unable to satisfy the Wood Allocation condition with respect to the nature and quantity of available wood supply. As a result, the EACOM Transaction could not be completed.
16. As summarized in the Seventh Report, following the termination of the EACOM Transaction, in addition to negotiating the Agency Agreement with Maynards and completing the sale of certain of the Atikokan Property in the liquidation process, the Receiver subsequently contacted various parties who had expressed an interest in Atikokan’s real property (the “**Interested Parties**”) to determine whether these parties were interested in purchasing the Atikokan Site.
17. Commencing in early February 2012, the Receiver contacted four Interested Parties regarding the sale of the Atikokan Site. The Receiver updated a dataroom with relevant documentation related to the Atikokan Site and, subject to obtaining executed non-disclosure agreements, provided access to the Interested Parties for the purpose of commencing their due diligence. A bid deadline was thereafter set for February 23, 2012 (the “**Bid Deadline**”).

18. On the Bid Deadline, the Receiver received two offers for the Atikokan Site. The Receiver reviewed the terms and conditions of these offers and determined that neither offer for the Atikokan Site was acceptable. A summary of the relevant terms and conditions of these offers was attached as Confidential Appendix "A" to the Seventh Report, a further copy of which is attached hereto as **Confidential Appendix "E"**. The Receiver continued discussions with one of the Interested Parties. However a sale of the Atikokan Site could not be completed at a price that was acceptable to the Receiver.
19. As a result, as detailed in the Seventh Report, at the time of seeking the Discharge Order, the Receiver was of the view that the Atikokan Site was incapable of being realized on by the Receiver at an amount that justified the efforts to complete a sale thereof. In addition, it was not cost effective for the Receiver to remain in place solely in relation to the Atikokan Site until it could be sold.
20. Accordingly, on July 10, 2012, the Receiver sought and obtained its discharge as Receiver of Atikokan, subject to the performance of incidental duties as may be required to complete the administration of the Receivership Proceedings. At that time, the Receiver discussed the status of the Atikokan Site with counsel for GE and counsel for Buchanan and released control of the Atikokan Site back to Atikokan on account of its ownership and title to the Atikokan Site. The Receiver understands that the Atikokan Site continues to remain the property of Atikokan, subject to GE's security.

#### **UNSOLICITED OFFER FROM RESOLUTE FP**

21. In late 2012, Resolute FP expressed an interest in purchasing the Atikokan Site. Following discussions with the Receiver, Resolute FP made an unsolicited offer to the Receiver to purchase the Atikokan Site.
22. On December 14, 2012, a letter of intent ("LOI") to purchase the Atikokan Site was received from Resolute FP.
23. After receipt of the LOI, the Receiver held further discussions and negotiations with Resolute FP, GE and their respective legal counsel regarding the purchase price and the terms and conditions upon which Resolute FP would purchase the Atikokan Site, during which Resolute FP increased the purchase price.

24. Following negotiations with Resolute FP, GE and their respective legal counsel, the terms and conditions of the Sale Agreement were drafted, subject to Court approval.
25. The Receiver is of the view that given the earlier attempts to market and sell the Atikokan Site during the Receivership Proceedings it is not reasonable to expect any higher or better offer for the Atikokan Site if another marketing and sale process was undertaken by the Receiver at this time to canvass the market for any other prospective purchasers.

## **SALE AGREEMENT**

26. The key terms of the Sale Agreement include:
  - i) the purchase price will be paid in cash at the time of closing;
  - ii) a deposit of \$75,000 will be paid on execution of the Sale Agreement;
  - iii) the Atikokan Site is being sold on an “as is, where is” basis;
  - iv) the Purchaser is liable for and shall pay all land transfer tax, sales taxes, other similar taxes and duties, fees in respect of the registration of the transfer, and other like charges properly payable upon and in connection with the sale, assignment and transfer of the Atikokan Site;
  - v) the Purchaser acknowledges and agrees to pay any and all amounts outstanding or accrued real property taxes or tax arrears (including any interest and penalties thereon), utilities, work orders or other liabilities affecting the Atikokan Site;
  - vi) from and after closing, the Purchaser shall assume, fulfill, perform and be responsible for payment of all liabilities and obligations of any kind relating to the Atikokan Site, whether incurred before or after the closing, including without limitation any and all accrued property taxes (whether accrued before or after closing and including any and all penalties and interest for any property taxes in arrears at the date of closing), utilities, work orders or accounts;
  - vii) the Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation, analysis and evaluation of the Atikokan Site as it deems necessary and appropriate;

- viii) Court approval of the transaction is obtained and the Approval and Vesting Order is granted; and
- ix) the closing date is anticipated to be 3 business days after the date of the Approval and Vesting Order is made, or such other date as mutually agreed in writing;

27. The Receiver respectively requests that this Court make an order approving the Sale Agreement, substantially in the form attached hereto as **Appendix “F”**, and the Transaction and authorizing and directing the Receiver to execute the Sale Agreement and all documents necessary to complete the Transaction with Resolute FP. The attached version of the Sale Agreement has been redacted to remove reference to the purchase price. An unredacted copy of the Sale Agreement will be provided to the Court and will be the subject of a request for a Sealing Order.

## **OBLIGATIONS TO LENDERS**

28. As summarized in the Seventh Report, and as more particularly described in the Fifth Report, on July 25, 2011, the Receiver’s independent counsel, Osler, Hoskin and Harcourt LLP (“Osler”), provided a security review opinion to the Receiver (the “**Osler Opinion**”) stating that, subject to the assumptions, qualifications and limitations contained therein, Osler is of the opinion that the security granted by Atikokan in favour of each of GE and its related entities (the “**GE Entities**”) creates a valid security interest in favour of the GE Entities in the personal property described in its security.

29. As more particularly described in the Osler Opinion, in respect of the inter-creditor arrangements between the GE Entities and Buchanan, the Osler Opinion in effect states that, except for the personal property of Atikokan classified as “motor vehicle”, the security granted by Atikokan in favour of the GE Entities ranks in priority to the security granted by Atikokan in favour of Buchanan. In respect of the collateral classified as “motor vehicle”, the security granted by Atikokan in favour of Buchanan ranks in priority to the security granted by Atikokan in favour of the GE Entities.

30. In summary, the Company’s obligations to the GE Entities are governed by the following agreements and other documents (collectively, the “**GE Credit Agreements**”):

- i) Equipment Loan and Security Agreement dated April 2, 2007, as amended March 25, 2009 and as further amended on June 18, 2009;
- ii) General Security Agreement dated April 2, 2007 granted by Atikokan in favour of the GE Entities;
- iii) Charge/Mortgage for a principal amount of \$13,000,000 in favour of the GE Entities incorporating the Standard Charge Terms (as defined therein) and registered against the title to the Atikokan Site on April 2, 2007 (the “**Atikokan Charge**”) and an agreement amending charge dated March 16, 2009, registered on March 30, 2009;
- iv) Acknowledgement of Standard Charge Terms to the GE Entities dated March 30, 2007 from Atikokan;
- v) Guarantee and Indemnity as amended on March 25, 2009 granted by Atikokan in favour of GE relating to certain obligations of Northern to GE; and
- vi) Equipment Security Agreement dated March 25, 2009 granted by Atikokan in favour of GE.

31. The principal amount owing under the GE Credit Agreements as of November 30, 2010 was \$8,626,641. The Receiver is advised by GE that the amount owed to GE is approximately \$12 million, inclusive of accrued interest and charges.

32. The Company’s obligations to Buchanan are governed by various agreements, as summarized in the Seventh Report, all of which rank subordinate to the GE Credit Agreements with respect to the Atikokan Site.

## **REQUEST FOR APPROVAL OF GE DISTRIBUTION**

33. The Receiver is seeking an order of this Court approving the distribution of the net sale proceeds of the Transaction following payment of the Receiver’s Expenses to GE on account of the GE Entities’ secured indebtedness under the GE Credit Agreements.

34. The Receiver respectfully submits that the Receiver’s Expense associated with the Sale Agreement and completion of the Transaction, estimated to be approximately \$20,000, be deducted from the sale proceeds of the Transaction.

35. Paragraphs 17 and 20 (as amended) of the Receivership Order provided for certain charges against the assets of the Company, in the following priority:
  - i) Receivers' Charge; and
  - ii) Receiver's Borrowing Charge in the amount of \$450,000.
36. The Receiver will maintain a sufficient reserve (the “**Reserve**”) for payment of the Receiver's Expense, being the only amount owed pursuant to the Receiver's Charge, before the GE Distribution is made to GE. All borrowings by the Receiver under the Receiver's Borrowing Charge have been repaid and no amounts remain outstanding in respect of amounts previously borrowed from GE by the Receiver.
37. Accordingly, the Receiver respectfully seeks an order of this Court approving and authorizing the payment of the GE Distribution, after deduction of the Reserve.

## **RECOMMENDATION**

38. As indicated earlier in this report, the Purchaser will pay all amounts outstanding for property taxes (accrued or unpaid, including interest and penalties) owed to the Ontario Ministry of Finance (Provincial Land Tax) with respect to the Atikokan Site. As a result, as the proceeds of sale are substantially less than the amount secured under the GE Charge, currently approximately \$12 million, held by GE over the Atikokan Site, GE is the only financial stakeholder with an economic interest in the Atikokan Site.
39. In addition, GE has confirmed to the Receiver that it supports the Transaction with Resolute FP and would not support the costs associated with an additional fulsome marketing and sale process being completed by the Receiver.
40. In the circumstances, the Receiver is of the view that the Transaction with Resolute FP should be completed, subject to this Court's approval
41. The Receiver respectfully requests and recommends for the reasons outlined above in this Eight Report that this Court make an Order, *inter alia*:
  - i) varying the terms of the Discharge Order to permit the Receiver to complete the sale of the Atikokan Site to Resolute FP, as contemplated by the Sale Agreement;

- ii) approving the Sale Agreement and the Transaction;
- iii) authorizing and directing the Receiver to execute the Sale Agreement and such additional documents necessary to complete the Transaction;
- iv) vesting Atikokan's right, title and interest, if any, in and to the Atikokan Site in and to the Purchaser, free and clear of all encumbrances, save and except for permitted encumbrances;
- v) approving payment of the Receiver's Expenses from the Reserve; and
- vi) approving the GE Distribution and payment of the remaining balance of the Reserve after payment of the Receiver's Expenses, if any to GE.

All of which is respectfully submitted this 16<sup>th</sup> day of May, 2013.

**PricewaterhouseCoopers Inc.**  
in its capacity as Receiver of  
Atikokan Forest Products Ltd.  
and not in its personal capacity



Greg Prince  
Senior Vice President

## **APPENDIX A**

Court File No. CV-10-9041-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING G.P.

Applicant

- AND -

ATIKOKAN FOREST PRODUCTS LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

**SECOND REPORT OF  
PRICEWATERHOUSECOOPERS INC.  
AS RECEIVER OF  
ATIKOKAN FOREST PRODUCTS LTD.**

**April 18, 2011**

## **BACKGROUND**

1. On January 4<sup>th</sup>, 2011 (the “**Date of Appointment**”), pursuant to an Order of this Honourable Court (the “**Atikokan Receivership Order**”) PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), over all the assets, undertakings and properties (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**”).
2. On the same date, pursuant to an Order of this Honourable Court (the “**Northern Receivership Order**”), PwC was also appointed as receiver, pursuant to section 243(1) of the BIA and Section 101 of the CJA, over all the assets, undertakings and properties (the “**Northern Property**”) of Northern Sawmills Inc. (“**Northern**”).
3. Pursuant to an Order of this Honourable Court also made on January 4<sup>th</sup>, 2011 (the “**Atikokan Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process (the “**Atikokan Sale Process**”) outlined in the Report of PwC as proposed receiver of Atikokan, dated December 30, 2010 (the “**Proposed Receiver's Report**”).
4. The purpose of this, the Receiver’s second report (the “**Second Report**”) is to, *inter alia*, update this Honourable Court on the status of the Atikokan Sale Process and to recommend that this Honourable Court:
  - i) grant an adjournment of the SFL Motion until the Atikokan Sale Process is complete and the Receiver, the Successful Bidder and/or GE have had an opportunity to make representations before the Minister in connection with the Wood Allocation (as hereinafter defined); and
  - ii) Make an Order, temporarily sealing Confidential Appendix A, until such time as a

transaction for the sale of the Atikokan Property is closed.

5. In preparing the Second Report, the Receiver has relied upon unaudited and draft, internal financial information of Northern and Atikokan provided to it by Northern, Atikokan or by G.E. Canada Equipment Financing G.P. ("GE"), as the lender to both companies. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion, or other form of assurance, in respect of the information contained therein.

## **SALE PROCESS UPDATE**

6. As more particularly described in the Proposed Receiver's Report, the Atikokan Sale Process provides for the following principal elements of, and a timeline in connection with, the advertisement of Atikokan and the Atikokan Property for sale and the solicitation of offers from prospective purchasers or liquidators (the "**Prospective Purchasers**") in connection with the proposed sale:
  - a) Not later than ten (10) business days after the Atikokan Sale Process was approved by this Honourable Court, namely by January 18, 2011, the Receiver was required to:
    - i) advertise Atikokan, the Atikokan Property and the Atikokan Sale Process in the national edition of the Globe & Mail (the "**Advertisement**");
    - ii) send a teaser (the "**Teaser**") and a non-disclosure agreement ("**NDA**") to all parties identified by PwC as potentially having an interest in Atikokan and/or the Atikokan Property;
  - b) Not later than fifteen (15) business days after the Atikokan Sale Process was approved by this Honourable Court, namely by January 25, 2011, the Receiver was required to establish an electronic data room containing information in respect of Atikokan and the Atikokan Property;
  - c) The Receiver was also required to arrange site visits to allow Prospective Purchasers the opportunity to visit the Atikokan's premises and conduct due diligence;

- d) The Prospective Purchasers had until 5:00 p.m. Eastern Standard time, on Wednesday, March 9, 2011 (the “**Bid Deadline**”) to submit binding offers;
- e) Based on its review of the offers received, the Receiver was required to determine the most favourable offer and proceed to finalize the asset purchase agreement (the “**APA**”) with the successful offering party (the “**Successful Bidder**”), subject to the approval of this Honourable Court, by March 25, 2011.
- f) The Receiver had the right to extend the timelines set forth above for a period of time not exceeding ten (10) business days from the dates indicated above. All other extensions or modifications of the Atikokan Sale Process require the approval of this Honourable Court.

7. Pursuant to an Order of this Honourable Court made on January 14, 2011, the forms of Advertisement and the Teaser were approved.
8. On January 20, 2011 the Advertisement was published in the national edition of the Globe & Mail.
9. Commencing on January 17, 2011, the Teaser and the NDA were sent to the parties who expressed an interest in participating in the Atikokan Sale Process. The Receiver sent a total of 18 packages containing the Teaser and the NDA to the Prospective Purchasers.
10. On January 24, 2011, the Receiver established an electronic, data room (the “**Data Room**”) containing information on Atikokan and the Atikokan Property. The Prospective Purchasers, who executed the NDA, were given access to the Data Room so that they could receive the necessary information in respect of Atikokan and the Atikokan Property.
11. The Receiver arranged site visits at Atikokan’s premises for those Prospective Purchasers who requested same, in order to assist them with their due diligence efforts.
12. The Receiver received a total of four (4) bids (the “**Bids**”) in respect of the Atikokan Property from Prospective Purchasers, including liquidation proposals. Unfortunately, the Bids were not submitted on the Receiver’s template APA nor were they “binding” on the Prospective Purchasers. Subsequent to the Bid Deadline, the Receiver discussed the

Bids with the Prospective Purchasers, seeking clarification of various terms and conditions including in the Bids. As a result of such discussions, the Receiver has prepared a summary of the Bids, as amended, based upon the Prospective Purchasers discussions with the Receiver, which are summarized in **Confidential Appendix "A"** attached hereto. The Receiver has provided Confidential Appendix A to this Honourable Court subject to a temporary sealing request, on the basis that information in respect of the Bids is confidential and realizations in respect of the Atikokan Property may be impaired in the event that the Successful Bid (as hereinafter defined) does not result in a transaction capable of being closed, resulting in the Receiver having to re-market the Atikokan Property.

13. Based on its review of the Bids, the Receiver, in consultation with GE, has determined that the most favourable offer for the Atikokan Property (the "**Successful Bid**") was a Bid submitted by a Canadian forestry company (the "**Successful Bidder**"). The Receiver has been advised that the Successful Bidder does not wish its identity publicly disclosed at this time.
14. The Successful Bid is in respect of substantially all of the Atikokan Property, including tangible personal property, intellectual property, inventory, books and records, contracts, licenses (but only to the extent that such may be conveyed by the Receiver under an approval and vesting order), any goodwill and the real property owned by Atikokan (the "**Purchased Assets**").
15. At this time, the Successful Bid is subject to various conditions, including without limitation (the "**Conditions**"):
  - i) The Successful Bidder obtaining an adequate supply of wood (the "**Wood Allocation**") from the Ministry of Northern Development, Mines and Forestry ("**MNDMF**") or from alternative commercial sources, as approved by the MNDMF, in order to recommence Atikokan's sawmilling operations; and
  - ii) The Receiver obtaining an Approval and Vesting Order with respect to the Purchased Assets.
16. Although there are Conditions associated with the Successful Bid, which must be satisfied

or waived by the Successful Bidder prior to closing, the Successful Bid currently represents the most favourable alternative available to the Receiver, the benefits of which include:

- i) A purchase price for the Purchased Assets that is in excess of the other Bids;
- ii) The completion of a transaction with the Successful Bidder leaves open the option for the re-start of the Company's sawmilling operations as a going concern, in the future; and
- iii) The Company's real property would be included in the Purchased Assets, which provides the Receiver with an opportunity to convey the substantially all of the Atikokan Property in one transaction, avoiding the need for the Receiver to attempt to deal with the real property separately, in the event of a liquidation of the Company's machinery and equipment.

17. Subsequent to the determination of the Successful Bid, on or around March 17, 2011, the Receiver and the Successful Bidder have been working diligently on finalizing the APA. However, negotiations with respect to certain of the Conditions have taken longer than the Receiver originally anticipated, when developing the Atikokan Sale Process. Notwithstanding this, although a definitive APA has not yet been finalized, the Receiver is of the view that negotiations between it and the Successful Bidder are substantially complete. Accordingly, the Receiver anticipates that the parties will enter into a definitive APA in the near future, likely within one week.

