

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

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

AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
**FRASER PAPERS INC./PAPIERS FRASER INC., FPS
CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER
TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER
N.H. LLC**

Applicants

**NOTICE OF MOTION
(Sanctioning the Applicants' Consolidated Plan of Compromise and Arrangement)**

The Applicants will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Wednesday, January 12, 2011 at 10:00 o'clock in the morning or as soon thereafter as this motion can be heard at 330 University Avenue, in the City of Toronto, Ontario.

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

THE MOTION IS FOR:

1. an Order approving and sanctioning the Consolidated Plan of Compromise and Arrangement dated November 29, 2010 as amended since that date (the "**Plan**") and approved by the Required Majority of the Unsecured Creditor Class at the Meeting

concerning, affecting and involving the Applicants in the form attached hereto as Schedule "A" (the "**Sanction Order**");

2. an Order approving the terms of the creditor trust agreement among the Applicants, as settler of the trust, and the trustee, (the "**Creditor Trust Agreement**") in the form attached hereto as Schedule "B" (the "**Trust Order**");
3. an Order, among other things: (i) granting approval of the transaction agreement dated November 25, 2010 among the Applicants, as vendors and Plan proponents, and Brookfield Asset Management Inc. or its designate, as Plan sponsor (the "**Plan Sponsor**") (the "**Transaction Agreement**") and authorizing the Applicants to execute and deliver all definitive documentation to permit the closing of the transaction contemplated by the Transaction Agreement; (ii) vesting in the Plan Sponsor all the Applicants' right, title, benefit and interest in and to the FPHI Shares; and (iii) vesting in the Purchased Companies of all the Applicants' (other than the Purchased Companies) right, title, benefit and interest in the Included Property, with respect to (ii) and (iii), in each case free and clear of and from all liens, charges and encumbrances (save and except the Permitted Encumbrances in respect of the Included Property only), upon the closing of the transaction contemplated by the Transaction Agreement in the form attached hereto as Schedule "C" (the "**Vesting Order**"); and
4. such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. capitalized terms used but not otherwise defined in this Notice of Motion shall have the meanings ascribed to them in the Plan;
2. pursuant to the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009, as amended (the “**Initial Order**”), the Applicants filed for and obtained protection from their creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and PricewaterhouseCoopers Inc. was appointed as monitor (the “**Monitor**”);
3. the Applicants sought and obtained recognition of these proceedings as foreign main proceedings pursuant to Chapter 15 of the *U.S. Bankruptcy Code* in the United States Bankruptcy Court for the District of Delaware;
4. the Applicants, with the Monitor’s assistance, entered into separate asset purchase agreements whereby the Applicants sold substantially all of their assets. Each of the asset purchase agreements was approved by Order of this Honourable Court;
5. pursuant to the Order of this Honourable Court dated November 3, 2010, the Applicants were authorized and directed to proceed with the preparation of the Plan on the basis of the substantive consolidation of all of the Applicants;
6. the Applicants have established the NB Hourly Trust and the NB Salaried Trust and, in accordance with the terms of the Plan, will establish the Creditor Trust;
7. the NB Hourly Trust and the the NB Salaried Trust have been established and will hold the portion of the Distribution Pool in respect of the NB Hourly Claim and the NB Salaried Claim, respectively;

8. Given the nature of the Distribution Pool, it is necessary for the Creditor Trust to be created to hold the Distribution Pool in respect of all Proved Distribution Claims other than the NB Hourly Claim and the NB Salaried Claim;
9. the Creditor Trust is to be created pursuant to the Creditor Trust Agreement, as approved by the Trust Order,
10. the Plan incorporates the Transaction Agreement whereby, *inter alia*, the Plan Sponsor will purchase the FPHI Shares, which includes the ownership of the companies that own lumber mills located in Ashland and Masardis, Maine (the “**Maine Mills**”). The Transaction Agreement requires that all Included Property be transferred to the relevant Purchased Companies free and clear of all Encumbrances except Permitted Encumbrances and that the FPHI Shares purchased by the Plan Sponsor be free and clear of all claims and Encumbrances;
11. pursuant to the Plan, upon the closing of the Transaction Agreement, the Applicants anticipate that they will have sufficient cash to make an Implementation Payment to their Affected Creditors with Proven Distribution Claims. In addition, the Applicants will make available for distribution to their Affected Creditors with Proven Distribution Claims their Pro Rata Share of the Promissory Notes and Common Shares of Twin Rivers Papers Company Inc. which shall be held each of the NB Hourly Trust, the NB Salaried Trust and the Creditor Trust for the benefit of the respective trust beneficiaries in accordance with the terms of the Promissory Notes, the Common Shares and the NB Hourly Trust Agreement, the NB Salaried Trust Agreement, the NB Salaried Trust Agreement and Creditor Trust Agreement, respectively;

12. pursuant to the Meeting Order, the Applicants are authorized and directed to hold a meeting of their Affected Creditors on January 10, 2011 to permit such Affected Creditors to consider and vote on a resolution to approve the Plan (the “**Meeting**”);
13. in accordance with the Meeting Order, the Monitor caused a notice to creditors advising of the Meeting to be published in certain national and local newspapers. In addition, the Monitor sent the Meeting Materials (as defined in the Meeting Order) to each of the Applicants’ Affected Creditors and posted the Meeting Materials to the Monitor’s website in accordance with the Meeting Order. The Meeting Materials (with the exception of certain exhibits) were posted on the Monitor’s website in both English and French;
14. the Applicants are bringing this motion on the basis that the Required Majority of Affected Creditors vote to approve the Plan at the Meeting;
15. if the Plan is sanctioned by this Honourable Court, the Applicants will proceed with the implementation of the Plan and towards the conclusion and termination of the CCAA Proceedings;
16. the Monitor supports the relief sought by the Applicants;
17. the provisions of the CCAA;
18. Rules 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1994, Reg. 194, as amended; and

19. such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Affidavit of Glen McMillan sworn in support of this motion, to be filed separately;
2. the Sixteenth Report of the Monitor, to be filed separately; and
3. such further and other materials as counsel may advise and this Honourable Court may permit.

January 5, 2011

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Lawyers for the Applicants

TO: THIS HONOURABLE COURT
AND TO: THE ATTACHED SERVICE LIST

Schedule "A"

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

THE HONOURABLE MADAM) WEDNESDAY, THE 12TH DAY
)
JUSTICE PEPALL) OF JANUARY, 2011

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

AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
FRASER PAPERS INC./PAPIERS FRASER INC., FPS
CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER
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N.H. LLC

Applicants

SANCTION ORDER

THIS MOTION, brought by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an Order: (a) approving and sanctioning the Consolidated Plan of Compromise and Arrangement dated November 29, 2010 and accepted for filing by this Court on December 3, 2010 as same may have been amended since that date (the "**Plan**") concerning, affecting and involving the Applicants, as approved by the Unsecured Creditor Class at the Meeting held on January 10, 2011 and which final form of the Plan is attached hereto as Schedule "A"; and (b) for certain other relief, was heard this day at 330 University Avenue, in the City of Toronto, Ontario.

ON READING the Motion Record of the Applicants dated January ►, 2011, the Affidavit of Glen McMillan sworn on January ►, 2011 and the Exhibits attached thereto (the “**McMillan Affidavit**”), the Sixteenth Report (the “**Sixteenth Report**”) of PricewaterhouseCoopers Inc., in its capacity as court-appointed monitor of the Applicants (the “**Monitor**”), and on hearing the submissions of counsel for the Applicants, counsel for the officers and directors of the Applicants, counsel for the Monitor, counsel for Brookfield Asset Management Inc. and Brookfield US Corporation in its capacity as DIP Lender and Plan Sponsor, counsel for the Communications, Energy and Paperworkers Union of Canada, counsel for the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, counsel for the Province of New Brunswick (“**PNB**”) in its various capacities including on behalf of the Superintendent of Pensions for PNB, counsel for Morneau Sobeco in its capacity as Administrator of the NB Hourly Plan and the NB Salaried Plan, the Superintendent of Financial Services of Ontario, Davies Ward Phillips & Vineberg LLP (“**Representative Counsel**”) in its capacity as counsel for the court-appointed Committee Representing Unrepresented Employees and Former Employees, and no one appearing for any other person on the service list in the CCAA Proceedings (the “**Service List**”), including Regie des rentes du Quebec, the active members of the New Brunswick Regional Council of Carpenters, Millwrights and Allied Workers, Local 2450 and the Pension Benefit Guaranty Corporation, although all properly served as appears from the affidavit of service of ► sworn on January ►, 2011, filed, and upon being advised that all persons received notice of this hearing in accordance with the Order of this Court dated December 3, 2010, as amended by the Order of this Court dated December 16, 2010 (the “**Meeting Order**”) and that no person has filed a Notice of Appearance in accordance with paragraph 39 of the Meeting Order:

DEFINITIONS

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Sanction Order shall have the meanings ascribed to them in the Plan.

