

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

B E T W E E N :

G.E. Canada Equipment Financing G.P.

Applicant

- and -

Northern Sawmills Inc.

Respondent

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

**APPLICATION RECORD
(RETURNABLE JANUARY 4, 2011)**

December 24, 2010

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TO: SERVICE LIST

**GE CANADA EQUIPMENT FINANCING G.P.
Northern Sawmills Inc.**

Service List as at December 24, 2010

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TAB 1

1
CN 10-9042-00CL

Court File No. »

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

B E T W E E N :

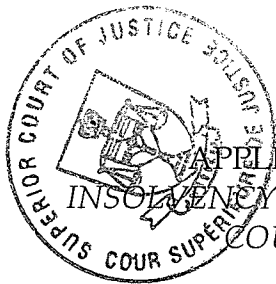
G.E. Canada Equipment Financing G.P.

Applicant

- and -

Northern Sawmills Inc.

Respondent



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

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on January 4, 2011 at 10:00 a.m. at 330 University Avenue, 7th Floor, Toronto, Ontario .

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date December 23, 2010

Issued by


Local registrar

Address of 330 University Avenue
court office 7th Floor
Toronto, Ontario

To: SERVICE LIST

APPLICATION

1. The applicant, G.E. Canada Equipment Financing G.P. ("**GE**" or the "**Applicant**") makes an Application for an Order, *inter alia*:

- (a) abridging, or if necessary, dispensing with service of this Notice of Application and Application Record and stating that the Application is properly returnable January 4, 2011 and that all parties entitled to service of this Notice of Application have been duly served and that further service on any other parties be dispensed with;
- (b) appointing PricewaterhouseCoopers Inc. ("**PwC**") as receiver of all the assets, undertakings and properties of Northern Sawmills Inc. ("**Northern**" or the "**Debtor**") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C-43, as amended (the "**CJA**") (in such capacities, the "**Receiver**"); and
- (c) such further and other relief as this Honourable Court deems just.

2. The grounds for the Application are:

- (a) In 2007, GE loaned to Northern \$13,061,482.62, the proceeds of which were to be used for liquidity and/or refinancing purposes (the "**Northern Loan**").
- (b) To secure repayment of the Northern Loan, Northern entered into a general security agreement with GE, GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company and GE Technology Finance, dated March 21, 2007 (the "**Northern GSA**").

- (c) Pursuant to the terms of the Northern GSA, Northern granted to and in favour of GE security over all of Northern's property and assets. The Northern GSA covers all obligations of Northern to GE, including all debts and liabilities under the Northern ELSA.
- (d) GE also entered into an equipment loan and security agreement with Northern dated March 22, 2007, having No. 150010293079, as amended (the "**Northern ELSA**") in respect of certain equipment as listed and described in the Northern ELSA.
- (e) A charge/mortgage of land was also executed in favour of GE, amongst other entities, on the real property listed in the Northern ELSA and was acknowledged by Northern on or about March 21, 2007, as amended (the "**Northern Charge**").
- (f) The payment of all obligations of Northern to GE under the Northern ELSA was guaranteed by Atikokan Forest Products Ltd. ("**Atikokan**") pursuant to a guarantee and indemnity dated March 25, 2009 (the "**Atikokan Guarantee**"), which was secured by an equipment loan and security agreement entered into by GE and Atikokan (the Northern ELSA, the Northern GSA, the Northern Charge and the Atikokan Guarantee are collectively referred to herein as the "**Northern Security Documents**").
- (g) GE's security interest in Northern was perfected by a registration made pursuant to the *Personal Property Security Act* (Ontario) on or about March 15, 2007.
- (h) Northern has defaulted on its obligations pursuant to the terms of the Northern ELSA to pay GE monthly instalments of \$204,138.62 since on or about March 22, 2010.

- (i) A Notice of Intention to Enforce Security pursuant to section 244 of the BIA was issued on or about April 2, 2010, whereby GE demanded payment by Northern of all obligations owing under the Northern ELSA, the collective sum of which was \$10,654,541.80 as at March 31, 2010 (the "**Northern NOI**").
- (j) Northern has failed to make payment or enter into a satisfactory arrangement with GE to rectify the default. The current amount of the debt plus interest totals \$ 9,172,308.66, as at October 22, 2010.
- (k) The appointment of a receiver is necessary for the protection of GE's interests and is just and convenient in the circumstances, which includes:
 - (i) Northern is in default of its commitments to GE pursuant to the Northern Security Documents and is presently insolvent;
 - (ii) GE delivered the Northern NOI on or about April 2, 2010, pursuant to section 244 of the BIA;
 - (iii) The Northern mill has not been in operation since 2008;
 - (iv) Northern has ceased making payments for the monthly insurance premiums on the mills which will adversely affect the value of the collateral;
 - (v) Garnishment proceedings have been commenced by certain other creditors to enforce judgments against Northern, and a garnishment hearing has been scheduled for early January, 2011;
 - (vi) An application to petition Northern into bankruptcy has been commenced by the Union representing former Northern employees and is scheduled to be heard on January 4, 2011;

- (l) Section 243(1) of the BIA;
- (m) Section 101 of the CJA;
- (n) Rules 3.02, 16.08 and 41 of the *Rules of Civil Procedure*; and
- (o) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the Application:

- (a) The affidavit of Christopher Rankin, to be sworn and the exhibits attached thereto; and
- (b) Such further and other materials as counsel may advise and this Honourable Court may permit.

December 23, 2010

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Lawyers for the Applicant

G.E. Canada Equipment Financing G.P.

Northern Sawmills Inc.
and Respondents

Court File No: »

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

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Lawyers for the Applicant

TAB 2

Court File No. »

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

BETWEEN :

G.E. Canada Equipment Financing G.P.

Applicant

- and -

Northern Sawmills Inc.

Respondent

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

**AFFIDAVIT OF CHRISTOPHER RANKIN
(sworn December 23, 2010)**

I, Christopher Rankin, of the City of Montreal, in the Province of Quebec
MAKE OATH AND SAY:

1. I am the Vice President-Equipment Underwriting for G.E. Canada Equipment Financing G.P. ("GE"), and as such I have personal knowledge of the matters to which I hereinafter depose, save and except where I have indicated that I have obtained facts from other sources, in which case I verily believe those facts to be true.
2. This affidavit is sworn in support of applications for the appointment of PricewaterhouseCoopers Inc. ("PwC") as receiver of all of the assets, undertakings and properties of Northern Sawmills Inc. ("Northern") and Atikokan Forest Products Ltd. ("Atikokan") pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43, as amended (the "CJA") (in such capacities, the "Receiver").

The Parties

3. Northern is incorporated pursuant to the laws of Ontario and is engaged in the business of producing a range of structural and dimensional softwood lumber, utility poles, and speciality lumber products, wood chips and wood by-products for customers in Canada and the United States. Northern's mill is located at 490 Maureen St., Thunder Bay, Ontario. The Northern mill has not been operating since in or around the fall of 2008. Attached and marked as Exhibit "A" is a copy of Northern's corporate profile report dated August 3, 2010.

4. Atikokan is incorporated pursuant to the laws of Ontario and is engaged in the business of producing a range of structural and dimensional softwood lumber, wood chips and wood by-products for customers in Canada and the United States. Atikokan's head office and mill is located at Hwy 623 Sapawe Road, Atikokan, Ontario. The Atikokan mill has not been operating since in or around the fall of 2008. Attached and marked as Exhibit "B" is a copy of Atikokan's corporate profile report dated August 3, 2010.

5. GE is a secured creditor of Northern and Atikokan pursuant to certain security agreements, described below.

The Security

(a) The Northern Security Documents

6. In 2007, GE loaned to Northern \$13,061,482.62, the proceeds of which were to be used for liquidity and/or refinancing purposes (the "Northern Loan").

7. To secure repayment of the Northern Loan, Northern entered into a general security agreement with GE, GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company and GE Technology Finance, dated March 21, 2007 (the "Northern GSA").

8. Pursuant to the terms of the Northern GSA, Northern granted to and in favour of GE security over all of Northern's property and assets. The Northern GSA covers

all obligations of Northern to GE, including all debts and liabilities under the Northern ELSA (as hereinafter defined). Attached and marked as Exhibit "C" is a copy of the Northern GSA.

9. GE also entered into an equipment loan and security agreement with Northern dated March 22, 2007, having No. 150010293079, as amended (the "Northern ELSA") in respect of certain equipment as listed and described in the Northern ELSA, which includes, amongst other things, a Comact Side Board Profiler and Comact Saw Line. Attached and marked as Exhibit "D" is a copy of the Northern ELSA.

10. A charge/mortgage of land was also executed in favour of GE and General Electric Canada Real Estate Finance Inc. on the real property listed in the Northern ELSA, and was acknowledged by Northern on or about March 21, 2007, as amended (the "Northern Charge"). Attached and marked as Exhibit "E" is a copy of the Northern Charge.

11. Pursuant to a guarantee and indemnity dated March 25, 2009, Atikokan guaranteed the payment of all obligations of Northern to GE under the Northern ELSA (the "Atikokan Guarantee"). At the same time, GE and Atikokan entered into an equipment loan and security agreement dated March 25, 2009, which secured the Atikokan Guarantee (the Northern ELSA, the Northern GSA, the Northern Charge, and the Atikokan Guarantee are collectively referred to herein as the "Northern Security Documents"). Attached and marked as Exhibit "F" is a copy of the Atikokan Guarantee.

12. GE's security interest in the property, assets and undertakings of Northern was perfected by a registration made pursuant to the *Personal Property Security Act* (Ontario) (the "PPSA") on or about March 15, 2007.

13. I am advised by Anne Weintrop, an associate at Stikeman Elliott LLP and do believe that Stikeman Elliott LLP has caused a search to be made of the Ontario PPSA registration system to determine the PPSA financing statements registered against Northern. Attached and marked as Exhibit "G" is a copy of the PPSA enquiry response certificate (the "**Northern PPSA Enquiry Response Certificate**").

14. In addition to GE, as disclosed by the Northern PPSA Enquiry Response Certificate, the following is a list of other secured creditors of Northern:

- (a) PPSA registrations by Lucky Star Holdings Inc. ("**Lucky Star**") registered on or about January 11, 2002, March 22, 2007, and November 28, 2008;
- (b) A PPSA registration by Buchanan Lumber Sales Inc. registered on or about January 22, 2008; and
- (c) A PPSA registration by Royal Bank of Canada registered on or about June 5, 2008.

15. GE, General Electric Real Estate Finance Inc., Lucky Star and Northern entered into a priority and intercreditor agreement on or about March 22, 2007, which sets out the priority of GE and Lucky Star's interest in Northern (the "**Priority and Intercreditor Agreement**"). Attached and marked as Exhibit "H" is a copy of the Priority and Intercreditor Agreement.

16. On or about March 25, 2007, Lucky Star also entered into a postponement agreement, pursuant to which it postpones all debts which are due to Lucky Star by Northern to GE, up to \$10,000,000 (the "**Postponement Agreement**"). Attached and marked as Exhibit "I" is a copy of the Postponement Agreement.

17. In addition, on or about March 25, 2009, Lucky Star entered into a waiver that subordinates and postpones any present or future claim in the collateral described in

the Northern ELSA to GE (the "**Lucky Star Waiver**"). Attached and marked as Exhibit "J" is a copy of the Lucky Star Waiver.

18. On or about July 23, 2008 GE postponed and subordinated its interest in Northern to the Royal Bank of Canada for amounts secured up to \$85,000. Attached and marked as Exhibit "K" is a copy of a letter from the Royal Bank of Canada to GE dated July 23, 2008 evidencing the aforementioned postponement and subordination.

(b) The Atikokan Security Documents

19. In 2007, GE loaned to Atikokan \$12,279,000, the proceeds of which were to be used for liquidity and/or refinancing purposes (the "**Atikokan Loan**").

20. To secure repayment of the Atikokan Loan, Atikokan entered into a general security agreement with GE, GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company, and GE Technology Finance, dated April 2, 2007 (the "**Atikokan GSA**").

21. Pursuant to the terms of the Atikokan GSA, Atikokan granted to and in favour of GE security over all of Atikokan's property and assets. The Atikokan GSA covers all obligations of Atikokan to GE, including all debts and liabilities under the Atikokan ELSA. Attached and marked as Exhibit "L" is a copy of the Atikokan GSA.

22. Atikokan entered into an equipment loan and security agreement with GE dated April 2, 2007, having No. 150010292870, as amended (the "**Atikokan ELSA**"), in respect of certain equipment as listed and described in the Atikokan ELSA, which includes, among other things, a Comact Side Board Profiler and Comact Saw Line. Attached as Exhibit "M" is a copy of the Atikokan ELSA.

23. A charge/mortgage of land was also executed in favour of GE and General Electric Canada Real Estate Finance Inc. on the real property listed in the Atikokan ELSA, and was acknowledged by Atikokan on or about March 30, 2007, as amended

(the "**Atikokan Charge**"). Attached and marked as Exhibit "**N**" is a copy of the Atikokan Charge.

24. Pursuant to a guarantee and indemnity dated March 25, 2009, Northern guaranteed the payment of all obligations of Atikokan to GE under the Atikokan ELSA (the "**Northern Guarantee**"). At the same time, GE and Northern entered into a second equipment loan and security agreement dated March 25, 2009, which secured the Northern Guarantee (together with the Atikokan ELSA, the Atikokan GSA, the Atikokan Charge, and the Northern Guarantee collectively referred to herein as the "**Atikokan Security Documents**"). Attached and marked as Exhibit "**O**" is a copy of the Northern Guarantee.

25. GE's security interest in Atikokan was perfected by a registration made pursuant to the PPSA on or about March 15, 2007.

26. I am advised by Anne Weintrop, an associate at Stikeman Elliott LLP and do believe that Stikeman Elliott LLP has caused a search to be made of the Ontario PPSA registration system to determine the PPSA financing statements registered against Atikokan. Attached and marked as Exhibit "**P**" is a copy of the PPSA enquiry response certificate (the "**Atikokan PPSA Enquiry Response Certificate**").

27. In addition to GE, as disclosed by the Atikokan PPSA Enquiry Response Certificate, the following is Atikokan's only other secured creditor:

- (a) PPSA registrations by Buchanan Lumber Sales Inc. dated March 7, 2008 and November 28, 2008.

28. On or about March 25, 2009, Buchanan Sales Inc. ("**Buchanan Sales**") (formerly Buchanan Lumber Sales Inc.) entered into a waiver which subordinates and postpones any present or future claim in the collateral described in the Atikokan ELSA to GE (the "**Buchanan Waiver**"). Attached and marked as Exhibit "**Q**" is a copy of the Buchanan Waiver.

The Defaults

(a) The Northern Default

29. Pursuant to the terms of the Northern ELSA, Northern's failure to pay GE monthly instalments constitutes an event of default for which all amounts owing under the Northern ELSA become immediately due and payable. Northern has defaulted on its obligations to GE since on or about March 22, 2010.

30. A demand letter and a Notice of Intention to Enforce Security pursuant to section 244 of the BIA was issued on or about April 2, 2010, whereby GE demanded payment by Northern of all obligations owing under the Northern ELSA, the collective sum of which was \$10,654,541.80 as at March 31, 2010 (the "Northern NOI"). A copy of the demand letter and Northern NOI are attached and marked as Exhibit "R".

31. Similarly, a demand was made by GE upon Atikokan on or about April 2, 2010, a copy of which is attached and marked as Exhibit "S", whereby GE demanded payment by Atikokan for Northern's indebtedness owing under the Northern ELSA to GE, pursuant to the terms of the Atikokan Guarantee

32. Despite GE's demand for payment, Northern and Atikokan have failed to make payment or enter into a satisfactory arrangement with GE to rectify the defaults in respect of the Northern obligations. The amount of the debt plus interest owing by Northern and guaranteed by Atikokan, totals \$9,172,308.66, as at October 22, 2010.

(b) The Atikokan Default

33. Pursuant to the terms of the Atikokan ELSA, Atikokan's failure to pay GE monthly instalments constitutes an event of default for which all amounts owing under the Atikokan's ELSA become immediately due and payable. Atikokan has defaulted on its obligation to GE since on or about April 5, 2010.

34. A demand letter and Notice of Intention to Enforce Security pursuant to section 244 of the BIA was issued on or about April 2, 2010, whereby GE demanded payment by Atikokan of all obligations owing under the Northern ELSA, the collective sum of which was \$10,055,189.04 as at March 31, 2010 (the "Atikokan NOI"). A copy of the demand letter and Atikokan NOI are attached and marked as Exhibit "T".

35. Similarly, a demand was made by GE upon Northern on or about April 2, 2010, a copy of which is attached and marked as Exhibit "U", whereby GE demanded payment by Northern for Atikokan's indebtedness owing under the Atikokan ELSA to GE, pursuant to the terms of the Northern Guarantee

36. Despite GE's demand for payment, Atikokan and Northern have failed to make payment or enter into a satisfactory arrangement with GE to rectify the defaults in respect of Atikokan's obligations. Currently, the debt plus interest owing by Atikokan and guaranteed by Northern totals \$8,626,640.93, as at November 30, 2010.

Events Following the Defaults

(a) Employees and Pensions

37. I understand from information previously provided by management, that when Northern was in operation there were approximately 260 full-time employees, of which 240 were unionized, represented by the Communications, Energy and Paperworkers Union of Canada and its Locals 38X and 38.02 (the "CEP"). The CEP entered into a collective agreement with Northern for the period September 1, 2003 - August 31, 2008, the term of which has lapsed (the "Northern CBA").

38. With respect to Atikokan, I understand from information previously provided by management, that when Atikokan was in operation there were approximately 220 full-time employees, of which 205 were unionized, represented by the Industrial,

Wood, and Allied Workers of Canada, Local 2693 (the "IWA"). The IWA entered into a collective agreement with Atikokan for the period September 1, 2001 - August 31, 2006, the term of which has lapsed (the "Atikokan CBA").

39. The Northern and Atikokan mills have ceased operations since in or around the fall of 2008.

40. I understand from discussions with management that there remain only two non-unionized employees at each of the Northern and Atikokan mills. These individuals assist with the maintenance and general overview of the mills, and in the case of the Northern facility, also assist with the water treatment operations at that mill.

41. With regards to the Northern mill, I understand from discussions with management that Northern sponsored a retirement plan for the employees of Northern Sawmills and a retirement plan for salaried employees of Northern. Both pension plans are single employer, defined benefit plans and have 205 active members and 19 active members respectively (the "Northern Pension Plans").

42. I understand from discussions with management that Atikokan sponsored a pension plan for employees for Atikokan and a pension plan for the salaried employees. Both pension plans are single employer, defined contribution plans, with 165 active members and 19 active members respectively (the "Atikokan Pension Plans").

43. GE previously requested information pertaining to the current valuations of the Northern and Atikokan Pension Plans. The most recent reports that GE was provided pertained to valuations for the period ending May 31, 2009.

(b) Insurance and Other Basic Costs

44. On or about October 26, 2010, GE was advised that Northern, Atikokan, Lucky Star and Buchanan Sales did not intend to continue making certain payments, including but not limited to, insurance premiums, the failure of which constitutes a further violation of the terms of the Northern and Atikokan ELSAs and GSAs. GE asked Northern and Atikokan to reconsider these proposed actions, which they refused. Attached and marked as Exhibits "V" and "W" is a letter from Wolfgang Gericke, president of Buchanan Sales to GE Capital Solutions, and a letter from Ken Buchanan, president of Lucky Star to GE Capital Solutions advising of their positions.

45. I understand that insurance premiums ceased being paid in or about early November, 2010. I am advised by Russ York at Northern that Northern and Atikokan cancelled its property insurance for the Northern and Atikokan mills effective on or about November 10, 2010.

46. GE attempted to contact Northern's existing insurance broker and was told that the insurance broker was unable to renew or find new insurance for the mills. Since this time, GE has been actively working to find insurance coverage for the properties. GE was able to obtain temporary coverage at an extraordinary premium. I am advised by Gregory Prince of PwC and do believe that more economical insurance coverage would be available to a receiver.

47. In the correspondence from Lucky Star, Buchanan Sales and Northern to GE Capital Solutions, GE is effectively asked to enforce its security in light of Northern and Atikokan's significant liabilities, and the fact that neither Lucky Star nor Buchanan Sales had further intentions to continue their support for the mills' ongoing expenses.

(c) Wood Supply Commitments

48. Northern and Atikokan received the benefit of a number of wood supply agreements/commitments from the Ministry of Natural Resources (the "Ministry") for the supply of a variety of wood supply requirements necessary for the operations of the mills, as well Northern and Atikokan entered into agreements with Abitibi-Consolidated Company of Canada ("Abitibi") in this regard. The initial wood supply commitments provided by the Ministry of Natural Resources were by way of letters dated October 21, 1996 and February 9, 1998. Northern and Atikokan had been participating in ongoing discussions and submissions with the Ministry regarding further wood supply commitments throughout 2010. We have sought details of these commitments from Northern and Atikokan and further information will be provided in this regard once the Receiver, if appointed, is able to confirm these details.

(d) Recent Attempts by Creditors to Enforce Judgment

49. GE has learned that there have been recent attempts by certain creditors to enforce judgments against Northern. On or about November 12, 2010, a notice of garnishment (the "Notice of Garnishment") was issued by the CEP upon the Royal Bank of Canada for an unpaid debt by Northern to the CEP pursuant to an arbitration decision rendered under the *Labour Relations Act*, 1995 on or about August 25, 2010. Attached and marked as Exhibit "X" is a copy of the arbitration decision and the Notice of Garnishment.

50. GE disputed the CEP's ability to garnish funds in priority to GE's security. I understand that amounts were garnished from RBC's accounts. I had thought that no further steps were being taken, however, I learned on or about December 21, 2010, that a garnishment hearing has been scheduled for on or about January 14, 2011.

51. On or about December 17, 2010, I also learned that the CEP will be applying to petition Northern into bankruptcy. CEP's counsel confirmed on or about December 21, 2010, that a January 4, 2011 date has been obtained for the hearing of the

bankruptcy petition. While the receivership request could continue notwithstanding the CEP's bankruptcy petition, GE is concerned that having different insolvency proceedings conducted by different insolvency professionals will unnecessarily complicate matters. GE prefers to have a receiver appointed over and deal with the assets subject to GE's security.

Need for a Receiver

52. The appointment of a receiver is necessary for the protection of GE's interests and is just and convenient in the circumstances for, *inter alia*, the following reasons:

- (a) Northern and Atikokan are in default of their commitments to GE pursuant to the Northern Security Documents and the Atikokan Security Documents;
- (b) GE has delivered the Northern NOI and the Atikokan NOI on or about April 2, 2010 under section 244 of the BIA;
- (c) Northern is indebted to GE in the sum of \$9,172,308.66 as of October 22, 2010;
- (d) Atikokan is indebted to GE in the sum of \$8,626,640.93 as of November 30, 2010;
- (e) Northern and Atikokan have ceased operations since in or around the fall of 2008, and have been unable to meet their liabilities as they become due;
- (f) Northern and Atikokan have failed to pay basic operating expenses, such as insurance costs which may adversely affect the value of the properties;

- (g) Garnishment proceedings have been commenced by unsecured creditors;
- (h) Bankruptcy proceedings have been commenced by unsecured creditors; and
- (i) Northern and Atikokan do not oppose the receivership request.

PwC as Proposed Receiver

53. I am advised by Gregory Prince of PwC and verily believe that PwC is qualified to act as Receiver of the Northern and Atikokan mills, and has consented to act in such capacity if so appointed by this Honourable Court.

Cash Flow and Borrowing Requirements

54. As noted, the Northern and Atikokan mills have not been in operation since in or around 2008. However, there are general maintenance and preservation costs being incurred by both mills. These costs which include payroll, gas, hydro, internet and telephone, material and services, and other miscellaneous costs which will need to continue to be incurred during the receivership proceedings. Based on estimates provided to GE by management, as well as the estimated professional costs of the Receiver, the cash flow requirements of the mills during the period of the Sales Process are approximately \$100,000 per month for Northern, and approximately between \$80,000-\$100,000 per month for Atikokan. The receivership order provides for the ability of the Receiver to seek funding, as required.

Proposed Marketing

55. In or about September, 2010, I met with the debtors in Thunder Bay and we discussed canvassing the market for potential purchasers of the Northern and Atikokan mills. PwC was retained to assist in the marketing efforts and initially identified potential purchasers, and commenced a preliminary canvassing of the

market for these assets. While this marketing process was initiated, further marketing efforts will be required during the course of the receivership.

56. GE has asked the proposed Receiver to prepare a proposed marketing plan for the Northern and Atikokan mills. GE would like to initiate the sales process as quickly as possible to keep costs at a minimum, and to permit PwC to continue to work with the information and prospects they initiated in the fall of 2010.

57. I understand that the proposed Receiver will be filing a separate report which outlines the proposed marketing plan for the Northern and Atikokan mills.

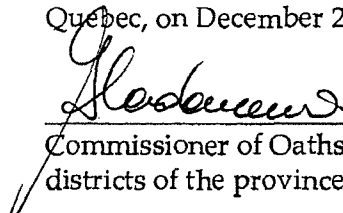
Notice

58. I am advised by Jordana Bergman, an associate at Stikeman Elliott LLP, and do believe that the following parties were provided or will be provided with notice of our intentions to seek the appointment of a Receiver:

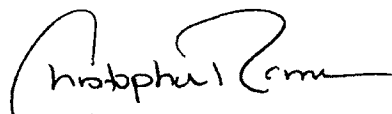
- (a) the other secured creditors, including: Lucky Star, Buchanan Sales Inc., and the Royal Bank of Canada;
- (b) the CEP and the IWA; and
- (c) the Ministry of the Environment.

59. I have sworn this affidavit for the purpose of an Order appointing PwC as Receiver of Northern and Atikokan, and for no other or improper purpose.

SWORN BEFORE ME at the City of Montreal, in the Province of Quebec, on December 23, 2010.


Commissioner of Oaths for all of the districts of the province of Quebec




Christopher Rankin

G.E. Canada Equipment Financing G.P.

and

Northern Sawmills Inc.

Court File No: »

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**AFFIDAVIT OF CHRISTOPHER RANKIN
(SWORN DECEMBER 23, 2010)**

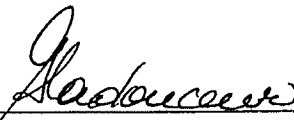
STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSUC#: 35638M
(416) 869-5623

Jordana Bergman LSUC#: 55762W
Tel: (416) 869-5510
Fax: (416) 947-0866

Lawyers for the Applicant

This is Exhibit "A" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



Request ID: 012409019
Transaction ID: 41967096
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2010/08/03
Time Report Produced: 10:12:37
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
799771	NORTHERN SAWMILLS INC.	1989/03/30
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
490 MAUREEN STREET	NOT APPLICABLE	NOT APPLICABLE
THUNDER BAY ONTARIO CANADA P7B 2X9	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address		Letter Date
		NOT APPLICABLE
BOX 29039 MCINTYRE CENTRE	Revival Date	Continuation Date
	1995/01/30	NOT APPLICABLE
THUNDER BAY ONTARIO CANADA P7B 6P9	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Commenced in Ontario
	UNKNOWN UNKNOWN	NOT APPLICABLE
Activity Classification		Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

Request ID: 012409019
Transaction ID: 41967096
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2010/08/03
Time Report Produced: 10:12:37
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CORPORATION PROFILE REPORT

Ontario Corp Number

799771

Corporation Name

NORTHERN SAWMILLS INC.

Corporate Name History

NORTHERN SAWMILLS INC.

Effective Date

1992/10/26

799771 ONTARIO LIMITED

REFER TO MICROFICHE

Current Business Name(s) Exist:

YES

Expired Business Name(s) Exist:

YES - SEARCH REQUIRED FOR DETAILS

Administrator: Name (Individual / Corporation)

WOLFGANG
GERICKE

Address

226 TRINITY CRESCENT

THUNDER BAY
ONTARIO
CANADA P7C 5V6

Date Began

1994/01/03

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Request ID: 012409019
Transaction ID: 41967096
Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

799771

Corporation Name

NORTHERN SAWMILLS INC.

**Administrator:
Name (Individual / Corporation)**

HARRY
MERCER

Address

250 CHERCOVER DRIVE

THUNDER BAY
ONTARIO
CANADA P7G 1A2

Date Began

1994/01/03

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

**Administrator:
Name (Individual / Corporation)**

HARRY
MERCER

Address

250 CHERCOVER DRIVE

THUNDER BAY
ONTARIO
CANADA P7G 1A2

Date Began

1994/01/03

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Request ID: 012409019
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Category ID: UN/E

Province of Ontario
Ministry of Government Services

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CORPORATION PROFILE REPORT

Ontario Corp Number

799771

Corporation Name

NORTHERN SAWMILLS INC.

Administrator:
Name (Individual / Corporation)

JOHN
TWIGG

Address

156 SOUTH HILL STREET

THUNDER BAY
ONTARIO
CANADA P7B 3V3

Date Began

2001/08/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

GENERAL MANAGER

Resident Canadian

Y

Administrator:
Name (Individual / Corporation)

JOHN
TWIGG

Address

156 SOUTH HILL STREET

THUNDER BAY
ONTARIO
CANADA P7B 3V3

Date Began

2008/02/26

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 012409019
Transaction ID: 41967096
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2010/08/03
Time Report Produced: 10:12:37
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

799771

NORTHERN SAWMILLS INC.

Last Document Recorded

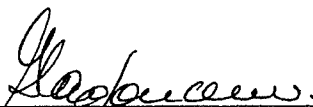
Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2009	1C	2009/08/29

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

This is Exhibit "B" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec



Request ID: 012409028
 Transaction ID: 41967118
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2010/08/03
 Time Report Produced: 10:13:25
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
917378	ATIKOKAN FOREST PRODUCTS LTD.	1991/06/20
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
1120 PREMIER WAY	NOT APPLICABLE	NOT APPLICABLE
THUNDER BAY ONTARIO CANADA P7B 0A3	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address		Letter Date
		NOT APPLICABLE
PO BOX 206	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
ATIKOKAN ONTARIO CANADA P0T 1C0	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Commenced in Ontario
	UNKNOWN UNKNOWN	NOT APPLICABLE
Activity Classification		Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

CORPORATION PROFILE REPORT

Ontario Corp Number

917378

Corporation Name

ATIKOKAN FOREST PRODUCTS LTD.

Corporate Name History

ATIKOKAN FOREST PRODUCTS LTD.

Effective Date

1991/06/20

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

HARRY
BRUYERE

Address

SAPAWE TOWNSITE
BOX 1029

ATIKOKAN
ONTARIO
CANADA P0T 1C0

Date Began

1998/07/08

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 012409028
Transaction ID: 41967118
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2010/08/03
Time Report Produced: 10:13:25
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CORPORATION PROFILE REPORT

Ontario Corp Number

917378

Corporation Name

ATIKOKAN FOREST PRODUCTS LTD.

Administrator:

Name (Individual / Corporation)

HARRY

BRUYERE

Address

SAPAWE TOWNSITE
BOX 1029

ATIKOKAN
ONTARIO
CANADA P0T 1C0

Date Began

1998/07/08

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

GENERAL MANAGER

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

WOLFGANG

GERICKE

Address

226 TRINITY CRESCENT

THUNDER BAY
ONTARIO
CANADA P7C 5V6

Date Began

1991/06/21

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Request ID: 012409028
Transaction ID: 41967118
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2010/08/03
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CORPORATION PROFILE REPORT

Ontario Corp Number

917378

Corporation Name

ATIKOKAN FOREST PRODUCTS LTD.

**Administrator:
Name (Individual / Corporation)**

DANIS
LEROUX

Address

164 CHERCOVER DRIVE

THUNDER BAY
ONTARIO
CANADA P7B 5E2

Date Began

2009/10/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian**Administrator:
Name (Individual / Corporation)**

DANIS
LEROUX

Address

164 CHERCOVER DRIVE

THUNDER BAY
ONTARIO
CANADA P7B 5E2

Date Began

2009/10/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Request ID: 012409028
Transaction ID: 41967118
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2010/08/03
Time Report Produced: 10:13:25
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CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

917378

ATIKOKAN FOREST PRODUCTS LTD.

Last Document Recorded

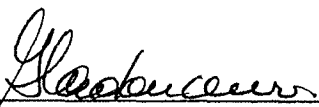
Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2009	1C	2009/10/24

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

This is Exhibit "C" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec





GE Canada

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of March 21, 2007

BETWEEN:

Northern Sawmills Inc., a Corporation organized under the laws of Ontario (the "Debtor")

- AND -

THE SECURED PARTY (as hereinafter defined)

WHEREAS the Debtor has agreed to grant a security interest and assignment, mortgage and charge in the Collateral in order to secure the performance of its Obligations to the Secured Party;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

ARTICLE 1 — INTERPRETATION

1.01 Interpretation

In this Agreement, unless something in the subject matter or context is inconsistent therewith,

"Agreement" means this agreement and all amendments made hereto by written agreement between the Secured Party and the Debtor.

"Collateral" has the meaning set out in Section 2.01.

"Event of Default" has the meaning set out in Section 6.01.

"Obligations" means all obligations of the Debtor to the Secured Party including, without limiting the generality of the foregoing:

- (a) all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to the Secured Party or remaining unpaid by the Debtor to the Secured Party and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between the Secured Party and the Debtor or from other dealings or proceedings by which the Secured Party may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, legal and other costs, charges and expenses; and

- (b) all debts and liabilities of any kind whatsoever of the Debtor to the Secured Party in connection with or relating to the Specific Agreements

"Secured Party" means GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company and GE Technology Finance collectively and each of them individually, and the predecessors, successors and assigns of each of them, including, without limitation, each successor arising as a result of an amalgamation or other corporate and business reorganization.

"Specific Agreements" means all agreements made between the Debtor and the Secured Party as the same may be amended from time to time.

The terms "accessions", "accounts", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "inventory", "money", "proceeds", "purchase money security interest" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.02 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE 2 — GRANT OF SECURITY INTEREST

2.01 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Secured Party, the Debtor hereby grants to the Secured Party a security interest in the present and future undertaking and property, both real and personal, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, the Collateral will include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, be entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

- (a) Receivables: all debts, accounts, claims and choses in action for monetary amounts which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments (collectively, the "Securities");
- (g) Intangibles: all intangibles not otherwise described in this Section 2.01 including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other industrial property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in this Section 2.01 and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in this Section 2.01; and
- (k) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral;

provided that the said assignment and mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said assignment or mortgage and charge, the Debtor will thereafter stand possessed of such last day and must hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound.

2.02 Attachment of Security Interest

The Debtor acknowledges that value has been given and agrees that the security interest granted hereby will attach when the Debtor signs this Agreement and the Debtor has any rights in the Collateral.

ARTICLE 3 — GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party that:

- (a) the Debtor is duly organized and subsisting under the laws of its jurisdiction of organization, with the power to enter into this Agreement; this Agreement has been duly authorized by all necessary action on the part of the Debtor and constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to any agreement, indenture or other instrument to which the Debtor is a party or by which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to the Secured Party is true, correct and complete; all financial statements have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to the Secured Party;
- (c) except as otherwise disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others; and
- (d) the address of the Debtor's chief executive office and the office where it keeps its records respecting the Receivables, is that given in the Schedule hereto.