18. As set out above, the Receiver was to have completed an APA with respect to the sale of the Atikokan Property by March 25, 2011. Allowing for the Receiver's ability to extend deadlines under the Sale Process by up to ten business days, without further order of this Honourable Court, the APA was required to be completed by April 8, 2011.

19. The Receiver and the Successful Bidder require additional time to finalize the APA and, in any event, the deadline for executing a definitive APA as set out in the Atikokan Sale Process Order has not been met. Once a definitive APA between the Receiver and the Successful Bidder is executed, the Receiver intends to schedule a motion before this

Honourable Court to have the Atikokan Sale Process timeline for finalizing the APA with the Successful Bidder extended, *nunc pro tunc*. The Receiver understands that GE, Atikokan's primary secured creditor, is supportive of such an extension.

## **MOTION TO LIFT THE STAY OF PROCEEDINGS**

20. On March 22, 2011, the Receiver was served with motion materials (the “**SFL Motion**”) on behalf of Her Majesty the Queen in Right of the Province of Ontario, initially returnable on March 23, 2011. The SFL Motion is for an Order of this Honourable Court authorizing the lifting of the stay of proceedings in Atikokan’s receivership proceedings, to allow the MNDMF to cancel the Sustainable Forest Licence No. 542441 (the “**SFL**”), currently held by Atikokan.
21. On March 23, 2011, the Receiver and representatives from the Crown Law Office, on behalf of the MNDMF, discussed a deferral of the hearing of the SFL Motion, which the Receiver had wanted to achieve, in order to provide it and the Successful Bidder sufficient time to complete the negotiation of an APA, finalizing its terms, to enable the Receiver and the Successful Bidder to approach representatives of the MNDMF with a proposal for the purchase and sale of the Atikokan Property, and a request for the Wood Allocation. Accordingly, this Honourable Court scheduled the hearing of the SFL Motion for April 19, 2011.
22. Pursuant to the General Security Agreement dated April 2, 2007, granted by Atikokan in favour of GE, and other entities related to GE, GE has a general and continuing security interest in the present and future undertaking and property, both real and personal, of Atikokan and a secured guarantee of Atikokan’s obligations to GE by Northern Sawmills Inc. (“**Northern**”), a company related to Atikokan over which PwC is also acting as receiver (the “**GE Security**”). Based on its review, Osler has informed the Receiver that the GE Security is valid and enforceable as against the Atikokan Property.
23. The affidavit of Christopher Rankin of GE, sworn December 23, 2010 in connection with GE’s application for the appointment of the Receiver, indicates that GE was owed approximately \$8.7 million as at November 30, 2010.

24. The results of the Sale Process indicate that although the Successful Bid is the most favourable alternative available to the Receiver, if the Receiver is able to close the purchase and sale of the Purchased Assets with the Successful Bidder, on its terms, GE will still suffer a significant shortfall in respect of its loans to Atikokan. Furthermore, although not the subject of this Second Report, PwC, in its capacity as receiver of Northern, confirms that GE will suffer a significant shortfall in respect of its secured claim over Northern's assets, undertakings and properties. Accordingly, it does not appear that there will be any assets available from Northern's estate to satisfy Northern's guarantee of Atikokan's obligations to GE.

25. Based on the results of the Sale Process it is clear that GE is the only economically interested creditor in the Atikokan Property. The Receiver is of the view that GE, as the primary creditor and stakeholder of Atikokan, should have the ability to evaluate the value of Atikokan Property, including the SFL, in the context of the Sale Process. It is not clear to the Receiver, whether the termination of the SFL will potentially impair the Receiver's ability to successfully negotiate with the MNDMF for the Wood Allocation, or to negotiate with third parties for the sourcing of wood on commercial terms.

26. As described above, the Receiver and the Successful Bidder have not yet finalized a definitive APA, although the Receiver expects that the APA will be finalized shortly. Also, the Receiver and the Successful Bidder have not yet had an opportunity to meet with representatives of the MNDMF, or other commercial parties, in order to discuss the Wood Allocation.

27. Before the SFL is cancelled by the Minister, the Receiver is of the view that it would be productive to meet with the Minister and other representatives of the MNDMF, in order to discuss the Wood Allocation. Additionally, the Receiver understands that GE is not prepared to consent to the SFL Motion at this time.

28. The Receiver appreciates the MNDMF's desire to ensure that the Sapawe forest is managed effectively and in keeping with the MNDMF's mandate to, among other things, maintain and promote a healthy, competitive and sustainable forestry sector in the Province of Ontario.

29. Subsequent to the Date of Appointment, the Receiver engaged the services of KBM Consultants (“KBM”), who were engaged by the Receiver to assist it in its dealings with parties with whom Atikokan had various agreements and arrangements regarding the management of the Sapawe forest pursuant to terms and conditions of the SFL. In addition, the Ministry of Natural Resources (“MNR”) has agreed to act as “Plan Author” with respect to the Annual Work Schedule for the management of the Sapawe forest for the 2011-2012 year. The Receiver has also requested KBM to prepare a work plan, including a budget, to address certain of the key work requirements pursuant to the SFL.

30. Accordingly, the Receiver believes that it is premature at this stage to allow the lifting of the stay in the Atikokan’s receivership proceedings to allow the Minister to cancel the SFL. The Receiver also believes that it is beneficial to all stakeholders of the Atikokan’s estate and to the Successful Bidder to allow the Receiver and the Successful Bidder to have an opportunity to make representations to the Minister in connection with the Wood Allocation or to attempt to secure some or all of the Wood Allocation from third parties, so that there is a prospect to maximize recoveries available to GE and to preserve the possibility of a re-start of Atikokan’s sawmilling operations.

31. The Receiver recognizes that a forestry company with active operations in and around the Sapawe forest will be in a better position to discharge the obligations of the license holder under the SFL, in the long term. However, in the Receiver’s view, neither MNDMF, nor any other stakeholders of Atikokan would be prejudiced if the SFL Motion is adjourned by this Honourable Court for a short period of time until the Atikokan Sale Process is complete and the Receiver and the Successful Bidder have had an opportunity to make representations to the Minister in connection with the Wood Allocation or, alternatively, to attempt to secure some or all of the Wood Allocation from third parties.

## **RECOMMENDATION**

32. The Receiver respectfully requests and recommends for the reasons outlined above, that this Honourable Court:

- i) Grant an adjournment of the SFL Motion until the Atikokan Sale Process is complete and the Receiver, the Successful Bidder and/or GE have had an opportunity to make representations before the Minister in connection with the Wood Allocation; and
- ii) Make an Order, temporarily sealing Confidential Appendix A, until such time as a transaction for the sale of the Atikokan Property is closed.

All of which is respectfully submitted this 18<sup>th</sup> day of April, 2011.

**PricewaterhouseCoopers Inc.**

In its capacity as Receiver of  
Atikokan Forest Products Ltd.



Greg Prince  
Senior Vice President

## **APPENDIX B**

**ONTARIO  
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING G.P.

Applicant

- AND -

ATIKOKAN FOREST PRODUCTS LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY  
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF  
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

**THIRD REPORT OF  
PRICEWATERHOUSECOOPERS INC.  
AS RECEIVER OF  
ATIKOKAN FOREST PRODUCTS LTD.**

**May 2, 2011**

## BACKGROUND

1. On January 4<sup>th</sup>, 2011 (the “**Date of Appointment**”), pursuant to an Order of this Honourable Court (the “**Atikokan Receivership Order**”) PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), over all the assets, undertakings and properties (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**”).
2. On the same date, pursuant to an Order of this Honourable Court (the “**Northern Receivership Order**”), PwC was also appointed as receiver, pursuant to section 243(1) of the BIA and Section 101 of the CJA, over all the assets, undertakings and properties (the “**Northern Property**”) of Northern Sawmills Inc. (“**Northern**”).
3. Pursuant to an Order of this Honourable Court also made on January 4<sup>th</sup>, 2011 (the “**Atikokan Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process (the “**Atikokan Sale Process**”) outlined in the Report of PwC as proposed receiver of Atikokan, dated December 30, 2010 (the “**Proposed Receiver's Report**”).
4. On April 18, 2011, the Receiver filed its second report with this Honourable Court (the “**Second Report**”), which, *inter alia*:
  - i) outlined the status of the Atikokan Sale Process, up to the date of the Second Report; and
  - ii) sought an adjournment of the motion brought by Her Majesty The Queen in Right of the Province of Ontario (the “**Province**”) seeking an Order of this Honourable Court authorizing the lifting of the stay of proceedings pursuant to the Atikokan Receivership Order, to allow the Ministry of Northern Development, Mines and Forestry (the “**MNDMF**”) to take steps to commence the termination of a Sustainable Forest

License No. 542442 (the “**SFL**”) granted by the MNDMF to Atikokan, should the MNDMF decide to do so, until the Atikokan Sale Process is complete and the Receiver and G.E. Canada Equipment Financing, G.P. (“**GE**”), Atikokan’s primary secured creditor, had an opportunity to make representations to the MNDMF in connection with the wood allocation to the Atikokan mill site (the “**Wood Allocation**”).

5. The purpose of this, the Receiver third report (the “**Third Report**”) is to update this Honourable Court on the status of the Atikokan Sale Process and to:
  - i) provide this Honourable Court with a summary of the transaction (the “**EACOM Transaction**”) entered into on April 29, 2011, between the Receiver and EACOM Timber Corporation (“**EACOM**” or the “**Purchaser**”), for the purchase and sale of substantially all of the Atikokan Property, subject to a number of conditions precedent, which are more fully described below;
  - ii) summarize discussions the Receiver has engaged in an attempt to determine sources for obtaining the Wood Allocation;
  - iii) advise the Court of the notice the Receiver provided to the MNDMF’s counsel on April 27, 2011, pursuant to the endorsement of the Honourable Mr. Justice Morawetz made on April 19, 2011;
  - iv) update this Honourable Court on the status of discussions between GE and the MNDMF and Mister Dennis Brown, the Mayor of Atikokan, and the MNDMF.
  - v) set out the Receiver’s activities with respect to the development of a plan for carrying out Atikokan’s duties and obligations in maintaining the Sapawe Forest pursuant to the **SFL**; and
6. In preparing the Third Report, the Receiver has relied upon unaudited and draft, internal financial information of Northern and Atikokan provided to it by Northern, Atikokan or by GE. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion, or other form of assurance, in respect of the information contained therein.

7. All monetary amounts referred to herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein, are as defined in the Proposed Receiver's Report.

## **SALE PROCESS UPDATE**

### **GENERAL**

8. The Atikokan Sale Process was described by the Receiver in the Proposed Receiver's Report, an update of which was summarized in the Second Report. The Proposed Receiver's Report and the Second Receiver's Report were previously filed with this Honourable Court.
9. As described in the Second Report, the Receiver received a total of four (4) bids (the "**Bids**") in respect of the Atikokan Property from prospective purchasers (the "**Prospective Purchasers**"), including liquidation proposals. A summary of the Bids, as amended, based upon the Prospective Purchasers discussions with the Receiver, were summarized in Confidential Appendix "A" attached to the Second Report, which remains subject to a temporary sealing order, granted by this Honourable Court on April 19, 2011.

### **EACOM TRANSACTION**

10. Based on its review of the Bids, the Receiver, in consultation with GE, has determined that the most favourable offer for the Atikokan Property (the "**Successful Bid**") was a Bid submitted by EACOM, a Canadian forestry company that owns seven sawmills, primarily in Eastern Canada, with an equity interest in an eighth sawmill. EACOM is a public company, with common shares listed on the TSX Venture Exchange.
11. For the past several weeks, the Receiver and EACOM have been negotiating the terms and conditions of an asset purchase agreement (the "**APA**") with respect to the purchase and sale of substantially all of the Atikokan Property, including tangible personal property, intellectual property, inventory, books and records, contracts, licenses, goodwill and the majority of the real property owned by Atikokan (the "**Purchased Assets**"). On April 29, 2011, the Receiver and EACOM executed the APA.

12. The APA contains various conditions precedent for the benefit of the Purchaser (the “**Conditions**”) including conditions typical for transactions of this nature and other “business conditions” including, but not necessarily limited to:
  - i) Within 90 days of the execution of the APA:
    - (a) EACOM is to complete its due diligence review of the Purchased Assets;
    - (b) EACOM is to obtain financing to fund the total purchase price;
    - (c) EACOM is to obtain an approval of its primary lender of the EACOM Transaction;
  - ii) Confirmation of the availability of the Wood Allocation in order to recommence Atikokan’s sawmilling operations (the “**Wood Allocation Condition**”); and
  - iii) The Receiver obtaining an Approval and Vesting Order with respect to the Purchased Assets.
13. Although there are several Conditions pursuant to the APA that must be satisfied or waived by EACOM prior to closing, the Receiver is of the view that the primary Condition is the achievability of the Wood Allocation Condition. Accordingly, until the Wood Allocation Condition is satisfied, or until its satisfaction is more certain, the Receiver intends to wait to seek this Honourable Court’s approval of the EACOM Transaction. Although the Receiver is not seeking the approval of the APA at this time, a copy of the APA will be provided to this Honourable Court upon request.
14. Although, as stated above, the EACOM Transaction is subject to a number of Conditions, the Receiver notes the following:
  - i) The Receiver is not aware of any environmental contamination at the Atikokan mill site, which, the Receiver understands, will be central to EACOM’s due diligence efforts; and
  - ii) On April 20, 2011, EACOM closed a best efforts private placement financing (the

**“Financing”**), issuing in excess of 69 million common shares for total gross proceeds of approximately \$34.6 million. On May 2, 2011, EACOM issued a press release, attached as **Appendix “A”** hereto, advising, among other things, that a portion of the proceeds raised from the Financing would be used by EACOM to finance the acquisition of the Purchased Assets and, in addition, the purchase of certain assets of Northern. PwC, in its capacity as Receiver of Northern, will report separately to this Honourable Court with respect to the status of the Northern Receivership Proceedings.

15. Accordingly, the Receiver is of the view that, although the Eacom Transaction contains a number of Conditions, the primary Condition is the Wood Allocation Condition. The Wood Allocation Allowance, as defined in the APA, is a threshold for obtaining at least 650,000 cubic metres of softwood logs, annually, to supply the Atikokan mill site with a sufficient type and quantity of wood to operate at or near full capacity. The Receiver understands that the amount of wood prescribed for in the Wood Allocation Allowance is generally consistent with the annual quantity of wood consumed by Atikokan, prior to the cessation of its operations.
16. The Receiver has had discussions with certain third parties, with a view to determining potential sources for obtaining and negotiating for Wood Allocation. The primary options available to the Receiver and EACOM in this respect are:
  - i) Crown fibre – obtaining rights to wood supply from Crown lands either under a forest resource licence or under long-term wood supply commitments approved by the MNDMF;
  - ii) Private or commercial long-term arrangements with other forestry companies who have wood supply available to them; or
  - iii) Long term arrangements with one or more First Nations.
17. As of the date of this Third Report, no arrangements have been made for obtaining the Wood Allocation, as the Receiver was not in a position to commence discussions with third parties in this respect until it had executed the APA.

## **DISCUSSIONS WITH MNDMF**

18. The MNDMF advised the Receiver, at or around the time of the commencement of Atikokan receivership proceedings, that the MNDMF had “re-allocated” the wood previously available to Atikokan under the SFL to one or more third parties. The Receiver has asked the MNDMF to provide the Receiver with the names of the parties to whom such re-allocations were made but the MNDMF has not yet provided that information to the Receiver.
19. Counsel to GE has also sent a letter to the MNDMF’s counsel dated April 28, 2011 (the “**GE Letter**”) which contained certain requests for information regarding, *inter alia*, the wood re-allocation. A copy of the GE Letter is attached as **Appendix “B”** hereto.
20. The Receiver understands that, in the past, Atikokan had harvested and used approximately 140,000 cubic metres of wood, annually, in respect of the SFL. Accordingly, the availability of wood under the SFL would not be sufficient to satisfy the Wood Allocation Condition and a significant amount of commercially arranged wood supply, or other crown fibre, will be required to satisfy the Wood Allocation Condition.
21. On May 2, 2011, Mister Dennis Brown, the Mayor of Atikokan, wrote to the Receiver (the “**Mayor’s Letter**”). In the Mayor’s Letter, although a significant portion of the wood supply to Atikokan was originally accessed through commercial agreements between Atikokan and third parties, the core of the cost-effective wood supply for Atikokan was accessed through the SFL. The Mayor’s Letter also indicates that the SFL is a vital component of the traditional wood supply accessed by the sawmill in Atikokan. A copy of the Mayor’s Letter is attached as **Appendix “C”** hereto.

## **MOTION TO LIFT THE STAY OF PROCEEDINGS**

### **BACKGROUND AND NOTICE TO THE OFFICE OF THE ATTORNEY GENERAL**

22. As described in the Second Report, on March 22, 2011, the Receiver was served with motion materials (the “**SFL Motion**”) on behalf of the Province, initially returnable on March 23, 2011. The SFL Motion is for an Order of this Honourable Court authorizing

the lifting of the stay of proceedings in Atikokan's receivership proceedings, to allow the MNDMF to cancel the SFL, currently held by Atikokan. As a result of discussions between the MNDMF's legal counsel and the Receiver and its legal counsel, this Honourable Court scheduled the hearing of the SFL Motion for April 19, 2011.

23. After hearing submissions of counsel for GE, the Receiver and the MNDMF, on April 19, 2011, this Honourable Court granted an adjournment of the SFL Motion, until May 12, 2011, subject to the Receiver being able to finalize an agreement of purchase and sale with EACOM within one week. In the event the Receiver was not successful in finalizing an agreement of purchase and sale with EACOM within one week, the Receiver was obliged to notify the MNDMF's legal counsel, the Crown Law Office – Ministry of the Attorney General, Ontario (the "**Attorney General**") at which time, the Attorney General would be able to bring the SFL Motion prior to May 12, 2011, on 48 hours notice to the Receiver and GE. A copy of the endorsement (the "**Endorsement**") of the Honourable Mr. Justice Morawetz made on April 19, 2011 is attached as **Appendix "D"** hereto.
24. On April 27, 2011, the Receiver, having not yet finalized the APA with EACOM within the one week time frame provided for in the Endorsement, sent a notice of same to the Attorney General (the "**Receiver's Notice**"), a copy of which is attached hereto as **Appendix "E"** hereto. As a result of the Receiver's Notice, the Attorney General has set the date for the SFL Motion on May 3, 2011.
25. On April 29, 2011, the Receiver advised GE and the Attorney General that the APA was being executed that day.