SERVICE AND MEETING OF CREDITORS

2. **THIS COURT ORDERS** that the time for the service of the Notice of Motion, the Motion Record in support of this motion and the Monitor's Sixteenth Report be and is hereby abridged and that this Motion is properly returnable today and service of the Notice of Motion, the Motion Record and the Monitor's Sixteenth Report is hereby validated in all respects.
3. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient notice, service and delivery of the Meeting Order and the Meeting Materials (as defined in the Meeting Order), including the Plan and the notice of the Meeting and the Plan Sanction Hearing, to all Affected Creditors.
4. **THIS COURT ORDERS AND DECLARES** that the Meeting was duly convened, held and conducted in conformity with the CCAA and the Orders of the Court in the CCAA Proceedings, including the Meeting Order.

SANCTION OF THE PLAN

5. **THIS COURT ORDERS AND DECLARES** that:
 - (a) the Plan has been approved by the Required Majority of the Unsecured Creditor Class at the Meeting in conformity with the CCAA;

- (b) the Applicants have complied with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceedings in all respects;
- (c) the Applicants have acted and are acting in good faith and with due diligence, and have not done or purported to do (nor does the Plan do, or purport to do) anything that is not authorized by the CCAA; and
- (d) the Plan and all terms and conditions of and matters and transactions contemplated thereby including, without limitation, pursuant to the Transaction Agreement, are fair and reasonable.

6. **THIS COURT ORDERS** that the Plan (including, without limitation, the compromises, arrangements and releases set out therein and the transactions contemplated pursuant to the Transaction Agreement) is hereby sanctioned and approved pursuant to Section 6 of the CCAA and, on the Plan Implementation Date, shall be effective and all associated steps, compromises, transactions, arrangements and releases effected thereby are hereby approved, binding and effective in accordance with the provisions of the Plan and shall enure to the benefit of and be binding upon the Applicants, the Plan Sponsor, the Affected Creditors and all other Persons and parties named or referred to in, affected by, or subject to the Plan, including their respective heirs, administrators, executors, legal representatives, successors and assigns, as provided for in the Plan and this Sanction Order.

PLAN IMPLEMENTATION

7. **THIS COURT ORDERS** that the Applicants and the Monitor, as the case may be, are authorized and directed to take all steps and actions, and to do all things, necessary or

appropriate to implement the Plan in accordance with its terms and to enter into, execute, deliver, complete, implement and consummate all of the transactions, distributions, deliveries, allocations and agreements contemplated pursuant to the Plan, including pursuant to the Transaction Agreement and the transactions contemplated thereby, and such steps and actions are hereby authorized, ratified and approved.

8. **THIS COURT ORDERS** that upon the satisfaction or waiver, as applicable, of the conditions precedent set out in Section 7.01 of the Plan, as confirmed by the Applicants and the Plan Sponsor to the Monitor, the Monitor shall file with this Court a certificate in the form attached hereto as Schedule "B" (the "**Monitor's First Certificate**"), signed by the Monitor, certifying that it has been advised by the Applicants and the Plan Sponsor that all conditions precedent set out in Section 7.01 of the Plan have been satisfied or waived, as applicable, and that, with the filing of the Monitor's First Certificate, the Plan Implementation Date shall have occurred in accordance with the Plan.

9. **THIS COURT ORDERS** that, from and after the Plan Implementation Date, all Creditors (including, for greater clarity, Claims of Creditors as set out in paragraph 10 with respect to the Included Property or the Purchased Companies) other than Unaffected Creditors with respect to their Unaffected Claims (which Unaffected Claims shall not, for greater clarity, include Claims of Creditors as set out in paragraph 10 hereof with respect to the Included Property or the Purchased Companies) shall be deemed to have waived any and all defaults then existing or previously committed or caused by the Applicants, or any one of them, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in

any contract, instrument, credit document, guarantee, agreement for sale, lease, or other agreement, written or oral, and any and all amendments or supplements thereto (each, an “**Agreement**”), existing between such Creditor and the Applicants, or any one of them, and any and all notices of default and demands for payment under an Agreement shall be deemed to be of no further force or effect; provided that nothing in this paragraph shall excuse or be deemed to excuse the Applicants from performing any of their obligations under the Plan.

10. **THIS COURT ORDERS** that notwithstanding any other provision of this Order, pursuant to Article 5 of the Plan, from and after the Plan Implementation Date, all debts, obligations, claims or liabilities of the Purchased Companies, other than Continuing Obligations, whenever and howsoever incurred or arising, shall be deemed to have been released, waived, extinguished and forever barred as against the Purchased Companies, the Plan Sponsor and the Plan Sponsor’s Affiliates.

11. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, all Agreements to which the Purchased Companies are a party and which are not Continuing Obligations pursuant to the Transaction Agreement shall be and are hereby repudiated and any right of any Person against one or more of the Applicants (including the Purchased Companies) in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of such repudiation shall be a Restructuring Claim in the CCAA Proceedings, which Claim shall be filed and determined in accordance with the Claims Order and the Meeting Order.

12. **THIS COURT ORDERS** that, as of the Plan Implementation Date, each Creditor (including, for greater clarity Claims of Creditors as set out in paragraph 10 hereof with respect to the Included Property and the Purchased Companies), other than Unaffected Creditors with respect to their Unaffected Claims (which Unaffected Claims shall not, for greater clarity, include Claims of Creditors as set out in paragraph 10 hereof with respect to the Included Property or the Purchased Companies), and subject to the provisions of the Vesting Order, shall be deemed to have consented and agreed to all of the provisions of the Plan in their entirety and, in particular, each such Creditor shall be deemed:

- (a) to have executed and delivered to the Monitor and to the Applicants all consents, releases or agreements required to implement and carry out the Plan, including the Transaction Agreement, in its entirety; and
- (b) to have agreed that if there is any conflict between the provisions, express or implied, of any Agreement or other arrangement, written or oral, existing between such Creditor and the Applicants, or any one of them, as of the Plan Implementation Date and the provisions of the Plan, the provisions of the Plan take precedence and priority and the provisions of such Agreement or other arrangement shall be deemed to be amended accordingly.

13. **THIS COURT ORDERS** that, on the Plan Implementation Date, pursuant to and in accordance with the Plan, any and all Affected Claims of Affected Creditors of any nature against the Applicants shall be forever compromised, discharged and released, and the ability of any Affected Creditor to proceed against the Applicants in respect of

or relating to any Affected Claim shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the rights of Affected Creditors to receive distributions and deliveries pursuant to the Plan and this Sanction Order in respect of their Affected Claims, in the manner and to the extent provided for in the Plan. All proceedings with respect to any Claims not finally resolved and determined pursuant to the Claims Order shall remain stayed, and shall be resolved and determined in accordance with the Claims Order and any further Order of this Court.

14. **THIS COURT ORDERS AND DIRECTS** the Monitor and the Applicants, as applicable, to complete the distributions and deliveries contemplated under the Plan on the Plan Implementation Date, the Implementation Payment Date, if any, and the Final Determination Date, and further hereby orders that such distributions and deliveries shall be free and clear of all claims, rights and interests of any Person, including without limitation, the CCAA Charges.

15. **THIS COURT ORDERS AND DECLARES** that any distributions and deliveries under the Plan and this Sanction Order shall not constitute a “distribution” and the Monitor shall not constitute a “legal representative” or “representative” of the Applicants for the purposes of Section 159 *Income Tax Act* (Canada), Section 270 of the *Excise Tax Act* (Canada), Section 45 of the *Employment Insurance Act* (Canada), Section 22 of the *Retail Sales Act* (Ontario), Section 107 *Corporations Tax Act* (Ontario), Section 14 of the *Act Respecting the Ministère du Revenu* (Quebec), Section 7 of the *Revenue Administration Act* (New Brunswick) or any other similar federal, provincial or territorial tax legislation (collectively, the “**Statutes**”), and the Monitor in

making any such payments or delivering any assets in the Distribution Pool is not “distributing”, nor shall it be considered to have “distributed”, such funds or assets for the purposes of the Statutes, and the Monitor shall not incur any liability under the Statutes for making any payments or delivering any assets under the Plan or failing to withhold amounts, ordered or permitted hereunder, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Statutes or otherwise at law, arising as a result of the distributions and deliveries under the Plan and this Sanction Order and any claims of this nature are hereby forever barred.