3.02 Covenants

The Debtor covenants with the Secured Party that the Debtor will:

- (a) ensure that the representations and warranties set forth in Section 3.01 will be true and correct at all times;
- (b) maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party;

- (d) defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, will keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests except for those disclosed in a schedule hereto or hereafter approved in writing by the Secured Party prior to their creation or assumption;
- (e) not change its chief executive office and the location of the office where it keeps its records respecting the Receivables, or move any of the Inventory, Securities or Equipment from the locations specified in any schedule hereto, without the prior written consent of the Secured Party;
- (f) pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same become due and payable, and will exhibit to the Secured Party, when required, the receipts and vouchers establishing such payment;
- (g) keep proper books of account in accordance with sound accounting practice, will furnish to the Secured Party such financial information and statements and such information and statements relating to the Collateral as the Secured Party may from time to time require, and the Debtor will permit the Secured Party or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (h) from time to time forthwith at the request of the Secured Party furnish to the Secured Party in writing all information requested relating to the Collateral, and the Secured Party will be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Secured Party will have access to all premises occupied by the Debtor or where the Collateral may be found;
- (i) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment and mortgage and charge granted hereby, and the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any Receiver appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient;
- (j) not change its name or, if the Debtor is a corporation, will not amalgamate with any other corporation without first giving notice to the Secured Party of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and

- (k) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the security interest, assignment and mortgage and charge granted hereby and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses will be added to and form part of the Obligations secured hereunder.

ARTICLE 4 — INSURANCE

4.01 Insurance

The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral, in an amount not less than the full replacement value thereof, in such form and with such insurers as are reasonably satisfactory to the Secured Party. If any such policies of insurance contain a co-insurance clause, the Debtor will either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies must name the Secured Party as an additional insured and loss payee thereof, as the Secured Party's interests may appear, and must provide that the insurer will give the Secured Party at least 10 days written notice of intended cancellation. At the Secured Party's request, the Debtor must furnish the Secured Party with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to the Secured Party that such insurance coverage is in effect. The Debtor must give the Secured Party notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, the Secured Party will have the right, but not the obligation, without notice or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforce this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by the Secured Party in performing such obligations will be immediately due and payable by the Debtor.

ARTICLE 5 — DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party, except that the Debtor may, until an Event of Default occurs, deal with its money or sell items of Inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment and mortgage and charge granted hereby, but all proceeds of any such sale will continue to be subject to the security interest, assignment and mortgage and charge granted hereby and all money

received by the Debtor will be received as trustee for the Secured Party and must be held separate and apart from other money of the Debtor and must be paid over to the Secured Party upon request.

5.02 Rights and Duties of the Secured Party

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Collateral, the Secured Party and any nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5.03 Registration of Securities

The Secured Party may have any Securities registered in its name or in the name of its nominee and will be entitled but not bound or required to exercise any of the rights that any holder of such Securities may at any time have, provided that until an Event of Default has occurred and is continuing, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Secured Party or which would violate or be inconsistent with this Agreement, all voting power from time to time exercisable in respect of the Securities. The Secured Party will not be responsible for any loss occasioned by its exercise of any of such rights or by failure to exercise the same within the time limited for the exercise thereof. The Debtor must from time to time forthwith upon the request of the Secured Party deliver to the Secured Party those Securities requested by the Secured Party duly endorsed for transfer to the Secured Party or its nominee to be held by the Secured Party subject to the terms of this Agreement.

5.04 Notification of Account Debtors

Before an Event of Default occurs, the Secured Party may give notice of this Agreement and the security interest and assignment granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to the Secured Party, and any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party must be held by the Debtor in trust for the Secured Party and paid over to the Secured Party on request.

5.05 Application of Funds

Except where the Debtor, when not in default hereunder, so directs in writing at the time of payment, all money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the

Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

ARTICLE 6 — DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor does not pay to the Secured Party any amount owing in connection with any of the Obligations within 10 days of its due date;
- (b) the Debtor does not observe or perform any covenant or obligation of the Debtor contained in this Agreement or in respect of the Obligations (other than a covenant or condition the breach or default in performance of which is specifically dealt with elsewhere in this Section 6.01) and, if such default is capable of being remedied, such default is not remedied within 10 days after notice has been given by the Secured Party to the Debtor specifying such default;
- (c) any information, representation or warranty made by the Debtor herein or in any document or certificate provided at any time to the Secured Party in connection herewith is proven to be incorrect or misleading in any material respect;
- (d) the Debtor defaults under any material agreement with any other person;
- (e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof or makes or agrees to make an assignment, disposition or conveyance, whether by way of sale or otherwise, of its assets in bulk;
- (f) the Debtor is an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or commits or threatens to commit any act of bankruptcy;
- (g) the commencement of any proceeding or the taking of any step by or against the Debtor for the dissolution, liquidation or winding-up of the Debtor or for any relief under the laws of any jurisdiction relating to bankruptcy, insolvency, reorganization, arrangement, compromise or winding-up, or for the appointment of one or more of a trustee, receiver, receiver and manager, custodian, liquidator or any other person with similar powers with respect to the Debtor or the Collateral or any part thereof;
- (h) the Collateral or any part thereof is seized or otherwise attached by anyone pursuant to any legal process or other means, including distress, execution or any other step or proceeding with similar effect, and the same is not released, bonded, satisfied, discharged or vacated within the shorter of a period of 15 days and 10 days less than such period as would permit such property or any part thereof to be sold pursuant thereto; or

- (i) the Secured Party believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process.

6.02 Remedies

(1) On or after the occurrence of any Event of Default, (i) any or all of the Obligations will at the option of the Secured Party become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived; (ii) the obligation, if any, of the Secured Party to extend further credit to the Debtor will cease; (iii) any or all security granted hereby will, at the option of the Secured Party, become immediately enforceable; and (iv) in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (a) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the Collateral (which term when used in this Section 6.02 will include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 6.02 will include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party will not be in any way responsible for any misconduct or negligence of any such Receiver;
- (b) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (c) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (d) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (e) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (f) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;
- (g) the Secured Party may accept the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;

- (h) the Secured Party may, for any purpose specified herein, borrow money on the security of the Collateral in priority to the security interest, assignment and mortgage and charge granted by this Agreement;
 - (i) the Secured Party may enter upon, occupy and use all or any of the premises, buildings and plant occupied by the Debtor and use all or any of the Equipment and other personal property of the Debtor for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party will not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (j) the Secured Party may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Secured Party hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at such rate as the Secured Party deems reasonable, will be added to and form part of the Obligations hereby secured; and
 - (k) the Secured Party may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith will be added to the Obligations hereby secured.
- (2) The Secured Party may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder.
- (3) The Secured Party will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.
- (4) The Secured Party may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party may apply any balance of such proceeds to payment of the Obligations in such order as the Secured Party sees fit. If there is any surplus remaining, the Secured Party may pay it to any person having a claim thereto in priority to the Debtor of whom the Secured Party has knowledge and any balance remaining must be paid to the Debtor. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party forthwith on demand.

ARTICLE 7 — GENERAL**7.01 Benefit of the Agreement**

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

7.02 Entire Agreement

This Agreement has been entered into pursuant to the provisions of the Specific Agreements and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Specific Agreement, the rights and obligations of the parties will be governed by the provisions of the Specific Agreement. This Agreement cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and the Debtor with respect to the subject matter hereof except as expressly set forth herein or in the Specific Agreements.

7.03 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

7.04 Assignment

The rights of the Secured Party under this Agreement may be assigned by the Secured Party without the prior consent of the Debtor. The Debtor may not assign its obligations under this Agreement.

7.05 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and may be given by personal delivery, by registered mail or by electronic means of communication, addressed to the recipient as follows:

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To the Debtor:

Northern Sawmills Inc.

Address 490 Maureen Street, Thunder Bay, ON P7B
5E6

Telecopier
No.:

Attention: Russell David York

To the Secured Party:

GE Canada
Commercial Equipment Financing

Address 4-754 Falconbridge Road, Sudbury, ON
P3A 5X5

Telecopier 705-524-5335
No.:

Attention: Robert Bertrand

or such other address, individual or electronic communication number as may be designated by notice given by any party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third business day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the next business day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication must not be mailed but must be given by personal delivery or by electronic communication.

7.07 Additional Continuing Security

This Agreement and the security interest, assignment and mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Secured Party.

7.08 **Further Assurances**

The Debtor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Secured Party for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

7.09 **Power of Attorney**

Upon the occurrence of an Event of Default that is continuing, the Debtor hereby irrevocably constitutes and appoints any officer for the time being of the Secured Party the true and lawful attorney of the Debtor, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect to the Collateral in accordance with this Agreement.

7.10 **Discharge**

The Debtor will not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Secured Party.

7.11 **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province where the address of Client is located (as stated below, or if no such address is specified, with the laws of the Province of (Ontario) and the laws of Canada applicable therein.

7.12 **Executed Copy**

The Debtor acknowledges receipt of a fully executed copy of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

NORTHERN SAWMILLS INC.

March 21, 2007

Date of Execution

Per: _____

~~Name: Wolfgang Gerick~~

~~Title: President~~

490 Maureen St. Thunder Bay, ON
P7B 5E6

Address of Debtor

Per: _____

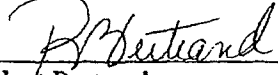
Name: Russell David York

Title: Chief Financial Officer

SECURED PARTY:

**GE CANADA EQUIPMENT FINANCING G.P.
GE CANADA LEASING SERVICES COMPANY
GENERAL ELECTRIC CANADA EQUIPMENT FINANCE
G.P.
GE CANADA ASSET FINANCING HOLDING COMPANY
GE TECHNOLOGY FINANCE**

March 21, 2007
Date of Execution

Per: 
Name: Robert Bertrand
Title: Account Manager

SCHEDULE

To the General Security Agreement ("GSA") made as of March 21, 2007 between Northern Sawmills Inc., as Debtor, GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company and GE Technology Finance as Secured Party

- A. The Specific Agreements are the following (Section 1.01 of the GSA):
- Including but not limited to Equipment Loan and Security Agreement Number 150010293079 , and all future agreements that may arise from time to time.
- B. The permitted liens are the following (Sections 3.01(c) and 3.02(d) of the GSA):
- N/A
- C. The Collateral locations and chief executive office of the Debtor are the following (Section 3.02(e) of the GSA):
- Chief Executive Office: 490 Maureen St, Thunder Bay, ON P7B 5E6
 - Location of Business Records: 490 Maureen St. Thunder Bay, ON P7B 5E6
 - Location(s) of Collateral: 490 Maureen St. Thunder Bay, ON P7B 5E6
- D. Other Special Provisions: N/A

The parties acknowledge receipt of a fully executed copy of this Schedule which is incorporated by reference and deemed to be a part of the above-mentioned General Security Agreement.

DEBTOR:

NORTHERN SAWMILLS INC.

March 21, 2007

Date of Execution

Per: _____

Name: Wolfgang Gerieke

Title: President

Per: _____

Name: Russell David York

Title: Chief Financial Officer

SECURED PARTY:

GE CANADA EQUIPMENT FINANCING G.P.

GE CANADA LEASING SERVICES COMPANY

**GENERAL ELECTRIC CANADA EQUIPMENT FINANCE
G.P.**

GE CANADA ASSET FINANCING HOLDING COMPANY

GE TECHNOLOGY FINANCE

- 2 -

March 21, 2007

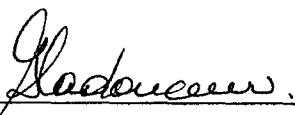
Date of Execution

Per: 

Name: Robert Bertrand

Title: Account Manager

This is Exhibit "D" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec





GE Canada

EQUIPMENT LOAN AND SECURITY AGREEMENT

No: 150010293079

154 Falconbridge Road, Unit 4
Thunder Bay, Ontario, P3A 5X5, Tel: (705) 524-9547, Fax: (705) 524-5335

CLIENT: Northern Sawmills Inc.

ADDRESS: 490 Maureen St
Thunder Bay, Ontario
P7B 5E6

CONTACT: Wolfgang Gericke
Tel: (807) 343-6503

EQUIPMENT LOCATION (if at address other than above)

INSURANCE
Aon Reed Stenhouse Inc.

One Lombard Place Suite 1800
Winnipeg
R3B 2A3

EQUIPMENT

UNITS	MODEL	YEAR	DESCRIPTION	SERIAL Nos.
See Schedule A which is an integral part of this agreement.				

FINANCED AMOUNT

Amount Advanced: 13,061,482.62 CAD
Finance Premium:
Origination fees:

FINANCING RATE:

Fixed Rate
6.00% p.a.

INSTALMENTS

Instalments: \$ 190,809.38 CAD
Instalment date: 22nd
Frequency: Monthly
No. of Instalments: 84
First Instalment date: April 22nd, 2007
Original Term: 84 months

Financed Amount: 13,061,482.62 = CAD

ADDITIONAL PROVISIONS

See Schedule B which is an integral part of this agreement.

In consideration of the loan (the "Loan") by Lender (as defined below) to Client in the amount specified under the heading "Financed Amount" above, the receipt of which Client hereby acknowledges, Client acknowledges itself indebted and promises to repay to Lender the Financed Amount. Client also acknowledges that it has agreed to grant to Lender a security interest in the Equipment described above to secure repayment of the Financed Amount on the terms and conditions set forth above, on pages 1, 2, 3 and 4 of document 15133E attached hereto, on all applicable schedules and other attachments hereto, all of which terms and conditions form a part of this Equipment Loan and Security Agreement.

I WITNESS WHEREOF the parties hereto have executed this Equipment Loan and Security Agreement at Thunder Bay in the province of Ontario, this 2nd day of March 2007.

Northern Sawmills Inc.

GE Canada Equipment Financing G.P.

("CLIENT")

("LENDER")

By: *[Signature]*

[Signature]

TITLE

TITLE

SIGNATURE OF AUTHORIZED OFFICERS

SIGNATURE OF AUTHORIZED OFFICERS

TITLE



GE Canada

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SCHEDULE A

No: 150010293079

SCHEDULE A is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010293079 executed at Thunder Bay in the province of Ontario, this 22nd day of March 2007.

EQUIPMENT

UNITS	MODEL	YEAR	DESCRIPTION	SERIAL Nos.
1	DDM12 SBP	2002	Comact Side Board Profiler	
2	DDM6	2002	Comact Saw Line	
			Complete sawmill line within building consisting of: air compressors, heating systems, hydraulic sytems, electrical systems, catwalks, monorails, in feed ramps, out feed ramps and decks, unscramblers, debarker conveyers, debarkers, surge deck, edger system, sorters, computer systems, dry kiln, all attachments and accessories that are required for the continuous operation and production of the line. The collateral is located or affixed to the selected PIN 62264-0453 LT, PIN 62264-0233 LT, PIN 62264-0112 LT	

Thunder Sawmills Inc.

GE Canada Equipment Financing G.P.

(“CLIENT”)

(“LENDER”)

By: [Signature] [Signature]

TITLE

TITLE

SIGNATURE OF AUTHORIZED OFFICERS

TITLE

SIGNATURE OF AUTHORIZED OFFICERS

TITLE



GE Canada

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SCHEDULE B

No: 150010293079

As SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010293079 executed at Thunder Bay in the province of Ontario, this 22nd day of March 2007.

ADDITIONAL PROVISIONS

TRANSACTION FEE

Client agrees to pay a transaction fee of CAD \$ 62,500.00 upon signature hereof.

FINANCIAL COVENANTS

Client shall be in default as per the terms herein, if the following financial covenants are not maintained during the term of this Agreement.

Cash Flow Coverage ratio

A Minimum Cash Flow Coverage ratio of 1.10:1.00 will be measured annually, commencing May 1, 2008. Cash Flow coverage ratio is defined as "The sum of Net profit/loss plus Depreciation plus Amortization divided by the prior year Current Portion of the Long Term Debt."

ADDITIONAL SECURITY

To further secure the performance of the Obligations of Client under this Agreement and as conditions precedent to the advance by Lender of the Financed Amount:

- (a) Client shall provide to and in favour of Lender security over all of Client's real property and all of Client's present and future personal property;
- (b) Lucky Star Holdings Inc. shall execute and deliver a letter of comfort to and in favour of Lender in form of letter of comfort attached to Commitment Letter of Lender dated February 1, 2007 and accepted by Client on February 2, 2007;
- (c) Lucky Star Holdings Inc. shall also postpone payment of all amounts owing by Client to Lucky Star Holdings Inc. up to an amount of \$10,000,000 to the payment in full of all indebtedness and other liabilities of Client to Lender and, in connection therewith, shall postpone and subordinate any security registered in its favour against any of the real and/or personal property of Client to and in favour of Lender;
- (d) Client shall execute and deliver to and in favour of Lender an environmental indemnity agreement in form and content satisfactory to Lender; and
- (e) Client shall execute and deliver such other documents and security as Lender may, prior to the advance of the Financed Amount, require.

ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF CLIENT

Client further represents, warrants and covenants to and in favour of Lender that:

- (a) Client is in compliance with (i) all Laws applicable to it and its business and assets, including Environmental Laws, and (ii) the terms and conditions of its insurance coverage and policies therefore;
- (b) All real property owned by Client, including all buildings and premises located thereon (collectively, the "Property"), is in good condition, repair and appearance, ordinary wear and tear excepted, and such Property complies with all Laws and the present use and location of the buildings thereon are legal conforming uses under all applicable Laws;
- (c) No claims or notices have been received by or are known to Client alleging or relating to any non-compliance by any of the Property or any portion thereof with any applicable Laws and Client shall promptly deliver to Lender any such claim or notice received by it hereafter;
- (d) All of the Property has unrestricted rights of public access to and from public highways or roads abutting the Property (completed, dedicated and fully-accepted for public use by all Governmental Authorities) at all existing access points, which access permits the full utilization of the Property for its present use without further conditions or cost;
- (e) All Approvals in respect of any Governmental Authority necessary or of advantage to permit Client to own its assets and carry on its business have been obtained or made and are in full force and effect other than those not yet required under applicable Law and which are expected to be obtained in the ordinary course, as and when so required; Client is in compliance with the requirements of all such Approvals



GE Canada

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SCHEDULE B

No: 150010293079

SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010293079 executed at Thunder Bay in the province of Ontario, this 22nd day of March 2007.

ADDITIONAL PROVISIONS

and there is no litigation existing, pending, or threatened which could result in the revocation, cancellation, suspension or any other adverse modification of any such Approval;

- (f) Except as disclosed to Lender in writing prior to the date hereof;
 - (i) all assets of Client are, and to the best of Client's knowledge have been, owned, leased, managed, controlled or operated, and are, and to the best of Client's knowledge have been, in compliance with all Environmental Laws, except where non-compliance could not have or result in a Material Adverse Effect;
 - (ii) Client has obtained all Approvals which are required under Environmental Laws in respect of its assets and the operation of its business; the business and operations of Client have been, and continue to be, conducted in compliance with all such Approvals and all such Approvals are valid and in full force and effect;
 - (g) Client will continue to conduct its business substantially as now conducted or as otherwise permitted hereunder and in a proper and efficient manner and at all times maintain, preserve and protect all of its assets and property (including the Property) in a reasonable manner and keep the same in good repair, working order and condition (taking into consideration ordinary wear and tear) and from time to time make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices, manufacturer's recommendations and requirements and mandatory governmental requirements so that the business carried on in connection therewith may be properly and advantageously conducted at all times;
 - (h) Client will promptly notify Lender of any loss, material damage, or destruction to any of its assets or arising from its use, whether or not covered by insurance;
 - (i) Client will allow Lender and any person designated in writing by Lender, during normal business hours, upon reasonable notice, to visit and inspect any of the properties or assets of Client, to examine, copy and make extracts from its books and records and to discuss the finances and accounts of Client with its officers;
 - (j) Client will do all things that are required in order that the security required to be granted by Client pursuant to this Agreement be constantly perfected on all property intended to be covered by such security;
 - (k) Client will comply in all respects with the requirements of all applicable Laws and Approvals applicable to it, its business and its assets and with all orders of Governmental Authorities;
 - (l) Client will be at all times in compliance with all Environmental Laws, and will similarly ensure that its assets and its operations and business are in compliance with all Environmental Laws;
 - (n) Notwithstanding the provisions of Section 9 of this Agreement, Client will, at Client's own expense, place and maintain with insurers acceptable to Lender insurance on all of Client's real property and tangible personal property for its full insurable value and will hold public liability insurance, as would a prudent administrator of a company such as Client, with similar assets and activities, including without limitation the following:
 -) comprehensive all risks insurance (including business interruption) on all its assets for its full replacement value; such insurance must include (1) Lender as a beneficiary under a broad form of secured creditor endorsement clause and (2) a waiver of subrogation clause in favour of Lender;
 - i) broad form boiler and machinery coverage in amounts acceptable to Lender; and
 - ii) comprehensive general public liability (including products and sudden and accidental pollution liability), bodily injury and third party property damage insurance with limits of liability at least equal to \$5,000,000 or such greater amount as Lender may require; such insurance must: (1) extend to all liabilities of Client under this Agreement, (2) include Lender as a beneficiary under a broad form of secured creditor endorsement clause, and (3) include a cross liability provision which insures each person insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each.
- All policies of insurance must be in place on the date of this Agreement, must cover Lender and Client as their respective interests appear and must contain endorsements providing that:
-) 30 days' written notice must be given to Lender before the policy lapses or is materially altered or cancelled;
 -) the insurance must be primary and not contributory;



GE Canada

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SCHEDULE B

No: 150010293079

SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010293079 executed at Thunder Bay in the province of Ontario, this 22nd day of March 2007.

ADDITIONAL PROVISIONS

- (C) Lender shall be named as first loss payee and an additional insured in all policies of insurance except as regards public liability;
- (D) all policies must have the standard IBC mortgage clause;
- E) Lender's coverage and interests as the beneficiary under the above secured creditor endorsement must not be invalidated or otherwise adversely affected by any act, neglect, omission or misrepresentation, deliberate, negligent or otherwise, of Client or its agents, servants or employees;
- F) Lender must not be responsible for payment of any premiums; and
- G) Lender's realization on the assets and property of Client will not affect or otherwise hinder the rights of Lender under all policies of insurance.
- Client will, upon request, supply Lender with certificates of all insurance policies and endorsements or other evidence of the required coverage and endorsements satisfactory to Lender. All insurance proceeds will be payable to Lender and shall be made available to Client to repair damage to or to replace the damaged property unless a Default hereunder has occurred, in which event, such proceeds shall be applied to the Financed Amount, as Lender deems appropriate.
- n) Client will not create, incur, assume or suffer to exist any Lien on any of Client's real property and/or Client's present or future personal property, except for such Liens as Lender may, from time to time, permit; and
- (o) Client will not sell, transfer, lease, alienate or otherwise dispose of any of its real property or personal property, other than in the ordinary course of its business.
- For the purposes of the foregoing additional representations, warranties and covenants, the following terms shall have the following meanings:
- "Approvals" means any authorization, approval, grant, licence, consent, exemption, certificate, attestation, permit, notice, registration, filing, action, commitment, franchise, no-action letter, declaration, order, judgment, direction, ordinance or decree issued or granted by, and any action to be taken in respect of, any Governmental Authority having jurisdiction with respect to Client, its property or the operation of the business of Client;
- "Contaminants" means any and all pollutants, contaminants, substances, materials, solids, liquids, gases, residual materials or waste which are subject to or governed by Environmental Laws;
- "Environmental Laws" mean any and all Laws, as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment, including, without limitation, those relating to emissions, discharges, releases or threatened releases of Contaminants into the indoor or outdoor environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Contaminants;
- "Governmental Authority" means any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board or court or other law, regulation or rule making entity (including a Minister of the Crown), national or supra-national, having or purporting to have jurisdiction on behalf of any nation, state, province, municipality or district, or any subdivision thereof, any federal, provincial, state, county, municipal or other Canadian federal, provincial, state or local governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi-governmental authority; and
- "Laws" mean all laws, statutes, international treaties, rules, codes, ordinances, regulations, orders, interpretations, policies, guidelines, directives and Approvals of any Governmental Authority and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

Client covenants and agrees that upon a Default, Lender may, at its option and at the sole cost and expense of Client, have a survey of the property or any portion thereof completed."

ADDITIONAL REMEDIES OF LENDER ON DEFAULT



GE Canada

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SCHEDULE B

No: 150010293079

SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010293079 executed at Thunder Bay in the province of Ontario, this 22nd day of March 2007.

ADDITIONAL PROVISIONS

In addition to the rights and remedies of Lender set out in Section 14 of this Agreement, Lender shall also be entitled to exercise all of its rights and remedies under and pursuant to the security granted by Client to Lender over all of Client's real property and all of Client's present and future personal property.

INTEREST RATE (GOC)

The Financed Amount will bear interest at an annual rate equal to 210 basis points above the yield of the Government of Canada Bond (GOC) with a maturity closest to 51 months after the disbursement date, as in effect on the Friday preceding the disbursement date and published in the next Monday edition of the Globe and Mail. This rate shall remain fixed for the entire term of this Agreement. For indication purposes only, the yield on the applicable GOC today (maturing on 2011-06-01 with a coupon of 6), is 3.900, thus generating a fixed interest rate of 6. The installments and the Financing rate on the signature page of this contract are for indication purposes only.

Northern Sawmills Inc.

GE Canada Equipment Financing G.P.

("CLIENT")

("LENDER")

By: [Signature] [Signature]

SIGNATURE OF AUTHORIZED OFFICERS

TITLE

SIGNATURE OF AUTHORIZED OFFICERS

TITLE



1. Interpretation

1.1 For the purpose of this Agreement:

- (a) "Accrued Liability" at any time means the amount equal to the sum of the Financed Amount, any Prepayment Bonus and all other amounts then payable hereunder, including without limitation, any Overdue Payment and accrued interest.
- (b) "Affiliate" means in respect of a person, a person or persons that, directly or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, such person, and for the purposes of this definition, "control" means the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities or otherwise, and "person" means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative.
- (c) "Agreement" means this Equipment Loan and Security Agreement and any applicable schedules hereto, unless the context otherwise requires, and "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement.
- (d) "business day" means a day when the office of Lender at the address stated on the face hereof is open for business.
- (e) "Claims" has the meaning assigned in Section 16.
- (f) "control" has the meaning attributed to it in the *Canada Business Corporations Act*.
- (g) "Client" means the client of Lender stated on the face hereof.
- (h) "Conversion Rate" means the rate, expressed in CAD for the purchase of one US dollar, determined by adding 0.0050 CAD/USD to the highest rate which appears on the Bloomberg CAD GIT Page between 7 AM and 5 PM (EST).
- (i) "Costs of Disposition" means all costs, disbursements, fees, commissions and other expenses (including legal fees and expenses) which Lender may incur, pay or be liable for in connection with recovering possession of, dismantling, removing, transporting, repairing, processing, reconditioning, storing, selling, leasing or otherwise disposing of Equipment.
- (j) "Default" means any of those events or circumstances specified in Section 13.
- (k) "Equipment" means the items of personal property described on the face hereof and, when required by the context, individual items thereof.
- (l) "Equities" means existing or future rights of counterclaim, defence, set-off, compensation, abatement or offset, legal or equitable.
- (m) "Financed Amount" means the amount stated as such on the face hereof owing by Client to Lender or the unpaid outstanding balance thereof, as the context requires.
- (n) "Financing Rate" means the rate per annum stated as such on the face hereof.
- (o) "Installments" means the periodic repayment instalments of the Financed Amount, together with interest calculated at the Financing Rate as provided on the face hereof, such instalments stated on the face hereof.
- (p) "Lender" means the Lender stated on the face hereof.
- (q) "Lien" means any lien, privilege, mortgage, pledge, hypothec, charge, security interest, attachment, assignment, seizure, sequestration, distress, levy or other encumbrance of any nature or kind whatsoever.
- (r) "Loss of Equipment" means:
 - (i) a total or constructive total loss of Equipment, or damage thereto, or theft thereof which, in the reasonable opinion of Lender, renders it impossible or impractical to use the Equipment for its intended purpose; or
 - (ii) expropriation or confiscation of Equipment by any authority absolutely or for more than 180 days.
- (s) "Obligation" means any obligation by Client to pay any amount owing hereunder, including the Financed Amount, Overdue Payments and all other amounts owing hereunder, or to perform any other obligation of Client hereunder or which is secured hereunder.
- (t) "Overdue Payment" means any amount owing by Client hereunder and any sum disbursed by Lender pursuant to Section 15 which is not paid when due hereunder, or any portion thereof.

- (u) "person" means any natural person, corporation, firm, partnership, trust, sole proprietorship or governmental agency, authority or other entity, however constituted or designated.
- (v) "Pledge" means to mortgage, charge, pledge, hypothecate, assign or grant a security interest and the security resulting therefrom and, as a noun, has the corresponding meaning.
- (w) "Prepayment Bonus" means a prepayment bonus determined in accordance with Section 2.2.
- (x) "Prime Rate" means the yearly rate of interest which National Bank of Canada announces from time to time in Canada as its prime lending rate which is a reference rate for demand loans in Canadian dollars to corporate borrowers.
- (y) "Supplier" means any manufacturer, supplier, vendor or dealer in Equipment or any other person from whom Client has acquired any of the Equipment.
- (z) "Taxes" means any and all taxes, imposts, levies, fees, duties and charges imposed by any taxing authority on Lender, Client, the Equipment, its purchase, sale, ownership, security interest thereon, delivery, possession, operation or use including, without limitation, sales, excise, use, health services, property, goods and services, business transfer and value added taxes (including any penalties or interest based on late or non-payment), but excluding taxes imposed on or measured by Lender's overall net income.
- (aa) "Warranties" means any and all warranties, guarantees, representations, service contracts, contracts to stock spare parts and similar agreements, oral or written, express, implied or statutory, relating to Equipment.

1.2 In this Agreement, unless the context otherwise requires, the singular includes the plural and vice-versa and words imparting gender include each gender.

1.3 All references herein to statutes include the statute as it may be amended, restated or replaced with legislation of comparable effect.

1.4 Acts to be performed hereunder on non-business days shall be performed on the following business day.

2. Instalments

2.1 Client hereby acknowledges that it has borrowed from Lender and is thereby, or has otherwise become, indebted to and agrees to repay to Lender, at the address of Lender stated on the face hereof or such other place notified by Lender to Client, the Financed Amount, together with interest thereon, by paying the Instalments stated on the face hereof. Unless otherwise stated, Instalments are due on the dates stated on the face hereof in each month, or other period (or the last day of the month, if there is no corresponding date), in arrears, throughout the term hereof. On the final instalment date, Client shall pay Lender the outstanding balance of the Financed Amount, all accrued and unpaid interest thereon and all other amounts payable hereunder.

2.2 Client may at any time prepay the Financed Amount in whole or in part upon payment to Lender of a Prepayment Bonus determined as follows:

- (a) if the Financing Rate is a variable rate based on Prime Rate, the bonus shall be three months' interest on the amount prepaid calculated at the Financing Rate in effect at the time of prepayment, or
- (b) if the Financing Rate is a fixed rate, the bonus shall be either
 - (i) three months' interest on the amount prepaid calculated at the Financing Rate (the "Minimum Bonus"), if the Financing Rate does not exceed the Prime Rate in effect at the time of prepayment ("Current Prime"), or
 - (ii) the greater of (A) the Minimum Bonus or (B) the amount determined as the product of (x) the Financing Rate less Current Prime times (y) the amount prepaid times (z) the fraction of the number of days to elapse until the final instalment date, disregarding prepayments, divided by 365, if the Financing Rate exceeds Current Prime.

Any portion of the Financed Amount prepaid shall be applied to the remaining Instalments in inverse order of maturity. No part of the Prepayment Bonus shall be applied in reduction of said remaining Instalments. If a Default or a Loss of Equipment occurs, the Prepayment Bonus shall also be payable by Client and shall be calculated by reference to the outstanding balance of the Financed Amount at the time of such Default or Loss of Equipment, as applicable.

3. Interest

- 3.1 The Financed Amount shall bear interest from the date hereof until paid in full to Lender (as well before as after maturity, demand, Default or judgment) at the Financing Rate.
- 3.2 In addition to interest payable under Section 3.1, each Overdue Payment shall bear interest from the date due until paid in full to Lender (as well before as after demand, Default or judgment) at the rate of 12% per annum, calculated as specified in Section 3.3.
- 3.3 Interest payable hereunder shall accrue from day to day, be payable in arrears on each Instalment date and be computed upon the daily outstanding balance of the Financed Amount or Overdue Payment, as applicable, and shall be calculated on the basis of the number of days elapsed in a 365-day year. The yearly rate of interest to which each rate of interest expressed herein is equivalent is the product of (a) such rate times (b) the fraction of the number of days in the year divided by 365.
- 3.4 If the Financing Rate is a variable rate based on Prime Rate, a change in Prime Rate automatically changes the rate of interest payable hereunder to the same extent and in the same manner effective with the frequency stated on the face hereof. Lender shall not be obliged to notify Client of any such change, any right to notice being hereby irrevocably waived by Client.

4. Title, Ownership

Title to, ownership of, and all property in Equipment shall remain with Client, but subject always to the security interests and other provisions hereof, and at Client's sole risk, until full payment in cash of all amounts repayable hereunder; prior to such payment, Client's rights therein are to quiet enjoyment and use on the terms and conditions of this Agreement so long as a Default has not occurred.

5. Security Interest and Warranties as to Equipment

- 5.1 In consideration of the Loan, Client hereby mortgages, hypothecates, charges by way of a first fixed charge, and grants to Lender a continuing security interest (herein collectively called a "security interest") in Equipment and Pledges in favour of Lender all insurance claims and all proceeds (including proceeds of proceeds) therefrom with respect to any loss or damage to Equipment or any lease or rental of Equipment, all to secure repayment of the Financed Amount and other Obligations of Client.
- 5.2 Client represents and warrants to Lender that the Client has good and marketable title to Equipment, free and clear of all Liens, except for the security interests of Lender hereunder. Client agrees to comply with all Warranties accruing to the Client pertaining to Equipment; however, any failure by any vendor to Client of Equipment to comply with any Warranty shall not affect Client's Obligations to Lender hereunder.

6. Personal Property and Waivers

- 6.1 Equipment shall at all times be and remain moveable personal property. Notwithstanding any purpose for which Equipment may be used or that it may become affixed or attached to land or any structure thereon, Equipment shall remain subject to all rights of Lender hereunder as if it were not so affixed or attached.
- 6.2 Client agrees to obtain a waiver, if required by and in a form satisfactory to Lender, from any landlord, mortgagee, hypothecary creditor or other encumbrancer of the premises where Equipment is situated (and prior to its becoming affixed if it is to be affixed).

7. Maintenance, Use, Operation, Alterations, Upgrades, etc.

- 7.1 Client shall at its own expense:
- maintain Equipment in good operating condition, repair and appearance, ordinary wear and tear only excepted;
 - comply with all recommendations or requirements of Supplier regarding Equipment so as to preserve all Warranties; and
 - at Lender's request, enter into a maintenance agreement for Equipment for the full term of this Agreement with Supplier or a competent service and maintenance agent approved by Lender.
- 7.2 Client shall not, without Lender's consent, make any alterations, additions, accessions or attachments to Equipment. Such consent will only be granted if such changes:
- do not materially decrease the value of Equipment or limit, interfere with or frustrate its intended use;
 - do not prejudice or adversely affect any Warranties; and
 - are free from, and do not subject Equipment to, any Lien.
- 7.3 All replacement parts and components, alterations, additions, accessions and attachments to Equipment shall automatically become subject to the security interests created hereby as soon as they are acquired by or on behalf of Client.
- Client shall affix and keep affixed to Equipment any labels supplied by Lender identifying its security interests in Equipment.

8. Inspection

Any representative of Lender shall have the right to inspect Equipment at all reasonable times upon notice to Client.