#### **DUTIES OF ATIKOKAN UNDER THE SFL**

26. The Receiver understands that one of the MNDMF's primary concerns is to ensure the responsible and long-term management of the Sapawe forest.
27. As described in the Second Report, subsequent to the Date of Appointment, the Receiver engaged the services of KBM Consultants ("**KBM**"), to assist the Receiver in its dealings with parties with whom Atikokan had various agreements and

arrangements regarding the management of the Sapawe forest pursuant to terms and conditions of the SFL. In addition, the Ministry of Natural Resources (“MNR”) acted as “Plan Author” with respect to the Annual Work Schedule for the management of the Sapawe forest for the 2011-2012 year. The Receiver had also requested that KBM prepare a work plan, including a budget, to address certain of the key work requirements pursuant to the SFL.

28. Pursuant to a letter dated April 15, 2011 from MNR to the Receiver, attached as **Appendix “F”** hereto, MNR has advised the Receiver, among other things, that it is of the view that the Receiver is not discharging Atikokan’s obligations under the SFL. Such obligations would include:
  - i) Forest protection;
  - ii) Implementation of Action plans (including road maintenances and overlapping agreements with third parties who are harvesting wood in the Sapawe forest) and related status reports following the review/audit of a licensee’s performance;
  - iii) Meeting of silvicultural standards and implementation of silvicultural standards (site preparation, ordered seedlings, plantation, etc.); and
  - iv) Implementation of silvicultural prescriptions and compliances monitoring and planning.
29. In order to manage the Sapawe forest pursuant to the SFL, the Receiver engaged the services of KBM and Ms. Renée Perry, RFP (a former employee of Green Forest Management Inc., an entity related to Atikokan, which previously provided consulting and management services to Atikokan in relation to the Sapawe forest). The Receiver has also recently been put in touch with Ms. Genevieve Knauff (a former employee of the group of companies related to Atikokan (the “**Buchanan Group**”)) who was engaged in managing the Buchanan Group’s SFLs and other forest management activities, in order to assist the Receiver in dealing with Atikokan’s obligations under the SFL.

30. The Receiver has received a preliminary budget from KBM, in connection with it addressing Atikokan's obligations under the SFL. The Receiver has sought clarification from KBM in respect of the budget and is reviewing the budget and the associated workplan with Ms. Knauff, KBM and Ms. Perry. Once the Receiver has finalized a budget, the Receiver will provide same to GE and to the Town of Atikokan, so that they may each consider the requirement to fund the costs associated therewith, until such time as the Receiver determines there is no value in Atikokan remaining the SFL holder with respect to the Sapawe forest.

#### **RECOMMENDATION**

31. The Receiver respectfully requests and recommends for the reasons outlined above, that, notwithstanding the two day delay in executing the APA with EACOM, as described above, this Honourable Court grant an adjournment to the SFL Motion until May 12, 2011, as provided for in the Endorsement on the basis that had there been no such delay, the Endorsement provided the Receiver under May 12<sup>th</sup> to allow the Receiver and GE to continue to make representations to the Minister in connection with the Wood Allocation and the re-allocation of wood under the SFL.

All of which is respectfully submitted this 2<sup>nd</sup> day of May, 2011.

**PricewaterhouseCoopers Inc.**

In its capacity as Receiver of  
Atikokan Forest Products Ltd.



Greg Prince  
Senior Vice President

## **APPENDIX C**

Court File No. CV-10-9041-ooCL

**ONTARIO  
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING G.P.

Applicant

- AND -

ATIKOKAN FOREST PRODUCTS LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY  
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF  
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

**FIFTH REPORT OF  
PRICEWATERHOUSECOOPERS INC.  
AS RECEIVER OF  
ATIKOKAN FOREST PRODUCTS LTD.**

**July 27, 2011**

## BACKGROUND

1. On January 4<sup>th</sup>, 2011, pursuant to an Order of this Honourable Court (the “**Atikokan Receivership Order**”) PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), over all the assets, undertakings and properties (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**”). A copy of the Atikokan Receivership Order is attached as **Appendix “A”** hereto.
2. On the same date, pursuant to an Order of this Honourable Court (the “**Northern Receivership Order**”), PwC was also appointed as receiver, pursuant to section 243(1) of the BIA and Section 101 of the CJA, over all the assets, undertakings and properties (the “**Northern Property**”) of Northern Sawmills Inc. (“**Northern**”).
3. Pursuant to an Order of this Honourable Court also made on January 4<sup>th</sup>, 2011 (the “**Atikokan Sale Process Order**”) attached hereto as **Appendix “B”**, the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process (the “**Atikokan Sale Process**”) outlined in the Report of PwC as proposed receiver of Atikokan, dated December 30, 2010 (the “**Proposed Receiver's Report**”), attached hereto as **Appendix “C”**.
4. Pursuant to an Order of this Honourable Court also made on January 4<sup>th</sup>, 2011 (the “**Northern Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Northern Property, or any material portions thereof, substantially in accordance with the sale process (the “**Northern Sale Process**”) outlined in the Report of PwC as proposed receiver of Northern, dated December 30, 2010.
5. On January 13, 2011, the Receiver filed its first report with this Honourable Court (the “**First Report**”), attached hereto, without appendices, as **Appendix “D”**, which, *inter alia*, requested this Honourable Court’s approval of the advertisement and the teaser to be

used by the Receiver in connection with the Atikokan Sale Process.

6. On April 18, 2011, the Receiver filed its second report with this Honourable Court (the “**Second Report**”), attached hereto as **Appendix “E”**, which, *inter alia*:
  - i) outlined the status of the Atikokan Sale Process, up to the date of the Second Report; and
  - ii) sought an adjournment of the motion (the “**SFL Motion**”) brought by Her Majesty The Queen in Right of the Province of Ontario (the “**Province**”) seeking an Order of this Honourable Court authorizing the lifting of the stay of proceedings pursuant to the Atikokan Receivership Order, to allow the Ministry of Northern Development, Mines and Forestry (the “**MNDMF**”) to take steps to commence the termination of a Sustainable Forest License No. 542442 (the “**SFL**”) granted by the MNDMF to Atikokan until the completion of the Atikokan Sale Process and to provide the Receiver and G.E. Canada Equipment Financing, G.P. (“**GE**”), Atikokan’s primary secured creditor, with an opportunity to make representations to the MNDMF in connection with the wood allocation to the Atikokan mill site (the “**Wood Allocation**”).
7. On May 2, 2011, the Receiver filed its third report with this Honourable Court (the “**Third Report**”), attached hereto, without appendices, as **Appendix “F”**, which, *inter alia*:
  - i) provided this Honourable Court with a summary of the transaction (the “**EACOM Transaction**”) entered into on April 29, 2011, between the Receiver and EACOM Timber Corporation (“**EACOM**”), for the purchase and sale of substantially all of the Atikokan Property, subject to a number of conditions precedent, which are more fully described in the Third Report;
  - ii) summarized discussions in which the Receiver engaged, in an attempt to determine sources for obtaining the Wood Allocation;
  - iii) advised the Court of the notice the Receiver provided to the MNDMF’s counsel on April 27, 2011, pursuant to the endorsement of the Honourable Mr. Justice Morawetz

made on April 19, 2011; and

iv) described the Receiver's activities with respect to the development of a plan for carrying out Atikokan's duties and obligations in maintaining the Sapawe Forest pursuant to the SFL.

8. On May 12, 2011, the Receiver filed its fourth report with this Honourable Court (the **"Fourth Report"**), attached hereto as **Appendix "G"**, which, *inter alia*:

- i) provided this Honourable Court with an update on the SFL Motion and the Receiver's discussions with the MNDMF and commercial third parties in an attempt to determine sources for obtaining the Wood Allocation since the date of the last adjournment of the SFL Motion on May 3, 2011; and
- ii) advised this Honourable Court with respect to the Receiver's alternative proposal to the lifting of the stay in the Atikokan receivership proceedings, in an effort to balance the interests of various parties with respect to the SFL, including the Receiver, GE, as Atikokan's primary secured creditor, and the MNDMF and to address concerns that were raised by Abibow Canada Inc. (**"Abibow"**), as described in the affidavit of Mr. Roger Barber, sworn and served on the Receiver on May 11, 2011.

9. The purpose of this, the Receiver's fifth report (the **"Fifth Report"** and collectively with the Proposed Receiver's Report, the First Report, the Second Report, the Third Report and the Fourth Report, the **"Reports"**) is to advise and update this Honourable Court with respect to:

- i) the status of the Atikokan Sale Process;
- ii) the termination of the EACOM Transaction;
- iii) the activities undertaken by the Receiver subsequent to the termination of the EACOM Transaction with respect to the sale of the Atikokan Property;
- iv) the outcome of the SFL Motion;

- v) the results of the review conducted by the Receiver's counsel in respect of the security granted by Atikokan in favour of its secured creditors; and
- vi) update this Honourable Court on the Receiver's other activities to date;

And to seek an order of this Honourable Court:

- i) extending the Atikokan Sale Process timeline for finalizing and executing an agreement with the successful bidder up to and including July 22, 2011, *nunc pro tunc*, to allow the Receiver to complete the Atikokan Sale Process;
- ii) approving the agency sale agreement (the "**Agency Sale Agreement**") between the Receiver and Maynards Industries Ltd. ("**Maynards**") relating to the liquidation of the Atikokan Property, as discussed below, and authorizing the Receiver to execute the Agency Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction contemplated thereby;
- iii) increasing the Receiver's borrowing limit, as set out in paragraph 20 of the Atikokan Receivership Order, from \$300,000 to \$425,000; and
- iv) approving the Reports and the activities of the Receiver as described in the Reports.

10. In preparing the Fifth Report, the Receiver has relied upon unaudited and draft, internal financial information of Northern and Atikokan provided to it by Northern, Atikokan or by GE. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion, or other form of assurance, in respect of the information contained therein.

11. All monetary amounts referred to herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Proposed Receiver's Report.

## **SALE PROCESS UPDATE**

### **GENERAL BACKGROUND**

12. The Atikokan Sale Process was described by the Receiver in the Proposed Receiver's Report. In addition, the Receiver provided this Honourable Court with updates on the status of the Atikokan Sale Process in its Second Report and Third Report.
13. As more particularly described in the Second Report, the Receiver received a total of four (4) bids (the "**Bids**") in respect of some or all of the Atikokan Property from prospective purchasers (the "**Prospective Purchasers**"), including liquidation proposals. A summary of the Bids, as amended based upon the discussions between the Receiver and the Prospective Purchasers, were summarized in Confidential Appendix "A" attached to the Second Report, which remains subject to a temporary sealing order, granted by this Honourable Court on April 19, 2011.

### **EACOM TRANSACTION**

14. Based on its review of the Bids, the Receiver, in consultation with GE, had determined that the most favourable offer for the Atikokan Property (the "**Successful Bid**") was a Bid submitted by EACOM.
15. On April 29, 2011, the Receiver and EACOM executed an asset purchase agreement in respect of the Atikokan Property (the "**Atikokan APA**"). The Atikokan APA contained various conditions precedent for the benefit of EACOM including conditions typical for transactions of this nature and other business conditions (the "**Conditions**") including, but not limited to:
  - i) within 90 days of the execution of the Atikokan APA, EACOM was to:
    - (a) complete its due diligence review of the Purchased Assets, as defined in the Atikokan APA;
    - (b) obtain financing to fund the total purchase price; and

- (c) obtain an approval of the EACOM Transaction by its primary lender;
- ii) the confirmation by the Receiver of the availability of the Wood Allocation in order to recommence Atikokan's sawmilling operations (the "**Wood Allocation Condition**"); and
- iii) the Receiver obtaining an Approval and Vesting Order with respect to the Purchased Assets.

16. As mentioned in the Third Report, the Receiver did not immediately seek this Honourable Court's approval of the EACOM Transaction due to the uncertainty associated with the Receiver being able to satisfy the Wood Allocation Condition.

#### **WOOD ALLOCATION**

- 17. Subsequent to the execution of the Atikokan APA, the Receiver had discussions with a number of third parties, including but not limited to the MNDMF, Abibow and Domtar Corporation, with a view to determining potential sources for obtaining and negotiating the Wood Allocation. Options available to the Receiver and EACOM in this respect included:
  - i) Crown fibre – obtaining rights to wood supply from Crown lands, either under a forest resource licence or under long-term wood supply commitments approved by the MNDMF; or
  - ii) Private, long-term arrangements with other commercial sources who have wood supply available to them, subject to EACOM obtaining necessary approvals from the MNDMF.
- 18. Based on representations made to the Receiver by the MNDMF and as a result of its discussions with certain commercial parties to whom Crown fibre is available, the Receiver determined that the Wood Allocation Condition, as set out in the Atikokan APA, could not be met.

## RESULTS OF THE SFL MOTION

19. The background to and the progress in respect of the SFL Motion was described by the Receiver in the Second Report, the Third Report and the Fourth Report, previously filed with this Honourable Court.
20. The SFL Motion was heard by Mr. Justice Morawetz of this Honourable Court on May 12, 2011. On May 13, 2011, Mr. Justice Morawetz issued an endorsement authorizing the lifting of the stay in the Atikokan receivership proceeding, to permit the MNDMF to take the steps necessary to cancel the SFL and issued an order dated the day of the SFL Motion, May 12, 2011, to give effect to the foregoing.
21. On May 24, 2011, the MNDMF delivered a Notice of Intention to Cancel the SFL (the “**Cancellation Notice**”) to the Receiver pursuant to Section 59(3)(a) of the *Crown Forest Sustainability Act*, 1994, S.O. 1994, c.25. (the “**CFSA**”). Pursuant to the Cancellation Notice, the Receiver was provided with an opportunity to make representations to the MNDMF in accordance with Section 59(3)(b) of the CFSA as to why the SFL should not be cancelled. A copy of the Cancellation Notice is attached as **Appendix “H”** hereto.
22. On June 6, 2011, the Receiver sent a letter (the “**Cancellation Response Letter**”) to the MNDMF advising that the Receiver did not intend to make representations to the MNDMF as to why the SFL should not be cancelled and that the Receiver did not oppose the immediate cancellation of the SFL. Pursuant to the Cancellation Response Letter, the Receiver also advised the MNDMF that, *inter alia*, from and as of the date of the Cancellation Response Letter, the Receiver would no longer be performing any of the ongoing obligations of Atikokan pursuant to the SFL in connection with the Sapawe Forest, but would provide the MNDMF with access to the information in its possession and control in connection with the SFL. A copy of the Cancellation Response Letter is attached as **Appendix “I”** hereto.

## TERMINATION OF THE EACOM TRANSACTION

23. As more particularly described in the third report of PwC, as court-appointed receiver of Northern (the “**Northern Receiver’s Third Report**”), dated the day hereof and filed with this Honourable Court contemporaneously with this Fifth Report, the Receiver and EACOM also executed an asset purchase agreement in respect of the Northern Property dated April 29, 2011 (the “**Northern APA**” and, collectively with the Atikokan APA, the “**APAs**”).
24. Subsequent to the execution of the APAs, EACOM commenced further due diligence of the Purchased Assets of Northern and Atikokan, respectively, as such term is defined in each of the APAs.
25. On May 20, 2011, counsel to EACOM e-mailed (the “**Northern APA Termination Notice**”) the Receiver and advised that pursuant to the terms of the Northern APA, EACOM was not satisfied with its due diligence review of the Purchased Assets in respect of the Northern APA. Accordingly, EACOM elected to terminate the Northern APA in accordance with its terms.
26. The Atikokan APA provided that, in the event EACOM provided the Receiver with the Northern APA Termination Notice and the Northern APA terminated in accordance with its terms, the Receiver, at its option, may terminate the Atikokan APA. In addition, the Atikokan APA also provided each of the Receiver and EACOM with an option to terminate the Atikokan APA at either party’s discretion in the event such party determined, acting reasonably, that any of the Conditions could not be satisfied and the Receiver or EACOM (as applicable) had not waived such condition within five days of becoming aware of the inability to satisfy such condition.
27. As the Receiver had concluded that the Wood Allocation Condition of the Atikokan APA could not be satisfied and the MNDMF had issued the Cancellation Notice in respect of the SFL, the Receiver, with GE’s support, elected to exercise its option to terminate the Atikokan APA.

## **CONTINUATION OF THE ATIKOKAN SALE PROCESS**

28. Following the termination of the EACOM Transaction, the Receiver, in consultation with GE, recommenced the Atikokan Sale Process by contacting the former Prospective Purchasers who had expressed an interest in all or substantially all of the Atikokan Property (other than Atikokan's real property), other than EACOM, and inviting such Prospective Purchasers to submit revised offers for the Atikokan Property by June 8, 2011. At that point in time, the Receiver was uncertain whether the recommencement of the Atikokan Sale Process would yield any offers or whether the Receiver would be forced to abandon the Atikokan Sale Process altogether. Accordingly, the Receiver determined that seeking this Honourable Court's approval to extend the deadline for executing an asset purchase agreement with a successful bidder would be premature. The Receiver wanted to make a substantive recommendation to this Honourable Court to allow the Court to make an informed decision as to whether the deadline for executing an asset purchase agreement pursuant to the Atikokan Sale Process should be extended and submit the asset purchase agreement for this Honourable Court's approval at the same time.
29. In response to the Receiver recommencing the Atikokan Sale Process after the termination of the EACOM Transaction, the Receiver received offers from two liquidators in respect of the Atikokan Property (the "**Liquidation Offers**").
30. The Liquidation Offers included a proposal from Maynards (the "**Maynards' Offer**") and a proposal from EDS Decommissioning Canada Inc. (the "**EDS Offer**"). Both EDS and Maynards specialize in industrial asset sales, with EDS also focusing on demolition and decommissioning of industrial sites.
31. The Maynards' Offer provided the option of an outright sale of the Atikokan Property to Maynards, or for Maynards to act as the Receiver's agent overseeing a liquidation sale of the Atikokan Property on a "commission-only" basis or with a net minimum guarantee to the Receiver, with net proceeds of sale above a certain threshold to be shared as between the Receiver and Maynards.