RELEASES, DISCHARGES AND INJUNCTIONS

16. **THIS COURT ORDERS AND DECLARES** that the compromises, arrangements, releases, discharges and injunctions contemplated in the Plan, including those granted by and for the benefit of the Released Parties, are integral components thereof and are necessary for, and vital to, the success of the Plan and that, effective on the Plan Implementation Date, all such compromises, arrangements, releases, discharges and injunctions are hereby sanctioned, approved and given full force and effect in accordance with and subject to the rights and obligations of the Affected Creditors under the Plan, including, without limitation, the rights of the Affected Creditors to receive distributions in respect of their Affected Claims in accordance with the Plan, and all such compromises, arrangements, releases, discharges and injunctions shall be binding upon and effective against all Affected Creditors, the Applicants and all other Persons affected by the Plan, and on their respective heirs, administrators, executors, legal representatives, successors and assigns. For greater certainty, nothing herein or in the Plan shall release or affect any rights or obligations of any Person under the Plan.

17. **THIS COURT ORDERS** that, without limiting the generality of any provision of this Sanction Order or the Plan, immediately upon the Plan Implementation Date having occurred, every Person, (regardless of whether or not such person is a Creditor), and save and except for Unaffected Creditors with respect to their Unaffected Claims (other than as it relates to the Included Property or the Purchased Companies pursuant to the Transaction Agreement), on the Person's own behalf and on behalf of the Person's respective affiliates, present and former officers, directors, employees, associated individuals, auditors, actuaries, beneficiaries, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, hereby fully, finally, irrevocably and unconditionally releases and forever discharges the Released Parties of and from any and all claims and any and all past, present and future claims, rights, interests, actions, rights of indemnity, liabilities, demands, duties, injuries, damages, expenses, fees (including solicitors' fees and liens), costs, compensation, or causes of action of whatsoever kind or nature whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, any act, inaction or omission existing or taking place on or prior to the Plan Implementation Date relating to or otherwise in connection with the Applicants including, without limitation, the business and operations of the Applicants, the property of the Applicants, the CCAA Proceedings, the Chapter 15 Proceedings, all pension plans administered by the Applicants, including the Terminated Pension Plans, or in respect of which the Released

Parties had any role, whether in their capacity as Directors or in any other capacity, including as or on behalf of the administrators of the Terminated Pension Plans and any other employee benefit or retirement savings plan, including without limitation any post-employment benefits and as trustees of the health and welfare trust, and all agreements with the DIP Lender (collectively, the “**Released Claims**”); provided, however, that nothing herein shall release or discharge a Released Party: (i) from its obligations, if any, under the Plan or the Transaction Agreement; or (ii) in the case of Directors in respect of any claim referred to in Section 5.1(2) of the CCAA.

18. **THIS COURT ORDERS** that, from and after the Plan Implementation Date, no Person shall make or continue any claims or proceedings whatsoever based on, in connection with, arising out of, or in any way related to, in whole or in part, directly or indirectly, the substance of the facts giving rise to any matter herein released (including, without limitation, any action, cross-claim, counter-claim, third party action or application) against any Person who claims or might reasonably be expected to claim in any manner or forum against one or more of the Released Parties, including, without limitation, by way of contribution or indemnity, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, and that in the event that any of the Released Parties are added to such claim or proceeding, such Person will immediately discontinue any such claim or proceeding.

19. **THIS COURT ORDERS** that, without limiting the generality of any provision of this Order or the Plan, immediately upon the Plan Implementation Date having occurred, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, actuaries, financial advisors, legal counsel,

other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Plan Implementation Date, with respect to the Released Claims, from (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative, regulatory or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or (v) taking any actions to interfere with the implementation or consummation of the Plan, the Transaction Agreement, or rights under the Trusts; provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Plan or the Transaction Agreement or in respect of any claim against a Director referred to in subsection 5.1(2) of the CCAA.

TERMINATION OF THE CCAA PROCEEDINGS

20. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the CCAA Proceedings shall be and are hereby terminated as against the Purchased Companies and the Included Property, provided that the Purchased Companies and the Included Property shall continue to have the benefit of this Order, the Vesting Order, the Claims Order and any other relevant Order issued in the CCAA Proceedings.

21. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the Applicants shall consist of Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc. and Fraser N.H. LLC and the style of cause herein shall be and is hereby amended to remove the Purchased Companies, namely Fraser Papers Holdings Inc., Fraser Papers Limited and Fraser Timber Limited, so that all documents issued, served or filed after the Plan Implementation Date reflect the following style of cause:

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC. and FRASER N.H. LLC”

22. **THIS COURT ORDERS** that, except as expressly set out in paragraph 20 hereof, the CCAA Proceedings shall continue until the filing by the Monitor with this Court of a certificate in the form attached hereto as Schedule “C” (the “**Monitor’s Second Certificate**”) signed by the Monitor, certifying that the Final Determination Date has occurred and that the Monitor has fulfilled its duties under the Claims Order, the Vesting Order and the Plan and that, upon the filing of the Monitor’s Second Certificate, the CCAA Proceedings shall be terminated (the “**CCAA Termination Date**”).

ORDERS IN THE CCAA PROCEEDINGS

23. **THIS COURT ORDERS** that:

- (a) except to the extent that the Initial Order has been varied by or is inconsistent with this Sanction Order or any further Order of this Court, the provisions of the Initial Order shall remain in full force and effect until the CCAA Termination Date;
- (b) the Claims Bar Date, the Restructuring Claims Bar Date and the releases, injunctions and prohibitions provided for in the Claims Order, as amended by the Meeting Order, be and are hereby confirmed and shall operate in addition to the provisions of this Sanction Order and the Plan, including, without limitation, the releases, injunctions and prohibitions provided for hereunder and thereunder, respectively; and
- (c) all other Orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by this Sanction Order or any further Order of this Court in the CCAA Proceedings.

CHARGES

24. **THIS COURT ORDERS** that, expressly subject to paragraph 25 hereof, the CCAA Charges provided for in the Initial Order and any subsequent Orders in the CCAA Proceedings shall automatically be fully and finally terminated, discharged and released on the Plan Implementation Date.

25. **THIS COURT ORDERS** that, notwithstanding paragraph 24 hereof, the Administration Charge and the Directors' Charge shall continue in full force and effect until the CCAA Termination Date against the Completion Fund (as defined in the McMillan Affidavit). For greater certainty, the Administration Charge and the Directors Charge' shall not continue against the FPHI Shares, the Included Property or the Purchased Companies.

THE MONITOR

26. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein and under the Orders of this Court, shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations under the Plan to facilitate the implementation of the Plan and to complete all matters incidental to the termination of the CCAA Proceedings.
27. **THIS COURT ORDERS AND DECLARES** that the actions and conduct of the Monitor in the CCAA Proceedings, as disclosed in its reports to the Court from time to time, including, without limitation, the Sixteenth Report, are hereby approved and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order, and that in addition to the protections in favour of the Monitor as set out in the Initial Order and the CCAA, the Monitor shall not be liable for any act or omission on the part of the Monitor, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of its duties under the Plan or with respect to any other duties or obligations with respect to the

implementation of the Plan, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Subject to the forgoing and in addition to the protections in favour of the Monitor as set out in the Orders of this Court, upon the CCAA Termination Date, any claims against the Monitor in connection with the performance of its duties as Monitor are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

28. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor, except with prior leave of this Court on at least seven days prior written notice to the Monitor, and upon such further order securing, as security for costs, the solicitor and his own client costs of the Monitor in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate.

29. **THIS COURT ORDERS** that upon fulfillment of the Monitor's duties under the Claims Order, the Vesting Order and the Plan, the Monitor shall file with the Court the Monitor's Second Certificate and that, upon the filing of the Monitor's Second Certificate, PricewaterhouseCoopers Inc. shall be discharged from its duties, obligations and responsibilities as Monitor of the Applicants.

REPRESENTATIVE COUNSEL

30. **THIS COURT ORDERS** that, effective on the Plan Implementation Date, the Representative Counsel shall be and is hereby discharged from its duties as Representative Counsel in the CCAA Proceedings.

CLAIMS OFFICER

31. **THIS COURT ORDERS** that any Claims Officer appointed in accordance with the Claims Order shall continue to have the authority conferred upon and to benefit from all protections afforded to Claims Officers pursuant to the Orders in the CCAA Proceedings and shall thereafter be discharged and released from its obligations on the CCAA Termination Date.

STAY EXTENSION

32. **THIS COURT ORDERS** that the Stay Period as described in the Initial Order be and is hereby further extended to the earlier of: (a) March 31, 2011; and (b) the CCAA Termination Date.