9. Insurance

- 9.1 Client shall at its own expense place and maintain with insurers acceptable to Lender:
- comprehensive all risks insurance on Equipment for the greater of the Financed Amount or the full replacement value of the Equipment. Such insurance shall include: (i) a loss payable clause in favour of Lender and (ii) a waiver of subrogation clause in favour of Lender; and
 - general public liability and property damage insurance with limits of liability at least equal to \$1,000,000 or such greater amount as Lender may require. Such insurance shall extend to all liabilities of Client under this Agreement arising out of its use or possession of Equipment and to any potential vicarious liability of Lender as holder of security interests in Equipment created hereby.
- 9.2 All such policies of insurance shall be in place at the effective date of this Agreement and shall contain endorsements providing that: (a) 30 days' written notice shall be given to Lender before the policy lapses or is materially altered or cancelled; (b) the insurance shall be primary and not contributory; (c) Lender's interests therein shall not be invalidated or otherwise adversely affected by any act or omission, deliberate, negligent or otherwise, of Client or its agents, servants or employees (the so-called "standard mortgage clause"); (d) Lender shall not be responsible for payment of any premiums; and (e) Lender may elect to have all proceeds of loss payable only to itself.
- 9.3 Client shall supply Lender with certified copies of all insurance policies, endorsements or other evidence of the required coverage satisfactory to Lender within 30 days of the effective date of this Agreement and on request.
- 9.4 In the event of damage to any item of Equipment amounting to Loss of Equipment, Lender shall be entitled to receive immediate payment of the amount equal to the Accrued Liability with respect to such item of Equipment. Lender may retain any monies received from the insurance proceeds in an amount equal thereto, Client remaining liable for any deficiency.

10. Taxes, etc.

Client shall have the sole responsibility for and shall duly and punctually pay all Taxes and all licence and similar fees payable at any time upon, or in respect of, Equipment, this Agreement and any payments or transactions contemplated hereunder.

11. Liens

Client shall keep Equipment free of all Liens.

12. Laws and Regulations

Client is and shall continue to be in compliance with all laws and regulations relating to use, operation or possession of Equipment or the security interests therein in favour of Lender, and those relating to the prevention of money laundering and terrorism.

13. Default

It shall be a Default under this Agreement if:

- Client fails to pay any Instalment within 10 days after its due date;
- any representation or warranty of Client made herein or in any instrument or document delivered to Lender in connection herewith is false or materially incorrect or misleading;
- any insurance coverage required to be obtained and maintained by Client under this Agreement shall lapse, expire or be cancelled;
- Client defaults in any other Obligation, or in any obligation under any other agreement with Lender or any Affiliate of Lender and such default continues for 10 days after notice thereof by Lender or such Affiliate, as applicable, to Client;
- any act of bankruptcy takes place respecting Client, or any proceeding, petition or notice, voluntary or involuntary, is commenced, made, given or filed, as the case may be, by the Client or any other person, under any present or future statute or law relating to bankruptcy, insolvency or relief from or compromise or arrangement with creditors of Client;
- Client ceases or threatens to cease to carry on business or makes or proposes to make any sale of the whole or any substantial portion of its assets in bulk, or otherwise out of the normal course of business;
- any execution, sequestration, expropriation or similar process is brought or threatened, by way of notice or otherwise, against, or a distress or analogous process is levied upon the whole or any part of the property of Client or Equipment;
- any trustee, receiver, interim receiver, administrator, manager or similar official is appointed with respect to all or any part of the property, assets or undertaking of Client, whether pursuant to any private instrument or agreement or by order of any court;
- if ownership of or control and direction over the assets or undertaking of Client or the majority of its voting shares changes, by amalgamation, merger, sale, transfer of shares or otherwise, except pursuant to death of the shareholder, or Client passes any

resolution concerning any matter referred to in paragraph (e) or with respect to, or any proceedings, voluntary or involuntary, are commenced under, any present or future law relating to amalgamation, liquidation, winding-up or dissolution;

- (j) an event occurs which, in the opinion of Lender, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, operations, assets, liabilities or prospects of Client, Client's ability to perform any Obligation, or any obligation under any other agreement with Lender or any Affiliate of Lender, or on the rights and remedies of Lender thereunder, and continues for 10 days after notice thereof by Lender or such Affiliate, as applicable, to Client; or
- (k) any event or circumstance described in any of paragraphs (c) and (e) through (j) inclusive occurs with respect to any guarantor or surety of Client respecting this Agreement or any person who controls Client or any Affiliate of Client.

A Default under this Agreement shall be deemed a default under all other present and future agreements entered into between Client and Lender or any Affiliate of Lender.

14. **Lender's Remedies on Default**

Upon Default, Lender shall be entitled to do one or more of the following:

- (a) declare this Agreement to be in default (with or without terminating this Agreement) whereupon all Obligations shall be immediately due, payable and enforceable without any notice or demand whatsoever;
- (b) terminate this Agreement;
- (c) declare any or all of the Obligations to be immediately due and payable, or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonor, all of which are expressly waived;
- (d) take possession of Equipment, without demand, notice or legal proceeding and enter on any premises of Client or any other person for such purpose;
- (e) sell, lease or otherwise dispose of Equipment by public or private transaction for such consideration payable immediately and/or deferred and on such terms and conditions as Lender in its discretion determines;
- (f) whether or not this Agreement may have been or be deemed to have been terminated, demand, sue for and recover the amount equal to the Accrued Liability, less, if applicable, the net proceeds to Lender derived from the sale, lease or other disposition of the Equipment, after deducting all Costs of Disposition; and
- (g) exercise any other rights or remedies and/or take any proceedings available to Lender hereunder, at law or in equity.

In lieu of selling, leasing or otherwise disposing of Equipment, Lender may retain Equipment and cause Equipment to be valued by a qualified appraiser selected by it and such value shall be substituted for and deducted as net proceeds to Lender under subparagraph (f) of this Section. Proceeds of sale, lease or disposal need be deducted only when received, unless Lender elects to take the present value of payments to be received, discounted at the Financing Rate then in effect, compounded monthly.

15. **Lender's Rights to Remedy Defaults**

If Client fails to perform or comply with any Obligation, Lender may, but has no obligation to, perform same in the name of Client or Lender and make all necessary disbursements in connection therewith, which shall be reimbursed by Client immediately on demand. Lender is hereby appointed Client's lawful attorney to take any such action in Client's name.

16. **Client's General Indemnities**

Client shall indemnify and save harmless Lender from and against all existing or future losses, costs, charges, expenses, liabilities, claims, demands, penalties, damages, suits, actions and causes of action of every nature and kind whatsoever, including strict liability in tort or in delict (collectively, "Claims") sustained or suffered by Lender, or for which Lender may become liable, resulting from or arising out of:

- (a) Lender's lawful exercise or performance of its rights or obligations under this Agreement;
- (b) the holding by Lender of a security interest in the Equipment;
- (c) any Default;
- (d) any personal injury or property damage or other commercial loss arising out of the sale or delivery to, installation, ownership, use, operation, maintenance, condition, return, removal and re-delivery of Equipment; or
- (e) any use or operation of Equipment which infringes any patent or other industrial or intellectual property right, unless caused by the gross negligence or wilful misconduct of Lender, its employees, servants or agents.

17. **Administrative Fees and Expenses**

Client shall pay Lender on demand Lender's prevailing fees and all costs and disbursements (including legal fees and expenses) certified by Lender as having been incurred or made in connection with the enforcement or preservation of any right or remedy arising on Default or in connection with the rendering of financial services under this Agreement including, without limitation, for processing of payments and rendering statements to Client.

18. **Pre-Authorized Payments**

Client shall execute and deliver to Lender from time to time upon request pre-authorized payment orders in such form as Lender may reasonably request. Lender is hereby authorized to deliver such orders to the financial institution named therein. Client hereby appoints Lender its lawful attorney to take all action contemplated by such payment orders to receive payment of any amount due under this Agreement. Lender may decline any other form of payment.

19. **Location of Equipment**

- 19.1 Except as otherwise expressly permitted hereunder, Client shall not part with possession of Equipment nor remove any of same from Canada.
- 19.2 Client covenants that Equipment will continue to be located where stated on the face hereof, or at any other location agreed to in writing by Lender.

20. **Assignment and Leasing**

Client shall not assign any rights hereunder and Client shall not sell or attempt to sell Equipment nor lease or rent or attempt to lease or rent Equipment, in any case without the prior consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No action aforesaid by Client shall relieve Client of any of its Obligations.

21. **Client's General Representations, Warranties and Covenants**

Client represents and warrants to and covenants with Lender that: (a) if Client is a body corporate, it is and will continue to be a body corporate or other legal entity duly and validly incorporated or otherwise established, organized and existing in good standing under the laws of its jurisdiction of incorporation or establishment, with all necessary power and authority to execute, deliver and perform this Agreement; (b) if Client is a body corporate, all of the transactions contemplated herein have been and will be duly authorized by all necessary action, are not and will not be in conflict with the constating documents or by-laws of Client or any indenture, instrument, agreement or undertaking to which it is or will be a party or by which it or its assets are or may become bound; (c) this Agreement is and will continue to be the legal, valid and binding obligation of Client, enforceable against it in accordance with its terms; (d) all information as defined in Section 41 provided by Client to Lender is accurate; and (e) all payments to Lender are and will be derived from legal sources. Client agrees to furnish to Lender a copy of its most recent annual financial statements, audited if applicable, promptly upon availability and in any event, within 90 days of each financial year-end. Upon request by Lender, Client agrees also to furnish its quarterly financial statements promptly upon availability and, in any event, within 60 days of each financial quarter-end.

22. **Statutory Waivers and Acknowledgement**

- 22.1 Client waives its right to receive a copy of any financing statement or financing change statement registered by Lender and of any related verification statement.
- 22.2 Client waives, to the fullest extent permitted by law, the application of the provisions of (a) *The Limitation of Civil Rights Act* (Saskatchewan); and (b) *The Distress Act* (Manitoba). Client agrees that the provisions of this Agreement are commercially reasonable.

23. **NO SET-OFF - EXCLUSION AND ASSIGNMENT OF WARRANTIES**

- 23.1 CLIENT IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL EQUITIES AGAINST ANY INSTALMENT AND OTHER AMOUNT DUE TO LENDER HEREUNDER AND AGREES TO PAY EACH SUCH INSTALMENT AND OTHER AMOUNT WITHOUT REGARD TO ANY EQUITIES. NEITHER DEFECTS IN, DAMAGE TO, NOR LOSS OR DESTRUCTION OF EQUIPMENT SHALL TERMINATE THIS AGREEMENT OR REDUCE CLIENT'S OBLIGATIONS HEREUNDER, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN.
- 23.2 CLIENT REPRESENTS AND WARRANTS TO AND COVENANTS WITH LENDER THAT EQUIPMENT IS AND WILL BE USED FOR COMMERCIAL, INDUSTRIAL OR BUSINESS PURPOSES ONLY AND NOT FOR PERSONAL, FAMILY, HOUSEHOLD OR FARMING PURPOSES;
- 23.3 (A) LENDER SHALL NOT BE BOUND BY OR BE DEEMED TO HAVE MADE OR BE LIABLE FOR ANY REPRESENTATION, WARRANTY OR PROMISE MADE BY SUPPLIER OR OTHERWISE; (B) LENDER SHALL NOT BE LIABLE FOR ANY FAILURE OF EQUIPMENT INCLUDING ANY LATENT DEFECT OR ALLEGED FUNDAMENTAL BREACH OF THIS AGREEMENT; (C) NEITHER LENDER NOR ANY OF ITS EMPLOYEES, SERVANTS OR AGENTS HAS MADE AND DOES NOT NOW MAKE ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO EQUIPMENT OR

- ANY INTELLECTUAL OR INDUSTRIAL PROPERTY RIGHTS THEREIN INCLUDING, WITHOUT LIMITATION, THE DESIGN, SPECIFICATIONS, CONDITION, QUALITY, MERCHANTABILITY OR FITNESS FOR CLIENT'S PURPOSES AND (D) LENDER SHALL HAVE NO LIABILITY FOR ANY DIRECT, INDIRECT, PUNITIVE, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS, ACTUAL OR ANTICIPATED, OR FOR ANY DAMAGES BASED ON STRICT OR ABSOLUTE TORT OR DELICTUAL LIABILITY OR LENDER'S OR SUPPLIER'S NEGLIGENCE. NOTHING HEREIN SHALL DEPRIVE CLIENT OF ITS RIGHTS AGAINST SUPPLIER OR ANY PERSON OTHER THAN LENDER. CLIENT SHALL MAKE ANY CLAIMS WITH RESPECT TO EQUIPMENT DIRECTLY AGAINST SUPPLIER.
- 23.4 IF EQUIPMENT IS SEIZED OR SOLD BY LENDER, ALL WARRANTIES OF SUPPLIER AND RIGHTS TO ALL SOFTWARE, OTHER INTELLECTUAL AND INDUSTRIAL PROPERTY LICENSES ACCOMPANYING GOODS SHALL BE DEEMED ASSIGNED BY CLIENT TO LENDER.
24. **Notices**
Any notice, demand, consent or other communication required or permitted hereunder ("Notice") shall be in writing and may be delivered, or sent by prepaid registered mail, or by telex, facsimile or other means which produces a permanent written record (a "transmission"). Mailed Notice shall be deemed to have been given two business days after mailing provided there is no general disruption or stoppage of postal services then in effect, in which case delivery shall be made by one of the other methods permitted herein; delivered Notice shall be effective upon delivery during business hours to an apparently responsible adult, and transmissions shall be deemed to have been received at the opening of the business day immediately following transmission. Addresses for Notice shall be those addresses stated on the face hereof and may be changed in accordance with the foregoing.
25. **Remedies Cumulative**
All rights and remedies of Lender hereunder are cumulative and not exclusive or alternative and may be exercised by Lender separately or together, in any order, sequence or combination.
26. **Forbearance, Indulgence and Waivers**
Forbearance or indulgence by Lender in any instance shall not constitute a general waiver of the obligation under this Agreement to which the same applies. Any waiver by Lender of its rights must be in writing and shall not extend to any other obligation or right.
27. **Allocations**
Client hereby irrevocably and unconditionally waives any present or future right to allocate any payment made to Lender to any specific Obligation due under this Agreement or under any other agreement with Lender or any affiliate of Lender. Lender may allocate and apply any payment received to any Obligation due hereunder or under any other agreement with Lender or affiliate of Lender and may reverse, reallocate and re-apply any such payment as many times and in such manners as Lender from time to time sees fit. Payments received shall be allocated upon receipt of legal tender or cleared funds. Lender is hereby irrevocably authorized to combine and set off amounts payable by it to Client with amounts owing to it from Client (in each case whether matured or not and whether absolute or contingent) under the same or different agreements.
28. **Time**
Time is and shall remain of the essence of this Agreement.
29. **Entire Agreement**
29.1 There are no representations, warranties, covenants, agreements or acknowledgements by Lender affecting the Financed Amount, the Obligations, the Accrued Liability, this Agreement or Equipment, other than expressed in this Agreement.
29.2 No agreement purporting to amend or modify this Agreement or any other document, paper or writing relating hereto or to Equipment or connected herewith shall be binding unless in writing signed by the parties hereto.
30. **Severability**
Any term, condition or provision of this Agreement which is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severed herefrom and ineffective to the extent of such invalidity, prohibition or unenforceability, without in any way invalidating the balance hereof.
31. **No Merger in Judgment**
The taking of any judgment by Lender under this Agreement shall not operate as a merger or novation of any term or condition hereof or of any obligation of Client or Lender hereunder.
32. **Further Assurances and Power of Attorney**
Client and Lender each shall do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lender to have the full benefit of all rights and remedies intended to be reserved or created hereby. Lender is hereby appointed Client's lawful attorney to complete and/or correct any information on the face hereof or in any Schedule hereto.
- 32.2 Each power of attorney granted in this Agreement is granted with full power of substitution, is irrevocable, is coupled with an interest, shall survive termination of this Agreement and may be exercised during any subsequent legal incapacity of Client or Lender.
33. **Currency**
Unless otherwise stated in this Agreement, all sums of money payable hereunder shall be paid in Canadian dollars. If any amount payable pursuant to this Agreement needs to be converted from US dollars to Canadian dollars, including for purposes of determining the amount of the Financed Amount or any instalment, such conversion shall be made by Lender on the relevant date at the Conversion Rate and Lender will notify Client of the Canadian dollar amount so converted.
34. **Survival**
Notwithstanding any other Section, any accrued Obligations, the Obligations of Client under Sections 9.4, 10, 15, 16, 17, 22 and 27 and all rights of Lender hereunder, whether accrued or not, shall survive the termination or expiration of this Agreement and the payment of the Accrued Liability and all other amounts payable hereunder.
35. **Section Headings**
Section headings in this Agreement are for convenience of reference only and do not affect the interpretation or construction hereof.
36. **Successors and Assigns**
This Agreement shall inure to the benefit of and be binding upon Lender and Client, their respective heirs, executors, administrators, personal representatives, successors and permitted assigns and lessees. Lender may assign or transfer in whole or in part its rights under this Agreement or Equipment, and/or Pledge its rights hereunder or in Equipment and any assignee, transferee or beneficiary of such Pledge ("Assignee") shall be unrestricted in the exercise of such rights. Client shall recognize any such assignment, transfer or Pledge and shall not assert against any Assignee any Claims or Equities which it may have against Lender respecting this Agreement or Equipment and waives all Claims and Equities against Assignee's rights to enforce this Agreement based on Lender's alleged failure to perform same or Supplier's breach of Warranties. Client shall not be entitled to assign its rights or obligations hereunder.
37. **Choice of Law**
This Agreement shall be governed, construed, performed and enforced in accordance with the laws of the Province where the address of Client is located as stated on the face of this Agreement.
38. **Language**
The parties hereto have expressly required that this Agreement and all documents, agreements and notices related thereto be drafted in the English language. Les parties aux présentes ont expressément exigé que le présent contrat et tous les autres documents, conventions ou avis qui y sont offerts soient rédigés en langue anglaise.
39. **Joint and Several Liability**
If more than one person executes this Agreement as Client their obligations hereunder shall be joint and several and, where the context so admits, each reference in this Agreement to "Client" shall include reference to any one or more or all such persons and the acts or omissions of and such persons shall bind all of them.
40. **Receipt of Agreement**
Client acknowledges receipt of an executed copy of this Agreement.
41. **Information**
Client hereby consents and authorizes Lender and its affiliates, agents, contractors and representatives, at any time, (a) to collect, verify, use, communicate with and disclose to third parties (including credit reporting agencies, financial institutions, creditors, vendors and other persons) any credit, financial and other information, including personal information (as applicable) and information related to the credit rating, financial capacity and payment history, with respect to Client ("Information"), as Lender deems necessary to process, complete, service and enforce the transactions hereby contemplated and any other existing or potential transactions, or as required or otherwise permitted by law; (b) to respond to inquiries from, and exchange any information with, third parties concerning Client's credit rating, financial capacity and payment history; (c) to provide information to persons to whom Lender considers assigning, granting a participation or otherwise disposing of rights or obligations under the transactions hereby contemplated; and (d) to provide to any person copies of this Agreement. This consent is in addition to and does not replace any consent previously given.



GE
Capital Solutions

NEW CONTRACT:

150011169673

ORIGINAL CONTRACT: 150010293079

AMENDMENT to Equipment Loan and Security Agreement no. 150010293079 executed between Northern Sawmills Inc. (the "Client") and GE Canada Equipment Financing G.P. (or its predecessors) (the "Lender") (the "Original Contract").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows.

1. Amendments and Supplements to Original Contract

With effect as of and from the Effective Date hereof, the Original Contract is hereby amended as follows:

1.1 Instalments

The Client hereby agrees to pay the Balance Outstanding, plus any unpaid balance of Accrued Interest, to the Lender, together with interest thereon at the new Financing Rate set out below, in the monthly and consecutive Instalments set out in the below new "Schedule of Instalments", in all cases with the final Instalment equal to the outstanding balance of the Financed Amount, plus all accrued and unpaid interest thereon and all other amounts payable under the Equipment Loan and Security Agreement (as defined below), which final Instalment is payable on the Maturity Date stated below (the "Maturity Date").

2. Client's General Representations, Warranties and Covenants

The Client acknowledges that the Lender is relying upon the representations and warranties contained in the Original Contract in agreeing to enter into this Amendment, and that each such representation and warranty will be deemed to be restated as of the Effective Date.

3. Administrative Fee

The Lender acknowledges receipt from the Client, concurrently with the execution hereof, of a non-refundable administrative fee in the amount stated below in consideration of its review and assessment of the Client's request to amend the Original Contract.

4. Interpretation

4.1 Incorporation by Reference

This Amendment is declared to be an amendment to the Original Contract and is to form an integral part thereof and shall have the same effect as though incorporated in the Original Contract. References in this Amendment to the Original Contract, wherever the context requires, shall mean the Original Contract as amended from time to time and at any time, including by this Amendment, and all references to "Equipment Loan and Security Agreement" means the Original Contract, as amended. In the event of any inconsistency between the terms and conditions of this Amendment and the terms and conditions of the Original Contract, this Amendment shall prevail.

4.2 Absence of Novation

Nothing in this Amendment shall be construed or interpreted as novating any obligation, term or condition of the Original Contract, all of which obligations, terms and conditions remain in full force and effect, without any amendment or modification thereto, save and except only as expressly amended or supplemented by this Amendment.

5. New Contract Information

SCHEDULE OF INSTALMENTS

Number of Instalments	Amount	Commencing on
3	\$0.00	February 22, 2009
59	\$202,102.88	May 22, 2009

Number of Instalments	Amount	Commencing on

UNPAID BALANCE as of March 22, 2009 (the "Effective Date")	
Balance Outstanding:	\$10,154,304.56
Unpaid Accrued Interest on Balance Outstanding:	\$98,482.80
Accrued Interest received:	0.00
Total amount unpaid:	\$10,252,787.36

Administrative fee:	\$5,000.00
Maturity date:	March 22, 2014
New Financing Rate:	
<input checked="" type="checkbox"/> Fixed Rate	6.00% p.a.
<input type="checkbox"/> Variable Rate	Prime plus % p.a.

6. Additional Provisions

It is agreed that the Administration Fee of \$5,000.00 and the Late Charges of \$1,241.89 will be paid up front.

SIGNED in Thunder Bay, Ontario, this

March 25, 2009.

NORTHERN SAWMILLS INC

By:

Name: Wolfgang Gericke
Title: President

By:

Name:
Title:

GE CANADA EQUIPMENT FINANCING G.P.

By:

Name:
Title:

By:

Name:
Title:

GUARANTOR'S(S) INTERVENTION

The undersigned confirm(s) that the execution, delivery and performance of the Amendment in no way discharges, limits, modifies, amends or novates any of its (their) joint and several obligations under the Original Contract, all of which remain in full force and effect.

ATIKOKAN FOREST PRODUCTS LTD.

By:

Name: Wolfgang Gericke
Title: President
Date: March 25, 2009

By:

Name:
Title:
Date:

Name:
Date:

Name:
Date:



GE Capital

NEW CONTRACT:

150011236877

ORIGINAL CONTRACT: 150010293079

AMENDMENT to Equipment Loan and Security Agreement no. 150010293079 executed between Northern Sawmills Inc. (the "Client") and GE Canada Equipment Financing G.P. (or its predecessors) (the "Lender") (the "Original Contract").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments and Supplements to Original Contract

With effect as of and from the Effective Date hereof, the Original Contract is hereby amended as follows:

1.1 Instalments

The Client hereby agrees to pay the Balance Outstanding, plus any unpaid balance of Accrued Interest, to the Lender, together with interest thereon at the new Financing Rate set out below, in the monthly and consecutive Instalments set out in the below new "Schedule of Instalments", in all cases with the final Instalment equal to the outstanding balance of the Financed Amount, plus all accrued and unpaid interest thereon and all other amounts payable under the Equipment Loan and Security Agreement (as defined below), which final Instalment is payable on the Maturity Date stated below (the "Maturity Date").

2. Client's General Representations, Warranties and Covenants

The Client acknowledges that the Lender is relying upon the representations and warranties contained in the Original Contract in agreeing to enter into this Amendment, and that each such representation and warranty will be deemed to be restated as of the Effective Date.

3. Administrative Fee

The Lender acknowledges receipt from the Client, concurrently with the execution hereof, of a non-refundable administrative fee in the amount stated below in consideration of its review and assessment of the Client's request to amend the Original Contract.

4. Interpretation

4.1 Incorporation by Reference

This Amendment is declared to be an amendment to the Original Contract and is to form an integral part thereof and shall have the same effect as though incorporated in the Original Contract. References in this Amendment to the Original Contract, wherever the context requires, shall mean the Original Contract as amended from time to time and at any time, including by this Amendment, and all references to "Equipment Loan and Security Agreement" means the Original Contract, as amended. In the event of any inconsistency between the terms and conditions of this Amendment and the terms and conditions of the Original Contract, this Amendment shall prevail.

4.2 Absence of Novation

Nothing in this Amendment shall be construed or interpreted as novating any obligation, term or condition of the Original Contract, all of which obligations, terms and conditions remain in full force and effect, without any amendment or modification thereto, save and except only as expressly amended or supplemented by this Amendment.

5. New Contract Information

SCHEDULE OF INSTALMENTS

Number of Instalments	Amount	Commencing on
59	204,138.65	July 22 nd , 2009

Number of Instalments	Amount	Commencing on

UNPAID BALANCE as of June 22, 2009 (the "Effective Date")	
Balance Outstanding:	10,252,787.36
Unpaid Accrued Interest on Balance Outstanding:	155,055.85 +
Accrued Interest received:	0.00 -
Total amount unpaid:	10,407,843.21 =

Administrative fee:	\$5,000.00
Maturity date:	May 22, 2014
New Financing Rate:	
<input checked="" type="checkbox"/> Fixed Rate	6.00% p.a.
<input type="checkbox"/> Variable Rate	Prime plus % p.a.

1111

GE Capital Solution Cana

10:57:57

19-06-2009

3/5

150011236877

5. Additional Provisions

Client agrees to pay an Administration Fee of \$5,000.00 and Late Charges of \$1,727.48 upon processing of this amendment.

SIGNED in Thunder Bay, Ontario, this June 18, 2009.

NORTHERN SAWMILLS INC.

By: 

Name: Wolfgang Gericke
Title: President

By: 

Name: R. Y. A.
Title: CFO

GE CANADA EQUIPMENT FINANCING G.P.

By: 

Name:
Title:

By: 

Name:
Title:

GUARANTOR(S)'S' INTERVENTION

The undersigned confirm(s) that the execution, delivery and performance of the Amendment in no way discharges, limits, modifies, amends or novates any of its (their) joint and several obligations under the Original Contract, all of which remain in full force and effect.

ATIKOKAN FOREST PRODUCTS LTD.

By: 

Name: Wolfgang Gericke
Title: President
Date:

Name:
Date:

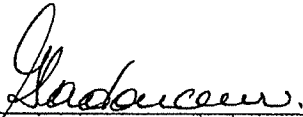
By: 

Name:
Title: R. Y. A.
Date: CFO

Name:
Date:

19 June 2009

This is Exhibit "E" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec



ACKNOWLEDGEMENT OF STANDARD CHARGE TERMS

TO: GENERAL ELECTRIC CANADA REAL ESTATE FINANCE INC. and GE CANADA EQUIPMENT FINANCING G.P. (collectively the "Lender")

AND TO: MILLER THOMSON LLP, its solicitors herein

Re: Charge/Mortgage (the "Charge") given by Northern Sawmills Inc. (the "Chargor") in favour of the Lender on the security of Parcel 25233 SEC TBF; PT Water Lot in Front of the SE Subdivision of SEC 51 McIntyre PARTS 5, 6 & 7, 55R9572; S/T F39878; Thunder Bay-PIN 62264-0233 (LT), PT Water Lot in Front of the NE 1/4 of SEC 51 McIntyre PT 7 55R11375 Except PT 1 55R11631; Thunder Bay-PIN 62264-0453 (LT), PT Water Lot in Front of North-East Quarter of Section 51 McIntyre; PT Water Lot in Front of South-East Subdivision of Section 51 McIntyre; PT 66 FT RDAL McIntyre in Front of SE 1/4 SEC 51 McIntyre (AKA Original Shore RDAL); PT SE 1/4 SEC 51 McIntyre; PT Unnamed ST PL 8 McIntyre being Maureen St. 32 PL 8 McIntyre; LT 1-9, 13-21 BLK 41 PL 8 McIntyre; PT LT 10, 22-23 BLK 41 PL 8 McIntyre; PT Lane BLK 41 PL 8 McIntyre; PT Third Ave., King St PL 8 McIntyre being Kirkland St formerly King St PARTS 1, 3, 4, 8 to 14, 17, 18 & 19, 55R9572; S/T TBR352775; S/T TBR352729; Thunder Bay-PIN 62264-0112 (LT)

The undersigned, being the Chargor herein, hereby acknowledges receipt of a true copy of each of the above-noted Charge and Standard Charge Terms No. 200612 (the "Standard Charge Terms") and agrees to be bound by the provisions of same as if the Standard Charge Terms had been specifically incorporated in and formed a part of the Charge executed by the undersigned and referring to the Standard Charge Terms.

Dated at Thunder Bay, Ontario this 21st day of March, 2007.

NORTHERN SAWMILLS INC.

Per: _____

Name: Russell David York
Title: Chief Financial Officer

Per: _____

Name:
Title:

I/We have authority to bind the Corporation.

69

Commercial - Collateral Security

Land Registration Reform Act (Ontario)

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE



Set of Standard Charge Terms

Filing No. 200612 Date

Filed on March , 2006 as Standard Charge Terms No. 2008

Filing Date March 8th 06 Date de Dépôt

Page Fiches 17 Pages

[Signature]
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by: GE Canada Equipment Financing G.P.

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act

CONTENTS

Part 1	Meaning of terms used in the mortgage
Part 2	Preliminary matters
Part 3	What is Secured
Part 4	Payment obligations
Part 5	Our security
Part 6	Your responsibilities concerning the property
Part 7	Actions we can take under the mortgage
Part 8	Other terms
Part 9	Condominiums
Part 10	Personal Property Security Interest

PART 1. MEANING OF TERMS USED IN THE MORTGAGE

- 1.1 What certain terms mean. Terms used in the mortgage have the following meanings:
- 1.1.1 "business day" means any day other than a Saturday, Sunday or public holiday in the province in which the real estate is situated.
- 1.1.2 "hazardous substances" means any hazardous substances, contaminant, hazardous, dangerous, poisonous, noxious, toxic, radioactive or bioaccumulative, chemical, substance, waste, material, petroleum product or similar term that are defined and regulated pursuant to law.
- 1.1.3 "including" means including without limitation, and "includes" means includes, without limitation.
- 1.1.4 "law" includes law that is either enacted or part of the common law. Enacted law includes law made by the federal or a provincial government, by a municipality or by any other governmental body. Enacted law includes an act, regulation, order in council, bylaw or judgment. Law also includes an act, regulation, order in council or bylaw. Law also includes a governmental action, such as an order, direction, notice or approval.
- 1.1.5 "lease" means a lease of all or part of the real estate, an agreement to give a lease of all or part of the real estate and an agreement giving anyone a right to occupy or use all or part of the real estate (except a right of way or other easement). If there has been an agreement changing the terms of such a lease or agreement, it means the lease or agreement as so changed. Where lease refers to an agreement giving anyone a right to occupy all or part of the real estate, landlord means the person whose interest is subject to the right and tenant means the person who has the right. In all cases lease includes a sublease. Lease shall, in all cases, include all existing and future leases.
- 1.1.6 "Lender Party" is defined in section 3.1
- 1.1.7 "mortgage" means the mortgage form together with every schedule to the charge and these standard charge terms (as far as they are not excluded or varied).
- 1.1.8 "mortgage form" means the charge/mortgage of land form signed by you (or, if in electronic form, deemed to be signed by you) and that refers to these Standard Charge Terms.
- 1.1.9 "payment obligations" means the obligations to pay money that are secured by the mortgage.
- 1.1.10 "property tax" means every kind of tax, rate, duty, levy, charge, imposition, assessment and fee on the property or any part of it or in respect of the property or any part of it, whether it is in favour of a municipal, provincial, federal or other authority and whether it is of a kind that exists when the mortgage is signed or comes into existence after then. It does not include a tax on us in respect of our overall net income or gains or a tax in respect of a transfer by us of our interest in the mortgage or of the payment obligations.
- 1.1.11 "property" means any property an interest in which is intended to be subject to the mortgage. It includes the real estate and rights assigned to us.
- 1.1.12 "real estate" means the land an interest in which is intended to be subject to the mortgage. It includes buildings and the other things that the real estate includes and that are referred to in part 5.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200612 Date

- 1.1.13 "we" and "us" means each chargee to whom the mortgage is given.
- 1.1.14 "work" on real estate includes constructing anything that will become part of the real estate, altering the real estate, adding to the real estate, repairing the real estate and demolishing a part of the real estate.
- 1.1.15 "you" means each person who has signed the mortgage as a chargor.
- 1.1.16 "person" includes a corporation, trust, partnership or other entity.
- 1.2 Interpretation generally. Where the mortgage refers to a person, thing or action, the reference includes, where the context allows, more than one person, thing or action. Where the mortgage refers to more than one person or thing or action, the reference includes, where the context allows, any of them. The division of the mortgage into parts and sections, the use of headings, and the provision of any table of contents are for convenience of reference only and do not affect the construction or interpretation of the mortgage.
- 1.3 Conflict. If there is a conflict or inconsistency between the provisions of the mortgage and the commitment letter (or loan agreement or environmental indemnity agreement) made between you and a Lender Party, the provisions of the commitment letter (or loan agreement or environmental indemnity agreement) shall prevail. However, the existence of additional terms, conditions or provisions (including any rights, remedies, representations or warranties) that are contained in the mortgage and that are not included in the commitment letter (or loan agreement) shall not be construed or deemed as being in conflict and shall remain in effect.

PART 2. PRELIMINARY MATTERS

- 2.1 Your knowledge. A statement by you to us in the mortgage may be limited to what you know. Where this is so, you state that you have done what a reasonable person would do to verify the statement.
- 2.1.1 Reasonable Legal Fees. Wherever the mortgage requires you to pay our legal fees, such legal fees shall be reasonable and actually incurred by us or by any other Lender Party.
- 2.2 Information supplied. You state that, as far as you know, all information that you have supplied to us for the mortgage is substantially accurate and complete.
- 2.3 Documents. You state that you have given us a copy of all of the following documents relating to the real estate that are in your possession or control: documents affecting the title to the property (except those available in the land registry office), surveys, tests and reports.
- 2.4 Legal obligations. You state that you are not a party to any legal proceeding (except a proceeding that you have informed us about in writing) and are not in serious default under any of your significant legal obligations. You state that, as far as you know, nothing has occurred that gives us the right to take action under part 7 or would have given us that right if we had not been required to give a notice or allow time to pass.
- 2.5 Work on the real estate. You state that you are not giving the mortgage to secure the financing of work on the real estate except as far as you have informed us otherwise in writing.
- 2.6 Condition of property. You state that, as far as you know, the property has no defect that cannot be found by a reasonable inspection.
- 2.7 Legal requirements. You state that, as far as you know, the property and its use comply substantially with every law. If we are making a loan for work on the real estate, you state that, as far as you know, the law permits the work and its use.
- 2.8 Environmental matters.
- 2.8.1 Hazardous Substances. You state that, as far as you know, nothing that is part of the real estate contains or has been contaminated by hazardous substances that cause or are likely to cause harm to the life or health of a human being. You state that, as far as you know, the lands and buildings adjacent to the real estate do not contain or have not been contaminated by hazardous substances that cause or are likely to cause harm to the life or health of a human being. This does not apply to anything about which you have informed us in writing.
- 2.8.2 Our loss. You agree to pay to us and the other persons described below all loss that we or they suffer and that is caused by a breach of any law relating to the real estate or its use, or by hazardous substances in, on or under the real estate during the term of the mortgage. The following terms apply to this agreement.
- 2.8.2.1 The other persons whose loss you are to pay are our directors, officers, employees and agents.
- 2.8.2.2 The loss that you are to pay includes loss from a liability or from an expense relating to the liability.
- 2.8.2.3 You must pay the loss whether the breach has occurred, or the hazardous substances are in, on or under the real estate, when the mortgage is signed or occurs or comes in, on or under the real estate after then.
- 2.8.2.4 Your liability under this paragraph continues indefinitely, even after the mortgage has been discharged.