32. The EDS Offer was a cash offer to purchase the Atikokan Property. However, the EDS Offer also contemplated the Receiver remaining in possession of the Atikokan real property for an additional 12-month period to allow for the completion of the liquidation and dismantling of the assets.
33. The Receiver has determined that entering into an agency arrangement with Maynards for the liquidation of the Atikokan Property, subject to a net minimum guarantee being paid to the Receiver is the most favourable alternative available to the Receiver at this time, as:
  - i) liquidating the Atikokan Property with Maynards will not obligate the Receiver to occupy Atikokan's real property for another year, which will give rise to the incurrence of additional costs that are not justified by higher potential recoveries;
  - ii) the net minimum guarantee will provide a base line recovery to the Receiver that is only slightly less than the cash purchase options available to the Receiver from both Maynards and EDS; and
  - iii) if the auction is successful, the overall recovery for the benefit of the Atikokan's estate and its stakeholders may in fact be greater than the cash offer contemplated by the EDS Offer or the Maynards Offer.
34. On July 22, 2011 the Receiver and Maynards finalized the Agency Sale Agreement, a redacted copy of which is attached as **Appendix "J"** hereto. An unredacted copy of the Agency Sale Agreement will be provided to this Honourable Court upon request.
35. The Receiver has been contacted, from time to time, by Mr. Dennis Brown, the Mayor of Atikokan ("**Mayor Brown**") who has asked that the Receiver keep him apprised of any developments with respect to the sale of the Atikokan Property. On or about July 6, 2011, after determining that a liquidation of the Atikokan Property with Maynards was the most favourable alternative available to it, the Receiver contacted Mayor Brown, advised him of the termination of the Atikokan APA and of the Receiver's intention to proceed to enter into an agreement for the liquidation of the Atikokan Property. The

Receiver also understands that Mayor Brown was, and is, independently trying to secure a sustainable supply of wood in order to increase the prospect of the Atikokan sawmill re-opening.

36. On July 19, 2011, following an earlier telephone call with the Receiver, legal counsel to the Town of Atikokan emailed the Receiver, memorializing certain discussions that it and Mayor Brown had, on separate occasions, with the Receiver. In addition, the Receiver was also asked to consider delaying any disposition of the Atikokan Property until the end of October 2011, to provide the Town of Atikokan with more time to obtain a supply of wood from First Nations or other sources, among other things.
37. The Receiver has spoken with legal counsel to the Town of Atikokan and has advised that, in its view, delaying the sale of the Atikokan Property will lead to the incurrence of additional, ongoing costs, including insurance premiums, payroll, utilities and legal and professional fees, for which the benefit is not clear.
38. In addition, the Agency Sale Agreement provides the Receiver with the flexibility of having Maynards conduct a liquidation sale, on site at Atikokan's premises, or, alternatively, provides for the option of a private sale of some or all of the Atikokan Property. Finally, as set out in the Agency Sale Agreement, a liquidation sale is to occur within 60 days of the date this Honourable Court approves the Agency Sale Agreement (if this Honourable Court is inclined to approve same). The Receiver has confirmed with representatives of Maynards that a liquidation sale, if one is completed, would not likely take place until late September 2011, to allow sufficient time for advertising and set up of the Atikokan Property.
39. If the sale of the Atikokan Property were to be suspended until October 2011, it is likely that the Receiver would have to retain the Atikokan Property over the coming winter season, and conduct a liquidation sale the following spring, which will lead to the incurrence of substantially higher costs. The Receiver has consulted with GE, Atikokan's primary secured creditor, and understands that GE supports the Receiver's position in this respect.

40. Accordingly, based on the foregoing, the Receiver is seeking an approval of the Agency Sale Agreement by this Honourable Court and the authority to execute the Agency Sale Agreement.

#### **EXTENSION OF SALE PROCESS TIMELINE**

41. As more particularly described in the Proposed Receiver's Report and in the Second Report, the original Atikokan Sale Process, as approved by this Honourable Court, provides for the following principal elements of, and a timeline in connection with, the advertisement of the Atikokan Property for sale and the solicitation of offers from prospective purchasers or liquidators in connection with the proposed sale:

- i) Not later than ten (10) business days after the Atikokan Sale Process was approved by this Honourable Court, namely by January 18, 2011, the Receiver was required to:
  - a) advertise Atikokan, the Atikokan Property and the Atikokan Sale Process in the national edition of the Globe & Mail; and
  - b) send a teaser and a non-disclosure agreement to all parties identified by the Receiver as potentially having an interest in Atikokan and/or the Atikokan Property;
- ii) Not later than fifteen (15) business days after the Atikokan Sale Process was approved by this Honourable Court, namely by January 25, 2011, the Receiver was required to establish an electronic data room containing information in respect of Atikokan and the Atikokan Property;
- iii) The Receiver was also required to arrange site visits to allow prospective purchasers an opportunity to visit the Atikokan's premises and conduct due diligence;
- iv) The prospective purchasers had until 5:00 p.m. Eastern Standard time, on March 9, 2011 to submit binding offers;
- v) Based on its review of the binding offers, the Receiver was required to determine the

most favourable offer and proceed to finalize the asset purchase agreement with the successful offering party, subject to the approval of this Honourable Court, by March 25, 2011.

- vi) The Receiver had the right to extend the timelines set forth above for a period of time not exceeding ten (10) business days from the dates indicated above. All other extensions or modifications of the Atikokan Sale Process required the approval of this Honourable Court.
- 42. As described in the Second Report, given the Receiver's right to extend the timelines set forth in the Atikokan Sale Process for a period of time not exceeding ten (10) business days without an order of this Honourable Court, an asset purchase agreement was required, under the Atikokan Sale Process, to be finalized by April 8, 2011. As the Receiver noted in the Second Report and as described above, despite the Receiver's attempts, the original deadline for executing an asset purchase agreement with a successful bidder (which at that time was EACOM) was not met by the Receiver. The Atikokan APA was in fact executed by the Receiver and EACOM on April 29, 2011. However, given the SFL Motion and various adjournments in respect thereof, this Honourable Court was kept fully apprised of the various issues relating to the timing of the execution of the Atikokan APA. As more particularly described in the Second Report, all other milestones of the Atikokan Sale Process were complied with.
- 43. Given that the EACOM Transaction was ultimately terminated, as described above, the Receiver required additional time to make a determination as to whether to recommence the Atikokan Sale Process or to abandon it altogether. Upon the recommencement of the Atikokan Sale Process, as described above, the Receiver also required additional time to negotiate the Agency Sale Agreement with Maynards. The Receiver did not seek this Honourable Court's approval of an extension to the timeline set out in the Atikokan Sale Process once the EACOM Transaction terminated as, at that time, the Receiver did not know how much time would be required to determine an alternative for the sale of the Atikokan Property.
- 44. Accordingly, the Receiver now respectfully requests and recommends that this

Honourable Court make an order, *nunc pro tunc*, providing for an extension of the Atikokan Sale Process timeline for finalizing and executing an agreement with a successful bidder up to and including July 22, 2011, the date the Receiver and Maynards executed the Agency Sale Agreement. GE, as the major stakeholder in the Atikokan estate, has advised the Receiver that it is supportive of such time extension.

45. Given that the Atikokan Sale Process has taken longer than the Receiver initially anticipated due to the reasons set out above, the Receiver also requires additional funding to complete the transaction now achieved under the Agency Sale Agreement and other miscellaneous matters in the administration of the Atikokan receivership estate. The Receiver estimates that an increase of the Receiver's borrowing limit up to \$425,000 is required. The funding of the Atikokan receivership proceedings will continue to be made by way of advances from GE to the Receiver under the Receiver's Borrowing Certificates. The professional fees incurred by the Receiver will continue to be paid directly by GE.

## **SECURITY OPINION**

46. The Receiver requested that its counsel, Osler, Hoskin & Harcourt LLP ("Osler"), conduct a security review of the security granted by Atikokan in favour of GE and its related entities (collectively, the "GE Entities"), and in favour of Buchanan Sales Inc. ("Buchanan Sales") and also to review the intercreditor arrangements between the GE Entities and Buchanan Sales, so that the Receiver could report and make a recommendation to this Honourable Court regarding issues relating to competing claims of the GE Entities and Buchanan Sales against the Atikokan Property, if any, and regarding any issues relating to the distribution of the proceeds of sale of the Atikokan Property.
47. On July 25, 2011, Osler issued a security review opinion (the "Osler Opinion") to the Receiver stating that, subject to the assumptions, qualifications and limitations contained therein, Osler is of the opinion that the security granted by Atikokan in favour of each of the GE Entities and Buchanan Sales creates a valid security interest in favour of each of the GE Entities and Buchanan Sales in the personal property described

in their respective security. To the extent that Atikokan has rights in the personal property secured by such security or the power to transfer rights in the personal property secured thereby to the GE Entities or to Buchanan Sales, as applicable, such security interests, to the extent capable of perfection by possession or registration of a financing statement under the *Personal Property Security Act* (Ontario) (the “**Ontario PPSA**”), and to the extent that the Ontario PPSA applies to the perfection of such personal property, has been perfected.

48. As more particularly described in the Osler Opinion, in respect of the intercreditor arrangements between the GE Entities and Buchanan Sales, the Osler Opinion in effect states that, except for the personal property of Atikokan classified as “motor vehicle”, the security granted by Atikokan in favour of the GE Entities ranks in priority to the security granted by Atikokan in favour of Buchanan Sales. In respect of the collateral classified as a “motor vehicle”, the security granted by Atikokan in favour of Buchanan Sales ranks in priority to the security granted by Atikokan in favour of the GE Entities.
49. Once the transaction contemplated by the Agency Sale Agreement is completed, if approved by this Honourable Court, and the proceeds from the sale of the Atikokan Property are generated, the Receiver intends to make a distribution motion before this Honourable Court.

#### **RECOMMENDATION**

50. The Receiver respectfully requests and recommends for the reasons outlined above, that this Honourable Court make an Order, *inter alia*:
  - i) extending the Atikokan Sale Process timeline for finalizing and executing an agreement with the successful bidder up to and including July 22, 2011, *nunc pro tunc*;
  - ii) approving the Agency Sale Agreement and authorizing the Receiver to execute the Agency Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction contemplated thereby;

- iii) increasing the Receiver's borrowing limit, as set out in paragraph 20 of the Atikokan Receivership Order, to \$425,000; and
- iv) approving the Reports and the activities of the Receiver as described in the Reports.

All of which is respectfully submitted this 27<sup>th</sup> day of July, 2011.

**PricewaterhouseCoopers Inc.**

In its capacity as Receiver of  
Atikokan Forest Products Ltd.



Greg Prince  
Senior Vice President

## **APPENDIX D**

**ATIKOKAN FOREST PRODUCTS LTD.**  
**SEVENTH REPORT OF THE RECEIVER**

**June 28, 2012**

Court File No. CV-10-9041-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST**

BETWEEN:

**G.E. CANADA EQUIPMENT FINANCING G.P.**

**Applicant**

**- AND -**

**ATIKOKAN FOREST PRODUCTS LTD.**

**Respondent**

**APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY  
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF  
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**SEVENTH REPORT OF  
PRICEWATERHOUSECOOPERS INC.  
AS RECEIVER OF  
ATIKOKAN FOREST PRODUCTS LTD.**

**June 28, 2012**

## BACKGROUND

1. On January 4<sup>th</sup>, 2011, by Order (the “**Atikokan Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), over all the assets, undertakings and properties (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**” or the “**Company**”). The appointment of the Receiver is referred to herein as the “**Receivership Proceedings**”.
2. On the same date, by Order of the Court (the “**Northern Receivership Order**”), PwC was also appointed as receiver, pursuant to section 243(1) of the BIA and section 101 of the CJA, over all the assets, undertakings and properties (the “**Northern Property**”) of Northern Sawmills Inc. (“**Northern**”).
3. By Order of the Court on January 4<sup>th</sup>, 2011 (the “**Atikokan Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process (the “**Atikokan Sale Process**”) outlined in the Report of PwC as proposed receiver of Atikokan, dated December 30, 2010 (the “**Proposed Receiver’s Report**”).
4. By Order of the Court also made on January 4<sup>th</sup>, 2011 (the “**Northern Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Northern Property, or any material portions thereof, substantially in accordance with the sale process (the “**Northern Sale Process**”) outlined in the Report of PwC as proposed receiver of Northern, dated December 30, 2010.
5. On January 14, 2011, the Court made an Order approving the advertisement and the teaser to be used by the Receiver in the Atikokan Sale Process.

6. April 18, 2011, the Receiver filed its second report with the Court (the “**Second Report**”), which, *inter alia*:
  - i) outlined the status of the Atikokan Sale Process; and
  - ii) sought an adjournment of the motion (the “**SFL Motion**”) brought by Her Majesty The Queen in Right of the Province of Ontario (the “**Province**”) seeking an Order authorizing the lifting of the stay of proceedings in effect pursuant to the Atikokan Receivership Order, to allow the Ministry of Northern Development, Mines and Forestry (the “**MNDMF**”) to take steps to commence the termination of a Sustainable Forest License No. 542442 (the “**SFL**”) granted by the MNDMF to Atikokan and to provide the Receiver and G.E. Canada Equipment Financing G.P. (“**GE**”), Atikokan’s primary secured creditor, with an opportunity to make representations to the MNDMF in connection with the wood allocation to the Atikokan mill site (the “**Wood Allocation**”).
7. On May 2, 2011, the Receiver filed its third report with this Court (the “**Third Report**”) which, *inter alia*:
  - i) summarized the transaction (the “**EACOM Transaction**”) entered into on April 29, 2011, between the Receiver and EACOM Timber Corporation (“**EACOM**”), for the purchase and sale of substantially all of the Atikokan Property, subject to a number of conditions precedent that are more fully described in the Third Report;
  - ii) summarized discussions in which the Receiver engaged in an attempt to determine sources for obtaining the Wood Allocation; and
  - iii) described the Receiver’s activities with respect to the development of a plan for carrying out Atikokan’s obligations in maintaining the Sapawe Forest under the SFL.
8. On May 12, 2011, the Receiver filed its fourth report with this Court (the “**Fourth Report**”) which, *inter alia*:

- i) provided the Court with an update on the SFL Motion and the Receiver's discussions with the MNDMF and commercial third parties in an attempt to determine sources for obtaining the Wood Allocation; and
- ii) advised the Court of the Receiver's alternative proposal to the Province's motion for the lifting of the stay in the Atikokan receivership proceedings, in an effort to balance the interests of various parties with respect to the SFL, including the Receiver, GE, as Atikokan's primary secured creditor, and the MNDMF and to address concerns that were raised by Abibow Canada Inc. ("Abibow").

9. On July 27, 2011, the Receiver filed its fifth report with the Court (the "Fifth Report"), which, *inter alia*:

- i) described the outcome of the SFL Motion and the cancellation of the SFL;
- ii) advised this Court of the termination of the EACOM Transaction;
- iii) described the continuation of the Atikokan Sale Process, following the termination of the EACOM Transaction, and sought the Court's approval of the agency sale agreement (the "Agency Sale Agreement") between the Receiver and Maynards Industries Ltd. ("Maynards") relating to the liquidation of the Atikokan Property;
- iv) advised the Court of the results of the review conducted by the Receiver's counsel in respect of the security granted by Atikokan in favour of its secured creditors;

and provided the Court with information in support of the Receiver's motion for:

- v) the extension of the Atikokan Sale Process timeline for finalizing and executing an agreement up to and including July 22, 2011, *nunc pro tunc*, to allow the Receiver to complete the Atikokan Sale Process;
- vi) the approval of the Agency Sale Agreement, including authorizing the Receiver to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction; and

- vii) the increase of the Receiver's borrowing limit, as set out in paragraph 20 of the Atikokan Receivership Order, from \$300,000 to \$425,000.

10. On August 11, 2011, the Receiver filed its sixth report with the Court (the "**Sixth Report**") which, *inter alia*, provided the Court with an update with respect to:

- i) a meeting held on August 10, 2011, among the Receiver, the Town of Atikokan, and its consultants and legal counsel, EACOM and the Rainy Lake Tribal Council, to understand what efforts the Town and others had made, if any, with respect to determining whether an 'en bloc' sale of the Atikokan Property was available;
- ii) the Receiver's earlier efforts to determine whether a wood supply, acceptable to EACOM, as the then purchaser, was available to the Receiver or EACOM on the terms and conditions set out in the EACOM Transaction; and
- iii) the unfavourable impact of delaying the sale of the Atikokan Property pursuant to the Agency Sale Agreement.

11. The purpose of this, the Receiver's seventh report (the "**Seventh Report**", and collectively with the Proposed Receiver's Report, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report and the Sixth Report, the "**Reports**") is to update the Court with respect to:

- i) The activities of the Receiver since the date of the Sixth Report;
- ii) The results of the liquidation of the Company's assets pursuant to the Agency Sale Agreement;
- iii) The efforts made by the Receiver to sell the real property owned by Atikokan, which includes the Atikokan Site (defined below) and 22 Maple Crescent, Atikokan, Ontario ("**22 Maple Cres**", and collectively, the "**Real Property**"); and
- iv) the Receiver's statement of cash receipts and disbursements from the Date of Appointment to June 8, 2012;

and to seek an order of the Court:

- v) approving the activities of the Receiver as set out in the Sixth Report and the Seventh Report including the Receiver's Statement of Cash Receipts and Disbursements set out herein;
- vi) sealing **Confidential Appendix "A"**, containing a summary of the bids received for the Atikokan Site;
- vii) approving the GE Distribution (as hereinafter defined);
- viii) approving the Buchanan Sales Distribution (as hereinafter defined);
- ix) approving the fees and disbursements of the Receiver and its counsel, as set out in this Seventh Report and the Fee Affidavits;
- x) approving the distribution of the remaining monies in relation to the Atikokan Property to GE;
- xi) discharging the Receiver subject to the Receiver completing its administration of the Receivership Proceedings and completing the Remaining Duties; and
- xii) declaring that PwC is immediately released from any liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver, save and except for the Receiver's gross negligence or willful misconduct.

12. A compendium of the Orders and Reports in the Receivership Proceedings has been prepared and filed by the Receiver's legal counsel, Osler, Hoskin & Harcourt LLP ("Osler") to assist the Court with respect to this motion.

13. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion or other form of assurance in respect of the information contained therein.