EFFECT, RECOGNITION AND ASSISTANCE

33. **THIS COURT ORDERS** that, notwithstanding anything herein, the Applicants, the Plan Sponsor and the Monitor shall remain entitled to seek directions from the Court in respect of the interpretation and implementation of this Sanction Order and the performance by the Applicants and the Monitor of their respective obligations under the Plan, the Sanction Order and any other matters that pertain to the completion of the administration of the CCAA Proceedings prior to the CCAA Termination Date.
34. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Sanction Order prior to the commencement of any

appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

35. **THIS COURT ORDERS** that this Sanction Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may otherwise be enforceable.

36. **THIS COURT REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to Section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America, including the U.S. Court presiding over the Chapter 15 Proceedings and of or any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Sanction Order. Each of the Applicants and the Monitor shall be at liberty, and is hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial, regulatory and administrative bodies, and take such other steps, in Canada, in the United States of America or elsewhere, as may be necessary or advisable to give effect to this Sanction Order and any other Order granted by this Court.

37. **THIS COURT ORDERS** that this Sanction Order shall be posted on the Monitor's website at www.pwc.com/car-fraserpapers and only be required to be served upon the

parties on the Service List and those parties who appeared at the hearing of the motion for this Sanction Order.

Schedule "A"
Consolidated Plan of Compromise and Arrangement

Schedule "B"
Monitor's First Certificate

Court File No. CV-09-8241-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
FRASER PAPERS INC./PAPIERS FRASER INC., FPS
CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER
TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER
N.H. LLC

Applicants

MONITOR'S FIRST CERTIFICATE

WHEREAS pursuant to the Order of this Court dated June 18, 2009, PricewaterhouseCoopers Inc. was appointed as the monitor (the "**Monitor**") of Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC (collectively, the "**Applicants**");

WHEREAS pursuant to the Meeting Order of this Court dated December 3, 2010, as amended by the Order (Amending Meeting Order) dated December 17, 2010, the Applicants filed the Consolidated Plan of Compromise and Arrangement of the Applicants dated November 29, 2010, as amended (the "**Plan**"), which Plan has been approved by the Required Majority and sanctioned by this Honourable Court on January 12, 2011;

WHEREAS the Monitor has been advised by the Applicants and the Plan Sponsor that the conditions precedent set out in Section 7.01 of the Plan have been satisfied or waived; and

WHEREAS all capitalized terms used but not otherwise defined in this Certificate shall have the meanings ascribed to them in the Plan.

THE MONITOR HEREBY CERTIFIES that:

1. All conditions precedent set out in Section 7.01 of the Plan have been satisfied or waived;
2. Upon the filing of this Monitor's First Certificate, the Plan Implementation Date shall have occurred and the Plan Implementation Date is _____, 2011; and
3. This Certificate is delivered by the Monitor on _____, 2011.

PricewaterhouseCoopers Inc., in its capacity as Monitor of Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC and not in its personal capacity

Per: _____

Name:

Title:

Schedule "C"
Monitor's Second Certificate

Court File No. CV-09-8241-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
FRASER PAPERS INC./PAPIERS FRASER INC., FPS
CANADA INC. and FRASER N.H. LLC

Applicants

MONITOR'S SECOND CERTIFICATE

WHEREAS pursuant to the Order of this Court dated June 18, 2009, PricewaterhouseCoopers Inc. was appointed as the monitor (the "**Monitor**") of Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC (collectively, the "**Applicants**");

WHEREAS pursuant to the Meeting Order of this Court dated December 3, 2010, as amended by the Order (Amending Meeting Order) dated December 17, 2010, the Applicants filed the Consolidated Plan of Compromise and Arrangement of the Applicants dated November 29, 2010, as amended (the "**Plan**"), which Plan has been approved by the Required Majority and sanctioned by this Honourable Court on January 12, 2011; and the Plan Implementation Date has occurred;

WHEREAS pursuant to the Sanction Order, this Court approved the discharge of the Monitor, which discharge is to be effective upon the filing by the Monitor with this Court of a certificate certifying completion of the Monitor's duties contemplated in paragraph [28] of the Sanction Order; and

WHEREAS all capitalized terms used but not otherwise defined in this Certificate shall have the meanings ascribed to them in the Plan.

THE MONITOR HEREBY CERTIFIES that:

1. The Final Determination Date occurred and the Final Determination Dates is _____, 2011;
2. The Monitor has substantially completed the duties contemplated by paragraph [29] of the Sanction Order;
3. Upon the filing of this Monitor's Second Certificate, the Monitor's final discharge shall have become effective pursuant to the terms of the Sanction Order and the CCAA Proceedings shall be terminated; and
4. This Certificate is delivered by the Monitor on _____, 2011.

**PricewaterhouseCoopers Inc., in its capacity
as Monitor of Fraser Papers Inc./Papiers
Fraser Inc., FPS Canada Inc. and Fraser
N.H. LLC and not in its personal capacity**

Per: _____
Name:
Title:

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

Court File No.: CV-09-8241-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

SANCTION ORDER
(JANUARY 12, 2011)

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Lawyers for the Applicants

Schedule "B"

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

THE HONOURABLE MADAM) WEDNESDAY, THE 12th DAY
JUSTICE PEPALL) OF JANUARY, 2011

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

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER
INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER
LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the
"Applicants")**

**ORDER
(Creditor Trust)**

THIS MOTION, made by the Applicants for an Order seeking the establishment of the Creditor Trust to hold, administer, realize upon and ultimately distribute the Distribution Pool in respect of all Proven Distribution Claims save and except the NB Hourly Claim and the NB Salaried Claim was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated January 12, 2011, the Affidavit of Glen McMillan sworn on January 12, 2011 and the Exhibits attached thereto (the "**McMillan Affidavit**"), the Sixteenth Report (the "**Sixteenth Report**") of PricewaterhouseCoopers Inc., in its capacity as court-appointed monitor of the Applicants (the "**Monitor**"), and on hearing the submissions of counsel for the Applicants, counsel for the

officers and directors of the Applicants, counsel for the Monitor, counsel for Brookfield Asset Management Inc. and Brookfield US Corporation in its capacity as DIP Lender and Plan Sponsor (collectively, “**Brookfield**”), counsel for the Communications, Energy and Paperworkers Union of Canada, counsel for the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, counsel for the Province of New Brunswick (“**PNB**”) in its various capacities including on behalf of the Superintendent of Pensions for PNB, counsel for Morneau Sobeco in its capacity as Administrator of the NB Hourly Plan and the NB Salaried Plan, the Superintendent of Financial Services of Ontario, Davies Ward Phillips & Vineberg LLP (“**Representative Counsel**”) in its capacity as counsel for the court-appointed Committee Representing Unrepresented Employees and Former Employees, and no one appearing for any other person on the service list in the CCAA Proceedings (the “**Service List**”), including Regie des rentes du Quebec, the active members of the New Brunswick Regional Council of Carpenters, Millwrights and Allied Workers, Local 2450 and the Pension Benefit Guaranty Corporation, although all properly served as appears from the affidavit of service of ► sworn on January ►, 2011, filed:

1. **THIS COURT ORDERS** that all capitalized terms used but not defined in this Order, including in the preamble to this Order, shall have the meanings ascribed thereto in the Applicants’ Consolidated Plan of Compromise and Arrangement dated November 29, 2010, as same may be amended in accordance with the Order of this Honourable Court dated December 3, 2010 (the “**Plan**”). Any reference in this Order to the Plan shall be deemed to be a reference to the Plan as amended. Any and all references to the Applicants, Brookfield, the Monitor, Representative Counsel or the Trustee (as defined herein) shall include any and all of each of their affiliates.

2. **THIS COURT ORDERS** that the time for service of the notice of motion, the Sixteenth Report and motion record in respect of this motion be and it is hereby abridged and that the motion is properly returnable today and further that the requirement for service of the notice of motion and motion record herein upon interested parties, other than those served, is hereby dispensed with and that the service of the notice of motion, the Sixteenth Report and motion record herein as effected by the Applicants is hereby validated in all respects.

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are hereby authorized and directed to execute and deliver (i) the trust agreement attached as Exhibit “►” to the McMillan Affidavit, together with such alterations and amendments as the parties thereto may agree, subject to obtaining the Monitor’s consent in the case of any material alterations or amendments made prior to the Plan Implementation Date (collectively, the “**Creditor Trust Agreement**”), and (ii) all agreements and other documents contemplated thereby or in furtherance thereof.

4. **THIS COURT ORDERS AND DECLARES** that the terms and conditions of the Creditor Trust Agreement (including all schedules and exhibits attached thereto) are hereby authorized, ratified and approved. All parties to the Creditor Trust Agreement are authorized and directed to take such steps as may be necessary or desirable to implement the terms set out therein, to execute and deliver such documents and agreements as may be necessary or desirable to implement the Creditor Trust Agreement or in furtherance of this Order, and to perform their respective obligations thereunder or hereunder.