- 2.9 Statements on advances. You agree that your statements in the mortgage are true when you give the mortgage and will be true each time you accept an advance from us or any other Lender Party.

PART 3. WHAT IS SECURED

- 3.1 What is Secured. You are giving the mortgage as general and continuing collateral security for the due and timely payment and satisfaction of all amounts owing by you to any one or more of us, GE Canada Real Estate Financing Limited Partnership, GE Canada Leasing Services Company, GE Canada Asset Financing Inc., General Electric Canada Real Estate Finance Inc., GE Canada Equipment Financing G.P. or General Electric Canada Equipment Finance G.P. (collectively with us, the "GE Entities") or to any of the GE Entities' nominees or affiliates (collectively with the GE Entities, the "Lender Parties") at any time until the mortgage is discharged by us and also for the performance of all your obligations contained in any agreement you have made with us or any other Lender Party. For greater certainty, amounts owing by you will include all your liabilities to any Lender Party, however incurred, whether prior to, at the time of or subsequent to your signing the mortgage and any unpaid balance of such amounts, including advances to you, under any fixed or revolving credit facilities established at any time, overdrawn accounts, obligations discounted for you or your account, as applicable, any of your obligations under any contract of guarantee now or later in existence by which you guarantee payment of the debts, liabilities and obligations of any Lender Party, all amounts of principal advanced to you at any time and from time to time, and all interest, damages, costs charged and expenses that may become due or payable by you to any Lender Party or that may be paid or incurred by for your account.
- 3.2 Changes. We may increase, reduce, discontinue or otherwise vary your credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharge and otherwise deal with you and other persons (including any person to whom all or part of the property is transferred) and with any securities as we may see fit without affecting any of our rights or remedies (under the mortgage or otherwise), or your liability under the mortgage or your payment obligations.
- 3.3 Changes in Form. This charge shall be general and continuing collateral security for the payment obligations despite the nature or form of them or any change in the nature or form of them or in the accounts, bills of exchange, promissory notes, guarantees or other obligations now or from time to time later held by any Lender Party representing the payment obligations or any part of them or in the names of the parties to such bills, notes, guarantees or other obligations or any change in the constitution of the Charge, whether arising from the death or retirement or introduction of one or more partners or members or arising from any corporate reorganization, amalgamation, continuance or name change or otherwise.
- 3.4 Discharge. You agree that the mortgage shall remain in full force and shall not be deemed to have been discharged or redeemed even though from time to time you are not indebted to any Lender Party.
- 3.5 No Merger. The mortgage or any of the provisions in it will not operate so as to create any merger, rebate or discharge of any amounts owing to any Lender Party or of any other security now or later held by us from you. We may enforce any of our rights and remedies contained in any of our other agreements with you or with others without affecting any of our rights and remedies contained in the mortgage.
- 3.6 Judgments. If we obtain a judgment or judgments against you in respect of any of your agreements or obligations contained in, or secured, by the mortgage, or in respect of all or any part of amounts you owe to us, you agree that such judgment will not in any way affect the security created by the mortgage or any other security or our right to pursue any of our other remedies or to enforce any of your other obligations including our right to interest.

PART 4. PAYMENT OBLIGATIONS

- 4.1 What obligations the mortgage secures:
- 4.1.1 Payment Provisions. If the Provisions (if the charge form is electronic) or the Payment Provisions (if the charge form is not electronic) in the charge form are completed, the mortgage secures the obligation to make those payments.
- 4.1.2 Other Agreements. If you have agreed to make payments to us in any other document or agreement, the mortgage secures those obligations.
- 4.1.3 Expenses. Under these terms, you also agree to make certain payments, such as for expenses; the mortgage also secures your obligation to make those payments, and these payments shall be added to the debt hereby secured and be a charge on the property and shall bear interest at the rate described in the mortgage.
- 4.1.4 Legal obligations. As a result of the mortgage, the law requires you to make certain payments; the mortgage secures your obligation to make those payments.
- 4.2 Your obligation to pay. You will pay us the payment obligations on demand. However, we will not make demand payment unless we have a right to take action under part 7.
- 4.2.1 Allocation. If the payment obligations exceed the Principal Amount set out in the mortgage form, we may determine, in our discretion, what part of the payment obligations are secured by the mortgage. We may apply, as we determine, any money that we receive to reduce your payment obligations.

- 4.3 Interest. You will pay interest on as much of the Principal Amount as is owing, at the Interest Rate, calculated for the Calculation Period, as those terms are set out in charge form.
- 4.4 How interest is calculated. Where an interest rate is calculated half-yearly not in advance, the calculation is to be made on June 1 and December 1 each year. All rates of interest under the mortgage (including compound interest) apply both before and after maturity, default or judgment.
- 4.5 Compound interest. If interest is not paid on the day that it is payable, interest must be paid on the unpaid interest. This interest must be paid at the same rate as the unpaid interest is calculated in the same way, and must be paid on the same days. If interest on unpaid interest is not paid on the day that it is payable, interest must be paid on that interest as provided above, and so on.
- 4.6 General provisions.
- 4.6.1 Currency. Except where any of your agreements with us provide otherwise, all amounts are expressed in Canadian money and are payable in Canadian money.
- 4.6.2 Place. You must make all payments to us at our office described as our address for service or at any other place in Canada that we may state in writing.
- 4.6.3 Method. If we ask in writing, you will authorize your bank to make payments or you will make any other reasonable arrangement for them to be paid.
- 4.6.4 Time. For a payment to be treated as made on a particular day, it must be made before noon at the place where the payment is to be made. Where the day on which you must make a payment is not a business day, you must make the payment on the last business day before that day.
- 4.6.5 Deduction. Payments must be made without any deduction.
- 4.7 Expenses for the mortgage. You will pay to the Lender Parties the expenses of any of the Lender Parties in taking the mortgage, and in entering into a commitment letter and loan agreement, whether any of the Lender Parties advances money to you or not. The expenses include expenses for negotiating the documents, searching title to the property and preparing and registering the mortgage.
- 4.8 General terms relating to costs or expenses. Wherever the mortgage requires you to pay a cost or expense, the following terms apply. If it was caused by an act of ours, it is payable if we acted honestly. Its amount must be reasonable. It includes lawyers' fees and disbursements charged on the basis that applies between a lawyer and his or her own client and even though we may not have taken court proceedings. It also includes fees and expenses for other professionals. It includes a fee for the time and services of an employee or agent of ours. You will pay it to us as soon after it has been incurred as we ask in writing for it. You will pay interest on it from the time that it is incurred. The interest rate will be the highest rate that applies to the obligations secured by the mortgage.

PART 5. OUR SECURITY

- 5.1 Real estate generally.
- 5.1.1 Described land. You grant, mortgage and charge the real estate described in the mortgage to us and our successors and assigns.
- 5.1.2 Abutting land. Where the law would make security under the mortgage invalid because you have an interest in abutting land, you grant, mortgage and charge to us and our heirs and successors all abutting land that must be included in the mortgage to make the security valid.
- 5.1.3 Security on other related land. You agree that, if you are entitled to an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us. You also agree that, if you become entitled to obtain an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us.
- 5.2 What is included in real estate. The real estate includes the land to which the mortgage relates, including the subsurface of the land, and the things listed below, whether they exist when the mortgage is signed or come into existence after then. You agree that these things are intended to be fixtures on the land. The things are: buildings on the land; other structures on the land, fences on the land or improvements to the land; anything else that the law would treat as a fixture to the land; equipment on the land for heating, ventilating or air-conditioning a building; elevators and escalators on the land; fixed machinery and mechanical equipment on the land serving a building; equipment on the land for supplying electricity, gas, steam or hot or cold water; lighting equipment on the land, including bulbs and tubes; window or door screens, storm windows and window blinds, shutters and awnings for a building on the land; antennas, satellite dishes and similar equipment on the land; fire alarm and security systems on the land; wall to wall floor covering in a building on the land and fixed mirrors; crops and plants on the land; built-in appliances on the land such as a stove or dishwasher; and, any sculpture or other work of art on the land outside a building or in a common area.
- 5.3 Interest as tenant.

The provisions of this section 5.3 apply if you are a tenant of any of the real estate (the "leased property").

- 5.3.1 You charge and sublease to us your entire interest (both present and future, including any option or right of first refusal to purchase) in the leased property, for the term (except the last day) of your lease, including any renewals.
- 5.3.2 You state and agree that:
 - 5.3.2.1 the leased property is leased to you under a valid lease (a copy of which you have given us) and you have good leasehold title to the leased property; you have the consent of your landlord, or you have the right without his consent, to charge your interest in the lease to us;
 - 5.3.2.2 all rents and other money payable under the lease have been paid and all of your obligations under the lease have been complied with; you have complied with any building and zoning by-laws affecting the leased property; you will pay the rent and other amounts as required by the lease and comply with all your other obligations set out in the lease;
 - 5.3.2.3 you will not surrender the lease or cause it to be terminated; you will not make any change in the lease without first obtaining our written consent;
 - 5.3.2.4 you will promptly give us a copy of any notice, demand or request that you may receive relating to the lease;
 - 5.3.2.5 you will indemnify us against all actions, claims, costs and demands if you default under your lease; and,
 - 5.3.2.6 you will hold the last day of the term of your lease (or of any renewal term) in trust for us and will only deal with it in such manner as we shall require.
- 5.4 Unless we otherwise agree in writing, any freehold and leasehold interest of yours in the real estate shall not merge but shall always remain separate despite the union of such interests either in the landlord or tenant under the Lease or in a third party by purchase or otherwise. The mortgage shall automatically attach and extend to any other leasehold interest, and any freehold or other greater interest, that you now have or later acquire in the real estate.
- 5.5 Interest as landlord - rights to rent under leases.

The provisions of this section 5.5 apply if you are a landlord of any of the real estate.

 - 5.5.1 Assignment. You assign to us the full benefit of, and irrevocably appoint us as your attorney to exercise:
 - 5.5.1.1 the landlord's rights under every lease that exists when the mortgage is signed or comes into existence after then;
 - 5.5.1.2 the landlord's rights to rent and other money payable under every such lease and every other right to income from the real estate that exists when the mortgage is signed or comes into existence after then;
 - 5.5.1.3 the landlord's rights under any lease that the mortgage says is to be included in this assignment; and,
 - 5.5.1.4 the landlord's rights in respect of every lease referred to in these subparagraphs, including a guarantee or indemnity, a security and a right to insurance.
 - 5.5.2 Effect. We are not bound to collect the income from the property, to enforce a lease or to comply with the landlord's obligations under a lease. We need only account for income we actually receive. These terms and anything we do under them do not put us in possession of real estate. Nor do they authorize you to enter into a lease. Nor do they give the interests of tenants priority over the mortgage or create a relationship of landlord and tenant between us and a tenant or give any tenant any interest in the property that is binding on us or affects our rights under other terms of the mortgage.
 - 5.5.3 Specific assignment etc. You shall, immediately upon our request, in respect of any or all leases: (a) execute such further assignments of them, in the form and substance as we may prescribe or do such other things as we may require to enable us to enjoy the full benefit of the above assignment; and (b) obtain a written agreement (satisfactory to us) from the tenant in which the tenant agrees, upon our request after default under the mortgage, to become our tenant under the lease.
 - 5.5.4 Remedies on default. Whenever we have a right to take action under part 7, we have the following rights and remedies (in addition to any others we may have under the mortgage or in law):
 - 5.5.4.1 you shall, immediately upon our request, issue to the tenant under any lease a notice of the above assignment or a notice requiring such tenant to attorn to us or do any other things or issue any other notice that we may require for the purpose of perfecting our right under or enabling us to enjoy the full benefit of the above assignment;
 - 5.5.4.2 we may sell the income and rights assigned above and we, or the purchaser from us, shall have the same rights as those relating to a sale of the real estate;
 - 5.5.4.3 we may apply any amount received by us under the above assignment towards satisfaction of any payment obligations;
 - 5.5.4.4 we may, with or without taking possession of the real estate, collect the rents and manage, operate and maintain its interest in the real estate;

- 5.5.4.5 we may generally perform all such acts (including paying any expenses in connection with the operation and maintenance of the real estate and the cancellation, surrender or renewal of any leases, the assignment or variation of any leases and making concessions to tenants and others and exercise the rights contained in the Leases or otherwise) as may in our opinion be necessary or desirable for the proper operation and maintenance of the real estate; We may do these things in your name or in our name;
- 5.5.4.6 we may give to the tenant or others notice in writing of our rights under the mortgage; and,
- 5.5.4.7 we may (but are not be obligated to) take in your or our name from time to time any proceeding that, in our opinion, is expedient for the purpose of collecting the rent or for securing the payment of the rent or for enforcing any of our rights under the leases, and to demand and receive rents and give released or receipts for rents.
- 5.5.5 Re-Assignment of leases. We may, at any time (and whether or not we have a right to take action under part 7) unilaterally re-assign to you (or your successors and assigns) any of the assigned leases or rights under them. Upon doing so, we will be released from all obligations (if any) that we may have with respect to them. We do not by such re-assignment give any express or implied representation or warranty to the Chargor about any of the re-assigned rights.
- 5.5.6 Future Leases. You shall obtain in each lease permitted under the mortgage to be entered into in the future a covenant of the tenant under the lease by which, at our request, such tenant will attorn to and become the tenant of or be directly liable to us in respect of its obligations under the lease. The inclusion of such a covenant shall not put us in possession of the real estate. Nor does it give the interests of the tenant under such lease priority over the mortgage or create a relationship of landlord and tenant between us and the tenant or give such tenant any interest in the property that is binding on us or affects our rights under other terms of the mortgage.
- 5.6 Other rights relating to the property.
- 5.6.1 To further secure the payment obligations, you assign to us the benefit of, and irrevocably appoint us as your attorney to exercise:
- 5.6.1.1 your rights under every insurance policy that exists when the mortgage is signed or comes into existence after then and that covers loss caused by loss of or damage to any part of the property;
- 5.6.1.2 any other right that the mortgage says is to be included in this assignment; and,
- 5.6.1.3 all of your rights in connection with the above, including a guarantee or indemnity, a security and a right to insurance.
- 5.6.2 We are not bound to enforce the rights or comply with your obligations in respect of these rights. We need only account for money we actually receive. These terms do not authorize you to enter into an agreement that binds us or our interest in the property.
- 5.6.3 Restrictions on Assignment. Where an assignment under terms of the mortgage would be a breach of the agreement, it is effective when it can be made without a breach. You will use your best efforts to make each assignment under the previous paragraph effective.
- 5.7 Your use of the property.
- 5.7.1 Real estate and personal property. Until we have a right to take action under part 7, you may remain in possession of the real estate and continue to use personal property that is subject to the mortgage.
- 5.7.2 Income. Until we have a right to take action under part 7, we authorize you to collect the rents under leases provided that you comply with the terms set out below about dealing with tenants. This authorization does not detract from the legal effect of the assignments in the mortgage.
- 5.8 Your title obligations.
- 5.8.1 Nature of your title. Where this section refers to your interest in property, it will be taken to refer to the absolute ownership of or absolute right to the property. For real estate this is an estate in fee simple. For all property, it is the absolute ownership or absolute right both legally and beneficially. However, where the mortgage specifically says that you have any other interest, this section will be taken to refer to the interest described in the mortgage.
- 5.8.2 Meaning of encumbrance. Encumbrance includes a reservation, exception, condition, mortgage, charge, lien, lease (as defined in part 1), right of way or other easement, restrictive covenant and trust.
- 5.8.3 Your obligations. You state that you have a good title to your interest in the property free from encumbrances. Where the mortgage refers to your interest in the property as being less than the absolute ownership, you state that your interest, and every interest on which it depends, is valid. Where the property is a right, such as a right to income or an insurance policy, you state that the right is valid. You state that you have the right, power and authority to mortgage or deal with your interest in the property in the manner set out in the mortgage free from encumbrances. You state that you have not done, omitted or permitted anything by which your interest in the property is or may be affected or made subject to an encumbrance. You agree that while we are entitled under the terms of the mortgage to possess or enjoy your interest in the property, we will have quiet possession or enjoyment of your interest in the property free from encumbrances. You will, at our request, do anything that we think is necessary or advisable to confirm any of our rights under the mortgage and pay our expenses for that.

You will defend your title to the property. You will not create or attempt to create any encumbrance that is prior to the mortgage or has the same priority as the mortgage. You will also not create or attempt to create any encumbrance that is subsequent to the mortgage.

- 5.9 Discharge. When all of your payment obligations have been made to the Lender Parties in accordance with their terms, we will discharge the mortgage and reassign to you any rights that you have assigned to us in the mortgage. Or, if you are entitled to and do require us to assign the mortgage and rights to someone else, we will do so. You will give us a reasonable time after payment to verify our records and sign the documents. You will pay our expenses for doing what this section requires. You are responsible for registering the documents.

PART 6. YOUR RESPONSIBILITIES CONCERNING THE PROPERTY

- 6.1 Insurance.
- 6.1.1 Kinds of insurance required.
- 6.1.1.1 Fire. You will insure your interest in every building and other improvement on the real estate against loss or damage by fire, extended perils and other risks normally covered by a fire insurance policy.
- 6.1.1.2 Boiler. If there is a boiler on the real estate, you will insure your interest against loss caused by explosions and other accidents that are usually covered by a boiler policy.
- 6.1.1.3 Rents and income. Where the real estate is leased, your insurance described in the previous paragraphs must cover your loss of rents and payments by tenants towards costs for at least one year. Where you use the real estate for a business purpose, the insurance must cover your loss of income for at least one year.
- 6.1.1.4 Liability. You will insure against general public liability in an amount agreed to by us.
- 6.1.1.5 Other. In addition to the specific requirements set out above, you will carry that insurance for all of the property that a careful owner would usually carry when insuring a similar property using it in a similar way and in a similar locality. You will also carry any insurance that any other agreement between you and us requires you to carry.
- 6.1.1.6 Our requirements. If we ask in writing, you will carry any kind of insurance relating to the property that we require you to carry.
- 6.1.2 General requirements about insurance.
- 6.1.2.1 Reasonableness. Where this section 6.1 allows us to require anything or hold back our approval for anything, it does not allow us to do so where you can show that what we require is unreasonable or that we are holding back approval unreasonably.
- 6.1.2.2 Insurance against damage. Your insurance against loss of or damage to a building or other property must be for the cost in Canadian dollars of replacing all of the building or property with a similar building or property. The policy must provide that the proceeds of any loss are payable to us and the insurer must, if we ask in writing, consent to the transfer of the benefit of the policy to us. Insurance on a building must contain a "Mortgage Clause" in the standard form approved by the Insurance Bureau of Canada (or any replacement organization). The policy must also contain any other term approved by insurers for the protection of a mortgage lender and a provision for us to receive at least 30 days' notice before the policy is cancelled.
- 6.1.2.3 Company and terms. All insurance required by the mortgage must be with a reputable insurer. If we ask in writing, insurance must be with an insurer required by us. The policy must be for an amount and contain terms that a careful owner would usually require when insuring similar property, using it in a similar way and in a similar locality. If we ask in writing, the policy must also be for any amount or contain any other terms that we require.
- 6.1.2.4 Compliance. You will promptly pay the premiums and other costs for all insurance required by the mortgage, comply with all of your obligations in relation to the policy and comply with all of the terms relating to your right to collect under the policy.
- 6.1.2.5 Proof. You will, if we ask in writing, ensure that we receive a certified copy of every policy for the insurance required by the mortgage and every amendment to the policy. Where a policy expires, you will, if we ask in writing, ensure that we receive proof of the renewal or replacement at least 30 days before the expiry. You will, also if we ask in writing, provide us with a receipt for the premium and other proof that you are complying with your obligations about insurance.
- 6.1.2.6 New policy. If we at any time ask in writing, you will cancel a policy and replace it with a policy approved by us and issued by an insurer approved by us.
- 6.1.2.7 Claims. If any of the property that is insured is lost or damaged, you will make a claim in accordance with the insurance policy and ensure that the proceeds are paid to us.
- 6.1.2.8 Use of proceeds. We may require the proceeds of all insurance against loss of, or damage to, property to be used either to reduce or pay payment obligations (even though they may not then have become payable) or to restore or replace the property, or partly in one way and partly in the other.

- 6.1.2.9 Our right to insure. If you do not comply with any of your insurance obligations in the mortgage, we may obtain any insurance that the mortgage requires you to obtain or any other insurance that we think is needed to protect our interest. We are not obliged to do so and have no responsibility to you for any insurance we obtain. If we pay any premiums or sums of money for insurance of the property or any part of it, the amount of such payment shall be added to the debt secured by the mortgage.
- 6.2 Taxes and other charges.
 - 6.2.1 Payment. You will pay all property taxes when they are due. You will pay all other charges on the property when they are due. The charges include every mortgage, charge, lien, rent or other encumbrance on the property. If we ask in writing you will give us a receipt or other proof that you have paid every property tax and other charge. Despite the foregoing, you will submit to us within two weeks after the date upon which the last instalment of property taxes is to be made in a calendar year, proof of the payment of all property taxes.
 - 6.2.2 Instalments of taxes. Whenever we ask in writing, you will pay instalments to us to enable us to pay the property taxes on the real estate in accordance with the following provisions:
 - 6.2.2.1 We may estimate the amount needed to pay any property taxes and decide when to pay them. We may decide to pay property taxes once or twice a year in advance, even if they can be paid more frequently. We may choose the period over which we wish to collect instalments of property taxes. The instalments will be monthly but if other payments by you are more frequent, we may require the instalments to be the same. We may then require you to pay us the estimated property taxes by the instalments during the period. If the period started before we began collecting the instalments, we may require you to pay a lump sum to cover previous instalments.
 - 6.2.2.2 If we require you to pay instalments to us for property taxes, we will use the instalments to pay the property taxes. However, if any of the payment obligations has not been complied with, we may use the instalments to reduce the payment obligations. If we have collected more than we need to pay the property taxes, we may keep the excess to pay future property taxes. If we have not collected enough to pay the property taxes, you will pay the shortfall when it is due, or we may pay it. If we pay it, you will pay us our expenses in doing so. If we wish, we may recover these expenses by increasing future instalments of property taxes.
 - 6.2.2.3 If we require you to pay instalments for property taxes, you will promptly forward to us all bills for property taxes that you receive.
 - 6.2.2.4 If we require you to pay instalments for property taxes, we will deal with the instalments in accordance with our normal administrative practice at the time for the same kind of mortgage.
- 6.3 Maintenance of property. You will put and keep the property in good repair. You will replace property that cannot be repaired.
- 6.4 Alterations or additions.
 - 6.4.1 Restrictions. You will not, without our prior written approval do any of the following things, even if the work was proposed or in progress when the mortgage was signed.
 - 6.4.1.1 Make or permit a structural alteration, structural addition or major change to the real estate.
 - 6.4.1.2 Remove any machinery or equipment that serves a building on the real estate.
 - 6.4.1.3 Demolish a building on the real estate or do or permit anyone else to do anything that lowers the value of the real estate.
 - 6.4.2 Conditions. Before giving approval, we may require you to provide us with plans and specifications prepared by a professional architect or engineer, draft contracts and other reasonable information relating to the work. We may make our approval subject to reasonable conditions.
- 6.5 Work on real estate.
 - 6.5.1 Obligations. Where you are required or permitted to do work on the real estate, you will comply with the following obligations:
 - 6.5.1.1 You will do the work in a good and workmanlike manner using good materials.
 - 6.5.1.2 You will conform to any contracts, plans, specifications or other description that we may have approved and you will comply with any conditions to which our approval is subject.
 - 6.5.1.3 You will do the work with reasonable speed and without interruption until it is completed, and you will not abandon it.
 - 6.5.2 Construction liens. You will comply with all your legal obligations relating to payment for any work on the real estate and you will comply with all laws relating to construction liens. If a claim is made for a construction lien against your interest in the real estate, you will, if we ask in writing, immediately have it removed, by court order if we consider it necessary. If you fail to do so, we may have the lien removed and provide any security needed for the purpose. All expenses incurred by us pursuant to this section shall be reimbursed by you to us.

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- 6.6 Covenants and other obligations. You will comply with every covenant, condition and other agreement that affects the property. You will also not do or permit and you will try to prevent anything that, under the terms of a covenant, condition or agreement, might detract from your interest in the property. You will pay us any loss we may suffer as a result of your failure to comply with this section. You will comply with your obligations under every mortgage, charge, lien, rent or other encumbrance on the property.
- 6.7 Legal requirements. You will ensure that the property and its use comply with every law.
- 6.8 Environmental matters.
- 6.8.1 Environmental law. You will ensure that the real estate and every activity that is conducted on the real estate will comply with every law dealing with the regulation, preservation, reclamation or protection of the environment or natural resources or to human health and safety or to the management, presence, existence, release or handling of any hazardous substances, including common law.
- 6.8.2 Environmental risks. You will take reasonable care not to do and to prevent anything on the real estate that harms the environment or natural resources. You will not change or permit a change in the use of the real estate that materially increases the environmental risk relating to the real estate, unless we give our prior written approval to the change. We may make our approval subject to reasonable conditions, including security for clean-up and monitoring costs, and you will comply with those conditions.
- 6.8.3 Information. You will give us prompt written notice of any material fact that you become aware of and that relates to the status of the real estate under any law dealing with the regulation, preservation, reclamation or protection of the environment or to any hazardous substances on, in or under the real estate. You will promptly give us a copy of any report that you prepare or receive and that relates to those matters. You will also promptly give us copies of all notices relating to your potential liability in relation to those matters.
- 6.8.4 Right to Enter. We will have the right to enter upon the real estate at all reasonable times for the purpose of conducting any environmental testing, assessment, investigation or study deemed necessary by us and will rectify any damage caused by such test. You agree that in exercising such rights, neither we nor our agents shall be considered to be in possession, management or control of the real estate.
- 6.8.5 Consultants' Fees. If we (or someone on our behalf) retain the services of any lawyer or any engineer, scientist or any environmental or other consultant or contractor in connection with any environmental matter, you shall pay the reasonable costs, charges, expenses and fees incurred in doing so if any such person or persons are retained as a result of any breach of law or in connection with any enquiry or investigation by a federal, territorial, provincial, municipal or local government or agency in connection with environmental law or if the services performed are reasonably necessary for the performance of our rights and functions under the mortgage or for the preservation, reclamation or protection of the property.
- 6.8.6 Failure to Pay Fees. If you fail to pay the amount of all such costs, expenses or fees immediately on demand by us, the amount of all such obligations, costs, charges, fees and expenses that we incur with respect to any matter referred to in section 6.8.5 shall be added to the debt secured by the mortgage and be a charge on the property and shall bear interest at the rate described in the mortgage and shall be payable immediately by you to us and in default of such payment we may exercise any and all of our remedies under the mortgage.
- 6.9 Entering Into leases and licenses.
- 6.9.1 Our approval required in some cases.
- 6.9.1.1 Before entering into any leases, you will obtain our written approval to the lease which we may withhold in our sole discretion.
- 6.9.1.2 Our approving a lease does not mean that our interest is bound by it.
- 6.10 Dealing with tenants.
- 6.10.1 We are not bound by any of the following things unless we give our prior written approval to them which approval may be withheld in our sole discretion:
- 6.10.1.1 A surrender or termination of a lease or an agreement to surrender or terminate a lease.
- 6.10.1.2 An amendment of or agreement to amend a lease, a release or waiver of the tenant's obligations under a lease, or a release of any of your remedies for a serious breach of the tenant's obligations under a lease.
- 6.10.1.3 An assignment of a lease or a subletting of the real estate or a mortgage of a leasehold interest in the real estate.
- 6.10.2 You will not accept from the tenant under a lease rent that is more than one month in advance (except for a security deposit of not more than one month's rent).
- 6.11 Our right to inspect. You will permit us and anyone we authorize to enter the real estate at reasonable times to inspect it, to make tests of it and to take samples from it.
- 6.12 Proceedings affecting property. You will immediately notify us in writing if anyone takes or threatens any action under any law relating to the property. This includes a court action (such as a construction

lien claim), a proceeding before an administrative body (such as a zoning hearing or environmental assessment), an official action (such as an order to comply with a by-law) or a notice of a failure to comply with an agreement that affects the property.

- 6.13 Conduct of business. You will use, manage and operate the property in a reasonably prudent manner, and you will pay all expenses of doing so.
- 6.14 Professional management. If you do not comply with the previous section, we may give you a written notice requiring you to comply. If 30 days after the notice you are still not complying, we may give you a notice requiring you to use a manager chosen by us. You will then employ and use that manager to manage the real estate. You will pay the manager's remuneration and expenses.
- 6.15 Persons other than you. Where the property is occupied or used by another person, you agree that the person will comply with your obligations.
- 6.16 Use of real estate. You will not, without our prior written approval, make a change in the use of the real estate. You will not abandon the real estate.

PART 7. ACTIONS WE CAN TAKE UNDER THE MORTGAGE

- 7.1 When we can take action. The mortgage will be in default and we can take action under this part after any of the following events has occurred:
 - 7.1.1 A payment, or part of a payment, under any of the payment obligations is not received by the time when it is due.
 - 7.1.2 Any other obligation to us under the mortgage is not complied with.
 - 7.1.3 Any of the statements made, or information given, to us under or in connection with the mortgage is materially incorrect. A statement or information may have been limited to what the person who made or gave it knew. However, we can take action under this part if we find that the matters in the statement or information are materially incorrect even though the person making the statement or giving the information did not know that it was incorrect, or had done what was reasonable to verify it.
 - 7.1.4 Any obligation to us under any other agreement that relates to payment obligations is not complied with.
 - 7.1.5 Any obligation to us or any terms under any other agreement made between you and us is not complied with.
 - 7.1.6 At any time during the mortgage:
 - 7.1.6.1 The property or its use do not comply substantially with every law.
 - 7.1.6.2 Any part of the real estate is contaminated by or includes hazardous substances that cause or are likely to cause harm to the life or health of a human being.
 - 7.1.7 There is a default or event of default in any other agreement made between you and us as those terms are defined in such other agreement.
 - 7.1.8 Any other event occurs after which the mortgage says we can take action under this part.
- 7.2 We may require obligations to be paid immediately. When we can take action under this part, we may require immediate payment of payment obligations. The obligation to make the payment is, however, subject to any provision of a law that applies despite what you and we have agreed to in this section and that gives you a right to avoid the consequences of this requirement.
- 7.3 We may take possession of property. When we can take action under this part, we may take possession of the property.
- 7.4 We may collect income from property. When we can take action under this part, we may collect income from property.
- 7.5 We may sell property. When we can take action under this part, we may sell or dispose of the property. If the event which gives us the right to take action under this part is that a payment, or part of a payment, under any of the payment obligations is not made when it is due, we may not sell or dispose of the property unless 15 days have passed after the payment or the part of the payment was not made and the payment has not been made in full. We may also ask a court to order a sale of the property.
- 7.6 We may exercise the powers of an owner. When we take possession of or collect income from the property, we may exercise all the powers of an owner of the property and you will be bound by our actions. These powers include the following. We may manage and operate the property and carry on a business relating to the property. We may make or continue a repair, alteration or addition to the property. We take legal proceeding relating to the property. We may borrow money or advance money for the purpose of exercising our powers. We may enter into contracts for the purpose of exercising our powers.
- 7.7 We may appoint a receiver (or receiver and manager).

- 7.7.1 Appointment and removal. When we can take action under this part, we may, in writing, appoint anyone to be a receiver or a receiver and manager of the property on any terms, including remuneration, that we think are reasonable. References in the mortgage to a receiver include a receiver and manager. We need not obtain security from the receiver and are not limited by any law in our choice of the receiver. We may make the appointment even if we have taken possession of property and, when we do so, we will be treated as having gone out of possession. We may also, in writing, remove a receiver appointed by us. When we remove a receiver, we may appoint a new receiver.
- 7.7.2 Effect of appointment. A receiver appointed by us is considered to be your agent and not ours. The receiver's acts and defaults are considered your acts and defaults and not ours. You alone are responsible for the receiver's acts and defaults and will pay the receiver's remuneration and expenses. Neither the appointment nor anything done by the receiver puts us in possession of property or makes us accountable for money except money we actually receive.
- 7.7.3 Receiver's powers. A receiver appointed by us has the following powers:
 - 7.7.3.1 The receiver may exercise any right or power that we can exercise, except where the appointment restricts the receiver from exercising a right or power.
 - 7.7.3.2 The receiver may use any legal right or remedy of yours or ours, in your name or ours, to collect income from the property.
 - 7.7.3.3 The receiver may borrow money on the security of the property in priority to the mortgage for the purpose of exercising the receiver's powers.
- 7.7.4 Use of money. We may require the receiver to pay money received to us or we may direct the receiver to use it as follows:
 - 7.7.4.1 To pay the receiver's remuneration and expenses.
 - 7.7.4.2 To pay rents, property taxes, insurance premiums, costs of repair and other expenses relating to the property.
 - 7.7.4.3 To pay money owing under a mortgage or other encumbrance having priority over the mortgage.
 - 7.7.4.4 To pay or reduce any of the payment obligations.
 - 7.7.4.5 To pay any of the money that remains to the person who, if the receiver had not been appointed, would have been entitled to it.
- 7.7.5 Protection of receiver. You release every receiver appointed by us from all claims against the receiver, unless they are caused by the receiver, unless they are caused by the receiver's dishonesty or gross neglect. You agree to pay every receiver all losses suffered by the receiver under liabilities the receiver incurs as receiver, except as far as they are caused by the receiver's dishonesty or gross neglect.
- 7.7.6 Court receiver. We may also ask a court to appoint a receiver and such a receiver shall have the same rights and powers as described above together with such other powers which we deem necessary in our sole discretion.
- 7.8 We may lease property. When we can take action under this part, we may do the following things:
 - 7.8.1 We may grant a lease.
 - 7.8.2 We may terminate a lease, accept a surrender of a lease or agree to renew or amend a lease.
- 7.9 Distress. We may levy distress on personal property that is on the real estate. When we can take action under this part, we may distrain to obtain payment of the payment obligations, as if they had been rent. This power is subject to restrictions imposed by law where the real estate is used for residential purposes. You waive any exemption from our right to distrain and any limit on it. Distressing does not put us in possession of the real estate and we need account only for money we actually receive.
- 7.10 We may foreclose. When we can take action under this part, we may take proceedings to foreclose your interest in the real estate.
- 7.11 We may ourselves carry out an obligation of yours.
 - 7.11.1 General. When we can take action under this part, we may carry out any obligation with which you have failed to comply. We, or anyone we authorize, may enter the real estate for that purpose. Nothing we do under this section puts us in possession of the property.
 - 7.11.2 Prior mortgages etc. When we can take action under this part, we may also pay a property tax or a mortgage, charge, lien, rent or other encumbrance on the property if it has priority over the mortgage. If we do so, we not only have the rights given to us by the mortgage, but we are also entitled to the rights of the person paid. If a person paid gives a discharge, we may hold it, without registering it, for longer than any period during which any law might otherwise require us to register it.
- 7.12 We may recover expenses. You will pay us all our expenses in collecting under the payment obligations and exercising our rights under this part.