14. All monetary amounts referred to herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Reports.

## RECEIVER'S ACTIVITIES SINCE THE SIXTH REPORT

### RECEIVER'S ACTIVITIES

15. Since the date of the Sixth Report, the Receiver has:

- i) executed the Agency Sale Agreement with Maynards as authorized in the Liquidation Order and worked with Maynards to prepare for the sale of assets (not including the Real Property) by auction on September 27 and 28, 2011 (the “**Atikokan Auction**”), including maintaining utility services, identifying potential third party claims and providing product and asset details to support Maynards’ marketing efforts among other activities;
- ii) reviewed potential priority claims in respect of Atikokan to determine the amount of reserve, if any, required to be maintained prior to making a distribution of proceeds;
- iii) monitored the results of the Liquidation Process (hereinafter defined), including obtaining regular updates on sale results from Maynards and monitoring the removal of the assets sold at the Auction;
- iv) responded to property proof of claims filed with the Receiver by third parties and worked to have goods released where appropriate;
- v) worked with the Ministry of the Environment (“**MOE**”) to identify potential environmental hazards at the Atikokan Site (defined below), and engaged an environmental waste removal contractor to remove chemicals and fuel from the Atikokan Site before the preceding winter, to avoid a spill or contamination;
- vi) participated in various calls and discussions with the MOE and arranged a discussion among the MOE and a representative of Buchanan Sales Inc. (“**Buchanan Sales**”) to consider the status of a waste-wood pile on the Atikokan Site;
- vii) solicited offers for the Real Property from interested parties as further described below;

- viii) responded to requests from parties interested in the purchase or liquidation of the Atikokan Property and referred them to Maynards where appropriate; and
- ix) responded to requests for information from creditors, employees and other stakeholders as appropriate.

#### **LIQUIDATION OF CERTAIN PROPERTY BY MAYNARDS**

16. On August 11, 2011, the Court made an order (the “**Liquidation Order**”) approving the Agency Sale Agreement between the Receiver and Maynards and authorized the Receiver to execute the Agency Sale Agreement and to take such other steps as were necessary and desirable for the completion of the liquidation of the Atikokan Property (the “**Liquidation Process**”).
17. On September 27 and 28, 2011, Maynards conducted an auction of the Atikokan Property except the Real Property, the results of which are summarized as follows:

<b>Atikoken Forest Products Ltd. Reconciliation of Liquidation Proceeds</b>	
<b>Total Proceeds from Liquidation</b>	<b>CAD\$ 1,452,832</b>
Less: Maynard's Costs	(125,000)
Maynard's Participation Fee	(85,566)
<b>Net Proceeds of Liquidation</b>	<b>1,242,266</b>

18. Subsequent to the completion of the Atikokan Auction, successful bidders were required to remove purchased Property from the real property located at Highway 623 Sapawe Road, Sapawe, Ontario (the “**Atikokan Site**”). Delays were experienced in connection with the removal of the purchased Property from the Atikokan Site due to bad weather and difficulties experienced by Maynards in coordinating the dismantling and demolition efforts of a number of purchasers and their agents. As a result of the delays, purchasers required additional time to remove purchased Property. Accordingly, Maynards, in consultation with the Receiver, granted extensions to the time for removal of the purchased Property. As of the date of this Report, all of the items purchased by third parties during the Liquidation

Process have been removed from the Atikokan Site. Maynards has confirmed that the sale is complete and that there are no remaining issues outstanding with respect to the Atikokan Auction.

19. The Receiver entered into an agreement with 6322093 Manitoba Inc. o/a Global Recycling & Recovery (“GRR”) whereby GRR took possession of the Atikokan Property and the Northern Property, effective January 22, 2012, to obtain adequate time to remove the assets that it purchased in the Atikokan Auction in exchange for GRR providing \$10,000 to cover all direct and indirect costs associated with maintaining the Atikokan Property and the Northern Property, excluding professional fees until the date that GRR departed the Atikokan Property and Northern Property. GRR departed the Atikokan Property on or about May 10, 2012. While in possession of the Atikokan Property, GRR facilitated the removal of certain third party assets at the Receiver’s direction, including a weigh scale owned by the MNDMF.

#### THE RECEIVER’S EFFORTS TO SELL THE REAL PROPERTY

20. Following the termination of the EACOM Transaction, in addition to negotiating the Agency Sale Agreement with Maynards and completing the sale of certain of Atikokan’s Property in the Liquidation Process, the Receiver subsequently contacted various parties who had expressed an interest in the Real Property (the “**Interested Parties**”) to determine whether these parties were interested in purchasing the Atikokan Site.
21. Commencing in early February 2012, the Receiver contacted four Interested Parties regarding the sale of the Atikokan Site. The Receiver updated a dataroom with relevant documentation related to the Atikokan Site and, subject to obtaining executed non-disclosure agreements, provided access to the Interested Parties for the purpose of commencing their due diligence.
22. On February 10, 2012, the Receiver sent an email to each of the Interested Parties setting a deadline to submit a bid on the Atikokan Site of February 23, 2012 at 5:00pm EST (the “**Bid Deadline**”). The Receiver included in this notice a draft asset purchase

agreement which was to be used as the basis for any offers provided for the Atikokan Site.

23. On the Bid Deadline, the Receiver received two offers for the Atikokan Site. The Receiver reviewed the terms and conditions of these offers and determined that neither offer for the Atikokan Site was acceptable. A summary of the relevant terms and conditions of these offers is attached hereto as **Confidential Appendix "A"**. As disclosure of the terms of these offers could negatively affect future efforts to realize on the Atikokan Site, the Receiver is seeking an order sealing the Confidential Appendix A until further order of the Court.
24. The Receiver has concluded that, at this time, the Atikokan Site is currently incapable of being realized by it in an amount that justifies the effort to complete a sale. It is not cost effective for the Receiver to remain in place solely in relation to the Atikokan Site until it can be sold. The Receiver has discussed the status of the Atikokan Site with counsel for G.E. Canada Equipment Financing G.P. ("GE") and counsel for Buchanan Sales and will provide control of the Atikokan Site to Atikokan / the Buchanan group, subject to the charges and security interests associated therewith. On April 11, 2012, the Receiver discussed the results of the sale process for the Atikokan Site with representatives from both the MOE and the Buchanan group of companies and advised them of the Receiver's intention to cease its efforts to realize on the Atikokan Site. The Receiver is unaware of any objections or concerns of the Buchanan group of companies or the MOE, in this respect. Additionally, the MOE and Buchanan Sales will be served with this Seventh Report.
25. On March 22, 2011, the Receiver received an offer for \$45,000 in respect of 22 Maple Cres, a residential house owned by Atikokan (the "**22 Maple Offer**"). The 22 Maple Offer was the only offer received by the Receiver in respect of 22 Maple Cres. The Receiver determined that Buchanan Sales had a prior ranking security interest in and to 22 Maple Cres. Buchanan Sales advised the Receiver that it did not wish the Receiver to attempt to realize on 22 Maple Cres. On July 7, 2011, GE's counsel, Stikeman Elliott LLP, advised the Receiver that GE did not object to the Receiver allowing Buchanan

Sales to deal with 22 Maple Offer directly. Accordingly, pursuant to the authority granted to the Receiver in paragraph 3(l) of the Atikokan Receivership Order, the Receiver released Atikokan's interest in and to 22 Maple Cres in favour of Buchanan Sales.

#### RECEIVER'S STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

26. The Receiver's Statement of Cash Receipts and Disbursements for the period from January 4, 2011 to June 8, 2012 is summarized as follows:

<b>STATEMENT OF RECEIPTS AND DISBURSEMENTS</b> <b>For the Period from January 4, 2011 to June 8, 2012</b>	
<b>RECEIPTS</b>	CAD\$
Net Proceeds of Liquidation	1,242,256
Receiver's Borrowings	425,000
Funding of Professional Costs	53,056
Pre Appointment GST Refunds	12,155
Rental Income	7,950
Cash on Hand	5,675
Interest Income	2,391
Miscellaneous	6,883
<b>TOTAL RECEIPTS</b>	<b>1,755,366</b>
<b>DISBURSEMENTS</b>	
Payroll	161,150
Rent / Telephone / Utility	149,130
Insurance	126,320
Operating Expenses	47,898
Receiver Fees & Disbursements	46,952
Legal Fees	18,219
Bank Charges	3,359
Statutory costs	1,804
Sales Tax (HST, PST)	14,152
<b>TOTAL OPERATING DISBURSEMENTS</b>	<b>568,984</b>
Less:	
Repayment of Receiver's Borrowings	(425,000)
Costs of Receiver's Borrowings	(15,526)
<b>NET RECEIPTS OVER DISBURSEMENTS</b>	<b>745,856</b>

27. The majority of professional fees of the Receiver and its legal counsel have been and are being paid directly by GE. Payment of the professional fees has been made directly to the Receiver and its counsel and accordingly these funds are not included as receipts or disbursements in the Statement of Cash Receipts and Disbursements set out above. Further detail of the professional fees of the Receiver and its counsel in these Receivership Proceedings are set out below and in the Fee Affidavits, filed separately.
28. As at the date of this Seventh Report, and as further described below, the Receiver estimates additional disbursements of approximately \$100,000 from cash on hand will be required to complete the Receivership Proceedings, including payment of estimated remaining fees and disbursements of the Receiver and its legal counsel and various administrative costs for any liabilities of the Receiver incurred during the Receivership Proceedings (the "**Outstanding Disbursements**").
29. The Receiver respectfully requests that the Court approve the Receiver's Statement of Cash Receipts and Disbursements.

#### **OBLIGATIONS TO LENDERS**

30. As more particularly described in the Fifth Report, on July 25, 2011, Osler provided a security review opinion to the Receiver (the "**Osler Opinion**") stating that, subject to the assumptions, qualifications and limitations contained therein, Osler is of the opinion that the security granted by Atikokan in favour of each of GE and its related entities (the "**GE Entities**") creates a valid security interest in favour of the GE Entities in the personal property described in its security.
31. As more particularly described in the Osler Opinion, in respect of the inter-creditor arrangements between the GE Entities and Buchanan Sales (collectively, the "**Secured Lenders**"), the Osler Opinion in effect states that, except for the personal property of Atikokan classified as "motor vehicle", the security granted by Atikokan in favour of the GE Entities ranks in priority to the security granted by Atikokan in favour of Buchanan Sales. In respect of the collateral classified as "motor vehicle", the security granted by

Atikokan in favour of Buchanan Sales ranks in priority to the security granted by Atikokan in favour of the GE Entities.

32. In summary, the Company's obligations to the GE Entities are governed by the following agreements and other documents (collectively, the "**GE Credit Agreements**"):
  - i) Equipment Loan and Security Agreement dated April 2, 2007 (the "**Initial Atikokan ELSA**") as amended March 25, 2009 (the "**First Atikokan ELSA Amendment**") as further amended on June 18, 2009 (collectively the "**Atikokan ELSA**");
  - ii) General Security Agreement (the "**Atikokan GSA**") dated April 2, 2007 granted by Atikokan in favour of the GE Entities;
  - iii) Charge/Mortgage for a principal amount of \$13,000,000 in favour of the GE Entities incorporating the Standard Charge Terms (as defined therein) and registered against the title to the Atikokan Site on April 2, 2007 (the "**Atikokan Charge**") and an agreement amending charge dated March 16, 2009 (the "**Atikokan Charge Amendment**") registered on March 30, 2009;
  - iv) Acknowledgement of Standard Charge Terms to the GE Entities dated March 30, 2007 from Atikokan (the "**Atikokan Acknowledgement**");
  - v) Guarantee and Indemnity as amended on March 25, 2009 granted by Atikokan in favour of GE relating to certain obligations of Northern to GE (the "**Atikokan Guarantee**"); and
  - vi) Equipment Security Agreement dated March 25, 2009 granted by Atikokan in favour of GE (the "**Atikokan ESA**").
33. The principal amount owing under the GE Credit Agreements as of November 30, 2010 was approximately \$8,626,641.
34. The Company's obligations to Buchanan Sales are governed by the following agreements

and other documents (collectively, the “**Buchanan Credit Agreements**”):

- i) Demand Debenture in the principal amount of \$5,000,000 dated February 27, 2008 granted by Atikokan in favour of Buchanan Sales (the “**Buchanan Sales/Atikokan February 27 Debenture**”);
- ii) Charge/Mortgage for a principal amount of \$5,000,000 in favour of Buchanan Sales registered on March 7, 2008 (the “**First Buchanan Atikokan Charge**”);
- iii) Demand Debenture in the principal amount of \$5,000,000 dated November 27, 2008 granted by Atikokan in favour of Buchanan Sales (the “**Buchanan Sales/Atikokan November 27 Debenture**”);
- iv) Charge/Mortgage for a principal amount of \$5,000,000 in favour of Buchanan Sales registered on November 28, 2008 (the “**Second Buchanan Atikokan Charge**”);
- v) Waiver dated March 25, 2009 (the “**Buchanan Sales re Atikokan Waiver**”) granted by Buchanan Sales in favour of the GE Entities;
- vi) Postponement of Interest registered March 30, 2009 pursuant to which Buchanan Sales’ rights under the First Buchanan Atikokan Charge are postponed to the rights held by the GE Entities under the Atikokan Charge; and
- vii) Postponement of Interest registered on March 30, 2009 pursuant to which the rights under the Buchanan Sales’ Second Buchanan Atikokan Charge are postponed to the rights held by the GE Entities under the Atikokan Charge.

35. The principal amount owing under the Buchanan Credit Agreements as of January 4, 2011 was approximately \$10,046,500.

### REQUEST FOR APPROVAL OF THE GE DISTRIBUTION

36. The Receiver is seeking an order of the Court approving a distribution by the Receiver to the GE of \$640,000 on account of the GE Entities' secured indebtedness under the GE Credit Agreements.

37. As summarized in the Receiver's receipts and disbursements for the period ending June 8, 2012, the Receiver is in possession of \$745,856. After the GE Distribution, the Receiver will retain cash of approximately \$100,000 to fund the costs associated with the Receiver fulfilling its duties. Upon payment of all of the Outstanding Disbursements, any residual amounts will be distributed to GE, subject to the Court granting the relief sought by the Receiver as set out in this Seventh Report. The following is a summary of the Receiver's funds available for distribution:

Proposed GE Distribution	
<b>CASH ON HAND</b>	CAD\$ <b>745,856</b>
<b>Reserve:</b>	
Unpaid Professional Fees and work in progress	52,330
Remaining Costs	50,000
<b>Total Reserve</b>	<b>102,330</b>
<b>Net funds available for distribution</b>	<b>643,525</b>

38. The Receiver's estimate of accrued costs to date includes:

- i) professional fees for the Receiver and the Receiver's counsel of approximately \$52,000 including amounts invoiced which will be paid shortly, and amounts accrued for professional costs to date; and
- ii) other costs for the administration of the estate from the date of the Receivership of approximately \$50,000, including final invoices for costs such as utilities and insurance and an estimate of professional costs associated with the completion of the Receivership Proceedings.

39. Paragraphs 17 and 20 (as amended) of the Receivership Order provided for certain charges against the assets of the Company, in the following priority:
  - i) Receiver's Charge; and
  - ii) Receiver's Borrowing Charge in the amount of \$450,000.
40. The Receiver will maintain the Receiver's Charge for costs associated with the completion of the Receivership Proceedings. All borrowings by the Receiver under the Receiver's Borrowing Charge have been repaid and no amounts remain outstanding in respect of amounts previously borrowed from GE by the Receiver.
41. The Receiver has reviewed the payroll records of Atikokan and has confirmed that no "wages" (as defined in the BIA) are owing to former employees of Atikokan pursuant to section 81.4 of the BIA.
42. Accordingly, the Receiver respectfully seeks an order approving and authorizing the payment of the GE Distribution.

#### **REQUEST FOR APPROVAL OF THE BUCHANAN SALES DISTRIBUTION**

43. As described above, the security held by Buchanan Sales ranks in priority to the security held by GE in respect of that property which is defined as "motor vehicle".
44. Based on its review of the detailed lot-by-lot results of the Liquidation Process, the Receiver has determined that gross proceeds from the sale of "motor vehicles" of \$5,250 were realized by Maynards. The Receiver has advised Buchanan Sales' legal counsel, Blake Cassels & Graydon LLP that it is of the view that a pro-rata share of the costs of preserving and protecting these assets as well as the costs of liquidating the assets should be borne by both Buchanan Sales and GE. Accordingly, the Receiver proposes to distribute \$3,000 to Buchanan Sales (the "**Buchanan Sales Distribution**") in connection with net amounts realized from the sale of "motor vehicles" resulting from the Liquidation Process.
45. The Receiver respectfully seeks an order approving and authorizing the payment of the

Buchanan Sales Distribution.

### **REQUEST FOR FEES APPROVAL**

46. The Receiver and Osler have maintained detailed records of their professional time and costs. The Receiver is seeking the approval of its fees and disbursements and those of Osler for the period from December 21, 2010 to April 30, 2012 (the “**Period**”) in connection with the performance of their duties in the Receivership.
47. Pursuant to paragraph 17 of the Receivership Order, any expenditure or liability properly made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of its legal counsel, were authorized to be paid on a periodic basis subject to any final assessment or taxation as may be ordered by the Court. In addition, the Receiver’s Charge was granted as security for, *inter alia*, the fees and disbursements of the Receiver and its counsel.
48. The total fees of the Receiver during the Period amount to \$332,330.32, together with expenses and disbursements in the amount of \$24,141.74 (both excluding Harmonized Sales Tax (“**HST**”)) (collectively, the “**Receiver’s Fees and Disbursements**”). The time spent by the Receiver’s personnel during the Period is more particularly described in the Affidavit of Tracey Weaver of the Receiver (the “**Weaver Affidavit**”), sworn in support hereof and filed separately. Exhibit “A” to the Weaver Affidavit is a summary of the personnel, hours, and hourly rates charged by the Receiver in respect of the Receivership proceedings for the Period.
49. The total fees incurred by the Receiver for services provided by Osler during the Period amount to \$150,769.50 together with expenses and disbursements in the amount of \$1,466.42 (both excluding HST) (collectively, the “**Osler Fees and Disbursements**”). The time spent by Osler personnel during the Period is more particularly described in the Affidavit of Shireen Young of Osler (the “**Osler Affidavit**”), sworn in support hereof and filed separately. The Osler Affidavit provides a summary of the personnel, hours, and hourly rates charged by Osler in respect of the

Receivership for the Period.

50. The Receiver respectfully submits that the Receiver's Fees and Disbursements and the Osler Fees and Disbursements are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order. Accordingly, the Receiver now seeks the approval of the Receiver's Fees and Disbursements and the Osler Fees and Disbursements.