5. **THIS COURT ORDERS** that, effective upon the Plan Implementation Date, ► is hereby appointed as the initial trustee of the Creditor Trust (the “Trustee”) to act in accordance

with and perform its functions in accordance with the terms of the Creditor Trust Agreement and this Order, or any further or other Order of this Court affecting the Creditor Trust.

6. **THIS COURT ORDERS** that, effective upon the Plan Implementation Date, ►, ►, ► and ► are hereby confirmed as the initial members of the Creditors' Advisory Committee (as such term is defined in the Creditor Trust Agreement) of the Creditor Trust, to act and perform their functions in accordance with the terms of the Creditor Trust Agreement and this Order, or any further or other Order of this Court affecting the Creditor Trust.

7. **THIS COURT ORDERS** that, at the time of receiving Contributions as provided in the Creditor Trust Agreement, the Trustee shall establish and record the preliminary Pro Rata Share applicable to each Creditor Trust Member, taking into account any Unresolved Claims. Upon all Unresolved Claims being finally determined, the Trustee shall amend the Beneficiary Register (as defined in the Creditor Trust Agreement) to reflect the final Pro Rata Share applicable to each Creditor Trust Member, which shall be the final percentage used for all purposes including all future distributions from the Creditor Trust.

8. **THIS COURT ORDERS** that the Trustee shall have the power:

- (i) to incur and pay from the Trust any charges or expenses that, in the opinion of the Trustee, are necessary or incidental to or proper for carrying out the purpose of the Creditor Trust Agreement or this Order;
 - (ii) to reimburse others from the Trust for the payment of amounts described in (i);
- and

- (iii) to reimburse itself as Trustee from the Trust for reasonable fees and out-of-pocket expenses incurred by it in the course of performing its duties under the Creditor Trust Agreement and this Order, or any further or other Order of this Court affecting the Creditor Trust, including fees or other amounts paid to banks, custodians, advisors, agents or other similar persons.

9. **THIS COURT ORDERS AND DECLARES** that none of the Applicants, the DIP Lender or its affiliates, the Plan Sponsor, the Monitor or any other Person shall be liable or responsible for any debts, liabilities, or obligations of the Trustee in respect of the Trust.

10. **THIS COURT ORDERS** that the terms of the indemnity set out in Article [4.15] of the Creditor Trust Agreement are hereby approved and confirmed.

11. **THIS COURT ORDERS** that, to notify the Trustee of any change in their contact information after the Plan Implementation Date, a Creditor Trust Member shall file a change of address notice substantially in the form attached to the Creditor Trust Agreement as Schedule "B" with the Trustee.

12. **THIS COURT ORDERS** that, in the event of a transfer or assignment of a Creditor Trust Member's beneficial interest in the Trust or the death or incapacity of a Creditor Trust Member after the Plan Implementation Date, the Creditor Trust Member or the personal representative of the Creditor Trust Member's estate, as applicable, shall file a form of transfer substantially in the form attached to the Creditor Trust Agreement as Schedule "C" with the Trustee and such other documents as may reasonably be required by the Trustee to satisfactorily evidence such transfer matters.

13. **THIS COURT ORDERS** in the event that a Creditor Trust Member or the personal representative of the Creditor Trust Member's estate, as applicable fails to file the notify the Trustee in accordance with paragraphs 11 and 12 herein, as applicable, the Trustee shall be entitled to rely upon the Beneficiary Register for all purposes.

14. **THIS COURT ORDERS** that the Trustee may resign or be replaced in accordance with the provisions of Article [5] of the Creditor Trust Agreement and, upon any replacement Trustee being appointed, shall obtain the protections of this Order in the same manner and to the same extent as the initial Trustee appointed hereby.

15. **THIS COURT ORDERS** that the Trustee, in its sole discretion, may seek advice and directions from the Ontario Superior Court of Justice or any other court of competent jurisdiction with respect to the execution of the Trustee's duties, the rights of any Creditor Trust Member, the removal or replacement of the Trustee or any other matters arising in connection with the Creditor Trust Agreement.

16. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings or any termination 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 Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Applicants:

- (i) the establishment of the Creditor Trust pursuant to the Creditor Trust Agreement and this Order and the transactions, trusts, and actions contemplated therein;
- (ii) the receipt by and entitlement of the Creditor Trust to the Plan Consideration (as defined in the Creditor Trust Agreement); and
- (iii) the provisions of this Order,

shall be binding on any trustee in bankruptcy, receiver, interim receiver or similar party that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance 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.

17. **THIS COURT ORDERS** that PricewaterhouseCoopers Inc. in its capacity as the Monitor is hereby authorized, empowered and directed to carry out the activities, functions and responsibilities set out in the Plan and the Order of this Honourable Court dated January 12, 2011 (the “**Sanction Order**”) and, in addition to the rights and protections afforded PricewaterhouseCoopers Inc. in its capacity as the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability as a result of its carrying out of the provisions of the Plan or this Order, except for any gross negligence or willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

18. **THIS COURT ORDERS** that all Persons shall co-operate fully with the Applicants, the Trustee and the Monitor and do all such things that are necessary or desirable for the purpose of giving effect to and in furtherance of this Order, creating the Creditor Trust and in implementing the Creditor Trust Agreement.

19. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Order prior to the commencement of any appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

20. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or elsewhere to give effect to this Order and to assist the Applicants, the Trustee, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants, the Trustee and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants, the Trustee and the Monitor and their respective agents in carrying out the terms of this Order.

21. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

Court File No.: CV-09-8241-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

ORDER
(CREDITOR TRUST)
(JANUARY 12, 2011)

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Schedule "C"

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

THE HONOURABLE MADAM) WEDNESDAY, THE 12TH DAY
)
JUSTICE PEPALL) OF JANUARY, 2011

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

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER
INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER
LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the
"Applicants")**

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants for an order seeking approval of the transaction (the "**Transaction**") contemplated by a transaction agreement between the Applicants, as vendors and plan proponents, and Brookfield Asset Management Inc. ("**Brookfield**") and/or such other Person(s) as it may designate, namely Brookfield US Corporation, as purchaser and plan sponsor (the "**Plan Sponsor**"), made as of November 25, 2010, as amended, modified or restated from time to time (collectively, the "**Transaction Agreement**"), and, *inter alia*, vesting (i) the Applicants' right, title and interest in and to the FPHI Shares (as defined in the Transaction Agreement) in the Plan Sponsor; and (ii) vesting the Included Property (as defined in the Transaction Agreement) in the Purchased Companies (as defined in the Transaction Agreement), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Applicants dated January ■, 2011, the Affidavit of Glen McMillan sworn on January ■, 2011 and the Exhibits attached thereto, the Sixteenth Report (the “**Sixteenth Report**”) of PricewaterhouseCoopers Inc., in its capacity as court-appointed monitor of the Applicants (the “**Monitor**”), and on hearing the submissions of counsel for the Applicants, counsel for the officers and directors of the Applicants, counsel for the Monitor, counsel for Brookfield, the Plan Sponsor and the DIP Lender, counsel for the Communications, Energy and Paperworkers Union of Canada, counsel for the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union, counsel for the Province of New Brunswick (“**PNB**”) in its various capacities including on behalf of the Superintendent of Pensions for PNB, counsel for Morneau Sobeco in its capacity as Administrator of the NB Hourly Plan and the NB Salaried Plan, the Superintendent of Financial Services of Ontario, Davies Ward Phillips & Vineberg LLP in its capacity as counsel for the court-appointed Committee Representing Unrepresented Employees and Former Employees, and no one appearing for any other person on the service list in the CCAA Proceedings (the “**Service List**”), including Regie des rentes du Quebec, the active members of the New Brunswick Regional Council of Carpenters, Millwrights and Allied Workers, Local 2450 and the Pension Benefit Guaranty Corporation, although all properly served as appears from the affidavit of service of ■ sworn on January ■, 2011, filed, and upon being advised that all persons received notice of this hearing in accordance with the Order of this Court dated December 3, 2010, as amended by the Order of this Court dated December 16, 2010 (the “**Meeting Order**”) and that no person has filed a Notice of Appearance in accordance with paragraph 39 of the Meeting Order:

1. **THIS COURT ORDERS** that all capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Transaction Agreement. Any reference in this Order to the Transaction Agreement shall be deemed to be a reference to the Transaction Agreement as amended. In paragraphs 5 and 10 of this Order, any and all references to: (a) the Plan Sponsor and the Plan Sponsor's Affiliates shall include any assignee or transferee thereof, and (b) the Applicants shall include their respective affiliates.