- 7.13 How we may exercise our powers. When we exercise any of our powers under these terms, the following terms apply.
- 7.13.1 We may exercise the power with respect to all or part of the property or with respect to any interest in all or part of the property. We may exercise the power without obtaining any consent or co-operation from you. We may exercise the power even if we have not taken possession of the property. We may exercise the power to enter into a sale, lease or other transaction in any way and on any terms that we think are reasonable. For example, we may do so by private contract as well as by public auction or tender, and we may sell on credit as well as for cash.
- 7.13.2 We may do everything that we think proper relating to a sale, lease or other transaction. For example, we may enter into an agreement to enter into the transaction, bring an agreement to an end, enter into a new agreement or amend an agreement. At an auction we may set a reserve price or buy in to prevent a sale that we think is inappropriate. We may sign all documents that we think are necessary for the above purposes.
- 7.13.3 If we sell on credit, we need not account for the proceeds until we receive them.
- 7.13.4 We may transfer or deal in any other way with every interest in the property that you had the power to dispose of or deal with.
- 7.13.5 You will, at our request, do everything that we think is necessary or advisable to transfer your interest in the property or deal in any other way with it and you will pay our expenses for that.
- 7.13.6 Where a receiver exercises a right or power, this section applies as if all references to us were to the receiver.
- 7.14 Other terms relating to our rights.
- 7.14.1 Legal requirements apply. Our rights in this part are subject to our giving any notice required by any law that applies despite what you and we have agreed to. Subject to this and to the other terms of the mortgage, we may take any action under this part without notice.
- 7.14.2 Other rights. The rights set out in these terms are not exhaustive; we may exercise any other right given to us by the mortgage, any other agreement or the law.
- 7.14.3 We may exercise more than one right. We may exercise more than one of the rights given to us by the mortgage, any other agreement or the law at the same time, at different times and in any order we choose.
- 7.14.4 Use of proceeds. We may use money that we receive from taking action under this part to reduce or pay any of the payment obligations in whatever manner we decide.
- 7.14.5 Shortfall. If money we receive from taking action under this part falls short of the total payment obligations owing, we retain the right to recover the shortfall.
- 7.14.6 Articles left on real estate. If, when we take possession of real estate, you leave an article on it, you will pay a reasonable charge for storage. You will also pay any expenses we incur for the article. We may remove the article from the real estate. We are not liable for loss of the article or damage to it, however caused, even if intentionally or by gross negligence.
- 7.15 Protection of persons who deal with us or a receiver.
- 7.15.1 When we sell, grant a lease, collect income or enter into any other kind of transaction authorized by these terms with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered and that the transaction is not of a kind that we have the power to enter. When a receiver appointed by us enters into any kind of transaction with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered; we have signed a document purporting to appoint the receiver; the transaction is of a kind that we have the power to enter; and, the transaction is not of a kind that the document signed by us restricts the receiver from entering. A statutory declaration by us or an officer of ours about any fact set out in this paragraph will be conclusive evidence in favour of every person referred to above. Every such person may assume without enquiry that we can take action under this part, that we are using our powers properly and that the receiver issuing the receiver's powers properly. The person is not affected by the fact that a transaction is improper, even if the person actually knows of that fact. In particular, the person may do the following things:
- 7.15.1.1 The person may assume that there are outstanding payment obligations under the mortgage; we have given any required notice; and, any required time has passed.
- 7.15.1.2 The person may assume that an event has occurred that gives us the right to take action under this part, we have given any required notice; and, any required time has passed.
- 7.15.1.3 Where we or the receiver can take action under this part on terms that we or the receiver think are reasonable, the person may assume that the terms on which we or the receiver take action under this part are reasonable.

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- 7.15.1.4 The person may pay money to us or the receiver without being concerned about what we or the receiver do with it.
- 7.15.2 Any transaction that conforms to the previous paragraph will bind you. You will not make any claim against the person who deals with us or the receiver or that person's successors on the ground that the transaction does not conform to other terms of the mortgage. If you do have a claim for anything done by us, it will be restricted to a claim that is limited to actual damages and actual out-of-pocket expenses.
- 7.16 How our obligation to lend money is affected. Despite any other agreement, we need not lend money, make an advance or make credit available in any other way during the following periods:
 - 7.16.1 while we can take action under this part; or,
 - 7.16.2 while any circumstances exist that would have given us the right to take action under this part if we had not been required to give notice or allow time to pass.
- 7.17 Our protection. We are not responsible for any loss arising in the course of our taking action under this part or exercising a right under any other term of the mortgage, even if it was caused by negligence, unless it results from our dishonesty or our gross neglect.
- 7.18 Attorney. In case of any sale under the mortgage by or on behalf of us, you will immediately upon request sign and deliver to the purchaser such transfers, assurances and receipts as may be necessary to transfer good title to any real estate being sold (the "sale documents"). If you fail to do so, we (or our receiver) may sign and deliver such sale documents to the purchaser of such real estate. You irrevocably appoint us (and any receiver we appoint) to be your attorney for the purpose of making such sale and signing such sale documents.

PART 8. OTHER TERMS

- 8.1 How various transactions or events affect us.
 - 8.1.1 The mortgage. Our taking the mortgage or our advancing money under it does not put us under an obligation to lend money or to extend any other kind of credit. Nor does it add to any such obligation that we may have. The mortgage adds to our rights; neither the mortgage nor anything in it reduces the benefit to us of any other right we may have.
 - 8.1.2 Our rights. A right of ours under the mortgage does not relieve you from a duty concerning the property or put a duty on us. Nor does our exercising the right. In particular, the right or exercise does not mean that we take over a duty based on possession, management or control. This subsection does not limit our rights.
 - 8.1.3 Other transactions. Nothing in any other transaction between you and us takes away our rights under the mortgage. Nothing in the mortgage takes away our rights under any other transaction.
 - 8.1.4 Your selling or dealing with the property. If you sell or deal in any other way with your interest in the property or part of it, you continue to be liable for your obligations under the mortgage, and our rights against you or anyone else are not affected.
 - 8.1.5 Subdivision of the real estate. The real estate may not be subdivided without our prior written consent, which consent may be arbitrarily withheld. If we give such consent then each part of the real estate secures the total amount of the payment obligations.
 - 8.1.6 Our giving releases or discharges. If we release anyone from an obligation or if we release any security, our rights against anyone else or under any other security are not affected. This applies when we agree to extend the time for payment of any of the payment obligations or to change their terms in any other way. It also applies when we discharge part of the property from the mortgage; if we do, the property not discharged secures the total payment obligations that remain owing. These terms apply whatever are the terms on which we give the release or discharge and even if we receive nothing in return. We are not liable to you for the release or discharge, except to account to you for money that we both actually received and accept to reduce the payment obligations.
 - 8.1.7 Our delaying taking action or waiving rights. If we delay taking action under part 7 or exercising any other right under the mortgage or any other agreement, we do not lose or impair the right or any other right. If we waive a breach of any obligation under the mortgage or any other agreement. If we waive a right, we do not lose or impair any other right of ours. We will not be bound by an agreement that contains a waiver unless it is in writing and is signed by us.
 - 8.1.8 Our dealing with future owners. After the mortgage is signed, a person may become an owner of the property and we may enter into an agreement with that person extending the time for payment of the payment obligations, renewing the mortgage or changing the payment obligations in some other way. If so, we do not lose or impair our rights against anyone who had agreed to pay or had guaranteed the payment obligations. The same applies if we deal in any way with a new owner or deal in any way with any other person who has an interest in the property or part of it.
 - 8.1.9 Our obtaining a judgment. If we obtain a court judgment for a failure to pay any of the payment obligations, or to perform any other obligation, the judgment will not supersede the obligation, or detract from the obligation or our right to take action under part 7. We will continue to be entitled to interest under the payment obligations, calculated and payable as agreed, and the judgment may so provide.

- 8.2 Your liability if there are more than one of you. Where there is more than one of you, both or all of you are jointly and severally liable for the obligations of each of you under the mortgage.
- 8.3 How the mortgage is affected if a term is invalid or unenforceable. If a term of the mortgage is or becomes invalid or unenforceable, that does not make the mortgage or other terms invalid or enforceable. If our security is invalid or unenforceable with respect to part of the property or an interest in property, it remains valid or enforceable with respect to the remaining part or interest.
- 8.4 Changes to the mortgage must be in writing. We will not be bound by any change to the terms of the mortgage that detracts from our rights unless it is in writing and signed by us.
- 8.5 We assume no additional responsibility. Nothing we do relating to the mortgage puts us under a duty of care towards you. You should not rely, for example, on an appraisal we make as showing the value of property, on our requiring insurance as showing that it is appropriate, on an inspection as showing that property is without defect, or on our approving a lease as showing that it is advisable.
- 8.6 Notices or other communications.
- 8.6.1 How we may give notices. Where the mortgage requires or allows us to give a notice to any person (including you) or to communicate in any other way in writing with any person (including you), we may give the notice or communication (a "Notice") in any of the ways set out below. Any Notice to be given under this Agreement, except as otherwise specifically stated, shall be in writing.
- 8.6.2 How sent. We may deliver or send a Notice by courier to the person. If the person is a corporation or partnership, we may deliver it personally to anyone we reasonably believe to be a director, officer, general partner or responsible employee or agent of the corporation or partnership. We may leave it at the person's address last known to us with a grown-up person there or in a place where it should reasonably be seen by anyone at that address. We may mail it by prepaid ordinary mail addressed to the person at the person's mailing address last known to us. If it is given under part 7, the mailing must be registered. We may send it by fax to the person's fax number last known to us. We may advertise it in a newspaper published or generally read in the area where any part of the real estate is situated.
- 8.6.3 Addressee. A Notice is valid even though it is not addressed to anyone by name or description. It is also valid even though the person affected by it is not known, has not been identified or is under a disability.
- 8.6.4 When received. Any Notice, if personally delivered or sent by courier, shall be deemed to be received on the date of delivery. Any Notice, if mailed, shall be deemed to be received on the fourth day after it was mailed. Any Notice, if sent by fax, shall be deemed to be received on the date faxed unless such date is not a business day in which case, it will be deemed received on the next business day after that.
- 8.6.5 Change of Address. Either we or you, by giving to the other at least 10 days' notice, may change its address for Notices.
- 8.6.6 Law. This section does not take from us the benefit of any provision of the law dealing with a Notice. In particular, a notice of sale will be validly given if it would be regarded as properly given under any law.
- 8.6.7 Who is entitled to a notice of communication. Where the mortgage requires or allows us to give a notice to you or communicate with you in any other way, the notice or communication is valid if we give or make it to either of the persons described below. This is so even though the expression "you" may include others or the notices of communication relates to property other than real estate. The persons are:
- 8.6.7.1 If your interest in the real estate or part of the real estate is not subject to a lease, a person that we believe is entitled to possession of the real estate or part.
- 8.6.7.2 If your interest in the real estate or part of the real estate is subject to a lease, a person that we believe is entitled to receive income from the tenant.
- 8.7 How others are affected by the mortgage.
- 8.7.1 Your obligations under the mortgage are binding on, and your obligations under it benefit, your legal or personal representative, successors, assigns and every person who after the mortgage is signed becomes the holder of an interest or right in the property or a part of it. Wherever the mortgage refers to you, that includes every such representative, successors, assigns and person.
- 8.7.2 The mortgage is binding on and benefits our legal or personal representative, successors, assigns and every other person who after the mortgage is signed becomes the holder of an interest or right in the mortgage or a part of it. Wherever the mortgage refers to us, that includes every such representative, successor, assign and person. You specifically agree that the representative, successors, assigns or person has the powers that the mortgage gives to us.
- 8.7.3 You agree that, without your consent, the benefit of all or part of our rights, or any interest in or power relating to all or part of our rights, under the mortgage or under any existing or future security, guarantee or other right relating to the subject matter of the mortgage, may be transferred by us to other persons or otherwise dealt with by us, free from any set-off, counterclaim or other equity or claim. Any information received by us may be disclosed to others. Everything to facilitate a transfer or dealing that may be requested in writing will be done at the expense of the person requesting it. If a transferee of all or part of our rights agrees to assume any obligation of ours relating to those rights, we will be released from liability for the obligation.

- 8.8 **Due on Sale.** You may not sell, transfer, lease, sublease or otherwise assign, in one transaction or a series of transactions, all or any material part of the property without our prior written consent except (i) personal property in the normal course of its business for the purpose of carrying on the same, for fair market value, in accordance with customary trade terms and (ii) personal property that is worn out or obsolete or of no material value. All amounts secured by the mortgage shall, unless we expressly consent in writing to it, become due and payable upon any transfer of your interest in the real estate or any part of it or upon the direct or indirect transfer of any interest in you to another person including, if you are a corporation, an amalgamation or merger with another corporation. If you are a corporation whose shares are publicly traded on a recognized stock exchange in Canada or the United States of America, this section 8.8 does not apply to a transfer of shares that constitutes less than a controlling interest in you. Any transaction described in this paragraph in respect of the property, if approved by us, shall be subject to the payment of such transfer fee as has been or may be agreed to in writing and any other fees or expenses that could be incurred including administration fees and legal counsel's fees.
- 8.8.1 If we consent to the transfer of your interest in the real estate or any part of it or in you, you will, prior to the transfer, promptly inform us in writing of the full names and address of every transferee, provide us with a copy of the most recent financial statements for every transferee and inform us in writing of the date of the proposed transfer and the consideration for the transfer. If the transferee is a trustee, the same information is to be provided for all beneficiaries of the trust.
- 8.8.2 Provided you have received our consent pursuant to section 8.8, then before you transfer your interest in the real estate or any part of it to another person, you will have the person enter into a written agreement with us. In the agreement, the person must agree to pay the payment obligations and comply with all of your obligations under the mortgage and you agree that you shall not be released from your obligations under the mortgage unless we expressly agree to release you. You will deliver the agreement to us immediately after the transfer. You shall pay our solicitor's fees with respect to the preparation of this agreement together with our administration fee for same.
- 8.9 **Terms included by law.** Section 7(1) of the *Land Registration Reform Act* includes terms in a mortgage unless the mortgage excludes them. Neither those terms nor any similar terms in any future law are included in the mortgage.
- 8.10 **Participations.**
- 8.10.1 We may, at any time, sell or transfer our interest as lender in the mortgage and the payment obligations and any servicing rights with respect to them, or any interest in them, or grant participations in them (the "Participations") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "Securities"). We may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Participations or Securities (collectively, the "Investor") or any rating agency rating such Securities, each prospective investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information that we now have or may later acquire relating to the Obligations and to you or any guarantor or your property, as we determine necessary or desirable. You irrevocably waive any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.
- 8.10.2 You and any guarantor will co-operate with us in connection with any Participations or Securities, including by: delivering a status statement and such other documents as we may reasonably request; furnishing, and permitting us to furnish to investors, prospective investors or rating agencies any information about the mortgage, those bound by it and property.
- 8.11 **Further Assurances.** You will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to give better effect to the mortgage including to ensure that all your interest in the property has been fully charged to us.
- 8.12 **Expropriation.** If the property is expropriated by any governmental authority, all money payable in respect of such expropriation will be paid to us (and if received by you, will be received in trust for the us and paid over to us). We may, in our discretion, apply such money against the payment obligations or hold it unappropriated in a collateral account as continuing security for the full payment and performance of the payment obligations. You will deliver to us a copy of any notice of expropriation or proposed expropriation that you receive for the property. If the entire property is expropriated, the payment obligations, at our option, will immediately become due and payable.
- 8.13 **Governing law.** The mortgage will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province.

PART 9. CONDOMINIUMS

(If the property is a condominium unit, you must also comply with this part in addition to all other provisions of the mortgage except section 8.1.)

In this part, the "Act" means the *Condominium Act (Ontario)* as amended or replaced; and, "condominium corporation" means the corporation created by the registration of a declaration under the Act.

- 9.1 **Compliance with the Act, etc.** You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.
- 9.2 **Payment of Amounts and Common Expenses.** You will pay all amounts required by the Act, and by the declaration and by-laws of the condominium corporation, when or before they are due and, if we ask, will give us proof that you have done so. You must pay common expenses. If you do not make any

payments that you are obligated to pay, we may (but do not have to) do so on your behalf and you will be in default under the mortgage. All amounts paid by us shall be added to the payment obligations.

- 9.3 **Notices and Demands.** You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive it at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days after you receive them. We may also require, in your name, that the condominium corporation provide copies of all by-laws and report on budgets, accounts, maintenance or any other issue we require.
- 9.4 **Voting Rights.**
- 9.4.1 You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.
- 9.4.2 If we do not wish to use our rights to vote or consent, we may notify the condominium corporation, in which case you may vote or consent. Our wish not to vote or consent may be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests or for the way we vote or consent or fail to do so.
- 9.5 **Default.** The mortgage will be in default and we may take action under part 7 if:
- 9.5.1 government of the property of the condominium corporation under the Act is terminated;
- 9.5.2 a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- 9.5.3 the condominium corporation fails to comply with the Act, declaration, by-laws or rules and regulations;
- 9.5.4 the condominium corporation fails to insure the condominium units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;
- 9.5.5 the condominium corporation fails, in our opinion, to carefully and properly manage the condominium property and assets or to maintain its assets in good repair; or,
- 9.5.6 the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.
- 9.6 **Insurance.** The condominium corporation must obtain the insurance that is required of it under the Act, and you will ensure that it does so. In addition, you must insure all improvements to the property against loss or damage by fire and against such additional risks as we may require. The insurance company or companies must be approved by us. You will provide us evidence of renewal at least 30 days before any insurance is terminated. If the insurance required by the mortgage is not obtained or maintained, we may (but do not have to) insure the buildings or improvements, and you will pay to us the cost we incur in doing so. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the payment obligations whether or not yet due.

PART 10. PERSONAL PROPERTY SECURITY INTEREST

- 10.1 **Terms.** In this part, "PPSA" means the *Personal Property Security Act* (Ontario), as it may be amended from time to time.
- 10.2 **Security interest granted.** You grant to us in the mortgage a security interest in all of your personal property, assets and undertaking and in the future owned by you (including "Accounts", "Chattel Paper", "Documents of Title", "Goods", "Instruments", "Intangibles", "Money" and "Securities", each as defined in the PPSA) of any kind but solely to the extent it relates to, is used or acquired in connection with or derived from the acquisition, ownership, construction, development, sale, leasing or operation of the real estate or any part of it, and all proceeds of it and from it, renewals of it, accessions to it and substitutions for it (all of which is called the "Personal Property").
- 10.3 **Ordinary Course.** Until we have a right to take action under part 7, you may dispose of or deal with the Personal Property in the ordinary course of your business for the purpose of carrying it on. However, you will not, without our prior written consent, create, assume or have outstanding, except to us any security interest or other encumbrance on Personal Property ranking or purporting to rank in priority to or equally with our charge on it.
- 10.4 **Last Day.** The security granted by the mortgage shall not extend or apply to the last day of the term of any lease or agreement to lease in which you have an interest as lessee, except that upon the enforcement of this security, you will stand possessed of such last day interest to assign it to any person acquiring such term.

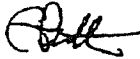
STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200612 Cota

10.5 Remedies. Our rights and remedies with respect to the Personal Property include those of a secured creditor under the PPSA.

...

DATED as of March 2, 2008.

GE Canada Equipment Financing G.P.
by its lawyers, Blake, Cassels & Graydon LLP
By:



Edward Perlmutter

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200612 Cote

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LRO # 55 Charge/Mortgage

Received as TY42208 on 2007 03 22 at 15:11

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of

Properties

PIN	62264 - 0453 LT	Interest/Estate	Fee Simple
Description	PT WATER LOT IN FRONT OF THE NE 1/4 OF SEC 51 MCINTYRE PT 7 55R11375 EXCEPT PT 1 55R11631 ; THUNDER BAY		
Address	THUNDER BAY		
PIN	62264 - 0233 LT	Interest/Estate	Fee Simple
Description	PCL 25233 SEC TBF; PT WATER LOT IN FRONT OF THE SE SUDIVISION OF SEC 51 MCINTYRE PARTS 5,6 & 7, 55R9572; S/T F39878; THUNDER BAY		
Address	THUNDER BAY		
PIN	62264 - 0112 LT	Interest/Estate	Fee Simple
Description	PT WATER LOT IN FRONT OF NORTH-EAST QUARTER OF SECTION 51 MCINTYRE; PT WATER LOT IN FRONT OF SOUTH-EAST SUBDIVISION OF SECTION 51 MCINTYRE; PT 66 FT RDAL MCINTYRE IN FRONT OF SE 1/4 SEC 51 MCINTYRE (AKA ORIGINAL SHORE RDAL); PT SE1/4 SEC 51 MCINTYRE; PT UNNAMED ST PL 8 MCINTYRE BEING MAUREEN ST FORMERLY UNNAMED ST; PT BROKEN FRONT IN FRONT OF BLOCK 41 PL 8 MCINTYRE; LT 13-14 BLK 32 PL 8 MCINTYRE; PT LT 15-21 BLK 32 PL 8 MCINTYRE; PT LANE BLK 32 PL 8 MCINTYRE; LT 1-8, 13-21 BLK 41 PL 8 MCINTYRE; PT LT 10, 22-23 BLK 41 PL 8 MCINTYRE; PT LANE BLK 41 PL 8 MCINTYRE; PT THIRD AV, KING ST PL 8 MCINTYRE BEING KIRKLAND ST FORMERLY KING ST PARTS 1, 3, 4, 8 TO 14, 17, 18 & 19, 55R9572; S/T TBR352775; S/T TBR352729; THUNDER BAY		
Address	THUNDER BAY		

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name NORTHERN SAWMILLS INC.
Address for Service P. O. Box 29039, McIntyre Centre,
 Thunder Bay, ON P7B 6P9

I, RUSSELL DAVID YORK, Chief Financial Officer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)

Capacity

Share

Name GENERAL ELECTRIC CANADA REAL ESTATE FINANCE INC.
Address for Service 2300 Meadowvale Boulevard
 Suite 111
 Mississauga, ON L5N 5P9

Statements

Schedule: See Schedules

LRO # 55 Charge/Mortgage

Received as TY42208 on 2007 03 22 at 15:11

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 1

Provisions

Principal	\$ 13,500,000.00	Currency	CDN
Calculation Period	See Schedule		
Balance Due Date	See Schedule		
Interest Rate	25% per annum		
Payments			
Interest Adjustment Date			
Payment Date	See Schedule		
First Payment Date			
Last Payment Date			
Standard Charge Terms	200612		
Insurance Amount	full insurable value		
Guarantor			

Signed By

Boteslaw Paul Jasiura	1001 William Street, Suite 201 Thunder Bay P7B 6M1	acting for Chargor(s)	Signed	2007 03 22
Tel	8076231111			
Fax	8076234947			

Submitted By

WEILER, MALONEY, NELSON	1001 William Street, Suite 201 Thunder Bay P7B 6M1			2007 03 22
Tel	8076231111			
Fax	8076234947			

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Chargor Client File Number :	53044
Chargee Client File Number :	083006.0059

SCHEDULE TO CHARGE/MORTGAGE

EXPLANATION OF THIS DOCUMENT AND NON-MERGER

In this document you means each person who has signed the mortgage as chargor. We means each chargee to whom the mortgage is given. By signing this document, you are agreeing to the terms set out in this document and in our standard charge terms 200612 (The "Standard Charge Terms"), except as far as this document excludes or varies those terms.

You agree that the terms in the equipment loan and security agreement dated March _____, 2007 (the "Agreement") and made between you and us, shall survive the execution and registration of the mortgage and all other security documentation and that such terms shall not be deemed to be merged in the mortgage or other security documentation. In the event of conflict between the terms of the Agreement and the mortgage and other security documentation, the terms of the Agreement shall prevail, otherwise we shall have the rights granted in all of the Agreement, the mortgage and the other security documentation.

The parties hereto acknowledge that General Electric Canada Real Estate Finance Inc. holds this charge as nominee for GE Canada Equipment Financing G.P. The parties further agree that this charge is given as security for all amounts due and owing to GE Canada Equipment Financing G.P. under the Agreement and any other security therefore. The parties agree that any defaults under the Agreement shall be a default hereunder and that any defaults under this charge shall be a default under the Agreement.

INDEBTEDNESS SECURED BY THIS MORTGAGE

1. You have at our request agreed to give this mortgage as a continuing collateral security for payment and satisfaction to us of all indebtedness, obligations and liabilities of any kind, now or hereafter existing, direct or indirect, absolute or contingent, joint or several, of you to us, whether as principal or surety, together with all expenses (including legal fees on a solicitor and client basis) incurred by us, our receiver or agent in the preparation, perfection and enforcement of security or other agreements held by us in respect of such indebtedness, obligations or liabilities, and interest thereon (collectively, the "Indebtedness") but it being agreed that this mortgage at any one time will not secure that portion of the aggregate principal component of the Indebtedness outstanding at such time which exceeds the sum of THIRTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$13,500,000.00).

2. **PROVIDED THIS** mortgage will be void upon you, paying on demand to us, the ultimate balance of the Indebtedness, the principal component of such Indebtedness not exceeding the sum of THIRTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$13,500,000.00) in lawful money of Canada together with interest on the Indebtedness at 25% per cent per annum, calculated semi-annually not in advance as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the principal sum, together with all other amounts payable by you hereunder and you paying any taxes, rates, levies, mortgages or assessments upon the lands described herein no matter by whom or what authority imposed and you observing and performing all covenants, provisos and conditions herein contained.

3. IT IS AGREED BY AND BETWEEN THE PARTIES HERETO as follows:

- (a) That no part of any Indebtedness existing at the date of this mortgage or incurred or arising thereafter, shall be deemed to be unsecured by this mortgage.
- (b) That this mortgage is and shall be a continuing collateral security to us for the amount of such Indebtedness and shall be deemed to be taken as security for the ultimate balance of such Indebtedness; AND these presents shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt owing to us or of any lien, bond, promissory note, bill of exchange or other security held by or which may hereafter be held by us from you or from any other person or persons and this mortgage shall not in any way prejudicially affect any security held or which may hereafter be held by us for the Indebtedness or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by us for or on account of the Indebtedness or any part or parts thereof, nor shall our remedies in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this mortgage.
- (c) That any and all payments made in respect of the Indebtedness and interest and the moneys or other proceeds realized from the sale of any securities held therefore including this mortgage may be applied and reapplied notwithstanding any previous application on such part or parts of the Indebtedness or interest as we may see fit or may be held unappropriated in a separate collateral account for such time as we may see fit.
- (d) That we may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with you, and all other persons, securities and guarantees as we may see fit without prejudicing our rights under this mortgage.
- (e) That the taking of judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness or under any of the covenants herein or in any such instrument contained or implied shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants nor affect our right to interest at the rate and times herein provided nor affect nor prejudice any rights or remedies given to us by the terms hereof.

4. You covenant with us as follows:


- (a) This mortgage and the covenants, provisos, obligations and agreements on your part herein contained shall be the continuing obligations and liability of you and shall cover all the Indebtedness and obligations of you and shall apply to and shall secure any ultimate balance of the mortgage secured or intended to be secured.

- (b) We shall not be bound to exhaust our recourse against any other persons or any securities (which term when used in this paragraph 4 includes guarantees) we may at any time hold before being entitled to payment from you of the moneys hereby secured and you renounce to all benefits of discussion and division;
- (c) This mortgage and the indebtedness and obligations of you hereunder shall not be affected by the death or loss or diminution of capacity of you or by any change in your name or by the acquisition of your business by a corporation, person or other entity, or by any change whatsoever in your objects, capital, structure or constitution or by you or your business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;
- (d) This mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to us and all dividends, compositions, proceeds of security valued and payments received by us from you or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of you to claim any in reduction of your liability under this mortgage the benefit of any such dividends, compositions, proceeds or payments or any securities held by us or proceeds thereof, and you shall not have the right to be subrogated in any of our rights until we shall have received payment in full of all indebtedness;
- (e) All of the moneys hereby secured or intended to be secured hereby shall be deemed to form part of the indebtedness and obligations of you notwithstanding any lack or limitation of status or of power, incapacity or disability of you or of your directors, partners or agents thereof, or that you may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys, advances, renewals or creditors, or in the taking or registering of this mortgage or any other securities, the whole whether known to us or not; and all the moneys secured hereby or intended to be secured hereby shall be recoverable from you as sole or principal debtor in respect thereof and shall be paid to us on demand with interest and accessories; and
- (f) Any account stated by us shall be accepted by you as prima facie evidence of the amount which at the date of the account so stated is due by you to us or remains unpaid by you to us, absent manifest error.

5. TERMS

Transfer or Encumbrance of the Property: You shall not, without our prior written consent, sell, convey, alienate, mortgage, encumber, pledge or otherwise transfer the property or any part thereof, or permit the property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, or otherwise transferred, and no sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the property, or of any interest therein, shall be permitted while there is indebtedness owing herein with us.

This is Exhibit "F" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



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GE
Capital Solutions

GUARANTEE AND INDEMNITY

150010293079 as
amended to 150011169673

TO: GE Canada Equipment Financing G.P. ("GE")

In consideration of the premises and the covenants and agreements herein contained, the sum of \$1.00 now paid by GE to Aukakon Forest Products Ltd. (the "Guarantor") and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants and agrees with GE as follows:

1. **INTERPRETATION** — Wherever throughout this Guarantee, the Guarantor or GE or Northern Sawmills Inc. (hereinafter called the "Obligor") are mentioned or referred to, such mention or reference shall extend to their respective successors and assigns, as the case may be. Reference to the term "Obligations" herein shall be to any and all obligations of the Obligor to GE under that certain Equipment Loan and Security Agreement No. 150010293079 between the Obligor and GE, as amended by Amendment to Equipment Loan and Security Agreement No. 150011169673 dated the date hereof and any other agreement, document or instrument related thereto, whether existing now or arising hereafter, and any modifications, extensions or renewals thereof from time to time, (hereinafter singularly or collectively called "Finance Instruments").
2. **GUARANTEE**
 - 2.1 **Guarantee** — The Guarantor hereby irrevocably and unconditionally guarantees and covenants with GE as principal debtor of GE and not merely as surety, that the Obligor will duly and punctually perform all of the Obligations, and pay or cause to be paid to GE the rentals under and the principal of and interest on the Finance Instruments evidencing or securing the Obligations (including, in case of default, interest on the amount in default) as and when the same becomes due and payable, whether by lapse of time, by extension, or upon a declaration or otherwise according to the terms of the Finance Instruments and all other moneys owing on or under the Finance Instruments or in any way relating thereto including all expenses, including legal expenses and service charges. The total liability of the Guarantor hereunder for the Obligations shall be unlimited in amount, plus interest, fees, costs or expenses (including, without limitation, legal fees and expenses) which may now or hereafter accrue or be incurred with respect to such Obligations and any fees, costs or expenses (including without limitation, legal fees and expenses) that may be incurred by GE by reason of Guarantor's default under this Guarantee.
 - 2.2 **Terms of the Finance Instruments** — The Guarantor hereby consents to and approves of the terms of the Finance Instruments; the guarantee and the agreements of the Guarantor herein contained shall take effect and shall be and are hereby declared to be binding upon the Guarantor notwithstanding any defect in or omission from the Finance Instruments or any non-registration or non-filing or defective registration or filing of any Finance Instruments or notice of the interest of GE created thereby or by reason of any failure of the security intended to be created by the Finance Instruments or pursuant thereto.
 - 2.3 **Guarantee Absolute** — The liability of the Guarantor hereunder shall be absolute and unconditional and shall not be affected by:
 - (a) any lack of validity or enforceability of any agreements between the Obligor and GE; any change in the time, manner or place of payment or in any other term of such agreements or the failure on the part of the Obligor to carry out any of its obligations under such agreements;
 - (b) any impossibility, impracticability, frustration of purpose, illegality, force majeure or act of government;
 - (c) the bankruptcy, winding-up, liquidation, dissolution or insolvency of the Obligor, GE or any party to any agreement to which GE is a party;
 - (d) any lack or limitation of power, incapacity or disability on the part of the Obligor or of the directors, partners or agents thereof or any other irregularity, defect or informality on the part of the Obligor in its obligations to GE; or
 - (e) any other law, regulation or other circumstance which might otherwise constitute a defense available to, or a discharge of, the Obligor in respect of any or all of the Obligations.

The Guarantor shall be held and bound to GE as principal debtor, and not as surety, in respect of the payment of any or all of the Obligations. All amounts payable to GE shall be paid to GE forthwith after demand therefore as provided herein.
 - 2.4 **No Waiver** — The Guarantor hereby agrees that its obligations hereunder shall be unconditional and no waiver by GE of any of its rights hereunder or under the Finance Instruments and no action by GE to enforce any of its rights hereunder or under the Finance Instruments or failure to take, or delay in taking any such action shall affect any other obligation of the Guarantor hereunder.
3. **INDEMNITY** — The Guarantor also covenants and agrees with GE that it will at all times and from time to time hereafter, indemnify and keep indemnified and save harmless GE from any and all losses, costs, damages and expenses, including legal fees and disbursements and the costs of all distresses, actions, proceedings, claims and demands incurred or made by GE if GE does not receive payment of all amounts due and owing under the Finance Instruments or if the Obligor defaults in the payment of any instalment payable or in the performance of the Obligations under the Finance Instruments which, if the Finance Instruments were in full force and effect and good standing, would be payable or required to be performed under the Finance Instruments. In addition to the foregoing, the Guarantor agrees to pay GE, as administrative costs, an amount equal to fifteen percent (15%) of all amounts payable hereunder in the event that court proceedings are instituted against the Guarantor because the Guarantor has failed to respect its obligations hereunder.
4. **DEALINGS WITH OBLIGOR AND OTHERS**
 - 4.1 **No Release** — The liability of the Guarantor hereunder shall not be released, discharged, limited or in any way affected by anything done, suffered or permitted by GE in connection with any duties or liabilities of the Obligor to GE of any security thereof including any loss of or in respect of any security received by GE from the Obligor or others. GE, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability hereunder, may:
 - (a) grant time, renewals, extensions, indulgences, releases, waivers and discharges to the Obligor;
 - (b) grant substitutions for the Obligations or any part thereof or any agreement related thereto;
 - (c) take or abstain from taking securities or collateral from the Obligor or from perfecting securities or collateral of the Obligor.