#### **REMAINING DUTIES**

51. As summarized herein, the Receiver has completed its duties as set out in the Receivership Order and subsequent orders, with respect to the Atikokan Property, except for the following outstanding matters (the "**Remaining Duties**"):
  - i) payment of the Outstanding Disbursements;
  - ii) distribution of the remaining funds on hand to GE; and
  - iii) other administrative matters incidental to the Receiver's appointment.
52. Notwithstanding the fact that there are certain Remaining Duties, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver at this time. The Remaining Duties are not disputed and the Receiver will be able to complete the Remaining Duties within a reasonable period of time. As a result, the Receiver is of the view that it ought to be discharged as part of this motion so that the creditors are not required to fund another motion in this Receivership Proceeding.

#### **RECOMMENDATION**

53. The Receiver respectfully requests and recommends for the reasons outlined above in this Seventh Report that this Court make an Order, *inter alia*:
  - i) approving the activities of the Receiver as set out in the Sixth Report and the Seventh Report including the Receiver's Statement of Cash Receipts and Disbursements set out herein;

- ii) sealing Confidential Appendix A containing the bid summary for the Atikokan Site;
- iii) approving the GE Distribution;
- iv) approving the Buchanan Sales Distribution;
- v) approving the fees and disbursements of the Receiver and its counsel, as set out in this Seventh Report and the Fee Affidavits;
- vi) approving the distribution of the remaining monies in relation to the Atikokan Property to GE;
- vii) discharging the Receiver subject to the Receiver completing its administration of the Receivership Proceedings and completing the Remaining Duties; and
- viii) declaring that PwC is immediately released from any liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver, save and except for the Receiver's gross negligence or willful misconduct.

All of which is respectfully submitted this 28<sup>th</sup> day of June, 2012.

**PricewaterhouseCoopers Inc.**  
In its capacity as Receiver of  
Atikokan Forest Products Ltd.



Greg Prince  
Senior Vice President

## **CONFIDENTIAL APPENDIX E**

## **APPENDIX F**

**PRICEWATERHOUSECOOPERS INC.,  
in its capacity as court-appointed receiver of  
Atikokan Forest Products Ltd.,  
and not in its personal capacity.**

**- and -**

**RESOLUTE FP CANADA INC.  
PF RÉSOLU CANADA INC.**

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**ASSET PURCHASE AGREEMENT**

Made as of May \_\_\_\_\_, 2013

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## ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the \_\_\_\_\_ day of May, 2013.

### BETWEEN:

**PRICEWATERHOUSECOOPERS INC.**, in its capacity as court-appointed receiver of Atikokan Forest Products Ltd., and not in its personal capacity

(hereinafter referred to as the "Vendor" and sometimes referred to herein as the "Receiver")

- and -

**RESOLUTE FP CANADA INC./ PF RÉSOLU CANADA INC.**, a corporation incorporated under the laws of the Federal laws of Canada

(hereinafter referred to as the "Purchaser")

WHEREAS pursuant to an Order of the Ontario Court of Justice (Commercial List) made January 4, 2011, PricewaterhouseCoopers Inc. was appointed receiver of all of the assets, undertakings and properties of the Company (as defined herein) acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof;

AND WHEREAS pursuant to a Discharge Order of July 10, 2012 the receiver was discharged, save and except for incidental duties as may be required to complete the administration of the receivership;

AND WHEREAS the parties shall seek to amend the Discharge Order to provide for the ability of the Vendor to complete the transaction contemplated herein;

AND WHEREAS the Purchaser desires to purchase the Real Property (as defined herein) in accordance with the terms of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations, warranties and indemnities of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Defined Terms**

Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings and grammatical variations of such terms shall have the corresponding meanings:

“**Affiliate**” has the meaning given to that term in the *Business Corporations Act* (Ontario);

“**Applicable Laws**” means any statute, by-law, rule or regulation or any judgment, order, writ, injunction, ordinance or decree of any Governmental Entity having the force of law to which a specified person or property is subject;

“**Approval and Vesting Order**” means an approval and vesting order made by the Court authorizing and directing the Receiver to enter into the Agreement, approving the sale of the Real Property to the Purchaser and vesting title to the Real Property in and to the Purchaser in the form attached as Schedule “A” hereto;

“**Buildings**” means, collectively, all buildings, structures, paving, fencing and fixed improvements located on, in or under the Land, or any part thereof, and improvements and fixtures contained in or on such buildings and structures used in the operation of the Buildings and the building structures, if any;

“**Business Day**” means any day, other than a Saturday or a Sunday, on which the main branch of the Royal Bank of Canada in Toronto, Ontario, is open for business;

“**Claims**” means all past, present and future claims, charges, suits, proceedings, liabilities, deficiencies, demands, controversies, actions, causes of action, obligations, losses, damages, penalties, orders, judgments, costs, expenses, fines, amounts paid in settlement, disbursements, legal fees on a substantial indemnity basis, and other professional fees and disbursements, interest, demands and actions of any nature or any kind whatsoever, including, without limitation, any labour grievances, pay equity claims, and successor employer claims.

“**Closing**” means the completion of the transaction contemplated by this Agreement;

“**Closing Date**” means the date that is three Business Days after the date the Approval and Vesting Order is made, or such other date as the Vendor and the Purchaser may mutually determine in writing;

“**Company**” means Atikokan Forest Products Ltd.;

“**Court**” means Ontario Superior Court of Justice (Commercial List);

“**Deposit**” means a deposit in the amount equal of [REDACTED]

**"Discharge Order"** means an order of the Court made July 10, 2012, discharging the Receiver, save and except for incidental duties as may be required to complete the administration of the receivership;

**"Document Registration Agreement"** means has the meaning ascribed thereto in Section 9.4 (a).

**"Encumbrances"** means all mortgages, pledges, charges, liens, debentures, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such Real Property or any part thereof or interest therein, and any registered instruments, agreements, options, easements, servitudes, rights of way, restrictions, executions or other liens, charges or encumbrances (including notices or other registrations in respect of any of the foregoing) against title to the Real Property or any part thereof or interest therein.

**"ETA"** means the *Excise Tax Act (Canada)*, as amended from time to time;

**"Governmental Authorization"** means, with respect to any Person, any order, authorization, approval, licence or permit or similar authorization issued by or from any Governmental Entity having jurisdiction over such Person;

**"Governmental Entity"** means any court or tribunal in any jurisdiction or any federal, provincial, municipal or other governmental body, agency, authority, department, commission, board, instrumentality or tribunal thereof;

**"HST"** means all taxes payable under the ETA and under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA or any such provincial legislation shall refer to any successor provision thereto of like or similar effect;

**"Land"** means the lands and premises described in Schedule "B" hereto;

**"Permitted Encumbrances"** means all those Encumbrances described in Schedule "C" hereto;

**"Person"** means an individual, corporation, partnership, joint venture, association, company, trust, enterprise, unincorporated organization, Governmental Entity or other entity however designated or constituted;

**"Purchase Price"** means the purchase price payable to the Vendor for the Real Property exclusive of all applicable sales, goods and services and transfer taxes, as specified in Section 3.1 hereof;

**"Real Property"** means the Land and Buildings;

**"Receivership Order"** means an order of the Court made January 4, 2011, appointing PricewaterhouseCoopers Inc. as receiver of all of the assets, undertakings and properties

of the Company acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof;

“**Receivership Proceedings**” means the proceedings pursuant to Court File No. CV-10-9041-OOCL;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Time of Closing**” means 11 a.m. (Toronto time) on the Closing Date, or such other time on the Closing Date as the Vendor and the Purchaser may mutually determine in writing; and

#### **1.2      Currency**

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian currency.

#### **1.3      Sections and Headings**

The division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, subsection or Schedule refers to the specified Article of, Section of, subsection of, or Schedule to, this Agreement. The terms “this Agreement”, “hereof”, “hereunder”, and similar expressions refer to this Agreement and not to any particular Article, Section, subsection or other portion hereof and include an agreement supplemental hereto.

#### **1.4      Number, Gender**

In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders.

#### **1.5      Entire Agreement**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the parties with respect to the subject matter hereof and set out all the covenants, promises, warranties, representations, conditions and agreements between the parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral other than the non-disclosure agreement between the Receiver and Abibow Canada Inc. dated February 3, 2011. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

#### **1.6      Time of Essence**

Time shall be of the essence of this Agreement.

**1.7 Applicable Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.

**1.8 Successors and Assigns**

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective successors and permitted assigns.

**1.9 Severability**

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

**1.10 Amendments and Waivers**

No amendment of any provision of this Agreement shall be binding on either party unless agreed to in writing by each of the parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.

**1.11 Statutory References**

Any reference in this Agreement to a statute includes all regulations made thereunder, all amendments to such statutes or regulations in force from time to time and any statute or regulation that supplements or supercedes such statute or regulations.

**1.12 Consent**

Whenever a provision of this Agreement requires an approval or consent by a person who is a party to such agreement and notification of such approval or consent is not delivered within the applicable time period, then, unless otherwise specified, such person shall be conclusively deemed to have withheld its approval or consent.

**1.13 Calculation of Time**

Unless otherwise specified, time periods referred to in this Agreement within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

#### **1.14 Conflict or Inconsistency**

Wherever any provision, whether express or implied, of any Schedule conflicts or is at variance with any provision in the main body of this Agreement, the provision in the main body shall prevail. Wherever any provision, whether express or implied, of this Agreement conflicts with or is at variance with any documentation issued in furtherance hereof, the provision of this Agreement shall prevail.

#### **1.15 Business Day**

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following such day.

#### **1.16 Independent Legal Advice**

Each of the parties hereto acknowledge that they have been afforded the opportunity of receiving independent legal advice concerning this Agreement, and in the event that any party has executed this Agreement without the benefit of independent legal advice, such party hereby waives the right to receive such independent legal advice.

#### **1.17 Schedules**

The following Schedules are attached to and form part of this Agreement:

Schedule "A" - Approval and Vesting Order;

Schedule "B" - Land;

Schedule "C" - Permitted Encumbrances;

### **ARTICLE 2** **PURCHASE AND SALE OF REAL PROPERTY**

#### **2.1 Real Property**

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, on the Closing Date, effective as of the Time of Closing, all of the Company's and the Vendor's right, title and interest, in and to the Real Property.

#### **2.2 Assignment of Certain Real Property**

Nothing in this Agreement shall be construed as requiring the Vendor to assign or attempt to assign any Real Property which, as a matter of law, are not assignable in whole or in part without the consent of the other party or parties thereof, unless such consent shall have been given. The Purchaser shall use whatever efforts it deems necessary to obtain consents to the assignment to and assumption of such of the Real Property that it wishes to assume. The

Vendor shall be under no obligation to obtain any consents, to compromise any right, asset or benefit or to expend any amount or incur any liability and the failure to obtain any or all of such consents shall not entitle the Purchaser to terminate this Agreement or not to complete the transactions contemplated hereby.

### **2.3 Assumption of Obligations**

From and after Closing, the Purchaser shall assume, fulfill, perform and be responsible for all liabilities and obligations of any kind relating to the Real Property, whether incurred before or after Closing, including without limitation any and all accrued property taxes (whether accrued before or after Closing and including any and all penalties and interest for any property taxes in arrears at the date of closing), utilities, work orders or accounts, and the Purchaser shall indemnify and save harmless the Vendor and its directors, officers, servants, agents and employees in respect of all Claims which may be brought against or suffered by the Vendor, its directors, officers, servants, agents or employees or which any of them may suffer, sustain, pay or incur as a result of any matter or thing arising out of, or resulting from, attributable to or connected with or relating to the Real Property. The covenants and agreements to indemnify made by the Purchaser in this Section 2.3 shall survive Closing and not be subject to any limitation periods.

### **2.4 As is, Where is.**

The Purchaser acknowledges that the Real Property are being purchased by the Purchaser on a strictly "as is, where is" basis and that it has inspected the Real Property and is relying entirely on its own independent judgment and investigation with respect to the purchase of the Real Property contemplated herein. Without limiting the foregoing, the Purchaser acknowledges that there are no representations, warranties, terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the Real Property or in respect of any other matter or thing whatsoever, including without limitation (i) the environmental condition of the Property, including the presence of hazardous substances, (ii) the compliance of or by the Property with any laws, rules, ordinances or regulations, (iii) the availability or presence of any licenses or other agreements with any Governmental Entity, (iv) the state of account of any Taxes, outstanding or accrued real property taxes or tax arrears (including any interest and penalties thereon), utility charges, work orders or other encumbrances affecting the Real Property, all of which shall be assumed by the Purchaser on Closing, save and except as expressly provided herein, and (v) the value, nature, quality or condition of the Real Property, including the water, soil and geology. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor or the Company or any of their directors, officers, employees, agents, professional consultants or advisors with respect to the Real Property or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The provisions of this Section 2.4 shall survive Closing and not be subject to any limitation period.

## 2.5 Independent Investigation

The Purchaser hereby acknowledges and confirms that it has conducted to its satisfaction its own independent investigation, analysis and evaluation of the Real Property as it deems necessary or appropriate and that in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby it has and will rely solely on such independent investigation. The Purchaser and anyone claiming by, through or under the Purchaser, hereby fully and irrevocable release the Vendor, G.E. Canada Equipment Financing G.P., General Electric Canada Real Estate Finance Inc. and their respective officers, directors, employees, affiliates, subsidiaries, successors and assigns (the "Vendor Parties") from any and all claims that it may now have hereafter acquire against any Vendor Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to any environmental matters, or other conditions, latent or otherwise, affecting the Real Property or any portion thereof. The provisions of this Section 2.5 shall survive Closing and not be subject to any limitation period.

# **ARTICLE 3**

## **PURCHASE PRICE**

### 3.1 Purchase Price

The purchase price payable by the Purchaser to the Vendor for the Real Property shall be [REDACTED] plus the amount, if any of any and all outstanding or accrued real property taxes or tax arrears (including any interest and penalties thereon), unpaid utilities, work orders or other liabilities affecting the Real Property, together with any applicable taxes. The Purchase Price shall be payable in the manner set out in Section 3.3.

### 3.2 Deposit

The Vendor acknowledges receipt of the Deposit concurrently with the execution hereof. The Deposit shall be held, pending Closing, by the Vendor's counsel in an interest bearing trust account. The Deposit plus any interest thereon shall be paid to the Vendor on account of and in satisfaction of an equivalent amount of the Purchase Price at Closing.

If the transactions contemplated by this Agreement are not completed by reason of a breach of this Agreement by the Vendor, the failure of the Vendor to satisfy any of the conditions specified in Section 8.1 or pursuant to subsection 7.2(c), the Deposit, together with all interest earned thereon, shall be returned to the Purchaser. In all other circumstances, the Deposit shall be paid to the Vendor.

### 3.3 Payment of Purchase Price

At the Time of Closing, the Purchase Price shall be paid and satisfied as follows:

- (i) as to the amount of the Deposit, by application of such amount; and

- (ii) by the Purchaser paying to the order of the Vendor by way of wire transfer or certified cheque in immediately available funds, the balance of the Purchase Price, being the sum of: [REDACTED] without adjustment of any kind.

### 3.4 Taxes

- (a) The Purchaser is liable for and shall pay all land transfer tax, Sales Taxes, other similar taxes and duties, fees in respect of the registration of the transfer, and other like charges properly payable upon and in connection with the sale, assignment and transfer of the Property from the Vendor to the Purchaser.
- (b) Purchaser also acknowledges and agrees to pay any and all outstanding or accrued real property taxes or tax arrears (including any interest and penalties thereon), utilities, work orders or other liabilities affecting the Real Property.
- (c) The Purchaser agrees to self-assess, be liable for and remit to the appropriate Governmental Entity all Sales Taxes payable in connection with its purchase of the Real Property, and to indemnify the Vendor for any amounts for which the Vendor may become liable as a result of any failure by the Purchaser to pay the Sales Taxes payable in respect of the sale of the Land under Part IX of the Excise Tax Act (Canada).
- (d) If the Purchaser delivers a declaration and indemnity in which the Purchaser (i) (ii) declares that the Real Property 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 or for another person, (ii) agrees to self-assess, be liable for and remit to the appropriate governmental entity all Sales Taxes payable in connection with its purchase of the Real Property, and (iii) agrees to indemnify the Vendor for any amounts for which the Vendor may become liable as a result of any failure by the Purchaser to pay the Sales Taxes payable in respect of the sale of the Property under Part IX of the *Excise Tax Act* (Canada), then the Purchaser will not be required to pay to the Vendor, and the Vendor will not be required to collect from the Purchaser, goods and services tax or harmonized sales tax, as applicable ("Sales Taxes"). If the Purchaser does not make the above deliveries, then without limiting the generality of the foregoing in this paragraph the Purchaser shall pay to the Vendor an amount equal to the Sales Taxes payable on the Purchase Price on Closing.

## ARTICLE 4

### REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE VENDOR

#### 4.1 Representations and Warranties

The Vendor represents, warrants and covenants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations, warranties and covenants in connection with its purchase of the Real Property:

- (a) **Execution, Delivery and Enforceability.** The Vendor was appointed as receiver of the undertaking, property and assets of the Company. The Vendor was discharged as Receiver subject to completion of incidental duties as may be required to complete the administration of the receivership. Upon and subject to Court approval of the Receiver's ongoing ability to sell the Real Property, and upon and subject to court approval of this Agreement, the Vendor shall have all the necessary authority to enter into this Agreement and all other documents contemplated herein to which it is or will be a party. Upon and subject to such Court Approval, this Agreement shall be duly executed and delivered by the Vendor and this Agreement shall be a legal, valid and binding obligation of the Vendor, enforceable against the Vendor only in its capacity as court-appointed receiver of the Company by the Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (b) **Residency.** The Vendor is not a non-resident of Canada for the purposes of the Tax Act.

#### **4.2 Representations and Warranties at Closing**

The Vendor represents and warrants to the Purchaser that each and every representation and warranty of the Vendor made in this Article 4 shall be true and correct at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

#### **4.3 Limitations on Representations and Warranties of the Vendor**

The Vendor makes no representations or warranties except as previously set forth in this Article 4 and in particular, without limiting the generality of the foregoing, except as previously set forth in this Article 4 the Vendor disclaims all liability and responsibility for any representation, warranty, statement or information made or communicated (orally or in writing) to the Purchaser or any of its employees, agents, consultants or representatives.