2. **THIS COURT ORDERS** that the time for service of the notice of motion, the motion record in respect of this motion and the Sixteenth Report be and it is hereby abridged and that the motion is properly returnable today and further that the requirement for service of the notice of motion and motion record herein upon interested parties, other than those served, is hereby dispensed with and that the service of the notice of motion, the Sixteenth Report and motion record herein as effected by the Applicants is hereby validated in all respects.

3. **THIS COURT ORDERS AND DECLARES** that the Transaction Agreement and all of its terms and conditions (including all schedules and exhibits attached thereto), the administration agreement regarding the contingent reimbursement obligations under Section 4.3 of the Transaction Agreement (the "**WCB/LC Administration Agreement**") and the Transaction are hereby fully and finally approved. The execution, delivery and performance of: (a) the Transaction Agreement (with such alterations and amendments as the parties thereto may agree, subject to obtaining Monitor consent in the case of any material alterations or amendments made prior to the Closing of the Transaction); (b) the WCB/LC Administration Agreement (with such alterations and amendments as the parties thereto may agree, subject to obtaining Monitor consent in the case of any material alterations or amendments made prior to the Closing of the Transaction); (c) all agreements and other documents contemplated thereby or in furtherance

thereof (the “**Related Documents**”), including, without limitation, ■ and each other Ancillary Agreement; and (d) the Transaction by each of the Applicants and the trustees of the Trusts (as defined in the Plan), as the case may be, is hereby authorized, ratified and approved.

4. **THIS COURT ORDERS AND DECLARES** that the performance by each of the Applicants of its obligations under the Transaction Agreement is hereby ratified, approved and confirmed and the Applicants and the trustees of the Trusts, as the case may be, are hereby authorized and directed to execute and deliver all documents and agreements referred to in or contemplated by paragraph 3 of this Order and to take such additional actions and execute and deliver such bills of sale, assignments, ancillary agreements, directions, consents, certificates, licenses, acknowledgments and other documents and assurances as may be necessary or desirable for the completion of the Transaction, including, without limitation, for the conveyance of the FPHI Shares to the Plan Sponsor and for the conveyance and transfer of the Included Property to such Purchased Companies as the Plan Sponsor may direct, or in furtherance of this Order and the performance of their obligations thereunder.

5. **THIS COURT ORDERS AND DECLARES** that, to the extent permitted by law, neither the Plan Sponsor nor any of the Plan Sponsor’s Affiliates shall assume or be deemed to assume any liabilities or obligations whatsoever of the Purchased Companies or the Applicants including, without limitation, any and all liabilities and obligations in respect of, in connection with or in relation to: (a) any and all termination, severance or related amounts which any current or former employee of the Applicants could at any time assert against the Applicants; (b) any and all former, current or future employees of the Applicants (other than the Continuing Employees who become employees of the Plan Sponsor on the Closing Date as provided for in the Transaction Agreement).

6. **THIS COURT ORDERS AND DECLARES** further to the Sanction Order of this Honourable Court dated the date hereof, that none of the Purchased Companies shall be or be deemed to be liable for any liabilities or obligations whatsoever other than the Continuing Obligations.

7. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Plan Sponsor substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of: (i) the Applicants' right, title, benefit, and interest in and to the FPHI Shares shall vest absolutely in the Plan Sponsor; (ii) the Applicants' (other than the Purchased Companies) right, title, benefit, and interest in the Included Property including, without limitation, the Included Property listed in Schedule "B" attached hereto, but excluding the Excluded Property, shall vest absolutely in the Purchased Companies, in each case, free and clear of and from any and all right, title, interest, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, options, warrants, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, other financial, proprietary or monetary claims, adverse claims, or rights of use, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal, equitable, possessory or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) the Charges (as defined in the initial order of the Honourable Justice Mr. Justice Morawetz dated June 18, 2009, as amended); (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 pursuant to equivalent legislation in any other jurisdictions which may be applicable; (iii) Claims from employees individually or under successor employer provisions of federal, state and provincial legislation; (iv) Claims in respect of the Terminated

Pension Plans (as defined in the Plan); (v) those Claims listed on Schedule "C" attached hereto; and (vi) solely in the case of the Included Property, those Claims in respect of the Lands listed on Schedule "D" attached hereto (all of the above set out in subparagraphs (i) - (vi), inclusive, are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants solely in respect of the Included Property listed on Schedule "E" attached hereto (the "**Permitted Encumbrances**")), and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the FPHI Shares and the Included Property are hereby released, extinguished, expunged and discharged as against the FPHI Shares and the Included Property (except, solely in respect of the Included Property, the Permitted Encumbrances). Counsel for the Plan Sponsor and any agents appointed by such counsel may, immediately following the Closing of the Transaction, proceed with the discharge of such Claims and Encumbrances including, without limitation, the electronic discharge or the electronic continuance of and subsequent discharge of any financing statements, UCC registrations, mortgages or other registrations in respect thereof.

8. **THIS COURT ORDERS** that upon the registration in the applicable land registry office of an application for registration of vesting order in the applicable prescribed form, the applicable land registrar or equivalent official is hereby directed to delete and expunge from title to the Lands any and all Claims and Encumbrances in respect of the Lands, including, without limitation, the Claims and Encumbrances listed in Schedule "D" attached hereto, but excluding the Permitted Encumbrances in respect of the Lands set out in Schedule "E" attached hereto.

9. **THIS COURT ORDERS** that, notwithstanding paragraph 7 of this Order, the net proceeds from the sale of the FPHI Shares (the "**Proceeds**") shall stand in the place and stead of the FPHI Shares and that from and after the delivery of the Monitor's Certificate, all Claims and

Encumbrances shall attach to the Proceeds with the same priority as they had with respect to the FPHI Shares immediately prior to the Closing, as if the FPHI Shares had not been sold and/or vested and remained in the possession or control of the person having that possession or control immediately prior to the sale and/or vesting.

10. **THIS COURT ORDERS** that the Applicants shall not revoke, disclaim, terminate or resiliate, in or pursuant to these proceedings or otherwise, any of the Transaction Agreement, the WCB/LC Administration Agreement, the Ancillary Agreements, the Related Documents and any and all other agreements and documents delivered to or for the benefit of the Plan Sponsor or the Plan Sponsor's Affiliates in connection with the Transaction Agreement or the Transaction.

11. **THIS COURT ORDERS AND DIRECTS** that the Monitor file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

12. **THIS COURT ORDERS** that the Applicants are hereby directed to immediately pay the net cash Proceeds payable to the Applicants on Closing to the DIP Lender, up to the amounts outstanding under the Brookfield DIP Facility at such time including, for greater certainty, the Brookfield LC Amount.

13. **THIS COURT ORDERS** that, upon completion of the Transaction and the Closing thereof, the Monitor, on behalf of the Applicants (other than the Purchased Companies) shall hold the Balance, if any, in trust for the benefit of the Applicants (other than the Purchased Companies) and is authorized and directed to forthwith distribute it in accordance with the terms of the Plan.

14. **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 Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of any of the Applicants:
 - (i) the Transaction Agreement, the WCB/LC Administration Agreement, the Ancillary Agreements, the Related Documents and the transactions and actions contemplated therein;
 - (ii) the entering into of the Transaction Agreement, the WCB/LC Administration Agreement, the Ancillary Agreements and the Related Documents by any of the Applicants;
 - (iii) the vesting of title in the FPHI Shares in the Plan Sponsor free and clear of all Claims and Encumbrances;
 - (iv) the vesting of title of the Included Property in the Purchased Companies free and clear of all Claims and Encumbrances, except the Permitted Encumbrances;
 - (v) the distribution of the Proceeds as provided in this Order; and
 - (vi) the provisions of this Order,

shall be binding on any trustee in bankruptcy, receiver, interim receiver or similar party that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance 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.

15. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent legislation in any other applicable jurisdictions.

16. **THIS COURT ORDERS AND DECLARES** that all persons shall co-operate fully with the Applicants, the Plan Sponsor, the Plan Sponsor's Affiliates and the Monitor and do all such things that are necessary or desirable for the purpose of giving effect to and in furtherance of this Order, the Transaction Agreement, the WCB/LC Administration Agreement and the Transaction.

17. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Order prior to the commencement of any appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

18. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or elsewhere to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary

or desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

19. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

Schedule "A" – Form of Monitor's Certificate

Court File No. CV-09-8241-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER
INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER
LTD., FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the
"Applicants")

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 18, 2009, PricewaterhouseCoopers Inc. was appointed as monitor (the "**Monitor**") of the Applicants.