- ld) accept compromises from the Obligor;
- le) apply all money at any time received from the Obligor or from securities upon such part of the Obligations as GE may see fit or change any such application in whole or in part from time to time as GE may see fit;
- lf) amend any of the Finance Instruments; or
- lg) otherwise deal with the Obligor and all other persons and securities as GE may see fit.
- 4.2 **No Exhaustion of Remedies** — GE shall not be bound or obligated to exhaust its recourse against the Obligor or other persons or any securities or collateral it may hold or take any other action (other than to make demand pursuant to Section 6l) before being entitled to demand payment from the Guarantor hereunder. The obligations of the Guarantor hereunder are joint and several with those of the Obligor and any other guarantor, security or other person liable in any way for the Obligations. This Guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by GE, and without prejudice to any other security, by whomsoever given, at any time held by GE, and GE shall be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets GE may be entitled to receive or have a claim upon.
- 4.3 **Conclusive Statement** — Any account settled or stated in writing by or between GE and the Obligor shall be *prima facie* evidence that the balance or amount thereof appearing due to GE is so due.
- 4.4 **No Set-Off** — The Guarantor shall not claim any set-off or counterclaim against the Obligor in respect of any liability of the Obligor to the Guarantor.
- 5. **CONTINUING GUARANTEE**
 - 5.1 **Continuing Guarantee** — This Guarantee shall be a continuing guarantee, notwithstanding any extensions, modifications, renewals or indulgences with respect to, or substitutions for, the Obligations or any part thereof, and shall remain in full force and effect until the Obligations are performed and paid in full. This Guarantee shall continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or terminated or must otherwise be returned by GE upon the occurrence of any action or event including the insolvency, bankruptcy or reorganization of the Obligor or otherwise, all as though such payment had not been made.
- 6. **DEMAND FOR PAYMENT**
 - 6.1 **Demand for Payment** — GE shall be entitled to make demand upon the Guarantor at any time upon a default in payment of any amount owing by the Obligor to GE and upon such default GE may treat all Obligations as due and payable and may forthwith collect from the Guarantor the total amount guaranteed hereunder. The Guarantor shall make payment to or performance in favour of GE of the total amount guaranteed hereunder forthwith after demand thereof is made to the Guarantor.
 - 6.2 **Interest** — The Guarantor shall pay interest to GE at the rate of 24% per annum on the unpaid portion of all amounts payable by the Guarantor under this Guarantee, such interest to be calculated daily from the date of demand by GE on the Guarantor.
- 7. **ASSIGNMENT, POSTPONEMENT AND SUBROGATION**
 - 7.1 **Assignment and postponement** — All debts and liabilities, present and future, of the Obligor to the Guarantor are hereby assigned to GE and postponed to the Obligations, and all money received by the Guarantor in respect thereof shall be received in trust for GE and forthwith upon receipt shall be paid over to GE, the whole without in any way lessening or limiting the liability of the Guarantor hereunder and this assignment and postponement is independent of the Guarantee and shall remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until payment in full to GE of all obligations of the Guarantor under this Guarantee.
 - 7.2 **Subrogation** — The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guarantee and indemnity, by any payment made hereunder or otherwise, until all Obligations shall have been paid and performed in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of GE and shall forthwith be paid to GE to be credited and applied upon the Obligations. If (i) the Guarantor performs or makes payment to GE of all amounts owing by the Guarantor to GE under this Guarantee and (ii) the Obligations are performed and paid in full, GE will, at the Guarantor's request and at the Guarantor's expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations and any security held therefor resulting from such performance or payment by the Guarantor.
- 8. **COVENANTS OF THE GUARANTOR**

The Guarantor hereby represents, covenants and warrants that:

 - la) if the Guarantor is a corporation, the making and performance of this Guarantee have been duly authorized by all necessary corporate actions on the part of the Guarantor, do not require any shareholders' approval, and will not violate any provisions of the Guarantor's incorporating documents or by-laws or result in the breach of, constitute a default under, contravene any provisions of or result in the creation of any lien, charge, encumbrance or security interest upon any property or assets of the Guarantor pursuant to any of the Guarantor's stocks, bonds, notes or debentures outstanding, or any agreement, indenture or other instrument to which the Guarantor is a party or by which the Guarantor or its property may be bound or affected;
 - lb) this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with the terms hereof;
 - lc) there is no pending or, to the best of the knowledge of the Guarantor, threatened action or proceeding affecting the Guarantor or, if the Guarantor is a corporation, any of its subsidiaries before any court, governmental agency or arbitrator, which would materially adversely affect the legality, validity or enforceability of this Guarantee;
 - ld) all information as defined in Section 9.2 provided by Guarantor to GE is accurate;
 - le) all payments to GE are and will be derived from legal sources and GE may decline any form of payment; and
 - lf) the Guarantor is and shall continue to be in compliance with all laws and regulations relating to the prevention of money laundering and terrorism.
- 9. **GENERAL**
 - 9.1 **Waivers** — The Guarantor waives notice of acceptance of this Guarantee and of the extension or continuation of the Obligations or any part thereof. The Guarantor further waives presentment, protest, notice, demand or action in respect of the Obligations or any part thereof, including any right to require GE to sue the Obligor, any other Guarantor or any other person obligated with respect to the Obligations or any part thereof, or otherwise to enforce payment thereof against any collateral securing the Obligations or any part thereof. Without limiting the generality of the foregoing, the Guarantor is jointly and severally liable with the Obligor for the due

and punctual payment and performance of the Obligations, the Guarantor hereby waiving the benefit of division and discussion Guarantor waives its right to receive a copy of any financing statement or financing change statement registered by GE and of any related verification statement.

- 9.2 **Information** — Guarantor hereby consents and authorizes GE and its affiliates, agents, contractors and representatives, at any time, a) to collect, verify, use, communicate with and disclose to third parties (including credit reporting agencies, financial institutions, creditors, vendors and other persons) any credit, financial and other information, including personal information (as applicable) and information related to the credit rating, financial capacity and payment history, with respect to Guarantor ("Information"), as GE deems necessary to process, complete, service and enforce the transactions hereby contemplated and any other existing or potential transactions, or as required or otherwise permitted by law; b) to respond to inquiries from, and exchange any Information with, third parties concerning Guarantor's credit rating, financial capacity and payment history; c) to provide Information to persons to whom GE considers assigning, granting a participation or otherwise disposing of rights or obligations under the transactions hereby contemplated; and d) to provide to any person copies of this Guarantee. This consent is in addition to and does not replace any consent previously given.
- 9.3 **Benefit of the Guarantee** — This Guarantee shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the Guarantor and GE.
- 9.4 **Entire Agreement** — This Guarantee constitutes the entire agreement between GE, the Obligor and the Guarantor with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, expressed, implied or statutory, between such parties other than as expressly set forth in this Guarantee.
- 9.5 **No Waiver, Remedies** — No failure on the part of GE to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
- 9.6 **Severability** — If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.
- 9.7 **Notices** — Any demand, notice or other communications hereinafter in this Section 9.7 referred to as a "Communication" to be given in connection with this Guarantee shall be given in writing and may be given by personal delivery or by registered mail addressed to the recipient as follows:

To GE: GE Canada Equipment Financing G.P.
754-4 Falconbridge Road
Sudbury, Ontario P3A 5X5

To the Guarantor: Atikokan Forest Products Ltd.
Highway 623 Sapawe Road
Atikokan, Ontario P0T 1C0

or such other address as may be designated by notice by any party to the other. Any Communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery.

- 9.8 **Assignment** — The rights of GE under this Guarantee may be assigned by GE without the prior consent of the Obligor or the Guarantor. The Guarantor may not assign its obligations under this Guarantee.
- 9.9 **Governing Law** — This guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 9.10 **Language** — The parties hereby acknowledge that it is their express wish that this Guarantee and Indemnity be drawn in the English language: les parties reconnaissent qu'il est de leur volonté expresse que la présente caution soit rédigée en langue anglaise seulement.

IN WITNESS WHEREOF, the Guarantor has executed this Guarantee this March 25 2009.

ATIKOKAN FOREST PRODUCTS LTD.

By:

Name: Wolfgang Gericke
Title: President

By:

Name:
Title:

(authorized signatories)

**EXCERPT OF A RESOLUTION
OF THE BOARD OF DIRECTORS OF**

**Atikokan Forest Products Ltd.
(the "Corporation")**

Guarantee and Indemnity

In consideration of the leasing agreements, or master leasing agreements and all leasing schedules thereto, entered or which may be entered into by GE Canada Equipment Financing G.P. ("GE") with its client Northern Sawmills Inc. (the "Client") or the loans and advances of money granted or which may be granted by GE to its Client, as the case may be for the purpose of Client's business, and, generally, in consideration of the business relations between GE and its Client as well as the business relations between the said Client and this Corporation.

Now therefore be it resolved:

That this Corporation be and is hereby authorized to be a surety and to guarantee the repayment of all sums of money which the client owes or in future may owe to GE, together with the interest, costs and accessories, and this, jointly and severally with the Client towards GE and subject to all the terms and conditions set out on the form in use at GE entitled "Guarantee and Indemnity", a copy of which is attached hereto after having been submitted to the Directors and that:

Wolfgang Gericke - President

be and is hereby authorized to sign such Guarantee and Indemnity for and on behalf and in the name of the Corporation.

That all acts and things done and all documents executed on behalf of the Corporation as hereinbefore authorized shall be valid and binding upon the Corporation whether or not the corporate seal of the Corporation has been affixed to any such document.

The foregoing is a true and correct copy of a resolution of the Board of Directors of Atikokan Forest Products Ltd. duly adopted on *Mar 25, 2009*, which resolution is in effect and has not been modified or rescinded as of the date hereof.

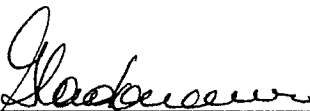
Dated at Thunder Bay, Ontario, this *March 25*, 2009.



[Signature]
Name: Glen Currie
Secretary-Treasurer

150011169673

This is Exhibit "G" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(6808)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

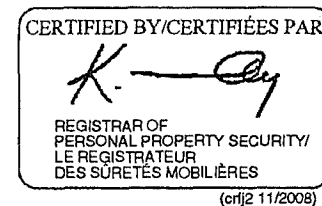
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.

FILE CURRENCY : 02AUG 2010

ENQUIRY NUMBER 20100803102622.36 CONTAINS 31 PAGE(S), 8 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

STIKEMAN ELLIOTT LLP (BL)
5300-COMMERCE COURT WEST
TORONTO ON M5L 1B9



CONTINUED...

2



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(6809)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
652123737

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20090318 0936 1590 3410	P PPSA	5

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME NORTHERN SAWMILLS INC.

ADDRESS 490 MAUREEN STREET THUNDER BAY ON P7B 5B6
ONTARIO CORPORATION NO.

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME
ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / GE CANADA EQUIPMENT FINANCING G.P.

LIEN CLAIMANT ADDRESS 4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X				X

YEAR	MAKE	MODEL	V.I.N.
------	------	-------	--------

MOTOR VEHICLE

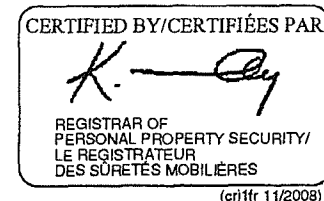
GENERAL COLLATERAL DESCRIPTION

REGISTERING AGENT GE CANADA EQUIPMENT FINANCING GP

ADDRESS 4-754 FALCONBRIDGE RD. SUDBURY ON P3A 5X5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 3



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(6810)

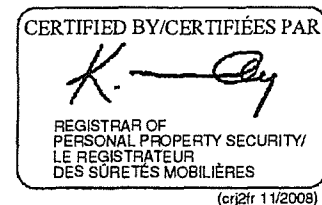
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20090318 1051 1590 3425	
21	RECORD FILE NUMBER	652123737			
22	REFERENCE				
23	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.	B RENEWAL	2
25	OTHER CHANGE				
26	REASON/				
27	DESCRIPTION				
28					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/	BUSINESS NAME			
03/	TRANSFEREE	BUSINESS NAME			
06					ONTARIO CORPORATION NO.
04/07	ADDRESS				
29	ASSIGNOR				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
09	ADDRESS				
10	COLLATERAL CLASSIFICATION				
11	CONSUMER		MOTOR VEHICLE	DATE OF	NO FIXED
12	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE
13	YEAR	MAKE	MODEL	V.I.N.	
14	MOTOR				
15	VEHICLE				
16	GENERAL				
17	COLLATERAL				
18	DESCRIPTION				
19	REGISTERING AGENT OR	GE CANADA EQUIPMENT FINANCING GP			
20	SECURED PARTY/	ADDRESS	4-754 FALCONBRIDGE RD.	SUDBURY	ON P3A 5x5
21	LIEN CLAIMANT				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
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REPORT : PSSR060
PAGE : 4
(6811)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
650230182

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	001		20081128 1506 1862 4582	P PPSA	5

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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DEBTOR NAME BUSINESS NAME NORTHERN SAWMILLS INC.

ONTARIO CORPORATION NO. 799711
ON P7B 6P9

ADDRESS P. O. BOX 29039, MCINTYRE CENTRE THUNDER BAY

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT LUCKY STAR HOLDINGS INC.

ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X	X	5000000		X

YEAR	MAKE	MODEL	V.I.N.
------	------	-------	--------

MOTOR VEHICLE

GENERAL DEMAND DEBENTURE DATED NOVEMBER 27, 2008

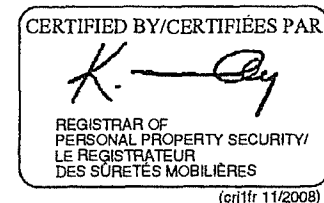
COLLATERAL DESCRIPTION

REGISTERING AGENT WEILER MALONEY NELSON

ADDRESS 1001 WILLIAM STREET, SUITE 201 THUNDER BAY ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(6812)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
645819282

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	01	001		20080605 1446 1530 9641	P PPSA	5

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME BUSINESS NAME NORTHERN SAWMILLS INC.

ADDRESS PO BOX 29039 RPO MCINTYRE CENTRE THUNDER BAY ON P7B 6P9
ONTARIO CORPORATION NO.

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME BUSINESS NAME

ADDRESS
ONTARIO CORPORATION NO.

SECURED PARTY / LIEN CLAIMANT ROYAL BANK OF CANADA

ADDRESS 180 WELLINGTON ST W BSC 3RD FL TORONTO ON M5J 1J1

COLLATERAL CLASSIFICATION

CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED				
GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY	OR	MATURITY DATE

X X

YEAR	MAKE	MODEL	V.I.N.
------	------	-------	--------

MOTOR
VEHICLE


GENERAL
COLLATERAL
DESCRIPTION

REGISTERING
AGENT CANADIAN SECURITIES REGISTRATION SYSTEMS

ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(c)1fr 11/2008

 Ontario

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(6813)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
642196836

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	001		20080122 1551 1862 3293	P PPSA	5

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
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DEBTOR NAME BUSINESS NAME NORTHERN SAWMILLS INC.

ADDRESS P. O. BOX 29039, MCINTYRE CENTRE THUNDER BAY ONTARIO CORPORATION NO. 799711 ON P7B 6P9

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME

ADDRESS ONTARIO CORPORATION NO.

SECURED PARTY / LIEN CLAIMANT BUCHANAN LUMBER SALES INC.

ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED		MATURITY OR	MATURITY DATE
	X		X	X	X	5000000		X

YEAR	MAKE	MODEL	V.I.N.
------	------	-------	--------

MOTOR VEHICLE

GENERAL DEBENTURE DATED JANUARY 18, 2008

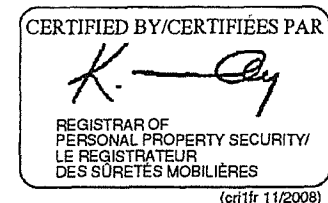
COLLATERAL DESCRIPTION

REGISTERING AGENT WEILER MALONEY NELSON

ADDRESS 1001 WILLIAM STREET, SUITE 201 THUNDER BAY ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 7



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 7
(6814)

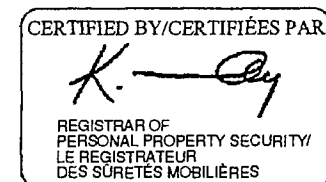
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	002		20080404 1353 1862 8322	
21	RECORD FILE NUMBER	642196836			
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	A AMENDMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.		
25	OTHER CHANGE				
26	REASON/ DESCRIPTION	BUCHANAN LUMBER SALES INC. CHANGED ITS NAME TO BUCHANAN SALES INC.			
27		EFFECTIVE FEBRUARY 29, 2008			
28					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME			
03/					
06		ONTARIO CORPORATION NO.			
04/07	ADDRESS				
29	ASSIGNOR				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	BUCHANAN SALES INC.			
09	ADDRESS	1120 PREMIER WAY	THUNDER BAY	ON	P7B 0A3
	COLLATERAL CLASSIFICATION				
	CONSUMER				
	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER
		INCLUDED		AMOUNT	DATE OF MATURITY OR NO FIXED MATURITY DATE
10					
	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	WEILER MALONEY NELSON			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	1001 WILLIAM STREET, SUITE 201	THUNDER BAY	ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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(crj2fr 11/2008)



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 8
(6815)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

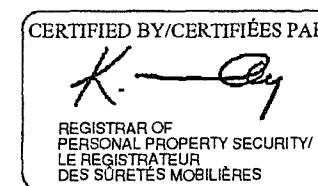
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL MOTOR VEHICLE PAGES	REGISTRATION NUMBER	REGISTERED UNDER
01	002	002	20080404 1353 1862 8322	
21	RECORD FILE NUMBER	642196836		
22	REFERENCE			
23	DEBTOR/ TRANSFEROR	BUSINESS NAME		
24	OTHER CHANGE REASON/ DESCRIPTION	BUCHANAN SALES INC. OPERATES AS BUCHANAN LUMBER SALES		
25	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
26	DEBTOR/ TRANSFEREE	BUSINESS NAME		
27	ADDRESS			
28	ASSIGNOR			
29	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
30	ADDRESS	1120 PREMIER WAY	THUNDER BAY	ON P7B 0A3
31	COLLATERAL CLASSIFICATION			
32	CONSUMER GOODS	MOTOR VEHICLE	DATE OF MATURITY	NO. FIXED MATURITY DATE
33	YEAR	MAKE	MODEL	V.I.N.
34	MOTOR VEHICLE			
35	GENERAL DESCRIPTION			
36	REGISTERING AGENT OR			
37	SECURED PARTY/ LIEN CLAIMANT	ADDRESS		

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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(crj2fr 11/2008)



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(6816)

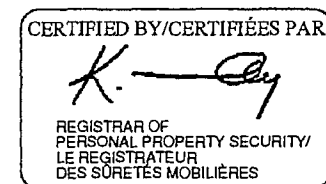
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001		20090504 1944 1531 7794	
21	RECORD REFERENCED	FILE NUMBER	642196836		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	J OTHER		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.		
25	OTHER CHANGE	PRIORITY AGREEMENT			
26	REASON/ DESCRIPTION	PRIORITY AGREEMENT DATED MARCH 21, 2009 BETWEEN BUCHANAN LUMBER SALES INC. AND ROYAL BANK OF CANADA REGARDING 645819282, FILE NO. 20080605 1446 1530 9641.			
02/ 05	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03/ 06	DEBTOR/ TRANSFEREE	BUSINESS NAME			
04/07	ADDRESS	ONTARIO CORPORATION NO.			
29	ASSIGNOR				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
09	ADDRESS				
10	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT	MATURITY OR MATURITY DATE
11	MOTOR	YEAR	MAKE	MODEL	V.I.N.
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	CANADIAN SECURITIES REGISTRATION SYSTEMS			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	4126 NORLAND AVENUE	BURNABY	BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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(en) 21r 11/2008



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 10
(6817)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE PAGES SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	01	001	20090504 1944 1531 7873	
21	RECORD FILE NUMBER	642196836		
	REFERENCED			
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL CORRECT
		X	J OTHER	YEARS PERIOD

REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME
23			
24	DEBTOR/ BUSINESS NAME		NORTHERN SAWMILLS INC.
	TRANSFEROR		

25 OTHER CHANGE : PRIORITY AGREEMENT
26 REASON/ PRIORITY AGREEMENT DATED MARCH 23, 2009 BETWEEN BUCHANAN SALES INC.
27 DESCRIPTION AND ROYAL BANK OF CANADA REGARDING 645819282, FILE NO. 20080404 1353
28 1862 8322.

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
02/			
05/	DEBTOR/		
03/	TRANSFEREE		
06	BUSINESS NAME		
04/07	ADDRESS		

ONTARIO CORPORATION NO.

29 ASSIGNOR :
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS

09 COLLATERAL CLASSIFICATION

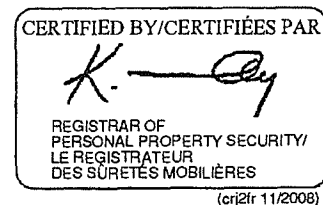
CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED
GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR MATURITY DATE

YEAR	MAKE	MODEL	V.I.N.
10			

11 MOTOR :
12 VEHICLE :
13 GENERAL :
14 COLLATERAL :
15 DESCRIPTION :
16 REGISTERING AGENT OR : CANADIAN SECURITIES REGISTRATION SYSTEMS
17 SECURED PARTY/ ADDRESS : 4126 NORLAND AVENUE
LIEN CLAIMANT : BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 11
(6818)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633673476

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	001		20070322 1334 1862 2382	P PPSA	3

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME NORTHERN SAWMILLS INC.

ADDRESS P. O. BOX 29039, MCINTYRE CENTRE THUNDER BAY ON P7B 6P9
ONTARIO CORPORATION NO. 799711

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME

ADDRESS
ONTARIO CORPORATION NO.

SECURED PARTY / LIEN CLAIMANT LUCKY STAR HOLDINGS INC.

ADDRESS P. O. BOX 29039, MCINTYRE CENTRE THUNDER BAY ON P7B 6P9

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED		MATURITY OR	MATURITY DATE
	X	X	X	X	X	10000000		X

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
---------------	-----------	-------	--------

MOTOR VEHICLE

GENERAL COLLATERAL DESCRIPTION GENERAL SECURITY AGREEMENT DATED MARCH 22, 2007

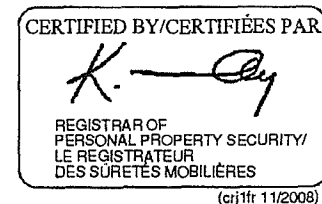
GENERAL COLLATERAL DESCRIPTION

REGISTERING AGENT WEILER MALONEY NELSON

ADDRESS 1001 WILLIAM STREET, SUITE 201 THUNDER BAY ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 12



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 12
(6819)

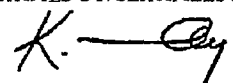
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
		SCHEDULE NUMBER UNDER
01	01	001
21	RECORD FILE NUMBER	633673476
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED
		X J OTHER
23	REFERENCE	FIRST GIVEN NAME INITIAL SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME NORTHERN SAWMILLS INC.
25	OTHER CHANGE	PRIORITY AGREEMENT
26	REASON/	PRIORITY AGREEMENT DATED JULY 2, 2008 BETWEEN LUCKY STAR HOLDINGS
27	DESCRIPTION	INC. AND THE ROYAL BANK OF CANADA REGARDING REG NO. 645819282 FILE
28		NO. 20080605 1446 1530 9641
02/	DATE OF BIRTH	FIRST GIVEN NAME INITIAL SURNAME
05	DEBTOR/	BUSINESS NAME
03/	TRANSFeree	BUSINESS NAME
06		ONTARIO CORPORATION NO.
04/07	ADDRESS	
29	ASSIGNOR	
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	
09	ADDRESS	
	COLLATERAL CLASSIFICATION	
	CONSUMER	MOTOR VEHICLE
	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	DATE OF NO FIXED AMOUNT MATURITY OR MATURITY DATE
10	YEAR MAKE	MODEL V.I.N.
11	MOTOR	
12	VEHICLE	
13	GENERAL	
14	COLLATERAL	
15	DESCRIPTION	
16	REGISTERING AGENT OR	CANADIAN SECURITIES REGISTRATION SYSTEMS
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 13

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(en21r 11/2008)



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 13
(6820)

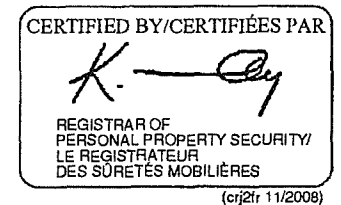
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE PAGES SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	001	20100205 1114 1862 5661	
21	RECORD FILE NUMBER	633673476		
	REFERENCED			
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS
		X	B RENEWAL	5
		FIRST GIVEN NAME	INITIAL	SURNAME
23	REFERENCE			
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.	
25	OTHER CHANGE			
26	REASON/			
27	DESCRIPTION			
28				
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
05/	DEBTOR/			
03/	TRANSFeree	BUSINESS NAME		
06				ONTARIO CORPORATION NO.
04/07	ADDRESS			
29	ASSIGNOR			
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
09	ADDRESS			
	COLLATERAL CLASSIFICATION			
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.
11	MOTOR			
12	VEHICLE			
13	GENERAL			
14	COLLATERAL			
15	DESCRIPTION			
16	REGISTERING AGENT OR	WEILER MALONEY NELSON		
17	SECURED PARTY/	ADDRESS	1001 WILLIAM STREET, SUITE 201	THUNDER BAY ON P7B 6M1
	LIEN CLAIMANT			

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 14



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 14
(6821)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633487626

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	5		20070315 1057 2078 9846	P PPSA	10

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

NORTHERN SAWMILLS INC.				
------------------------	--	--	--	--

ADDRESS	490 MAUREEN STREET	THUNDER BAY	ONTARIO CORPORATION NO.	ON	P7B 5E6
---------	--------------------	-------------	-------------------------	----	---------

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

--	--	--	--	--

ADDRESS			ONTARIO CORPORATION NO.	
---------	--	--	-------------------------	--

SECURED PARTY / LIEN CLAIMANT : GE CANADA EQUIPMENT FINANCING G.P.

ADDRESS	4-754 FALCONBRIDGE ROAD	SUDBURY	ON	P3A 5X5
---------	-------------------------	---------	----	---------

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED		MATURITY OR	MATURITY DATE
X	X	X	X	X				X

YEAR	MAKE	MODEL	V.I.N.
------	------	-------	--------

MOTOR VEHICLE

GENERAL : GENERAL SECURITY AGREEMENT

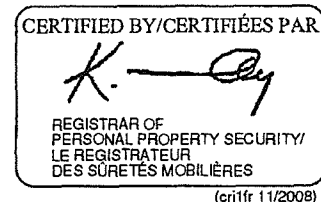
COLLATERAL DESCRIPTION

REGISTERING AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 15



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 15
(6822)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633487626

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	5		20070315 1057 2078 9846		

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY /
LIEN CLAIMANT

GE CANADA LEASING SERVICES COMPANY

ADDRESS

4-754 FALCONBRIDGE ROAD

SUDBURY

ON

P3A 5X5

COLLATERAL CLASSIFICATION				MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED	
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY OR	MATURITY DATE

YEAR MAKE

MODEL

V.I.N.

MOTOR VEHICLE

GENERAL
COLLATERAL
DESCRIPTION

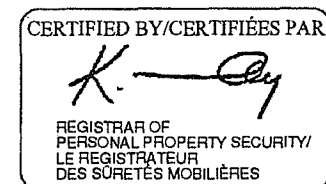
REGISTERING
AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

16



(crj1tr 11/2008)



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 16
(6823)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633487626

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	003	5		20070315 1057 2078 9846		

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY /
LIEN CLAIMANT GENERAL ELECTRIC CANADA EQUIPMENT FINANCE G.P.

ADDRESS 4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5

COLLATERAL CLASSIFICATION				MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY OR MATURITY DATE

YEAR	MAKE	MODEL	V.I.N.
------	------	-------	--------

MOTOR
VEHICLE

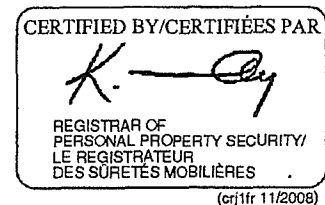
GENERAL
COLLATERAL
DESCRIPTION

REGISTERING
AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 17
(6824)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633487626

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	004	5		20070315 1057 2078 9846		

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY /
LIEN CLAIMANT GE CANADA ASSET FINANCING HOLDING COMPANY

ADDRESS

4-754 FALCONBRIDGE ROAD

SUDBURY

ON

P3A 5X5

COLLATERAL CLASSIFICATION

CONSUMER	MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED				
GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY	OR	MATURITY DATE

YEAR MAKE

MODEL

V.I.N.

MOTOR
VEHICLE

GENERAL
COLLATERAL
DESCRIPTION

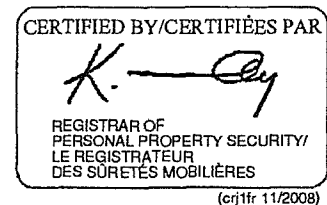
REGISTERING
AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

18



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 18
(6825)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633487626

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	005	5		20070315 1057 2078 9846		

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR
NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY /
LIEN CLAIMANT

GE TECHNOLOGY FINANCE

ADDRESS

4-754 FALCONBRIDGE ROAD

SUDBURY

ON

P3A 5X5

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
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10

YEAR MAKE

MODEL

V.I.N.

MOTOR
VEHICLE

GENERAL
COLLATERAL
DESCRIPTION

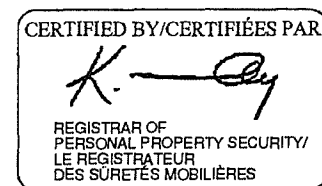
REGISTERING
AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

19



(enr 1fr 11/2008)

 Ontario

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 19
(6826)

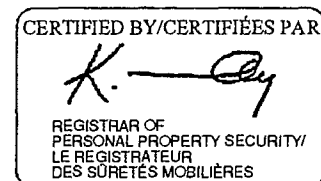
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
		SCHEDULE NUMBER UNDER
01	01	001
21	RECORD FILE NUMBER	633487626
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED
		X
23	REFERENCE	CHANGE REQUIRED
24	DEBTOR / TRANSFEROR	RENEWAL YEARS
	BUSINESS NAME	CORRECT PERIOD
		J OTHER
25	OTHER CHANGE	PRIORITY AGREEMENT
26	REASON / DESCRIPTION	PRIORITY AGREEMENT DATED JULY 23, 2008 BETWEEN ROYAL BANK OF CANADA
27		AND GE CANADA EQUIPMENT FINANCING G.P. IN FAVOUR OF RBC'S
28		REGISTRATION NO. 20080605144615309641 WITH NORTHERN SAWMILLS INC.
02 /	DATE OF BIRTH	FIRST GIVEN NAME
05	DEBTOR /	INITIAL SURNAME
03 /	TRANSFEREE	BUSINESS NAME
06		ONTARIO CORPORATION NO.
04 / 07	ADDRESS	
29	ASSIGNOR	
08	SECURED PARTY / LIEN CLAIMANT / ASSIGNEE	
09	ADDRESS	
	COLLATERAL CLASSIFICATION	
	CONSUMER	MOTOR VEHICLE
	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	DATE OF MATURITY OR NO FIXED MATURITY DATE
10	YEAR MAKE	MODEL
11	MOTOR	V.I.N.
12	VEHICLE	
13	GENERAL	
14	COLLATERAL	
15	DESCRIPTION	
16	REGISTERING AGENT OR	CANADIAN SECURITIES REGISTRATION SYSTEMS
17	SECURED PARTY / LIEN CLAIMANT	ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 20



(en2fr 11/2008)



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 20
(6827)

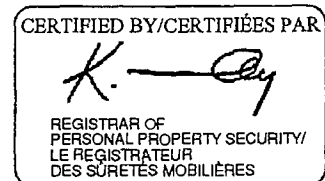
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20090619 1203 1590 7318	
21	RECORD REFERENCED	FILE NUMBER	633487626		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	A AMENDMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.		
25	OTHER CHANGE				
26	REASON/ DESCRIPTION	TO AMEND GSA REGISTRATION AND INCLUDE MOTO VEHICLE			
28	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME			
06	ADDRESS	ONTARIO CORPORATION NO.			
04/07	ADDRESS				
29	ASSIGNOR				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
09	ADDRESS				
10	COLLATERAL CLASSIFICATION				
	CONSUMER				
	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER
	X	X	X	X	X
	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	GE CANADA EQUIPMENT FINANCING GP			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	4-754 FALCONBRIDGE RD.	SUDBURY	ON P3A 5X5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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(en2fr 11/2008)



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 21
(6828)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633487644

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20070315 1059 2078 9847	P PPSA	08

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME NORTHERN SAWMILLS INC.

ADDRESS 490 MAUREEN STREET THUNDER BAY ON P7B 5B6

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
---------------	------------------	---------	---------

DEBTOR NAME BUSINESS NAME

ADDRESS

SECURED PARTY / GE CANADA EQUIPMENT FINANCING G.P.

LIEN CLAIMANT ADDRESS 4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED
CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	INCLUDED		MATURITY OR	MATURITY DATE
	X		X	X	X			X

YEAR MAKE	MODEL	V.I.N.
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MOTOR VEHICLE

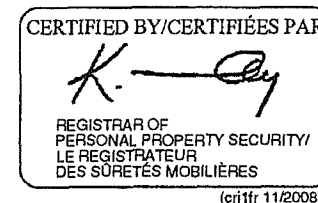
GENERAL COLLATERAL DESCRIPTION

REGISTERING AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 22



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 22
(6829)

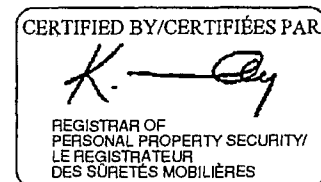
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20080623 1241 1590 2820	
21	RECORD REFERENCED	FILE NUMBER	633487644		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	A AMENDMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.		
25	OTHER CHANGE				
26	REASON/ DESCRIPTION	TO AMEND DEBTOR NAME			
27					
28					
02/ 05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/ 06		BUSINESS NAME	NORTHERN SAWMILLS INC.		
04/07	ADDRESS	490 MAUREEN STREET	THUNDER BAY	ON	P7B 5E6
29	ASSIGNOR				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNT OTHER	INCLUDED	AMOUNT	MATURITY OR MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	GE CANADA EQUIPMENT FINANCING GP			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	4-754 FALCONBRIDGE RD.	SUDBURY	ON P3A 5X5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 23



(en2fr 11/2008)



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 23
(6830)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
879630642

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	01	001		20020111 1814 1862 2156	P PPSA	5

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME	NORTHERN SAWMILLS INC.		
-------------	---------------	------------------------	--	--

ADDRESS	P.O. BOX 29039, MCINTYRE CENTRE	THUNDER BAY	ONTARIO CORPORATION NO. 799771	ONT	P7B 6P9
---------	---------------------------------	-------------	--------------------------------	-----	---------

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

DEBTOR NAME	BUSINESS NAME	NORTHERN WOOD		
-------------	---------------	---------------	--	--

ADDRESS	P.O. BOX 29039, MCINTYRE CENTRE	THUNDER BAY	ONTARIO CORPORATION NO. 799771	ONT	P7B 6P9
---------	---------------------------------	-------------	--------------------------------	-----	---------

SECURED PARTY / LIEN CLAIMANT	LUCKY STAR HOLDINGS INC.				
-------------------------------	--------------------------	--	--	--	--

ADDRESS	233 SOUTH COURT STREET	THUNDER BAY	ONT	P7B 2X9
---------	------------------------	-------------	-----	---------

COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X	X	15000000		X

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.
---------------	------	------	-------	--------

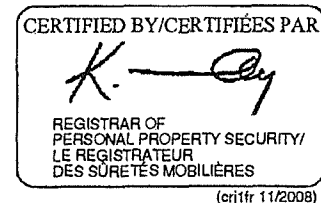
GENERAL COLLATERAL DESCRIPTION	DEMAND DEBENTURE DATED NOVEMBER 29, 2001.			
--------------------------------	---	--	--	--

REGISTERING AGENT	WEILER MALONEY NELSON			
-------------------	-----------------------	--	--	--

ADDRESS	101 NORTH SYNDICATE AVENUE, BOX 10010	THUNDER BAY	ONT	P7C 3V4
---------	---------------------------------------	-------------	-----	---------

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 24



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 24
(6831)

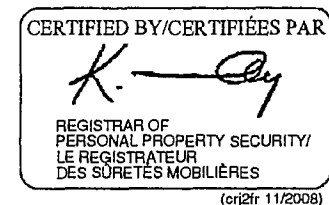
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	002		20021127 1546 1862 7643	
21	RECORD REFERENCED	FILE NUMBER	879630642		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	J OTHER		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.		
25	OTHER CHANGE	SUBORDINATION			
26	REASON/ DESCRIPTION	POSTPONEMENT AGREEMENT DATED NOVEMBER 27, 2002 POSTPONING DEMAND			
27		DEBENTURE DATED NOVEMBER 29, 2001 AND REGISTERED AS NUMBER 20020111			
28		1814 1862 2156 TO GENERAL SECURITY AGREEMENT DATED NOVEMBER 12, 2002			
02/ 05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/ 06		BUSINESS NAME			
04/07		ADDRESS	ONTARIO CORPORATION NO.		
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08		ADDRESS			
09	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE			
	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER
10		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	WEILER MALONEY NELSON			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	101 NORTH SYNDICATE AVENUE, BOX 10010	THUNDER BAY	ONT P7C 3V4

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 25



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 25
(6832)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 20 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
		SCHEDULE NUMBER UNDER
01	002	002
21	RECORD FILE NUMBER	879630642
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED
	CHANGE REQUIRED	RENEWAL YEARS
	CORRECT PERIOD	

REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME
23			
24	DEBTOR/ BUSINESS NAME		
	TRANSFEROR		

25 OTHER CHANGE : SUBORDINATION
26 REASON/ AND REGISTERED AS NUMBER 20021121 0942 1862 7490.
27 DESCRIPTION

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
02/			
05	DEBTOR/		
03/	TRANSFEREE		
06	BUSINESS NAME		
04/07	ADDRESS		

29 ASSIGNOR :
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS

COLLATERAL CLASSIFICATION	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED
GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER
INCLUDED	AMOUNT	MATURITY	OR	MATURITY DATE

YEAR	MAKE	MODEL	V.I.N.
10			

MOTOR	VEHICLE	GENERAL	COLLATERAL	DESCRIPTION
11				
12				
13				
14				
15				
16				
17				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED...