### **ARTICLE 5**

#### **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

#### **5.1 Representations and Warranties**

The Purchaser represents and warrants to the Vendor as follows and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with its sale of the Real Property:

- (a) **Organization.** The Purchaser is a corporation duly incorporated and organized and validly subsisting under the Federal laws of Canada and has the corporate power to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The Purchaser is duly authorized to carry on its business as now being conducted.

- (b) **Due Authorization and Enforceability of Obligations.** The execution and delivery of and performance by the Purchaser of this Agreement have been authorized by all necessary corporate action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Vendor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
- (c) **Absence of Conflicts.** The execution and delivery of, or the performance of obligations under, this Agreement or any other document to be entered into under the terms of this Agreement:
  - (i) does not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its constating documents or by-laws;
  - (ii) do not and will not constitute or result in a breach or violation of, or conflict with or allow any Person to exercise any rights under, any contract, license, lease or instrument to which it is a party; and
  - (iii) do not result in the violation of any Applicable Law or Governmental Authorization.
- (d) **Residence of the Purchaser.** The Purchaser is not a non-resident of Canada for purposes of the Tax Act. The Purchaser is a Canadian within the meaning of the *Investment Canada Act*.
- (e) **HST Registration.** The Purchaser is duly registered for the purposes of the ETA with respect to the goods and services tax and harmonized sales tax and its registration number is 144272010RT0001.
- (f) **Brokers' or Finders' Fees.** The Purchaser has not incurred any obligation or liability, contingent or otherwise, for any broker's or finder's fees in respect of this transaction for which the Vendor shall have any obligation or liability.
- (g) **Informed and Sophisticated Purchaser.** The Purchaser is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as the Real Property as contemplated hereunder.
- (h) **Financial Capability.** The Purchaser has the financial capability to close the transaction contemplated herein.

## **5.2 Representations and Warranties at Closing**

The Purchaser represents and warrants to the Vendor that each and every representation and warranty of the Purchaser made in this Article 5 shall be true and correct at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

## **ARTICLE 6** **NON-WAIVER; SURVIVAL**

### **6.1 Non-Waiver**

No waiver of any condition or other provision, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

### **6.2 Survival**

Except, as otherwise provided herein, all representations, warranties and covenants contained in this Agreement on the part of each of the parties shall survive for a period of one year from the Closing Date. If no claim shall have been made under this Agreement against a party for any incorrectness in or breach of any representation, warranty or covenant made in this Agreement prior to the expiry of the survival period, such party shall have no further liability under this Agreement with respect to such representation, warranty or covenant unless otherwise provided herein.

## **ARTICLE 7** **INSURANCE**

### **7.1 Notice of Untrue Representation or Warranty**

Each of the parties shall promptly notify the other party upon any representation or warranty of such party contained in this Agreement becoming untrue or incorrect from the date of this Agreement until the Time of Closing.

### **7.2 Insurance Matters**

The Purchaser shall be responsible for placing its own property, liability and other insurance coverage with respect to the Real Property in respect of the period from and after the Closing Time. The Purchaser acknowledges that no insurance is currently in place on the Real Property.

**ARTICLE 8**  
**CONDITIONS OF CLOSING**

**8.1 Conditions for the Benefit of the Purchaser**

The sale and purchase of the Real Property is subject to the following terms and conditions for the exclusive benefit of the Purchaser, to be performed or fulfilled at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects at the Time of the Closing with the same force and effect as if such representations and warranties were made at such time;
- (b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Time of Closing shall have been complied with or performed in all material respects;
- (c) **No Action or Proceeding.** No legal proceeding shall be pending which enjoins, restricts or prohibits the purchase and sale of the Real Property contemplated hereby;
- (d) **Delivery of Documents.** The delivery of the documents referenced in subsection 9.3(a) to the Purchaser; and
- (e) **Orders.** The Vendor shall have used commercially reasonable efforts to obtain an amendment to the Discharge Order to provide for the Vendor's ability to sell the Real Property within the Receivership Proceedings, and obtain an Approval and Vesting Order in the form attached as Schedule "A", provided that the costs to obtain same are less than \$15,000 (excluding the costs for the preparation and negotiation of this agreement). In the event that the costs exceed such amount or the Vendor is unable to obtain the amendment to the Discharge Order or an Approval and Vesting Order (using commercially reasonable efforts), this condition shall be deemed not to have been satisfied.

**8.2 Conditions for the Benefit of the Vendor**

The sale and purchase of the Real Property is subject to the following terms and conditions for the exclusive benefit of the Vendor, to be performed or fulfilled at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in Article 5 of this Agreement shall be true and correct at the Time of Closing with the same force and effect as if such representations and warranties were made at such time, and a certificate of the Purchaser, dated as of the Closing Date, to that effect shall have been delivered to the Vendor, such certificate to be in form and substance satisfactory to the Vendor, acting reasonably;

- (b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing shall have been complied with or performed;
- (c) **No Action or Proceeding.** No legal proceeding shall be pending which enjoins, restricts or prohibits the purchase and sale of the Real Property contemplated hereby;
- (d) **Payment of Purchase Price.** The Purchaser shall have tendered to the Vendor the Purchase Price;
- (e) **Delivery of Documents.** The delivery of the documents referenced in subsection 9.3(b) to the Vendor; and
- (f) **Orders.** The Vendor shall have used commercially reasonable efforts to obtain an amendment to the Discharge Order to provide for the Vendor's ability to sell the Real Property within the Receivership Proceedings, and obtain an Approval and Vesting Order in the form attached as Schedule "A", provided that the costs to obtain same are less than \$15,000. In the event that the costs exceed such amount or the Vendor is unable to obtain the amendment to the Discharge Order or an Approval and Vesting Order (using commercially reasonable efforts), this condition shall be deemed not to have been satisfied.

### 8.3 Reasonable Commercial Efforts

Each party hereto agrees that it will not voluntarily undertake any course of action inconsistent with the provisions or intent of this Agreement and will use reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable under Applicable Laws to consummate the transactions contemplated by this Agreement.

### 8.4 Non-Satisfaction of Conditions.

If any condition set out in Section 8.1 or Section 8.2 is not satisfied or performed prior to the time specified therefor, the party for whose benefit the condition is inserted may:

- (a) In writing, waive compliance with the condition in whole or in part in its sole discretion by notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) Elect to terminate this Agreement, in which case neither party shall be under any further obligation to the other to complete the transactions contemplated by this Agreement.

**ARTICLE 9**  
**CLOSING DATE AND TRANSFER OF POSSESSION**

**9.1 Time, Date and Place of Closing**

Closing shall take place at the Time of Closing at the offices of Stikeman Elliott LLP at the address provided for in Section 10.1 or at such other address as may be designated by the Vendor prior to Closing, or at such other place, on such other date, and at such other time as may be agreed upon in writing between the Vendor and the Purchaser.

**9.2 Transfer of Possession**

Subject to compliance with the terms and conditions hereof, the transfer of possession of the Real Property shall be deemed to take effect as at the Time of Closing.

**9.3 Delivery of Conveyancing Documents**

- (a) At the Time of Closing, the Vendor shall deliver the following items to the Purchaser each of which shall be in form and substance satisfactory to the Purchaser:
  - (i) necessary deeds, conveyances, assurances, transfers and assignments and any other instrument necessary to reasonably required to transfer the Real Property to the Purchaser, including any bill of sale duly executed by the Vendor;
  - (ii) notarial or certified copies of the issued and entered Approval and Vesting Order
  - (iii) Receiver's Certificate (which shall form part of the Approval and Vesting Order) duly executed by the Vendor; and
  - (iv) the Document Registration Agreement;
  - (v) such other documents as may be specifically required hereunder.
- (b) At the Time of Closing, the Purchaser shall deliver the following items to the Vendor:
  - (i) the cash payment of [REDACTED] (representing the amount required to be paid in accordance with Section 3.3) by wire transfer or a certified cheque in immediately available funds, together with all other amounts required to be paid by the Purchaser to the Vendor hereunder at the Time of Closing, if any;
  - (ii) payment of land transfer tax and affidavits required in connection therewith in respect of the Real Property;

- (iii) assumption by the Purchaser of all Permitted Encumbrances and indemnification by the Purchaser in favour of the Vendor in respect of any and all Claims which arise or accrue during, or relate to, the period after the Closing Date in respect of all Permitted Encumbrances in the form required by the Vendor, acting reasonably;
- (iv) a certificate of status or similar certificate issued by the relevant Governmental Entity of the jurisdiction of formation of the Purchaser;
- (v) a certificate and declaration of indemnity contemplated by Section 3.4, in a form and substance satisfactory to the Vendor, acting reasonably, or delivery of payment of taxes in accordance with Section 3.4; and
- (vi) such other documents as may be specifically required hereunder.

#### 9.4 Electronic Registrations

If electronic registration of documents at the applicable land registry office is mandatory on the Closing Date, or is optional and is requested by the Purchaser, the following terms shall form part of this Agreement:

- (a) the Vendor and the Purchaser shall be obliged to each retain a lawyer in good standing with the Law Society of Upper Canada to represent them in connection with the completion of this transaction and shall each authorize and instruct such lawyer to enter into escrow closing agreement in the form mandated by the Law Society of Upper Canada, subject to such reasonable amendments as such lawyers or the circumstances of the subject transaction may require, establishing the procedures and timing for completion of the transaction contemplated by this Agreement (the "Document Registration Agreement");
- (b) the delivery and exchange of documents and funds and the release thereof to the Vendor and the Purchaser, as the case may be:
  - (i) shall not occur contemporaneously with the registration of the transfer; and
  - (ii) shall be governed by the Document Registration Agreement, pursuant to which the lawyer receiving the documents and/or funds will be required to hold the same in escrow and will not be entitled to release the same except in accordance with the provisions of the Document Registration Agreement.

#### 9.5 Registration Costs

The Purchaser shall bear all costs in registering any conveyances of title to the Real Property to it and all costs of preparing any further assurances required to convey the Real Property to it. The Purchaser shall register all such conveyances in accordance with the Documents Registration Agreement.

### 9.6 Indemnity

The Purchaser indemnifies the Vendor in respect of any and all Claims which arise or accrue during, or relate to, the period after the Closing Date in respect of all Permitted Encumbrances.

## **ARTICLE 10** **MISCELLANEOUS**

### 10.1 Notices

(a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(i) if to the Vendor:

PricewaterhouseCoopers Inc.  
Suite 3000, Box 82  
Royal Trust Tower, Toronto-Dominion Centre  
Toronto, Ontario M5K 1G8

Attention: Gregory Prince  
Fax No.: (416) 814-3210

with a copy to:  
Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, Ontario M5X 1B8

Attention: Elizabeth Pillon/James Klein  
Fax No.: (416) 947-0866

(ii) if to the Purchaser:

Resolute FP Canada Inc.  
111 Duke, Suite 5000  
Montreal, Quebec  
H3C 2M1

Attention: Jean-François Merrette  
Fax No.: (514) 394-3747

with a copy to:

Resolute FP Canada Inc.  
111 Duke, Suite 5000  
Montreal, Quebec  
H3C 2M1

Attention: Legal Department  
Fax No.: (514) 394-3644

- (b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.
- (c) Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 10.1.

#### **10.2 Publicity**

The parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby and, except as required by any applicable law or regulatory requirement, neither of them shall issue any such press release or make any such public announcement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed.

#### **10.3 Expenses**

Each of the parties hereto shall pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

#### **10.4 Further Assurances**

Each party to this Agreement covenants and agrees that it will at all times promptly execute and deliver all such documents including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement

or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

#### **10.5 Assignment**

The Purchaser shall not assign its rights and obligations hereunder and its interest herein in whole or in part without the prior written consent of the Vendor, which consent may be withheld by the Vendor in its sole and absolute discretion. The Purchaser shall provide the Vendor with all information about any proposed assignee or assignment as the Vendor may reasonably require. Notwithstanding the foregoing, the Purchaser shall be entitled, upon written notice to the Vendor, to assign this Agreement to an entity that is an Affiliate of the Purchaser, provided however, that such assignment shall not relieve or release the Purchaser from its obligations and liabilities to the Vendor.

#### **10.6 Non-Merger**

The registration of any transfer and the execution and delivery of documents on the Closing Date or thereafter as herein contemplated or any independent investigation by the Purchaser or its agents shall not merge or affect any of the warranties, representations, covenants, conditions or terms of this Agreement or any agreement or document delivered pursuant to this Agreement, all of which shall survive the closing of the transaction contemplated in this Agreement.

#### **10.7 No Personal Liability of the Vendor**

The Vendor is executing this Agreement in its representative capacity as Court-appointed receiver of the Company and not in its personal or corporate capacity and neither the Vendor nor its directors, officers, agents, servants or employees shall have any personal or corporate liability hereunder or at common law, or by statute, or equity or otherwise as a result hereof.

#### **10.8 Counterparts, Facsimile or Electronic Signatures**

This Agreement may be executed by electronic signature, in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. Execution of this Agreement may be made by facsimile or electronic mail which, for all purposes, shall be deemed to be an original signature.

*[signature page follows]*

IN WITNESS WHEREOF this Agreement has been executed by the parties as of the date first above written.

**PRICEWATERHOUSECOOPERS INC.**, in its capacity as court-appointed receiver of Atikokan Forest Products Ltd. and not in its personal capacity

By: \_\_\_\_\_

Name: Gregory Prince  
Title: Senior Vice President

**RESOLUTE FP CANADA INC.**  
**PF RÉSOLU CANADA INC.**

By: \_\_\_\_\_

Name:  
Title:

**SCHEDULE "A"**  
**APPROVAL AND VESTING ORDER**

**See attached.**

SCHEDULE "B"  
LAND

Highway 623 Sapawe Road, Sapawe, Ontario

Firstly:

PCL 14904 SEC RAINY RIVER; PT MINING CLAIM FF-746 HUTCHINSON AS IN SLT56911  
RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF 5 FT ABOVE ORDINARY  
HIGHWATER MARK & RESERVING THE CANADIAN NATIONAL RAILWAY ROW;  
DISTRICT OF RAINY RIVER, being all of PIN 56002-0090 (LT)

Secondly:

PCL 14563 SEC RAINY RIVER; MINING CLAIM F.F. 5001 HUTCHINSON EXCEPT THE ROW  
OF THE CANADIAN NATIONAL RAILWAYS; DISTRICT OF RAINY RIVER, being all of PIN  
56002-0041 (LT)

Thirdly:

PCL 14566 SEC RAINY RIVER; MINING CLAIM F.F. 5038 HUTCHINSON EXCEPTING THE  
ROW OF THE CANADIAN NATIONAL RAILWAY CROSSING THE SAID CLAIM; DISTRICT  
OF RAINY RIVER, being all of PIN 56002-0044 (LT)

Fourthly:

PCL 14811 SEC RAINY RIVER; PT MINING CLAIM F.F. 746 HUTCHINSON AS IN SLT56280;  
DISTRICT OF RAINY RIVER, being all of PIN 56002-0046 (LT)

Fifthly:

PCL 10450 SEC RAINY RIVER; MINING CLAIM F.F. 1571 HUTCHINSON; DISTRICT OF  
RAINY RIVER, being all of PIN 56002-0091 (LT)

Sixthly:

PCL 9838 SEC RAINY RIVER; MINING CLAIM F.F.1030 HUTCHINSON EXCEPT THE ROW  
OF THE CANADIAN NATIONAL RAILWAYS CONTAINING 1 4/10 ACRES, MORE OR  
LESS, CROSSING SAID MINING CLAIM, BEING OF SRO; DISTRICT OF RAINY RIVER, being  
all of PIN 56002-0108 (LT)

Seventhly:

PCL 9913 SEC RAINY RIVER; MINING CLAIM F.F.1224 HUTCHINSON RESERVING THE  
FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE NATURAL HIGH WATER  
MARK; DISTRICT OF RAINY RIVER, being all of PIN 56002-0109 (LT)

Eighthly:

PCL 9386 SEC RAINY RIVER; MINING CLAIM F.F. 746 HUTCHINSON COMPRISING S PT LOCATION X636 EXCEPT SLT56280 & SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK ALSO RESERVING ROW OF CANADIAN NATIONAL RAILWAY; DISTRICT OF RAINY RIVER, being all of PIN 56002-0115 (LT)

Ninthly:

PCL 9400 SEC RAINY RIVER; MINING CLAIM F.F. 747 HUTCHINSON COMPRISING N PT LOCATION X636 SITUATE ON THE SOUTHERLY SHORE OF SAPAWE LAKE RESERVING FLOODING RIGHTS TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK; DISTRICT OF RAINY RIVER, being all of PIN 56002-0116 (LT)

Tenthly:

MINING CLAIM F.F. 5039 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CROSSING THE SAID CLAIM SHOWN MARKED RED ON PL S412, PT 4 & 5 48R1567, PT 2 48R1864, PT 1, 2 & 5 48R3730 AND PT 4 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0132 (LT)

Eleventhly:

MINING CLAIM F.F. 1223 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAY, PL S412, PT 1 48R1100, PT 1, 2 & 3 48R1567, PT 1 48R1864, PT 3, 6 & 7 48R3730 AND PT 3 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0134 (LT)

Twelfthly:

PT MINING CLAIM F.F. 5071 HUTCHINSON PART 2, 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0136 (LT)

Thirteenthly:

PT MINING CLAIM F.F. 5158 HUTCHINSON PART 1, 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0138 (LT)

**SCHEDULE "C"**  
**PERMITTED ENCUMBRANCES**

**General Encumbrances Applicable to the Property**

**Applicable to the Property:**

1. Registered agreements with any municipal, provincial or federal governments or authorities and any public utilities or private suppliers of services, including (without limitation) subdivision agreements, development agreements, engineering, grading or landscaping agreements and similar agreements.
2. Easements and servitudes (collectively, the "Easements"), including those registered on title, provided that:
  - (a) the Easements do not materially and adversely impair the use of the subject Property for the purpose for which it is presently held or used; or
  - (b) the Vendors have made satisfactory arrangements for relocation so that the Easements will not materially and adversely impair the use of the subject Property for the purpose for which it is presently held or used.
3. Registered easements for the supply of utilities or telephone services to the properties and for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services and all licences, easements, rights-of-way, rights in the nature of easements and agreements with respect thereto not registered on title to the properties, including without limitation, agreements, easements, licences, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, utilities, gas, steam and water mains or electric light and power, or telephone telegraphic conduits, poles, wires and cables.
4. Registered easements or rights-of-way for the passage, ingress and egress of persons and vehicles over parts of any Property.
5. Any easements or rights of way in favour of any Governmental Authority, any private or public utility, any railway company or any adjoining owner.
6. Minor encroachments and illegal views by the Lands over neighbouring lands which do not materially and adversely impair the use of the subject Property.
7. Any statutory liens or levies.
8. Title defects or irregularities which are of a minor nature and either individually or in aggregate do not and will not materially impair the value, use or marketability of any Property.