B. Pursuant to an Order of the Court dated January [12], 2011 (the "**Approval and Vesting Order**"), the Court approved the transaction agreement made as of November 25, 2010 between the Applicants, as vendors and plan proponents, and Brookfield Asset Management Inc. ("**Brookfield**") and/or such other Person(s) as it may designate, namely Brookfield US Corporation, as purchaser and plan sponsor (the "**Plan Sponsor**"), as amended, modified or restated from time to time (collectively, the "**Transaction Agreement**") and providing for, *inter alia*: (a) the vesting of the Applicants' right, title and interest in and to the FPHI Shares (as defined in the Transaction Agreement) in the Plan Sponsor; and (b) vesting the Included Property (as defined in the Transaction Agreement) in the Purchased Companies (as defined in the Transaction Agreement), which vesting is to be effective with respect to the FPHI Shares and the Included Property upon the delivery by the Monitor to the Plan Sponsor of a certificate confirming (i) the payment by the Plan Sponsor of the Purchase Price for the FPHI Shares, (ii)

that the conditions to Closing as set out in the Transaction Agreement have been satisfied or waived by the Applicants and the Plan Sponsor, as the case may be; and (iii) the Transaction as contemplated in the Transaction Agreement and the Approval and Vesting Order has been completed to the satisfaction of the Monitor.

C. Brookfield designated Brookfield US Corporation, as purchaser and the Plan Sponsor.

D. Unless otherwise indicated herein, all capitalized terms used but not otherwise defined in this certificate shall have the meanings ascribed thereto in the Transaction Agreement.

THE MONITOR CERTIFIES the following:

1. The Plan Sponsor has paid and the Applicants have received the Purchase Price for the FPHI Shares, payable on Closing pursuant to the Transaction Agreement;
2. The conditions to Closing as set out in the Transaction Agreement have been satisfied or waived by the Applicants and the Plan Sponsor, respectively; and
3. The Transaction has been completed in accordance with the terms of the Transaction Agreement and the Approval and Vesting Order.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

PRICEWATERHOUSECOOPERS INC., in its capacity as Monitor of Fraser Papers Inc./Papiers Fraser Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Limited, Fraser Papers Limited and Fraser N.H. LLC, and not in its personal or corporate capacity

Per: _____
Name:
Title:

Schedule "B" - List of Material Included Property

1. **Masardis**

All real property of Fraser Timber Limited f/k/a J. Paul Levesque & Sons, Inc. situated in the Town of Masardis, Aroostook County, State of Maine, described in the following deeds recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
International Paper Company	J. Paul Levesque & Sons, Inc.	6/24/86	1900/265	QC
International Paper Company	J. Paul Levesque & Sons, Inc.	7/15/86	1911/ 290	QC
P. Jeanne Lothrop, Personal Representative of the Estate of Daniel Benton Craig	J. Paul Levesque & Sons, Inc.	9/9/88	2127/ 280	PR Deed
Fraser Papers Inc.	J. Paul Levesque & Sons, Inc.	6/27/2004	3993/232	QC w/o Cov

EXCLUDING and EXCEPTING, however, from the foregoing the following real property previously conveyed by the Company, together with all appurtenances, fixtures, equipment, rights, rights-of-way, easements, buildings, and structures appertaining thereto, as recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
J. Paul Levesque & Sons, Inc.	Antonio Levesque & Sons Inc.	6/9/81	1546/121	QC w Cov
J. Paul Levesque & Sons, Inc.	John Beaulieu	9/1983	1692/346	WD
Fraser Timber Limited	Nadeau Logging, Inc.	04/05/06	4263/48	QC w Cov

Fraser Papers Limited	Nadeau Logging, Inc.	04/05/06	4263/50	QC w Cov
Fraser Timber Limited	Heartwood Forestland Fund V Limited Partnership	5/19/05	4124/1	QC w Cov

2. **Ashland**

All real property of Fraser Timber Limited f/k/a J. Paul Levesque & Sons, Inc. situated in the Town of Ashland, Aroostook County, State of Maine, described in the following deeds recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
John Beaulier	J. Paul Levesque & Sons, Inc.	2/20/80	1464/103	W
John Beaulier	J. Paul Levesque & Sons, Inc.	3/25/80	1468/42	W
Inhabitants of Ashland	J. Paul Levesque & Sons, Inc.	5/27/80	1483/124	W
Peter B. Michaud	J. Paul Levesque & Sons, Inc.	10/17/80	1505/9	W
Inhabitants of Ashland	J. Paul Levesque & Sons, Inc.	10/14/80	1505/101	QC
George R. Weaver	J. Paul Levesque & Sons, Inc.	12/9/80	1511/320	W
Town of Ashland	J. Paul Levesque & Sons, Inc.	1/1/81	1517/1	QC
R.L. Fournier, Inc.	J. Paul Levesque & Sons, Inc.	12/19/83	1703/282	W

R.L. Fournier, Inc.	J. Paul Levesque & Sons, Inc.	12/20/83	1705/278	QC
Lloyd I. Weaver and Rhonda H. Weaver	J. Paul Levesque & Sons, Inc.	7/9/84	1744/196	W
Gordon P. Coty, Sr. et al.	J. Paul Levesque & Sons, Inc.	9/24/96	2950/297	W
Fraser Papers Inc.	J. Paul Levesque & Sons, Inc.	6/27/2004	3993/232	QC w/o Cov

EXCLUDING and EXCEPTING, however, from the foregoing the following real property previously conveyed by the Company, together with all appurtenances, fixtures, equipment, rights, rights-of-way, easements, buildings, and structures appertaining thereto, as recorded in the Southern Aroostook County Registry of Deeds:

Grantor	Grantee	Date	Book/Page	Instrument
J. Paul Levesque & Sons, Inc.	Daniel A. Levesque et al.	5/4/81	1530/340	WD
J. Paul Levesque & Sons, Inc.	John Beaulieu	9/1983	1692/346	WD
J. Paul Levesque & Sons, Inc.	Town of Ashland	11/25/03	3911/147	WD
Fraser Timber Limited	Kevin Robinson and Barbara Robinson	10/16/06	4361/323	WD
Fraser Timber Limited	Heartwood Forestland Fund V Limited Partnership	5/19/05	4124/1	QC w Cov

Schedule "C" - Other Claims and Encumbrances

I. REGISTRATIONS UNDER THE UNIFORM COMMERCIAL CODE (MAINE)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Timber Limited	Caterpillar Financial Services Corporation	206000181273 7/25/2006	7/25/2011	(1) Caterpillar 966GII Wheel Loader S/N ANZ00395 and substitutions, replacements, additions and accessions thereto, now owned or hereafter acquired and proceeds thereof	
Fraser Papers Inc., Madawaska Mill Fraser Papers Inc.	Buckman Laboratories Inc.	2070001850188 3/29/2007	3/29/2012	Buckman owned equipment located at 82 Bridge Avenue, Madawaska, Maine, more specifically described in Equipment Inventory attached to UCC filing	
Fraser Papers Limited Fraser Papers Inc.	Buckman Laboratories Inc.	2070001851390 4/4/2007	4/4/2012	Buckman owned equipment located at 82 Bridge Avenue, Madawaska, Maine, more specifically described in Equipment Inventory attached to UCC filing	
Fraser Papers Limited	CIBA Specialty Chemicals Corporation, now known as CIBA Corporation	2080001900380 1/22/2008	1/22/2013	Inventory and products listed or referenced in or hereafter added to the Consignment Agreement dated July 1, 2007 between the parties	
Fraser Papers Limited	Brookfield Asset Management Inc.	2080001911408 4/4/2008	4/4/2013	All personal property of every kind and nature including without limitation all goods (including inventory, equipment	

				and accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles)	
Fraser Timber Limited	Brookfield Asset Management Inc.	2080001911411 4/4/2008	4/4/2013	All personal property of every kind and nature including without limitation all goods (including inventory, equipment and accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit evidenced by a writing), commercial tort claims, securities and all other	

				investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles)	
Fraser Papers Limited	NMHG Financial Services Inc.	2080001950991 12/23/2008	12/23/2013	All equipment now or hereafter leased from NMHG, including all accessions, additions, replacements, substitutions thereto and proceeds	Debtor subsequently amended to Twin Rivers Paper Company LLC
Fraser Papers Limited	Motion Industries Inc.	2090001970898 5/13/2009	5/13/2014	Maintenance, repair, operational assets, materials, parts, equipment, supplies and other tangible personal property, held for resale, use or consumption in Fraser Papers Limited's business and supplied by Motion Industries Inc. under consignment or other agreement	
Fraser Papers Limited	Town of Madawaska	2090001980897 7/20/2009	7/20/2014	Notice of Personal Property Tax Lien on personal property of Fraser Papers Limited as set out in Exhibit "A" attached to UCC filing	
Fraser Timber Limited	CIT Business Credit Canada Inc.	2090001992320 10/13/2009	10/13/2014	All the debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof.	Secured party subsequently amended to CIBC Asset-Based Lending Inc. (registration no. 2100002023237)