26

CERTIFIED BY/CERTIFIÉES PAR
K. Jay
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES
(crj2fr 11/2008)

Ontario

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 26
(6833)

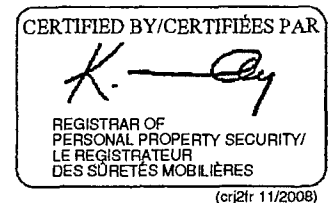
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	001		20061208 1553 1862 5736	
21	RECORD REFERENCES	FILE NUMBER	879630642		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	B RENEWAL	5	
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.		
25	OTHER CHANGE REASON/ DESCRIPTION				
26					
27					
28					
02/ 05	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
03/ 06	DEBTOR/ TRANSFEREE	BUSINESS NAME			
04/07	ADDRESS	ONTARIO CORPORATION NO.			
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	WEILER MALONEY NELSON			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	1001 WILLIAM STREET, SUITE 201	THUNDER BAY	ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 27



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 27
(6834)

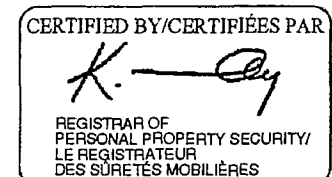
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED
PLING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER
01	001	001		20061219 1153 1862 6453	
21	RECORD	FILE NUMBER	879630642		
	REFERENCED				
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL	CORRECT
		X	B RENEWAL	YEARS	PERIOD
				1	
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.		
25	OTHER CHANGE				
26	REASON/ DESCRIPTION				
27					
28					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME			
06		ONTARIO CORPORATION NO.			
04/07	ADDRESS				
29	ASSIGNOR				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT	MATURITY OR MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	WEILER MALONEY NELSON			
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	1001 WILLIAM STREET, SUITE 201	THUNDER BAY	ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

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(cr21r 11/2008)



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 28
(6835)

TYPE OF SEARCH	BUSINESS DEBTOR
SEARCH CONDUCTED ON	NORTHERN SAWMILLS INC.
FILE CURRENCY	02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

01	CAUTION	PAGE	TOTAL	MOTOR	VEHICLE	REGISTRATION	REGISTERED
21	FILING	NO.	PAGES	SCHEDULE	NUMBER	INDEX	
		001	003		20070322 0916 1862 2337		
	RECORD	FILE NUMBER	879630642				
	REFERENCED						
22		PAGE AMENDED	NO SPECIFIC	PAGE AMENDED	CHANGE REQUIRED	RENEWAL	CORRECT
			X		J OTHER	YEARS	PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME		
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	NORTHERN SAWMILLS INC.				

25	OTHER CHANGE	SUBORDINATION
26	REASON/	POSTPONEMENT AGREEMENT DATED MARCH 22, 2007 POSTPONING THE DEMAND
27	DESCRIPTION	DEBENTURE DATED NOVEMBER 29, 2001 AND REGISTERED AS REGISTRATION NO.
28		20020111 1814 1862 2156 TO AN EQUIPMENT LOAN AND SECURITY AGREEMENT

02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
05/	DEBTOR/			
03/	TRANSFEREE	BUSINESS NAME		
06/				
04/07	ADDRESS			

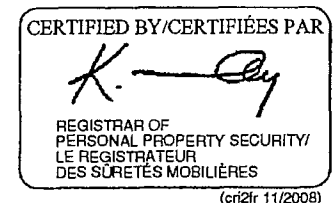
29 ASSIGNOR
08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
09 ADDRESS

COLLATERAL CLASSIFICATION									
CONSUMER					MOTOR VEHICLE		DATE OF		NO. FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED					AMOUNT		MATURITY OR		MATURITY DATE
YEAR		MAKE		MODEL		V.I.N.			

11	MOTOR								
12	VEHICLE								
13	GENERAL								
14	COLLATERAL								
15	DESCRIPTION								
16	REGISTERING AGENT OR				MILLER THOMSON LLP (KMS)				
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS			255 QUEENS AVENUE SUITE 2010		LONDON	ON	N6A 5R8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 29



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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 29
(6836)

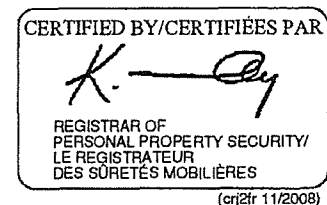
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER
01	002	003		20070322 0916 1862 2337	
21	RECORD	FILE NUMBER	879630642		
	REFERENCED				
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL	CORRECT
				YEARS	PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME			
25	OTHER CHANGE	SUBORDINATION			
26	REASON/	AND GENERAL SECURITY AGREEMENT EACH DATED MARCH 22, 2007 AND			
27	DESCRIPTION	REGISTERED AS REGISTRATION NOS. 20070315 1057 2078 9846 (REFERENCE			
28		FILE NO. 633487626) AND 20070315 1059 2078 9847 (REFERENCE FILE NO.			
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/				
03/	TRANSFERED	BUSINESS NAME			
06					ONTARIO CORPORATION NO.
04/07		ADDRESS			
29	ASSIGNOR				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
09		ADDRESS			
	COLLATERAL CLASSIFICATION				
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED	
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT	MATURITY OR	MATURITY DATE
10		YEAR MAKE	MODEL	V.I.N.	
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR				
17	SECURED PARTY/	ADDRESS			
	LIEN CLAIMANT				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 30



RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 30
(6837)

TYPE OF SEARCH BUSINESS DEBTOR
SEARCH CONDUCTED ON NORTHERN SAWMILLS INC.
FILE CURRENCY 02AUG 2010

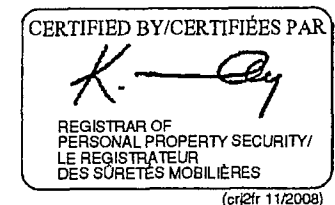
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION	PAGE	TOTAL	MOTOR VEHICLE	REGISTRATION	REGISTERED
FILING	NO. OF	PAGES	SCHEDULE	NUMBER	UNDER
01	003	003		20070322 0916 1862 2337	
21	RECORD	FILE NUMBER	879630642		
	REFERENCED				
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL	CORRECT
				YEARS	PERIOD
23	REFERENCE		FIRST GIVEN NAME	INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME			
25	OTHER CHANGE		SUBORDINATION		
26	REASON/ DESCRIPTION	633487644)			
27					
28					
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME	
05	DEBTOR/ TRANSFEREE	BUSINESS NAME			
03/					
06					ONTARIO CORPORATION NO.
04/07	ADDRESS				
29	ASSIGNOR				
	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
08					
09	ADDRESS				
	COLLATERAL CLASSIFICATION				
	CONSUMER		MOTOR VEHICLE	DATE OF	NO FIXED
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT	MATURITY OR MATURITY DATE
10	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR				
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS			

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102622.36

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

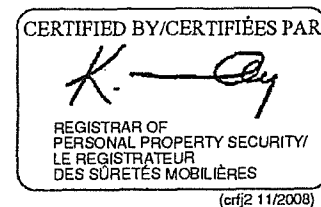
REPORT : PSSR060
PAGE : 31
(6838)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : NORTHERN SAWMILLS INC.
FILE CURRENCY : 02AUG 2010

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

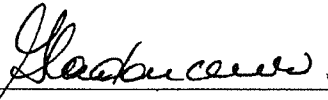
FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
652123737	20090318 0936 1590 3410	20090318 1051 1590 3425		
650230182	20081128 1506 1862 4582			
645819282	20080605 1446 1530 9641			
642196836	20080122 1551 1862 3293	20080404 1353 1862 8322	20090504 1944 1531 7794	20090504 1944 1531 7873
633673476	20070322 1334 1862 2382	20080717 1950 1531 8023	20100205 1114 1862 5661	
633487626	20070315 1057 2078 9846	20080811 1943 1531 8295	20090619 1203 1590 7318	
633487644	20070315 1059 2078 9847	20080623 1241 1590 2820		
879630642	20020111 1814 1862 2156	20021127 1546 1862 7643	20061208 1553 1862 5736	20061219 1153 1862 6453
	20070322 0916 1862 2337			

21 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



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This is Exhibit "H" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec



PRIORITY AND INTERCREDITOR AGREEMENT

THIS AGREEMENT is made effective as of the 22nd day of March, 2007.

AMONG:

**GE CANADA EQUIPMENT FINANCING G.P. and
GENERAL ELECTRIC CANADA REAL ESTATE FINANCE INC.**
(collectively, "GE Canada")

- and -

LUCKY STAR HOLDINGS INC.
("Lucky Star")

- and -

NORTHERN SAWMILLS INC.
(the "Company")

WHEREAS:

- (A) The Company is indebted to GE Canada and has granted the GE Security to GE Canada pursuant to the terms and conditions of the GE Loan Agreement.
- (B) The Company is indebted to Lucky Star and has granted the Lucky Star Security to Lucky Star pursuant to the terms of the Lucky Star Agreement.
- (C) GE Canada and Lucky Star wish to set forth the agreements between themselves relating to certain inter-creditor issues including matters relating to the priority of the GE Security and the Lucky Star Security.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises, the mutual covenants and agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby covenant and agree as follows:

Article 1
DEFINITIONS AND INTERPRETATION

1.1 **Definitions:** In this Agreement and the recitals hereto, unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means this agreement, as amended, modified, supplemented or restated from time to time;

"Business Day" means any day, except Saturday, Sunday or any day on which banks are generally not open for business in Toronto, Ontario;

"Cdn. \$" and "Canadian dollars" means the lawful currency of Canada;

"Credit Agreements" means, collectively, the GE Loan Agreement and Lucky Star Agreement, and in the singular means either one of them;

"Demand" has the defined meaning set out in Section 4.1;

"Enforcement Action" has the defined meaning set out in Section 4.2;

"Equipment" means all equipment now or hereafter owned by the Company, including, without limitation:

- (a) the equipment set out in Schedule A of this Agreement; and
- (b) all accessions, attachments, enhancements, accessories, additions, improvements, replacements and proceeds, excepting Receivables generated from the use (but for clarity, not any sale) of the Equipment (in the form of chattel paper, documents of title, goods, instruments, intangibles, money and securities) of (a) above;

"GE Canada Priority Collateral" has the defined meaning set out in Section 5.1(a);

"GE Facility" means the credit facility provided to the Company pursuant to the GE Loan Agreement;

"GE Loan Agreement" means the equipment loan and security agreement dated as of March 22, 2007 between the Company and GE Canada, as amended, revised, supplemented or restated from time to time;

"GE Obligations" means all of the obligations, liabilities and indebtedness (present and future, absolute or contingent, matured or otherwise) of the Company to GE Canada from time to time;

"GE Security" means the Liens constituted by the GE Security Agreements securing the GE Obligations;

"GE Security Agreements" means, collectively, all agreements, documents and instruments granted or provided by the Company creating or evidencing Liens from time to time, to, or for the benefit of GE Canada, and all amendments, revisions, supplements or restatements thereto;

"including" means "including without limitation" and **"includes"** means "includes without limitation";

"Inventory" means all inventory property of the Company held for sale including finished products purchased for resale, finished goods, work in progress, logs and other raw materials

except for the inventory comprising spare parts or supplies necessary to service the Equipment;

"Liens" means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance and any other agreement or arrangement having substantially the same legal effect;

"Lucky Star Agreement" means, collectively, the arrangements and other agreements (written and unwritten) between Lucky Star and the Company from and after the date hereof until such time as a new operating lender is secured by the Company pursuant to which Lucky Star agrees to advance to the Company, from time to time for the purposes of its ongoing operations, inter-company loans in a maximum amount up to \$10,000,000, but for clarity, does not include the demand debenture dated November 29, 2001 of the Company granted in favour of Lucky Star;

"Lucky Star Facility" means the credit facility provided to the Company pursuant to the Lucky Star Agreement;

"Lucky Star Obligations" means all of the obligations, liabilities and indebtedness (present and future, absolute or contingent, matured or otherwise) of the Company to Lucky Star pursuant to the Lucky Star Agreement (and, for clarity, does not include the obligations, liabilities and indebtedness of the Company to Lucky Star under or pursuant to the demand debenture dated November 29, 2001 of the Company in favour of Lucky Star);

"Lucky Star Priority Collateral" has the defined meaning set out in Section 5.1(b);

"Lucky Star Security" means those Liens constituted by the Lucky Star Security Agreement securing the Lucky Star Obligations;

"Lucky Star Security Agreement" means the general security agreement dated March 22, 2007 of the Company granted in favour of Lucky Star;

"Occupation Period" has the defined meaning set out in Section 4.2;

"PPSA" means the *Personal Property Security Act* (Ontario), including all amendments thereto or restatements thereof and regulations thereunder;

"Real Property" means all real and immoveable property now or hereafter owned or leased by the Company including the Company's interest in all buildings, erections and fixtures now or hereafter constructed or placed thereon and all accessions and appurtenances thereto;

"Receivables" means all books, accounts, book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured now or in the future due or owing to or owned by the Company, but does not include any such receivables derived from insurance proceeds of the Equipment or sale proceeds of the Equipment;

"Rolling Stock" means all vehicles, loaders, forklifts, all conveyances on rail, tracks or wheels and other mobile equipment now or hereafter owned or leased by the Company that are used by

the Company for the purposes of transporting Inventory;

"**Secured Assets**" means, collectively, the present and future personal property of the Company subject to the Security, and the whole or any item or part thereof;

"**Secured Creditors**" means, collectively, Lucky Star and GE Canada, and in the singular means either one of them;

"**Secured Debt**" means, collectively, the GE Obligations and the Lucky Star Obligations, and the whole or any item or part thereof;

"**Security**" means, collectively, the GE Security and the Lucky Star Security, and the whole or any item or part thereof; and

"**Security Agreements**" means, collectively, the GE Security Agreements and Lucky Star Security Agreement, and in the singular means any one or more of them.

1.2 Other Defined Terms: The terms "accessions", "accounts", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "inventory", "money", "proceeds", "purchase-money security interest" and "securities" whenever used herein shall have the meanings given to those terms in the PPSA.

1.3 Sections: The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Sections are to Sections of this Agreement.

1.4 Gender: In this Agreement words importing the singular number only shall include the plural and *vice versa*, words importing any gender shall include all genders and words importing persons shall include individuals, Companys, associations, trusts, unincorporated organizations and corporations.

Article 2

CONSENTS

2.1 Consents to Creation of Security: Subject to compliance with Article 10, each Secured Creditor hereby consents to the creation and issue by the Company of the Security, to the entering into of the Security Agreements and to the incurring by the Company of the Secured Debt. Subject to compliance with Article 10, the creation, issue and subsistence of the Secured Debt, the Security Agreements and the Security shall not constitute a breach or default under the Credit Agreements and the Security Agreements.

2.2 **Consents to Supplements:** Subject to compliance with Article 10, each Secured Creditor hereby consents to any supplement, amendment, other variation, restatement or replacement of any of the Credit Agreements, the Security Agreements and the Security. Notwithstanding the foregoing, the Company and Lucky Star shall not enter into any supplement, amendment, other variation, restatement or replacement of the Lucky Star Agreement or in respect of the Lucky Star Facility which has the effect of increasing the Lucky Star Obligations without the prior written approval of GE Canada.

Article 3 **COMMUNICATIONS BETWEEN CREDITORS**

3.1 **Communications Between Secured Creditors:** Each Secured Creditor may discuss with each other, and disclose to each other any information pertaining to the business and affairs of the Company, the nature and extent of the indebtedness and liability then owing by the Company under the Credit Agreements or the Security Agreements and whether or not the Company is in compliance with or in default or in breach of any of the Credit Agreements or the Security Agreements.

3.2 **Company's Consent to Communications:** The Company hereby irrevocably consents to the discussions and disclosures between and among the Secured Creditors contemplated by this Agreement.

Article 4 **ENFORCEMENT OF SECURITY**

4.1 **Enforcement:** Each Secured Creditor shall give to each other prompt written notice of any demand for payment of the whole or any part of the Secured Debt and any exercise, and any notice of intended exercise, of rights or remedies of enforcement or collection under any of the Security Agreements or the Security (any such demand or exercise, or notice of intended exercise, of rights or remedies being herein called a "**Demand**"). The failure of either Secured Creditor to give such notice of Demand shall not release, restrict or otherwise affect the priorities of Security established hereunder or any of the other rights or obligations of the parties hereunder.

4.2 **Right to Enter and Use GE Canada Priority Collateral:** The Secured Creditors agree that, in the event that any enforcement action is commenced or notice of intention to enforce any of the Security is given by either of them pursuant to any Security or Credit Agreement (an "**Enforcement Action**"), the Company and GE Canada will permit Lucky Star, or any receiver, receiver and manager or other person having similar powers or authority appointed by Lucky Star in respect of any portion of the Secured Assets, for the purpose of realizing on the Lucky Star Security including, without limitation, to complete work in process and convert raw materials into finished products for sale, to occupy the Real Property and to use GE Canada Priority Collateral during a period of up to 90 days (or such longer period as may be agreed to by GE Canada) (the "**Occupation Period**") after the earlier of the date that (i) Lucky Star takes any Enforcement Action under the Lucky Star Security, and (ii) GE Canada takes any Enforcement

Action under GE Canada Security. During the Occupation Period, Lucky Star shall pay GE Canada, monthly in arrears, an amount equal to the aggregate of (i) all occupation expenses for the Real Property, including real property taxes, business taxes, utilities, insurance costs and surveillance costs for the Real Property for the Occupation Period and (ii) all scheduled payments of principal and interest as contemplated under the GE Loan Agreement due to GE Canada during the Occupation Period. Lucky Star further agrees to (i) maintain the Real Property and GE Canada Priority Collateral to the same state of repair and condition as at the date of commencement of the Occupation Period; (ii) to indemnify and save GE Canada harmless from any damage or destruction to GE Canada Priority Collateral resulting from its use by Lucky Star or its receiver, receiver and manager or other person having similar power or authority appointed by Lucky Star during the Occupation Period, reasonable wear and tear to such GE Canada Priority Collateral excepted; and (iii) pay all related costs and expenses (save and except for rent) directly attributable to the use of such GE Canada Priority Collateral during the Occupation Period. In the event of occupancy for a period which consists of, or includes, a time frame less than a full month, the aforesaid amounts shall be calculated on a per diem basis for the partial month of such occupancy.

Article 5

PRIORITY OF SECURITY

5.1 **Priority:** Notwithstanding: (i) anything to the contrary contained in the Security Agreements or the Security, (ii) the method of perfection or the time or date of creation, granting, execution, delivery, attachment, perfection, registration, deposit, filing, recording or enforcement of or with respect to any of the Security under any applicable law in any applicable jurisdiction, the priorities otherwise accorded to the Security under any such applicable law, the time or date of any loan or advance or other extension of credit to the Company whether any of the Security is a purchase-money security interest or not, the time or date of giving notice to any person that owes payment or performance of an obligation to the Company, and the time or date of default or notice or declaration of default under any of the Credit Agreements or the Security Agreements or of the crystallization of any of the floating charges contained in the Security, (iii) any priority granted by any principle of law or any statute (including under the *Bank Act* (Canada) or the PPSA) and any other personal property security legislation, (iv) the enforcement of the Security, and (v) any other matter, thing, event or circumstance whatsoever, the following shall be the order of priority of the Security:

- (a) the GE Security as it pertains to (i) Equipment, (ii) Real Property, (iii) Equipment that, after the date hereof, is subject to a purchase-money security interest in favour of GE Canada (but only to the extent of such purchase-money security interest), and (iv) the proceeds of any of the foregoing (collectively, the "**GE Canada Priority Collateral**"), the GE Security shall be first in priority ahead of the Lucky Star Security to the extent it secures payment of the GE Obligations and all reasonable costs and expenses of enforcement and realization upon the GE Security; and

- (b) the Lucky Star Security as it pertains to (i) Receivables, (ii) the books and records exclusively related to Receivables, (iii) Rolling Stock, (iv) Inventory, (v) Equipment that, after the date hereof, is subject to a purchase-money security interest in favour of Lucky Star (but only to the extent of such purchase-money security interest), and (v) the proceeds of any of the foregoing (collectively, the "Lucky Star Priority Collateral"), shall be first in priority ahead of the GE Security to the extent it secures payment of the Lucky Star Obligations and all reasonable costs and expenses of enforcement and realization upon the Lucky Star Security.

Article 6

SUBORDINATION AND POSTPONEMENT

6.1 **Receipt in Trust & Transfer:** Subject to Article 9 below, each Secured Creditor hereby:

- (a) subordinates and postpones the Liens constituted by its Security over the present and future undertaking, properties and assets of the Company, and any right of set-off or counterclaim, to the extent necessary to give effect to the order of priorities set forth in Article 5; and
- (b) acknowledges and agrees that the proceeds resulting from the enforcement of or realization upon the Security, and any payment recovered from the enforcement of any right of set-off or counterclaim, will be received by the Secured Creditors and their respective employees, servants, agents, receivers, receivers and managers or other representatives, (herein sometimes called collectively "Representatives" and individually a "Representative") in trust for transfer to the other Secured Creditor to the extent necessary to give effect to said priorities and the provisions of this Agreement.

6.2 **Foreclosure:** The proceeds of enforcement and realization upon the Security shall be deemed to include ownership of Secured Assets arising from foreclosure proceedings, or other proceedings resulting in the extinguishment of any title or interest of the Company in the relevant Secured Assets without the sale or other disposition to a third party for consideration (a "Foreclosure") and, for purposes of establishing the priorities set forth in Article 5, the fair market value of Secured Assets subject to Foreclosure shall be deemed to be the proceeds of realization thereof.

Article 7

APPLICATION OF PROCEEDS OF SECURITY ON REALIZATION

7.1 **Lucky Star Priority Collateral:** All payments or other proceeds received by either Secured Creditor following or coincidental with a Demand, directly or indirectly, from the enforcement or realization of its Security upon the Lucky Star Priority Collateral, or the exercise of any right of set-off or counterclaim against any amount derived from the Lucky Star Priority

Collateral or advances under the Lucky Star Facility, including from any of its Representatives or any court-appointed receiver or receiver and manager, trustee in bankruptcy or other representative of the Company or any other custodian of the undertaking, properties or assets of the Company, shall be applied and distributed by each Secured Creditor receiving such payments or proceeds in descending order of priority as follows:

- (a) first, on account of its reasonable costs and expenses of collection, realization and enforcement of such payments or proceeds arising from the realization upon or enforcement against the Lucky Star Priority Collateral, including all costs and expenses for any receiver, receiver and manager, agent and legal counsel (on a solicitor and his own client full indemnity basis);
- (b) second, on account of the Lucky Star Obligations, to the extent thereof;
- (c) third, an account of the GE Obligations, to the extent thereof; and
- (d) fourth, to the Company or such other person lawfully entitled thereto in accordance with applicable law without regard to this Agreement.

7.2 **GE Canada Priority Collateral:** All payments or other proceeds received by either Secured Creditor following or coincidental with a Demand, directly or indirectly, from the enforcement or realization of its Security upon the GE Canada Priority Collateral, or the exercise of any right of set-off or counterclaim against any amount derived from the GE Canada Priority Collateral or advances under the GE Facility, including from any of its Representatives or any court-appointed receiver or receiver and manager, trustee in bankruptcy or other representative of the Company or any other custodian of the personal property of the Company, shall be applied and distributed by each Secured Creditor receiving such payments or proceeds in descending order of priority as follows:

- (a) first, on account of its reasonable costs and expenses of collection, realization and enforcement of such payments or proceeds arising from the realization upon or enforcement against the GE Canada Priority Collateral, including all costs and expenses for any receiver, receiver and manager, agent and legal counsel (on a solicitor and his own client full indemnity basis);
- (b) second, on account of the GE Obligations, to the extent thereof;
- (c) third, on account of the Lucky Star Obligations, to the extent thereof; and
- (d) fourth, to the Company or such other person lawfully entitled thereto in accordance with applicable law without regard to this Agreement.

7.3 **Proceeds:** GE Canada will not be entitled to claim from Lucky Star any proceeds of the GE Canada Priority Collateral that are deposited into any account of the Company held at a branch of Lucky Star if such proceeds have been (i) paid out to third parties or the Company, or

(ii) set aside to be paid out to third parties, by Lucky Star prior to Lucky Star having received notice from either GE Canada (i) that any such funds that have been or will be deposited in any such account are proceeds of the GE Canada Priority Collateral, or (ii) that a Demand has been made by GE Canada on the Company. It is intended that Lucky Star will operate such accounts in the ordinary course free of any proceeds claim by GE Canada until it receives the notice described in the preceding sentence.

7.4 Expropriation and Insurance Proceeds: The priorities established hereby shall extend to the proceeds of any expropriation of Secured Assets and to the proceeds of any insurance claims resulting from the loss, including constructive total loss or destruction, of Secured Assets as if proceeds of expropriation or insurance, as applicable, constituted the Secured Assets for which they compensate.

7.5 Receipts in Trust: All proceeds arising from enforcement under the Security Agreements or realization upon the Security or the recovery of any payment from the exercise of any right of set-off or counterclaim shall be distributed in accordance with the priorities established in this Article 7 and any such proceeds or payments received by a Secured Creditor shall be deemed to have been received by it in trust for application and distribution forthwith to the Secured Creditor entitled thereto in accordance with such priorities.

7.6 No Challenge: A Secured Creditor will not take any action whereby the priorities set out above in this Article 7 may be defeated or impaired, including challenging the validity, enforceability or perfection of the other Secured Creditor's Security or any exercise of set-off or counterclaim.

Article 8

COOPERATION IN REALIZATION ON SECURITY

8.1 Access: Each Secured Creditor shall allow and cause its Representatives to allow each other Secured Creditor and its Representatives access at all reasonable times to the Secured Assets secured by such Secured Creditor's Security to view the same, and access to, so as to make copies or extracts from, any books of account and all records, ledgers, reports, documents and other writings relating to such Secured Assets.

8.2 Cooperate in Enforcement: Each Secured Creditor shall have the right to be informed regularly as to the process of enforcing the Security. Each Secured Creditor agrees to use reasonable commercial efforts to cooperate with the other Secured Creditor in respect of the enforcement of its Security.

Article 9

INVALID SECURITY ET AL.

9.1 Invalid Security: Nothing contained in this Agreement shall be construed as entitling any Secured Creditor to receive any proceeds of realization upon the Secured Assets in respect of which such Secured Creditor does not have any valid security or in respect of which its

Security is invalid or unenforceable against or subordinated to the interests of any other person. If any person (an "Intervening Claimant") shall have a claim, right or interest to the Secured Assets or the proceeds arising therefrom in priority to or *pari passu* with one Secured Creditor, but subordinate to the other of them, then this Agreement shall not apply so as to diminish the rights (as such rights would have been but for this Agreement) of such other Secured Creditor to the said Secured Assets or proceeds as against the Intervening Claimant. Nothing contained in this Agreement is intended or shall be construed or interpreted as conferring any rights or benefits upon the Company or any other person (including any creditor, complainant, court appointed receiver or receiver-manager, trustee in bankruptcy or other representative of the Company or any other custodian of the undertaking, properties or assets of the Company) or as amending any other agreement between or among any of GE Canada, Lucky Star and the Company, including, without limitation, the Credit Agreements and the Security Agreements.

Article 10 **RIGHTS TO TAKE AND SUPPLEMENT SECURITY**

10.1 **Rights to Take and Supplement Security:** Each Secured Creditor may take and hold further or other additional security for the GE Obligations or Lucky Star Obligations as such Secured Creditor sees fit, and such further or additional security shall be entitled to the priority and benefits, and subject to the burdens, accorded to the respective Security of the Secured Creditors under this Agreement.

Article 11 **AGREEMENT OF THE COMPANY**

11.1 **Agreement of Company:** The Company confirms that this Agreement extends to and binds it to the extent provided herein and acknowledges and agrees that the order of priorities, the subordinations and postponements and the agreement as to application of proceeds of enforcement of and realization on the Security and of payments on exercise of rights of set-off or counterclaim herein set forth are each hereby expressly approved and permitted.

Article 12 **MISCELLANEOUS**

12.1 **Assignment:** Neither Secured Creditor may assign or transfer any of its respective Security unless the assignee or transferee consents in writing to be bound by this Agreement and agrees to provide each of the Secured Creditors with a copy of that consent. A Secured Creditor may grant participations in any of its Security without any obligation to obtain any consent from the participant or the other Secured Creditor provided that:

- (a) such granting Secured Creditor shall remain fully liable for all of its obligations and responsibilities under this Agreement to the same extent as if such participation had not been granted; and
- (b) such granting Secured Creditor shall administer the participation of the participant

and the other Secured Creditor shall not have any obligation to deal directly with the participant.

12.2 **Scope Of Agreement:** Nothing contained in this Agreement is intended or shall be construed or interpreted so as to postpone or impair the obligations of the Company to pay the Secured Debt as and when the same shall become due and payable in accordance with the terms and conditions of the respective Credit Agreements. Subject to the agreements and priorities expressly established herein, nothing in this Agreement shall prevent either Secured Creditor from exercising all rights and remedies otherwise permitted by the Credit Agreements and the Security Agreements to which it is party, its Security or applicable law upon default by the Company.

12.3 **Certain Actions Not To Affect Right:** Each Secured Creditor may at any time grant time, indulgences, extensions of the time of payment or, subject to compliance with Article 10 above, otherwise modify, amend or deal with the terms of payment under the Credit Agreement to which it is party without the consent of the other Secured Creditor and no such action shall affect or be deemed to affect the rights as provided for in this Agreement.

12.4 **Realization Costs:** Each Secured Creditor shall pay for its own costs and expenses of enforcement under its Security Agreements or realization of its Security to the extent the same are not recovered from such enforcement or proceeds of realization.

12.5 **Notice:** Any notice, consent, determination or other communication ("Notice") required or permitted to be given or made hereunder shall be in writing and shall be well and sufficiently given or made if:

- (a) delivered in person during normal business hours on a Business Day and left with an officer of the addressee at the relevant address set forth below; or
- (b) telecopied or sent by other means of recorded electronic communication to the number set forth below:

if to GE Canada, addressed to it at:

GE Canada Equipment Financing G.P.
2300 Meadowvale Blvd.
Mississauga, ON L5N 5P9

Attention: Arlene Ramnarine
Facsimile: (905) 858-6472

if to Lucky Star, addressed to it at:

Lucky Star Holdings Inc.
PO Box 29039, McIntyre Centre

Thunder Bay, ON P7B 6P9

Attention: President
Facsimile: (346) 346-5424

if to the Company addressed to it at:

Northern Sawmills Inc.
490 Maureen Street
Thunder Bay, Ontario
P7B 5E6

Attention: President
Facsimile: (346) 346-5424

or to such other address or to the attention of such other individual as any party may from time to time notify the others in accordance with this Section 12.5. Any Notice so given or made shall be deemed to have been given or made on the day of delivery if delivered as aforesaid or on the day of telecopying or sending of the same by other recorded means of electronic communication, provided it is telecopied or sent during normal business hours in the place of intended receipt on a Business Day and, if not, on the first Business Day thereafter.

12.6 **Governing Law:** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to the conflict of law principles thereof.

12.7 **Time:** Time shall be of the essence of this Agreement.

12.8 **Assigns, Et Al:** The provisions hereof are binding upon the parties hereto and their respective successors and permitted assigns and shall enure to the benefit of the Secured Creditors and their respective Representatives and successors and, upon compliance with Article 12, permitted assigns.

12.9 **Amendments:** Any provision of this Agreement may be amended by an agreement in writing executed by GE Canada and Lucky Star; provided that, if such amendment adversely affects or creates new obligations of the Company hereunder, the Company's agreement in writing must also be obtained.

12.10 **Further Assurances:** Each of the parties hereto shall do all acts and things and execute all agreements, instruments and other documents as may reasonably be requested by the other parties hereto from time to time for the purpose of giving effect to the intent and purpose of this Agreement.

12.11 **Counterparts:** This Agreement may be executed in any number of counterparts (including by facsimile transmission), each of which shall be deemed to be an original, but all

such separate counterparts shall constitute one and the same instrument and shall be effective as of the date hereof.


12.12 **Term:** This Agreement shall continue in full force and effect until the earlier of the date on which it is terminated by the mutual consent of the Secured Creditors or on the first anniversary of the date on which all the Secured Debt is unconditionally and irrevocably paid in full and the Security therefore is unconditionally discharged in accordance with the priorities contemplated hereby.

12.13 **Entire Agreement:** This Agreement constitutes the entire agreement of the Secured Creditors as to the ranking and priority of the Security and supersedes and replaces any prior agreement or understanding pertaining to the same subject matter.

[signature page follows]

IN WITNESS WHEREOF this Agreement has been duly executed and delivered as of the day, year and month first above written.

LUCKY STAR HOLDINGS INC.

Per: 
Name: Russell David York
Title: Secretary-Treasurer

Per:
Name:
Title:

**GE CANADA EQUIPMENT FINANCING
G.P.**

**GENERAL ELECTRIC CANADA REAL
ESTATE FINANCE INC.**

Per: 
Name:
Title: Account Manager

Per:
Name:
Title: Branch Manager

NORTHERN SAWMILLS INC.

Per: 
Name: Russell David York
Title: Secretary-Treasurer

Per:
Name:
Title:

This is Exhibit "I" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec





GE Canada

POSTPONEMENT AGREEMENT

The undersigned, for valuable consideration, hereby agrees that payment of all debts, demands and choses in action which are now due, owing or accruing due or may hereafter become due, owing or accruing due to the undersigned by **Northern Sawmills Inc.** (the "Client") shall be postponed **up to an amount of \$10,000,000** to the payment in full of all present and future indebtedness and other liabilities of the Client to **GE Canada Equipment Financing G.P. and GE Canada Leasing Services Company** ("GE"). Furthermore, the undersigned agrees that all moneys received by the undersigned in payment of any of the said debts, demands and choses in action shall be received and held by the undersigned in trust for GE.

The undersigned acknowledges and agrees that this agreement shall not defer or otherwise affect the present or future rights and remedies of GE with respect to the present or future indebtedness and other liabilities of the Client to GE, or with respect to the security interests which GE now holds or may hereafter hold as collateral therefor.


The undersigned waives its right to receive a copy of any financing statement or financing change statement registered by GE and of any related verification statement.

This agreement shall be binding also upon the heirs, executors, administrators and assigns of the undersigned. It inures to the benefit of GE and its successors and assigns.

Signed and sealed at **Thunder Bay** on **March 22, 2007**

• if a corporation:

Lucky Star Holdings Inc.

By:  Sec.-Treas.
Name: Russell David York Title
By: _____
Name: _____ Title

I have authority to bind the corporation.

• if an individual:

Signature
Name: _____

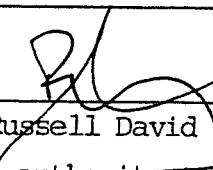
Witness: _____

ACKNOWLEDGMENT AND ACCEPTANCE

The Client named in the foregoing postponement agreement hereby acknowledges that he has received notice thereof and hereby accepts the assignment and transfer made therein in favour of GE.