9. Any minor title defects, irregularities or encroachments, rights of way or other discrepancies in title or possession relating to any Property, as would be disclosed by any up-to-date plan of survey of such Property and the improvements noted thereon.
10. Any rights of expropriation, access or user or any other similar rights conferred or reserved by or in any statutes of Canada or the Province of Ontario.
11. The reservations, limitations, provisos, conditions, restrictions and exceptions (including, without limitation, royalties, reservation of mines, mineral rights, access to navigable waters and similar rights) expressed in the letters patent or grant from the Crown, as varied by statute, of the lands of which the properties form a part and any statutory limitations, exceptions, reservations and qualifications.
12. With respect to instruments registered via Teraview Electronic Registration System ("TER System"), any error or omission in the receipt, transmission or recording of such instrument, or of any of the particulars contained in such instruments, subsequent to creation and electronic delivery of same to Teranet Land Information Services Inc. via the TER System.
13. Zoning, land use and building restrictions, bylaws, regulations and ordinances of federal, provincial, municipal or other governmental bodies or regulatory authorities, including, without limitation, municipal by-laws and regulations and airport zoning regulations.

#### **Applicable to Ontario Land Titles Absolute Properties**

14. Those additional matters constituting statutory exceptions or reservations pursuant to the *Land Titles Act* (Ontario) (save and except Subsection 44 (1) paragraph 11 (*Planning Act*)).

#### **Applicable to Ontario Land Titles Qualified Conversion Properties**

15. On first registration, those additional matters constituting statutory exceptions or reservations pursuant to Subsection 44 (1) of the *Land Titles Act* (Ontario) (save and except Subsection 44 (1) paragraph 11 (*Planning Act*), paragraph 14 (Dower Rights), Provincial succession duties and escheats or forfeiture to the Crown); the rights of any person who, but for the *Land Titles Act* (Ontario), would be entitled to the land or any part of it through length of possession, prescription, misdescription or boundaries settled by convention; and any lease to which Subsection 70 (2) of the *Registry Act* (Ontario) applies.

#### **Specific Encumbrances Applicable to the Property**

**In respect of the eighthly described lands only:**

16. Instrument No. A73570 registered on September 20, 1999 being a Notice of Lease between Atikokan as landlord and Petro-Canada as tenant.

17. Instrument No. A73952 registered on November 15, 1999 being a Notice of Lease between Atikokan as landlord and Petro-Canada as tenant.

**In respect of the eleventhly described lands only:**

18. Instrument No. A3039 registered on March 7, 1975 being a Notice of Application from the Ministry of Natural Resources ("MNR") wherein the MNR applies to lay out and use part of the five percent acreage for roads reserved in the Letters Patent for Parcel 10028.

**In respect of the twelfthly described lands only:**

19. Instrument No. A3041 registered on March 7, 1975 being a Notice of Application from the MNR wherein the MNR applies to lay out and use part of the five percent acreage for roads reserved in the Letters Patent for Parcel 14564.

**In respect of the thirteenthly described lands only:**

20. Instrument No. A3042 registered on March 7, 1975 being a Notice of Application from the MNR wherein the MNR applies to lay out and use part of the five percent acreage for roads reserved in the Letters Patent for Parcel 14565.

**TAB 3**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ) TUESDAY, THE 10TH  
\* PATTILLO \* )  
JUSTICE MORAWETZ )  
 ) DAY OF JULY, 2012

BETWEEN:



G.E. Canada Equipment Financing G.P.

Applicant

- and -

Atikokan Forest Products Ltd.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c.C-36, as amended, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, RSO 1990, c.C.43, as amended.

**DISCHARGE ORDER**

**THIS MOTION**, made by PricewaterhouseCoopers Inc. ("PwC") in its capacity as the Court-appointed receiver (the "Receiver") of all of the assets, undertakings and properties of Atikokan Forest Products Ltd. ("Atikokan") acquired for or used in relation to a business carried on by Atikokan including all proceeds thereof (collectively, the "Atikokan Property"), for an order approving distributions and the Receiver's activities and discharging the Receiver, among other things, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Seventh Report, the affidavit of the Receiver as to fees sworn on June 27, 2012 (the "Weaver Affidavit"), the affidavit of Receiver's counsel as to fees sworn on June 28, 2012 (collectively with the Weaver Affidavit, the "Fee Affidavits") and on hearing the submissions of counsel for the Receiver, submissions of counsel for G.E. Canada Equipment

Financing G.P. ("GE") and such other counsel as were present, all parties having been served as evidenced by the affidavit of service, filed;

1. THIS COURT ORDERS AND DECLARES that the time for service of this Notice of Motion and the Motion Record is hereby abridged so that the Motion is properly returnable today and hereby dispenses with further service thereof and orders that service of the Notice of Motion and Motion Record is hereby validated in all respects.

2. THIS COURT ORDERS that the Sixth Report of the Receiver dated August 11, 2011 (the "Sixth Report") and the Seventh Report of the Receiver dated June 28, 2012 (the "Seventh Report"), including the Statement of Cash Receipts and Disbursements contained therein, are hereby approved and the activities of the Receiver as set out in the Sixth and Seventh Reports are hereby approved.

3. ~~THIS COURT ORDERS that the Confidential Appendix "A" to the Seventh Report shall be sealed, kept confidential and shall not form part of the public record but shall be placed in a sealed envelope in the Court file and be kept separate from all other contents of the Court file to be opened only upon further Order of this Honourable Court.~~ 

4. THIS COURT ORDERS that the Receiver shall distribute \$3,000 from the monies remaining in its hands in relation to the Atikokan Property to Buchanan Sales Inc. in full satisfaction of Buchanan Sales' secured interest in the rolling stock.

5. THIS COURT ORDERS that the Receiver shall distribute \$640,000 from the monies remaining in its hands in relation to the Atikokan Property to GE.

6. THIS COURT ORDERS that the fees and disbursements of the Receiver and Receiver's Counsel, as set out in the Seventh Report and the Fee Affidavits, are hereby approved.

7. THIS COURT ORDERS that, after payment of the fees and disbursements herein approved and after the payment of the other costs for the administration of the estate set out in the Seventh Report, the Receiver shall distribute the monies remaining in its hands in respect of the Atikokan Property to GE.

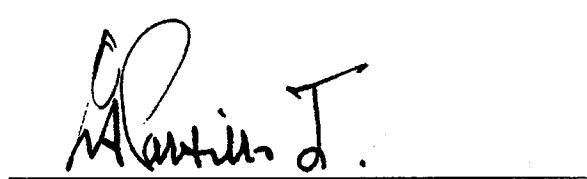
8. THIS COURT ORDERS that the Receiver is hereby discharged as Receiver of the Atikokan Property, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of PwC in its capacity as Receiver.

9. THIS COURT ORDERS AND DECLARES that PwC is hereby released and discharged from any and all liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, PwC is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

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



JUL 10 2012



G.E. Canada Equipment Financing G.P.  
Applicant and Atikokan Forest Products Ltd.  
Respondent

Court File No: CV10-9041-00CL

*Ontario*  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

Proceeding commenced at TORONTO

**ORDER**

OSLER, HOSKIN & HARCOURT LLP  
Box 50, 1 First Canadian Place  
Toronto, Ontario, Canada M5X 1B8

Tracy C. Sandler (LSUC#: 32443N)  
Tel: (416) 862-4908

Mary Paterson (LSUC#: 51366C)  
Tel: (416) 862-4924

Fax: (416) 862-6666

Lawyers for PricewaterhouseCoopers Inc., in its  
capacity as Receiver of Atikokan Forest Products  
Ltd.

**TAB 4**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE \_\_\_\_\_ ) \_\_\_\_\_ DAY, THE \_\_\_\_ DAY  
JUSTICE \_\_\_\_\_ ) )  
 ) OF \_\_\_\_\_, 2013

B E T W E E N:

**G.E. CANADA EQUIPMENT  
FINANCING G.P.**

Applicant

- and -

**ATIKOKAN FOREST PRODUCTS LTD.**

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND  
INSOLVENCY ACT, R.S.C. 1985, c.C-36, as amended, AND SECTION 101 OF THE  
COURTS OF JUSTICE ACT, R.S.O. 1990, c.C.43, as amended.

**APPROVAL AND VESTING ORDER**

THIS MOTION, made by PricewaterhouseCoopers Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Atikokan Forest Products Ltd. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Resolute FP Canada Inc. (the "**Purchaser**") dated ● 2013 and appended to the Report of the Receiver dated May 16, 2013 (the "**Eighth Report**"), and vesting in the Purchaser the Debtor's right, title and interest in

and to the assets described in the Sale Agreement (the "Real Property "), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, G.E. Canada Equipment Financing G.P, and Resolute FP Canada Inc., no one appearing for any other person on the service list, although properly served as appears from the affidavit of • sworn • filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver 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 Real Property to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Real Property described in the Sale 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 Justice Morawetz dated January 4, 2011; (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 and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Real Property are hereby expunged and discharged as against the Real Property.

3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Titles Division of Rainy River (No. 48) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser on the parcel register for the Real Property as the owner of the subject Real Property identified in Schedule B hereto in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

4. THIS COURT ORDERS that the Receiver is directed to pay the net proceeds from the sale of the Real Property following payment of its fees and expenses associated with the completion of the Transaction, to G.E. Canada Equipment Financing G.P.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. 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 Real 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 settlement, 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.

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

8. THIS COURT ORDERS that the Confidential Appendix E to the Receiver's Eighth Report and the unredacted version of the Sale Agreement be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice which sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

9. THIS COURT ORDERS that the Eighth Report of the Receiver dated May 16, 2013 and the activities of the Receiver as described therein are hereby approved.

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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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**Schedule A - Form of Receiver's Certificate**

Court File No. \_\_\_\_\_

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

B E T W E E N:

**G.E. CANADA EQUIPMENT FINANCING G.P.**

Applicant

- and -

**ATIKOKAN FOREST PRODUCTS LTD.**

Respondent

**RECEIVER'S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Justice Morawetz of the Ontario Superior Court of Justice (the "Court") dated January 4, 2011, PricewaterhouseCoopers Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Atikokan Forest Products Ltd. (the "Debtor").

B. Pursuant to an Order of the Court dated ●, 2013, the Court approved the agreement of purchase and sale made as of ●, 2013 (the "Sale Agreement") between the Receiver and Resolute FP Canada Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Real Property, which vesting is to be effective with respect to the Real Property upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Real Property; (ii) that the conditions to Closing as set out in

section • of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Real Property payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section • of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**PRICEWATERHOUSECOOPERS INC., in  
its capacity as Receiver of the undertaking,  
property and assets of ATIKOKAN  
FOREST PRODUCTS LTD., and not in its  
personal capacity**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **Schedule B – Real Property**

In the District of Rainy River, Land Registry Office for the Land Titles Division of Rainy River (No. 48) being the lands legally described as follows:

### **Firstly:**

PCL 14904 SEC RAINY RIVER; PT MINING CLAIM FF-746 HUTCHINSON AS IN SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF 5 FT ABOVE ORDINARY HIGHWATER MARK & RESERVING THE CANADIAN NATIONAL RAILWAY ROW; DISTRICT OF RAINY RIVER, being all of PIN 56002-0090 (LT)

### **Secondly:**

PCL 14563 SEC RAINY RIVER; MINING CLAIM F.F. 5001 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS; DISTRICT OF RAINY RIVER, being all of PIN 56002-0041 (LT)

### **Thirdly:**

PCL 14566 SEC RAINY RIVER; MINING CLAIM F.F. 5038 HUTCHINSON EXCEPTING THE ROW OF THE CANADIAN NATIONAL RAILWAY CROSSING THE SAID CLAIM; DISTRICT OF RAINY RIVER, being all of PIN 56002-0044 (LT)

### **Fourthly:**

PCL 14811 SEC RAINY RIVER; PT MINING CLAIM F.F. 746 HUTCHINSON AS IN SLT56280; DISTRICT OF RAINY RIVER, being all of PIN 56002-0046 (LT)

### **Fifthly:**

PCL 10450 SEC RAINY RIVER; MINING CLAIM F.F. 1571 HUTCHINSON; DISTRICT OF RAINY RIVER, being all of PIN 56002-0091 (LT)

### **Sixthly:**

PCL 9838 SEC RAINY RIVER; MINING CLAIM F.F.1030 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CONTAINING 1 4/10 ACRES, MORE OR LESS, CROSSING SAID MINING CLAIM, BEING OF SRO; DISTRICT OF RAINY RIVER, being all of PIN 56002-0108 (LT)

### **Seventhly:**

PCL 9913 SEC RAINY RIVER; MINING CLAIM F.F.1224 HUTCHINSON RESERVING THE FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE NATURAL HIGH WATER MARK; DISTRICT OF RAINY RIVER, being all of PIN 56002-0109 (LT)

**Eighthly:**

PCL 9386 SEC RAINY RIVER; MINING CLAIM F.F. 746 HUTCHINSON COMPRISING S PT LOCATION X636 EXCEPT SLT56280 & SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK ALSO RESERVING ROW OF CANADIAN NATIONAL RAILWAY; DISTRICT OF RAINY RIVER, being all of PIN 56002-0115 (LT)

**Ninthly:**

PCL 9400 SEC RAINY RIVER; MINING CLAIM F.F. 747 HUTCHINSON COMPRISING N PT LOCATION X636 SITUATE ON THE SOUTHERLY SHORE OF SAPAWE LAKE RESERVING FLOODING RIGHTS TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK; DISTRICT OF RAINY RIVER, being all of PIN 56002-0116 (LT)

**Tenthly:**

MINING CLAIM F.F. 5039 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CROSSING THE SAID CLAIM SHOWN MARKED RED ON PL S412, PT 4 & 5 48R1567, PT 2 48R1864, PT 1, 2 & 5 48R3730 AND PT 4 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0132 (LT)

**Eleventhly:**

MINING CLAIM F.F. 1223 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAY, PL S412, PT 1 48R1100, PT 1, 2 & 3 48R1567, PT 1 48R1864, PT 3, 6 & 7 48R3730 AND PT 3 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0134 (LT)

**Twelfthly:**

PT MINING CLAIM F.F. 5071 HUTCHINSON PART 2, 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0136 (LT)

**Thirteenthly:**

PT MINING CLAIM F.F. 5158 HUTCHINSON PART 1, 48R4034; DISTRICT OF RAINY RIVER, being all of PIN 56002-0138 (LT).

### **Schedule C – Claims to be deleted and expunged from title to Real Property**

1. Instrument No. RD733 registered on April 2, 2007 being a Charge from Atikokan Forest Products Ltd. ("Atikokan") in favour of General Electric Canada Real Estate Finance Inc. ("GE").
2. Instrument No. RD10300 registered on March 7, 2008 being a Charge from Atikokan in favour of Buchanan Lumber Sales Inc.
3. Instrument No. RD10443 registered on March 31, 2008 being an Application to Change Name of Buchanan Lumber Sales Inc. to Buchanan Sales Inc. relating to Instrument No. RD10300.
4. Instrument No. RD12370 registered on November 28, 2008 being a Charge from Atikokan in favour of Buchanan Sales Inc.
5. Instrument No. RD13051 registered on March 30, 2009 being a Notice of an Amending Agreement between GE and Atikokan in respect of the Charge registered as Instrument No. RD733.
6. Instrument No. RD13052 registered on March 30, 2009 being a Postponement of the Charge registered as Instrument No. RD10300 and the Application to Change Name registered as Instrument No. RD10443 to the Charge registered as Instrument No. RD733.
7. Instrument No. RD13053 registered on March 30, 2009 being a Postponement of the Charge registered as RD12370 to the Charge registered as Instrument No. RD733.

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

In respect of the eighthly described lands only:

1. Instrument No. A73570 registered on September 20, 1999 being a Notice of Lease between Atikokan as landlord and Petro-Canada as tenant.
2. Instrument No. A73952 registered on November 15, 1999 being a Notice of Lease between Atikokan as landlord and Petro-Canada as tenant.

In respect of the eleventhly described lands only:

3. Instrument No. A3039 registered on March 7, 1975 being a Notice of Application from the Ministry of Natural Resources ("MNR") wherein the MNR applies to lay out and use part of the five percent acreage for roads reserved in the Letters Patent for Parcel 10028.

In respect of the twelfthly described lands only:

4. Instrument No. A3041 registered on March 7, 1975 being a Notice of Application from the MNR wherein the MNR applies to lay out and use part of the five percent acreage for roads reserved in the Letters Patent for Parcel 14564.

In respect of the thirteenthly described lands only:

5. Instrument No. A3042 registered on March 7, 1975 being a Notice of Application from the MNR wherein the MNR applies to lay out and use part of the five percent acreage for roads reserved in the Letters Patent for Parcel 14565.

G.E. Canada Equipment Financing G.P. and Atikokan Forest Products Ltd.

Court File No: CV-10-9041-00CL

Applicant Respondent

**ONTARIO  
SUPERIOR COURT OF JUSTICE -  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**APPROVAL AND VESTING ORDER**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Elizabeth Pillon LSUC#: 35638M**  
(416) 869-5623  
**Maria Konyukhova LSUC#: 52880V**  
Tel: (416) 869-5230  
Fax: (416) 947-0866

Lawyers for the Applicant

G.E. CANADA EQUIPMENT FINANCING  
G.P.  
and  
ATIKOKAN FOREST PRODUCTS  
LTD.

Court File No: CV10-9041-00CL

Applicant Respondent

ONTARIO  
SUPERIOR COURT OF JUSTICE  
Proceeding commenced at Toronto

MOTION RECORD  
(RETURNABLE MAY 29, 2013)

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Elizabeth Pillon LSUC#:** 35638M  
Tel: (416) 869-5623  
**Maria Konyukhova** LSUC#: 52880V  
Tel: (416) 869-5230  
Fax: (416) 947-0866

Lawyers for the Applicant