					Registration subsequently terminated (registration no. 2100002037469)
Fraser Papers Limited	CIT Business Credit Canada Inc.	2090001992321 10/13/2009	10/13/2014	All the debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof.	Secured party subsequently amended to CIBC Asset-Based Lending Inc. (registration no. 2100002023236) Registration subsequently terminated (registration no. 2100002037468)
Fraser Timber Limited	CF II-B TRS LLC c/o Huber Resources Corp.	2100002006431 2/4/2010	2/4/2015	The Products Inventory, provided on consignment to Fraser Timber Limited at its mill in Masardis, Maine, consisting of tree-length spruce and fir, spruce logs and fir stud wood, as more particularly described in the Agreement for Consignment of Logs dated as of January 1, 2010, among the parties	

Fraser Timber Limited	Huber Resources Corp.	2100002006432 2/4/2010	2/4/2015	The Products Inventory, provided on consignment to Fraser Timber Limited at its mill in Masardis, Maine, consisting of tree-length spruce and fir, spruce logs and fir stud wood, as more particularly described in the Agreement for Consignment of Logs dated as of January 1, 2010, among the parties	
Fraser Papers Limited Fraser Timber Limited	Brookfield Asset Management Inc., as administrative agent and collateral agent	2100002030120 7/12/2010	7/12/2015	All personal property of the debtor, whether now owned or hereafter acquired	
Fraser Timber Limited	Town of Ashland	2100002037623 9/13/2010	9/13/2015	Notice of Personal Property Tax Lien on personal property of Fraser Timber Limited listed in Exhibit "A" attached to UCC filing	
Fraser Papers Inc.	Fraser Papers Inc.	2100002041619 10/14/2010	10/14/2015	All personal property located on site of mill in Masardis, Maine	

II. REGISTRATIONS UNDER THE UNIFORM COMMERCIAL CODE (DELAWARE)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Papers Holdings Inc.	Brookfield Asset Management Inc.	81194057 4/4/2008	4/4/2013	All personal property of every kind and nature including without limitation all goods (including inventory, equipment and accessions	

				thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles)	
Fraser Paper Holding Inc.	ITW Shippers Products	90501491 2/16/2009	2/16/2014	All dunnage airbags located at Hebert Bros. Trucking, RR2 Box 104, Madawaska, Maine, from time to time	

Fraser Papers Holdings Inc.	CIT Business Credit Canada Inc.	93255756 10/9/2009	10/9/2009	All the debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof	Secured party subsequently amended to CIBC Asset-Based Lending Inc. (registration no. 01861859) Registration subsequently terminated (registration no. 03162389)
Fraser Papers Holdings Inc.	Buckman Laboratories Inc.	01152309 4/5/2010	4/5/2015	Buckman owned equipment located at 72 Cascade Flats, Gorham, New Hampshire, more specifically described in Equipment Inventory attached to UCC filing	
Fraser N.H. LLC Fraser Papers Holdings Inc.	Brookfield Asset Management Inc. as administrative agent and collateral agent	02406274 7/12/2010	7/12/2015	All personal property of the debtor, whether now owned or hereafter acquired	

III. REGISTRATIONS UNDER THE UNIFORM COMMERCIAL CODE (DISTRICT OF COLUMBIA)

Debtor(s)	Secured Party(ies)	Registration No./Date of Registration	Expiry Date Renewal	Collateral Description	Comments
Fraser Papers Inc.	Buckman Laboratories Inc.	2006091226 7/10/2006	7/10/2011	Buckman owned equipment located at 72 Cascade Flats, Gorham, New Hampshire, more specifically described in Equipment Inventory attached	

				to UCC filing	
Fraser Papers Inc./Papiers Fraser Inc.	CIT Business Credit Canada Inc.	2009112563 10/14/2009	10/14/2014	All debtor's assets, whether now owned or hereafter acquired, and all proceeds thereof	Secured party subsequently amended to CIBC Asset-Based Lending Inc. (registration no. 2010049532) Registration subsequently terminated (registration no. 2010061680)
Fraser Papers Inc./Papiers Fraser Inc. FPS Canada Inc.	Brookfield Asset Management Inc. as administrative agent and collateral agent	2010061680 7/13/2010	7/13/2015	All personal property of the debtor, whether now owned or hereafter acquired	

Schedule "D" - Claims and Encumbrances re: Lands

1. Right of First Refusal from Fraser Timber Limited to Kevin M. Robinson and Barbara M. Robinson dated October 30, 2006 and recorded in said Registry of Deeds in Book 4361, Page 325.
2. Mortgage Deed, Security Agreement and Financing Statement from Fraser Timber Limited to Brookfield Asset Management Inc. dated June 19, 2008 and recorded in said Registry of Deeds in Book 4593, Page 214; as affected by the First Amendment to Mortgage Deed, Security Agreement and Financing Statement dated November 3, 2008 and recorded in said Registry of Deeds in Book 4648, Page 345.
3. Tax Lien Certificates in favor of the Town of Ashland assessed against J. Paul Levesque & Sons, Inc. recorded in said Registry of Deeds on June 2, 2010 in:
 - a) Book 4828, Page 262 in an amount of \$52,171.74; and
 - b) Book 4828, Page 263 in an amount of \$720.69; and
 - c) Book 4828, Page 264 in an amount of \$282.24.
4. Tax Lien Certificates in favor of the Town of Masardis assessed against Fraser Papers Inc. and Fraser Papers recorded in said Registry of Deeds on October 21, 2010 in:
 - a) Book 4876, Page 259 in an amount of \$68.29; and
 - b) Book 4876, Page 260 in an amount of \$909.01; and
 - c) Book 4876, Page 261 in an amount of \$33.38; and
 - d) Book 4876, Page 262 in an amount of \$39.71; and
 - e) Book 4876, Page 263 in an amount of \$34.00; and
 - f) Book 4876, Page 264 in an amount of \$67.89; and
 - g) Book 4876, Page 265 in an amount of \$49.15.

Schedule "E" - Permitted Encumbrances re: Included Property

1. Rights and easements granted to Maine Public Service Company and New England Telephone Company as set forth in the Easement Deed dated May 15, 1980 and recorded in said Registry of Deeds in Book 1477, Page 223.
2. Rights and easements granted to Maine Public Service Co. dated May 15, 1980 and recorded in said Registry of Deeds in Book 1477, Page 224.
3. Rights and easements granted to Maine Public Service Company by deed dated October 7, 1985 and recorded in said Registry of Deeds in Book 1843, Page 101.
4. Department of Environmental Protection Orders – dated August 14, 1990 and recorded in said Registry of Deeds in Book 2306, Page 135 and dated September 19, 1991 and recorded in said Registry of Deeds in Book 2399, Page 146.
5. Department of Environmental Protection Order dated September 13, 1999 and recorded in said Registry of Deeds in Book 3329, Page 34.
6. Department of Environmental Protection Order dated September 13, 2002 and recorded in said Registry of Deeds in Book 3715, Page 277.
7. Rights and easements granted to the Town of Ashland by deeds dated November 25, 2003 in said Registry of Deeds in Book 3911, Pages 149 and 152.
8. Rights and easements granted to the Town of Masardis by deed dated November 25, 2003 and recorded in said Registry of Deeds in Book 3911, Page 154.
9. Rights and easements granted by Fraser Timber Limited to Katahdin Timberlands LLC as described in the deed dated March 18, 2005 and recorded in said Registry of Deeds in Book 4097, Page 260.
10. Rights and easements granted by Fraser Timber Limited to Gerald E. Dunham, et al as described in the deed dated May 19, 2005 and recorded in said Registry of Deeds in Book 4123, Page 26.
11. Department of Environmental Protection Orders- dated November 10, 2004 and recorded in said Registry of Deeds in Book 4057, Page 83 and dated August 8, 2005 and recorded in Book 4171, Page 271.
12. All other easements and rights-of-way of record previously conveyed by Fraser Timber Limited or its predecessors in interest or reserved or excepted in conveyances to Fraser Timber Limited or its predecessors in interest that continue in effect as of the date hereof.

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

Court File No.: CV-09-8241-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER
(JANUARY 12, 2011)

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO FRASER PAPERS INC./PAPIERS FRASER INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC., FRASER TIMBER LIMITED, FRASER PAPERS LIMITED and FRASER N.H. LLC (collectively, the "Applicants")

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