This **22nd** day of **March**, **2007**

Northern Sawmills Inc.

By:  Chief Financial Officer
By: Russell David York Title

I have authority to bind the corporation.

Properties

PIN 62264 - 0233 LT
Description PCL 25233 SEC TBF; PT WATER LOT IN FRONT OF THE SE SUDIVISION OF SEC 51
MCINTYRE PARTS 5,6 & 7, 55R9572; S/T F39878; THUNDER BAY
Address THUNDER BAY
PIN 62264 - 0453 LT
Description PT WATER LOT IN FRONT OF THE NE 1/4 OF SEC 51 MCINTYRE PT 7 55R11375
EXCEPT PT 1 55R11631 ; THUNDER BAY
Address THUNDER BAY

Source Instruments

Registration No.	Date	Type of Instrument
F108142	2002 01 11	Charge/Mortgage

Party From(s)

Name LUCKY STAR HOLDINGS INC.
Address for Service 223 South Court Street,
Thunder Bay, ON
P7B 2X9

I, Russell York, Secretary-Treasurer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)

Capacity

Share

Name GENERAL ELECTRIC CANADA REAL ESTATE FINANCE
INC.
Address for Service 2300 Meadowvale Boulevard
Suite 111
Mississauga, Ontario
L5N 5P9

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number TY42208 registered on 2007/03/22

This document relates to registration no.(s)F108142 and TY42210.

Signed By

Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party From(s)	Signed	2009 03 30
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Tel 5195793660
Fax 5197432540

Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party To(s)	Signed	2009 03 30
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Tel 5195793660
Fax 5197432540

Submitted By

MILLER THOMSON LLP	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	2009 03 30
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Tel 5195793660
Fax 5197432540

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

Properties

PIN 62264 - 0453 LT
 Description PT WATER LOT IN FRONT OF THE NE 1/4 OF SEC 51 MCINTYRE PT 7 55R11375
 EXCEPT PT 1 55R11631 ; THUNDER BAY
 Address THUNDER BAY

PIN 62264 - 0233 LT
 Description PCL 25233 SEC TBF; PT WATER LOT IN FRONT OF THE SE SUDIVISION OF SEC 51
 MCINTYRE PARTS 5,6 & 7, 55R9572; S/T F39878; THUNDER BAY
 Address THUNDER BAY

PIN 62264 - 0112 LT
 Description PT WATER LOT IN FRONT OF NORTH-EAST QUARTER OF SECTION 51 MCINTYRE;
 PT WATER LOT IN FRONT OF SOUTH-EAST SUBDIVISION OF SECTION 51
 MCINTYRE; PT 66 FT RDAL MCINTYRE IN FRONT OF SE 1/4 SEC 51 MCINTYRE (AKA
 ORIGINAL SHORE RDAL); PT SE 1/4 SEC 51 MCINTYRE; PT UNNAMED ST PL 8
 MCINTYRE BEING MAUREEN ST FORMERLY UNNAMED ST; PT BROKEN FRONT IN
 FRONT OF BLOCK 41 PL 8 MCINTYRE; LT 13-14 BLK 32 PL 8 MCINTYRE; PT LT
 15-21 BLK 32 PL 8 MCINTYRE; PT LANE BLK 32 PL 8 MCINTYRE; LT 1-9, 13-21 BLK
 41 PL 8 MCINTYRE; PT LT 10, 22-23 BLK 41 PL 8 MCINTYRE; PT LANE BLK 41 PL 8
 MCINTYRE; PT THIRD AV, KING ST PL 8 MCINTYRE BEING KIRKLAND ST
 FORMERLY KING ST PARTS 1, 3, 4, 8 TO 14, 17, 18 & 19, 55R9572; S/T TBR352775;
 S/T TBR352729; THUNDER BAY
 Address THUNDER BAY

Source Instruments

Registration No.	Date	Type of Instrument
TY74960	2008 11 28	Charge/Mortgage

Party From(s)

Name LUCKY STAR HOLDINGS INC.
 Address for Service 223 South Court Street,
 Thunder Bay, ON
 P7B 2X9

I, Russell York, Secretary-Treasurer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)

Capacity

Share

Name GENERAL ELECTRIC CANADA REAL ESTATE FINANCE
 INC.
 Address for Service 2300 Meadowvale Boulevard
 Suite 111
 Mississauga, Ontario
 L5N 5P9

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number TY42208 registered on 2007/03/22

This document relates to registration no.(s)TY74960.

Signed By

Andrew Samuel Roth

295 Hagey Blvd., Suite 300
 Waterloo
 N2L 6R5acting for Party
 From(s)

Signed 2009 03 30

Tel 5195793660

Fax 5197432540

146

147

LRO # 55 Postponement Of Interest

Received as TY80067 on 2009 03 30 at 09:59

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

Properties

PIN 62264 - 0112 LT

Description PT WATER LOT IN FRONT OF NORTH-EAST QUARTER OF SECTION 51 MCINTYRE;
PT WATER LOT IN FRONT OF SOUTH-EAST SUBDIVISION OF SECTION 51
MCINTYRE; PT 66 FT RDAL MCINTYRE IN FRONT OF SE 1/4 SEC 51 MCINTYRE (AKA
ORIGINAL SHORE RDAL); PT SE 1/4 SEC 51 MCINTYRE; PT UNNAMED ST PL 8
MCINTYRE BEING MAUREEN ST FORMERLY UNNAMED ST; PT BROKEN FRONT IN
FRONT OF BLOCK 41 PL 8 MCINTYRE; LT 13-14 BLK 32 PL 8 MCINTYRE; PT LT
15-21 BLK 32 PL 8 MCINTYRE; PT LANE BLK 32 PL 8 MCINTYRE; LT 1-9, 13-21 BLK
41 PL 8 MCINTYRE; PT LT 10, 22-23 BLK 41 PL 8 MCINTYRE; PT LANE BLK 41 PL 8
MCINTYRE; PT THIRD AV, KING ST PL 8 MCINTYRE BEING KIRKLAND ST
FORMERLY KING ST PARTS 1, 3, 4, 8 TO 14, 17, 18 & 19, 55R9572; S/T TBR352775;
S/T TBR352729; THUNDER BAY

Address THUNDER BAY

Source Instruments

Registration No.	Date	Type of Instrument
TBR421827	2002 01 11	Charge/Mortgage

Party From(s)

Name LUCKY STAR HOLDINGS INC.
Address for Service 223 South Court Street,
Thunder Bay, ON
P7B 2X9

I, Russell York, Secretary-Treasurer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)

Capacity

Share

Name GENERAL ELECTRIC CANADA REAL ESTATE FINANCE
INC.
Address for Service 2300 Meadowvale Boulevard
Suite 111
Mississauga, Ontario
L5N 5P9

Statements

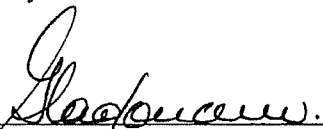
The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number TY42208 registered on 2007/03/22

This document relates to registration no.(s) TBR421827 and TY42212.

Signed By

Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party From(s)	Signed	2009 03 30
Tel 5195793660				
Fax 5197432540				
Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party To(s)	Signed	2009 03 30
Tel 5195793660				
Fax 5197432540				

This is Exhibit "J" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec





GE
Capital Solutions

Lucky Star Holdings Inc.
P.O. Box 29039, McIntyre Centre
Thunder Bay, Ontario

March 25, 2009

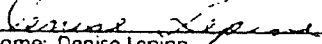
Fax:
Tel.:
Email:

RE: Waiver — Northern Sawmills Inc. (the "Debtor")

As security for certain credit facilities extended or to be extended and/or leases made or to be made by GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, GE Canada Asset Financing Holding Company, General Electric Canada Equipment Finance G.P., GE Technology Finance and GE VFS Canada Limited Partnership (collectively, "GE"), GE has or will obtain rights, title, interests, mortgages, hypothecs, charges or security interests (collectively, a "Claim") in or to the property described in Schedule A hereto (please initial it) and all present and future attachments, accessories and accessions thereto and all spare parts, replacements, substitutions, exchanges and trade-ins therefor and all intangibles and proceeds (as defined by law) relating thereto, including all insurance payments and other indemnities or compensation for loss or damage thereto (the "Collateral").

GE wishes to ensure that it will have at all times a first-ranking Claim in the Collateral. Would you kindly agree to the terms provided below by signing and returning this letter to us by telecopier at 705-524-5335.

GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, GE Canada Asset Financing Holding Company, General Electric Canada Equipment Finance G.P., GE Technology Finance and GE VFS Canada Limited Partnership

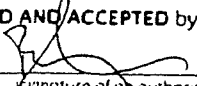
By: 
Name: Denise Lepine
Tel.: 705-525-2049
Email: denise.lepine@ge.com

We have not assigned the Claim we may have in or to the Collateral and for good and valuable consideration:

- ☐ (a) We hereby confirm that we have no Claim in or to the Collateral and, to the extent that we have any Claim, we hereby release, renounce, waive and disclaim any Claim we may have in or to the Collateral. We agree upon your request to amend or discharge any Claim granted by the Debtor in our favour and any registration made by us against the Debtor so as to discharge the Collateral from any such Claim or registration; or
- ☒ (b) We hereby subordinate and postpone any present or future Claim we have or may acquire in or to the Collateral to any Claim which GE has or may acquire in or to the Collateral. We agree not to perfect, assert or claim against GE any Claim in or to the Collateral which ranks in priority to the Claim now or hereafter held or claimed by GE.

We agree not to rely on any registration we have made either before or after GE has made a registration to claim, for any Claim that we may hold or take at any time hereafter, priority over the Claim of GE in or to the Collateral, whether affixed or not. This waiver shall be binding upon and shall enure to the benefit of the parties and their respective successors and assigns.

ACKNOWLEDGED AND ACCEPTED by Lucky Star Holdings Inc.:

By: 
(Signature of authorized officer)

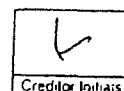
Date: March 25, 2009

Name: Russell Yyrk
Title: Secretary Treasurer

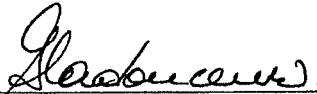
SCHEDULE A

RE: Northern Sawmills Inc.
Waiver in favour of GE by Lucky Star Holdings Inc.

UNITS	MODEL	YEAR	DESCRIPTION	SERIAL Nos.
1	DDM12 SBP	2002	Comact Side Board Profiler	
2	DDM6	2002	Comact Saw Line Complete sawmill line within building consisting of: air compressors, heating systems, hydraulic systems, electrical systems, catwalks, monorails, in feed ramps, out feed ramps and decks, unscramblers, debarker conveyers, debarkers, surge dock, edger system, sorters, computer systems, dry kiln, all attachments and accessories that are required for the continuous operation and production of the line. The collateral is located or affixed to the selected PIN 62264-0453 LT, PIN 62264-0233 LT, PIN 62264-0112 LT	



This is Exhibit "K" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec



ON NW (THUNDER BAY) COMM
1159 ALLOY DRIVE, SUITE 300
THUNDER BAY, ON P7B 6M8

July 23, 2008

GE Canada Equipment Financing G.P.
4-754 Falconbridge Road.
Sudbury, ON
P3A 5X5

Dear Sirs:

RE: Northern Sawmills Inc. ("DEBTOR")
(Our Ref# 931-315-659)

Royal Bank of Canada (the "Bank") is providing/may in the future provide credit facilities and other products and services to the Debtor.

The Debtor has given to the Bank security interest in certain personal property of the Debtor, by way of Cash Collateral Agreement (Form 610) dated July 7, 2008 (the "Bank's Security Interest") and such security interest is limited to the amount of \$85,000.00, such amount being the total monies held in the Debtor's GIC collateral account which is referenced in the CCA.

Our searched reveals that you have registered a security in the Debtor's personal property.

In order to induce the Bank to continue to provide/provide those credit facilities, products and services, would you please, by signing and returning to us, the enclosed duplicate copy of this letter, confirm that:

- a) Any security interest you may have, now or in the future, in any property of the Debtor, present or future is hereby postponed and subordinated in all respects to the security interest of the Bank in any such property.
- b) The priority of the Bank shall apply in all events and circumstances regardless of the date of execution, attachment, registration or perfection of any security interest held by the Bank, or you, the date of any advance or advances made to the Debtor by the Bank or you, the date of any default by the Debtor under any agreement with the Bank, or you or the date of crystallization of any floating charge held from the Debtor by the Bank or you, or any priority granted by any principle of law or any statute.

- c) Any proceeds of insurance or expropriation received by the Debtor, the Bank, or you with respect to any collateral in which we have a security interest, shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the collateral for which they compensate.

a. 2 -

- d) The Bank will have no obligation to you with respect to any monies at any time in any account of the Debtor maintained with the Bank (other than an account designated by the Debtor as a "trust" account and established for your benefit) or any monies that may be deposited in or disbursed from any such account, except for monies which are deposited after the Bank has received at its address noted above written notice from you that you are enforcing your security against the Debtor and which the Bank has determined are not subject to the security interest and priority of the Bank.
- e) The Bank may act as your agent for the purpose of making any registrations or filings the Bank considers necessary or desirable, including the registration of any Financing Change Statement at the personal Property Registry, with respect to the subordination and postponement of your security interest contained in this letter. RBC Bank agrees to notify of any registration amendments & provide a copy of any verification statement of any such registration amendment."

Yours truly,

ROYAL BANK OF CANADA

Matt Simeoni
Account Manager

I/We hereby confirm our agreement with the provisions of this letter.


GE Canada Equipment Financing G.P.

Per: Robert Bertrand Account Manager

Per:  SR. MGR

Per: _____

This is Exhibit "L" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec





GE Canada

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of April 2, 2007

BETWEEN:

Atikokan Forest Products Ltd., a Corporation organized under the laws of Ontario (the "Debtor")

- AND -

THE SECURED PARTY (as hereinafter defined)

WHEREAS the Debtor has agreed to grant a security interest and assignment, mortgage and charge in the Collateral in order to secure the performance of its Obligations to the Secured Party;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

ARTICLE 1 — INTERPRETATION

1.01 Interpretation

In this Agreement, unless something in the subject matter or context is inconsistent therewith,

"Agreement" means this agreement and all amendments made hereto by written agreement between the Secured Party and the Debtor.

"Collateral" has the meaning set out in Section 2.01.

"Event of Default" has the meaning set out in Section 6.01.

"Obligations" means all obligations of the Debtor to the Secured Party including, without limiting the generality of the foregoing:

- (a) all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, whenever and howsoever incurred, in any currency at any time owing by the Debtor to the Secured Party or remaining unpaid by the Debtor to the Secured Party and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether arising from dealings between the Secured Party and the Debtor or from other dealings or proceedings by which the Secured Party may be or become in any manner whatsoever a creditor of the Debtor and wherever incurred and whether incurred by the Debtor alone or with another or others and whether as principal or surety, including all interest, commissions, legal and other costs, charges and expenses; and

- (b) all debts and liabilities of any kind whatsoever of the Debtor to the Secured Party in connection with or relating to the Specific Agreements

"Secured Party" means GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company and GE Technology Finance collectively and each of them individually, and the predecessors, successors and assigns of each of them, including, without limitation, each successor arising as a result of an amalgamation or other corporate and business reorganization.

"Specific Agreements" means all agreements made between the Debtor and the Secured Party as the same may be amended from time to time.

The terms "accessions", "accounts", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "inventory", "money", "proceeds", "purchase money security interest" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.

1.02 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE 2 — GRANT OF SECURITY INTEREST

2.01 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Secured Party, the Debtor hereby grants to the Secured Party a security interest in the present and future undertaking and property, both real and personal, of the Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, the Collateral will include all right, title and interest that the Debtor now has or may hereafter have, be possessed of, be entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

- (a) Receivables: all debts, accounts, claims and choses in action for monetary amounts which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of the Debtor (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments (collectively, the "Securities");
- (g) Intangibles: all intangibles not otherwise described in this Section 2.01 including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other industrial property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in this Section 2.01 and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in this Section 2.01; and
- (k) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral;

provided that the said assignment and mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said assignment or mortgage and charge, the Debtor will thereafter stand possessed of such last day and must hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound.

2.02 **Attachment of Security Interest**

The Debtor acknowledges that value has been given and agrees that the security interest granted hereby will attach when the Debtor signs this Agreement and the Debtor has any rights in the Collateral.

ARTICLE 3 — GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.01 **Representations and Warranties**

The Debtor hereby represents and warrants to the Secured Party that:

- (a) the Debtor is duly organized and subsisting under the laws of its jurisdiction of organization, with the power to enter into this Agreement; this Agreement has been duly authorized by all necessary action on the part of the Debtor and constitutes a legal and valid agreement binding upon the Debtor enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to any agreement, indenture or other instrument to which the Debtor is a party or by which the Debtor or any of its property may be bound or affected;
- (b) all financial information provided by the Debtor to the Secured Party is true, correct and complete; all financial statements have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to the Secured Party;
- (c) except as otherwise disclosed in a schedule hereto, all of the Collateral is the sole property of the Debtor free from any liens, charges, security interests, encumbrances or any rights of others; and
- (d) the address of the Debtor's chief executive office and the office where it keeps its records respecting the Receivables, is that given in the Schedule hereto.

3.02 **Covenants**

The Debtor covenants with the Secured Party that the Debtor will:

- (a) ensure that the representations and warranties set forth in Section 3.01 will be true and correct at all times;
- (b) maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party;

- (d) defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, will keep the Collateral free and clear of all security interests, mortgages, charges, liens and other encumbrances or interests except for those disclosed in a schedule hereto or hereafter approved in writing by the Secured Party prior to their creation or assumption;
- (e) not change its chief executive office and the location of the office where it keeps its records respecting the Receivables, or move any of the Inventory, Securities or Equipment from the locations specified in any schedule hereto, without the prior written consent of the Secured Party;
- (f) pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same become due and payable, and will exhibit to the Secured Party, when required, the receipts and vouchers establishing such payment;
- (g) keep proper books of account in accordance with sound accounting practice, will furnish to the Secured Party such financial information and statements and such information and statements relating to the Collateral as the Secured Party may from time to time require, and the Debtor will permit the Secured Party or its authorized agents at any time at the expense of the Debtor to examine the books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (h) from time to time forthwith at the request of the Secured Party furnish to the Secured Party in writing all information requested relating to the Collateral, and the Secured Party will be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Secured Party will have access to all premises occupied by the Debtor or where the Collateral may be found;
- (i) from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment and mortgage and charge granted hereby, and the Debtor hereby irrevocably constitutes and appoints the Secured Party, or any Receiver appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient;
- (j) not change its name or, if the Debtor is a corporation, will not amalgamate with any other corporation without first giving notice to the Secured Party of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and

- (k) pay to the Secured Party forthwith upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the security interest, assignment and mortgage and charge granted hereby and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses will be added to and form part of the Obligations secured hereunder.

ARTICLE 4 — INSURANCE

4.01 Insurance

The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral, in an amount not less than the full replacement value thereof, in such form and with such insurers as are reasonably satisfactory to the Secured Party. If any such policies of insurance contain a co-insurance clause, the Debtor will either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Debtor from becoming a co-insurer under the terms of any such policy. All such policies must name the Secured Party as an additional insured and loss payee thereof, as the Secured Party's interests may appear, and must provide that the insurer will give the Secured Party at least 10 days written notice of intended cancellation. At the Secured Party's request, the Debtor must furnish the Secured Party with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to the Secured Party that such insurance coverage is in effect. The Debtor must give the Secured Party notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, the Secured Party will have the right, but not the obligation, without notice or demand upon the Debtor and without releasing the Debtor from any obligation hereunder or waiving any rights to enforce this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by the Secured Party in performing such obligations will be immediately due and payable by the Debtor.

ARTICLE 5 — DEALING WITH COLLATERAL

5.01 Dealing with Collateral by the Debtor

The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party, except that the Debtor may, until an Event of Default occurs, deal with its money or sell items of Inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment and mortgage and charge granted hereby, but all proceeds of any such sale will continue to be subject to the security interest, assignment and mortgage and charge granted hereby and all money

received by the Debtor will be received as trustee for the Secured Party and must be held separate and apart from other money of the Debtor and must be paid over to the Secured Party upon request.

5.02 **Rights and Duties of the Secured Party**

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Collateral, the Secured Party and any nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5.03 **Registration of Securities**

The Secured Party may have any Securities registered in its name or in the name of its nominee and will be entitled but not bound or required to exercise any of the rights that any holder of such Securities may at any time have, provided that until an Event of Default has occurred and is continuing, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Secured Party or which would violate or be inconsistent with this Agreement, all voting power from time to time exercisable in respect of the Securities. The Secured Party will not be responsible for any loss occasioned by its exercise of any of such rights or by failure to exercise the same within the time limited for the exercise thereof. The Debtor must from time to time forthwith upon the request of the Secured Party deliver to the Secured Party those Securities requested by the Secured Party duly endorsed for transfer to the Secured Party or its nominee to be held by the Secured Party subject to the terms of this Agreement.

5.04 **Notification of Account Debtors**

Before an Event of Default occurs, the Secured Party may give notice of this Agreement and the security interest and assignment granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to the Secured Party, and any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party must be held by the Debtor in trust for the Secured Party and paid over to the Secured Party on request.

5.05 **Application of Funds**

Except where the Debtor, when not in default hereunder, so directs in writing at the time of payment, all money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the

Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

ARTICLE 6 — DEFAULT AND REMEDIES

6.01 Events of Default

The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor does not pay to the Secured Party any amount owing in connection with any of the Obligations within 10 days of its due date;
- (b) the Debtor does not observe or perform any covenant or obligation of the Debtor contained in this Agreement or in respect of the Obligations (other than a covenant or condition the breach or default in performance of which is specifically dealt with elsewhere in this Section 6.01) and, if such default is capable of being remedied, such default is not remedied within 10 days after notice has been given by the Secured Party to the Debtor specifying such default;
- (c) any information, representation or warranty made by the Debtor herein or in any document or certificate provided at any time to the Secured Party in connection herewith is proven to be incorrect or misleading in any material respect;
- (d) the Debtor defaults under any material agreement with any other person;
- (e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof or makes or agrees to make an assignment, disposition or conveyance, whether by way of sale or otherwise, of its assets in bulk;
- (f) the Debtor is an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or commits or threatens to commit any act of bankruptcy;
- (g) the commencement of any proceeding or the taking of any step by or against the Debtor for the dissolution, liquidation or winding-up of the Debtor or for any relief under the laws of any jurisdiction relating to bankruptcy, insolvency, reorganization, arrangement, compromise or winding-up, or for the appointment of one or more of a trustee, receiver, receiver and manager, custodian, liquidator or any other person with similar powers with respect to the Debtor or the Collateral or any part thereof;
- (h) the Collateral or any part thereof is seized or otherwise attached by anyone pursuant to any legal process or other means, including distress, execution or any other step or proceeding with similar effect, and the same is not released, bonded, satisfied, discharged or vacated within the shorter of a period of 15 days and 10 days less than such period as would permit such property or any part thereof to be sold pursuant thereto; or

- (i) the Secured Party believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached by anyone pursuant to any legal process.

6.02

Remedies

(1) On or after the occurrence of any Event of Default, (i) any or all of the Obligations will at the option of the Secured Party become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived; (ii) the obligation, if any, of the Secured Party to extend further credit to the Debtor will cease; (iii) any or all security granted hereby will, at the option of the Secured Party, become immediately enforceable; and (iv) in addition to any right or remedy provided by law, the Secured Party will have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both:

- (a) the Secured Party may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the Collateral (which term when used in this Section 6.02 will include the whole or any part of the Collateral) and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral; and the term "Secured Party" when used in this Section 6.02 will include any Receiver so appointed and the agents, officers and employees of such Receiver; and the Secured Party will not be in any way responsible for any misconduct or negligence of any such Receiver;
- (b) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (c) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (d) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (e) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (f) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;
- (g) the Secured Party may accept the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;

- (h) the Secured Party may, for any purpose specified herein, borrow money on the security of the Collateral in priority to the security interest, assignment and mortgage and charge granted by this Agreement;
 - (i) the Secured Party may enter upon, occupy and use all or any of the premises, buildings and plant occupied by the Debtor and use all or any of the Equipment and other personal property of the Debtor for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party will not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
 - (j) the Secured Party may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Secured Party hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at such rate as the Secured Party deems reasonable, will be added to and form part of the Obligations hereby secured; and
 - (k) the Secured Party may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith will be added to the Obligations hereby secured.
- (2) The Secured Party may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder.
- (3) The Secured Party will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.
- (4) The Secured Party may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Secured Party may apply any balance of such proceeds to payment of the Obligations in such order as the Secured Party sees fit. If there is any surplus remaining, the Secured Party may pay it to any person having a claim thereto in priority to the Debtor of whom the Secured Party has knowledge and any balance remaining must be paid to the Debtor. If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, the Debtor will be liable to pay any deficiency to the Secured Party forthwith on demand.

ARTICLE 7 — GENERAL

7.01 Benefit of the Agreement

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

7.02 Entire Agreement

This Agreement has been entered into pursuant to the provisions of the Specific Agreements and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Specific Agreement, the rights and obligations of the parties will be governed by the provisions of the Specific Agreement. This Agreement cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and the Debtor with respect to the subject matter hereof except as expressly set forth herein or in the Specific Agreements.

7.03 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

7.04 Assignment

The rights of the Secured Party under this Agreement may be assigned by the Secured Party without the prior consent of the Debtor. The Debtor may not assign its obligations under this Agreement.

7.05 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

7.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and may be given by personal delivery, by registered mail or by electronic means of communication, addressed to the recipient as follows:

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To the Debtor:

Atikokan Forest Products Ltd.

Address Highway 623 Sapawe Road, Atikokan, ON
P0T 1C0

Telecopier No.:

Attention: Glen Currie

To the Secured Party:

GE Canada
Commercial Equipment Financing

Address 4-754 Falconbridge Road, Sudbury, ON
P3A 5X5

Telecopier No.: 705-524-5335

Attention: Robert Bertrand

or such other address, individual or electronic communication number as may be designated by notice given by any party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third business day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the next business day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication must not be mailed but must be given by personal delivery or by electronic communication.

7.07 **Additional Continuing Security**

This Agreement and the security interest, assignment and mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Secured Party.

7.08 **Further Assurances**

The Debtor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Secured Party for the purpose of giving

effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

7.09 **Power of Attorney**

Upon the occurrence of an Event of Default that is continuing, the Debtor hereby irrevocably constitutes and appoints any officer for the time being of the Secured Party the true and lawful attorney of the Debtor, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect to the Collateral in accordance with this Agreement.

7.10 **Discharge**

The Debtor will not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Secured Party.

7.11 **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province where the address of Client is located (as stated below, or if no such address is specified, with the laws of the Province of (Ontario) and the laws of Canada applicable therein.

7.12 **Executed Copy**

The Debtor acknowledges receipt of a fully executed copy of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

ATIKOKAN FOREST PRODUCTS LTD.

April 2, 2007

Date of Execution

Per: 

Name: Glen Currie

Title: Secretary/Treasurer

Highway 623 Sapawe Rd,

Atikokan, ON P0T 1C0

Address of Debtor

Per: _____

Name: _____

Title: _____

SECURED PARTY:

GE CANADA EQUIPMENT FINANCING G.P.

GE CANADA LEASING SERVICES COMPANY

GENERAL ELECTRIC CANADA EQUIPMENT FINANCE G.P.

GE CANADA ASSET FINANCING HOLDING COMPANY

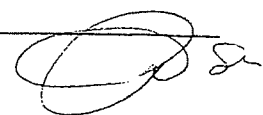
GE TECHNOLOGY FINANCE

April 2, 2007

Date of Execution

Per: 

Name: Robert Bertrand



- 14 -

Title: Account Manager

SCHEDULE

To the General Security Agreement ("GSA") made as of April 2, 2007 between Atikokan Forest Products Ltd., as Debtor, GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company and GE Technology Finance as Secured Party

- A. The Specific Agreements are the following (Section 1.01 of the GSA):
- Including but not limited to Equipment Loan and Security Agreement Number 150010292870, and all future agreements that may arise from time to time.
- B. The permitted liens are the following (Sections 3.01(c) and 3.02(d) of the GSA):
- The Toronto Dominion Bank - File Number 610648416, Registration Number 20041117 1050 1529 6262
 - The Toronto Dominion Bank - File Number 626148234, Registration Number 20060614 1456 1530 3706
 - The Toronto Dominion Bank - File Number 876680433, Registration Number 20011001 1040 1862 1031
- C. The Collateral locations and chief executive office of the Debtor are the following (Section 3.02(e) of the GSA):
- Chief Executive Office: Highway 623, Sapawe Road, Atikokan, ON P0T 1C0
 - Location of Business Records: Highway 623, Sapawe Road, Atikokan, ON
 - Location(s) of Collateral: Highway 623, Sapawe Road, Atikokan, ON
- D. Other Special Provisions: N/A

The parties acknowledge receipt of a fully executed copy of this Schedule which is incorporated by reference and deemed to be a part of the above-mentioned General Security Agreement.

DEBTOR:

ATIKOKAN FOREST PRODUCTS LTD.

April 2, 2007

Date of Execution

Per:

Name: Glen Currie

Title: Secretary/Treasurer

Per:

Name:

Title:

SECURED PARTY:

GE CANADA EQUIPMENT FINANCING G.P.
GE CANADA LEASING SERVICES COMPANY
GENERAL ELECTRIC CANADA EQUIPMENT FINANCE G.P.
GE CANADA ASSET FINANCING HOLDING COMPANY
GE TECHNOLOGY FINANCE

April 2, 2007
Date of Execution

Per:

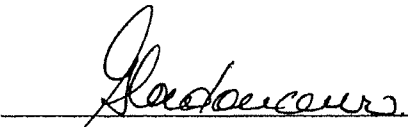
Name: Robert Bertrand

Title: Account Manager

Robert Bertrand

[Signature] *SR*

This is Exhibit "M" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec





GE Canada

**EQUIPMENT LOAN AND
SECURITY AGREEMENT**

754 Falconbridge Road, Unit 4
Sudbury, Ontario, P3A 5X5, Tel: (705) 524-9547, Fax: (705) 524-5335

No: 150010292870

CLIENT: Atikokan Forest Products Ltd.

ADDRESS: Highway 623 Sapawe Road
Atikokan, Ontario
P0T 1C0

CONTACT: Harry Bruyere
Tel: (807) 343-6488

EQUIPMENT LOCATION (if at address other than above)

INSURANCE
Aon Reed Stenhouse Inc.

One Lombard Place Suite 1800
winnipeg
R3B 2A3

EQUIPMENT

UNITS	MODEL	YEAR	DESCRIPTION	SERIAL Nos.
			See Schedule A which is an integral part of this agreement.	

FINANCED AMOUNT

Amount Advanced: 12,279,000.00 CAD
Insurance Premium:
Financing fees:

Financed Amount: 12,279,000.00 = CAD

FINANCING RATE:

Fixed Rate
6.08 % p.a.

INSTALMENTS

Instalments: \$ 179,849.73 CAD
Instalment date: 2nd
Frequency: Monthly
No. of Instalments: 84
First Instalment date: May 2nd, 2007
Original Term: 84 months

ADDITIONAL PROVISIONS

See Schedule B which is an integral part of this agreement.

In consideration of the loan (the "Loan") by Lender (as defined below) to Client in the amount specified under the heading "Financed Amount" above, the receipt of which Client hereby acknowledges, Client acknowledges itself indebted and promises to repay to Lender the Financed Amount. Client also acknowledges that it has agreed to grant to Lender a security interest in the Equipment described above to secure repayment of the Financed Amount on the terms and conditions set forth above, on pages 1, 2, 3 and 4 of document 15133E attached hereto, on all applicable schedules and other attachments hereto, all of which terms and conditions form a part of this Equipment Loan and Security Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Equipment Loan and Security Agreement at Atikokan in the province of Ontario, this 2nd day of April 2007.

Atikokan Forest Products Ltd.

GE Canada Equipment Financing G.P.

By: [Signature] SECRETARY TREASURER
TITLE
SIGNATURE OF AUTHORIZED OFFICERS
14173F (12.05)

By: _____
TITLE
SIGNATURE OF AUTHORIZED OFFICERS
TITLE

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GE Canada

SCHEDULE A

No: 150010292870

This SCHEDULE A is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010292870 executed at Atikokan in the province of Ontario, this 2nd day of April 2007.

EQUIPMENT

UNITS	MODEL	YEAR	DESCRIPTION	SERIAL Nos.
1	DDM12 SBP		Comact Side Board Profiler	
1	DDM6		Comact Saw Line	
			Complete sawmill line within building consisting of: air compressors, heating systems, hydraulic sytems, electrical systems, catwalks, monorails, in feed ramps, out feed ramps and decks, unscramblers, debarker conveyers, debarkers, surge deck, edger system, sorters, computer systems, dry kiln, all attachments and accessories that are required for the continuous operation and production of the line. The collateral is locate or affixed to the selected PIN 56002-0090 LT, PIN 56002-0041 LT, PIN 56002-0044 LT, PIN 56002-0046 LT, PIN 56002-0091 LT, PIN 56002-0108 LT, PIN 56002-0109 LT, PIN 56002-0115 LT, PIN 56002-0116 LT, PIN 56002-0132 LT, PIN 56002-0134 LT, PIN 56002-0136 LT, PIN 56002-0138 LT	

Atikokan Forest Products Ltd.

GE Canada Equipment Financing G.P.

(*CLIENT*)

(*LENDER*)

By: [Signature]
SIGNATURE OF AUTHORIZED OFFICERS

SECRETARY - TREASURER
TITLE

By: _____
SIGNATURE OF AUTHORIZED OFFICERS
TITLE

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GE Canada

SCHEDULE B

No: 150010292870

This SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010292870 executed at Atikokan in the province of Ontario, this 2nd day of April 2007.

ADDITIONAL PROVISIONS

TRANSACTION FEE

Client agrees to pay a transaction fee of CAD \$ 62,500.00 upon signature hereof.

ADDITIONAL SECURITY

To further secure the performance of the Obligations of Client under this Agreement and as conditions precedent to the advance by Lender of the Financed Amount:

(a) Client shall provide to and in favour of Lender security over all of Client's real property and all of Client's present and future personal property;

(b) Lucky Star Holdings Inc. shall execute and deliver a letter of comfort to and in favour of Lender in form of letter of comfort attached to the Commitment Letter of Lender dated February 1, 2007 and accepted by Client on February 2, 2007;

(c) Client, Lender and The Toronto-Dominion Bank shall enter into a priorities agreement;

~~(d) KB Holdings Inc. shall postpone any security previously registered in its favour against any of the real and/or personal property of Client to and in favour of Lender;~~

(e) Client shall execute and deliver to and in favour of Lender an environmental indemnity agreement in form and content satisfactory to Lender; and

(f) Client shall execute and deliver such other documents and security as Lender may, prior to the advance of the Financed Amount, require.

ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF CLIENT

Client further represents, warrants and covenants to and in favour of Lender that:

(a) Client is in compliance with (i) all Laws applicable to it and its business and assets, including Environmental Laws, and (ii) the terms and conditions of its insurance coverage and policies therefore;

(b) All real property owned by Client, including all buildings and premises located thereon (collectively, the "Property"), is in good condition, repair and appearance, ordinary wear and tear excepted, and such Property complies with all Laws and the present use and location of the buildings thereon are legal conforming uses under all applicable Laws;

(c) No claims or notices have been received by or are known to Client alleging or relating to any non-compliance by any of the Property or any portion thereof with any applicable Laws and Client shall promptly deliver to Lender any such claim or notice received by it hereafter;

(d) All of the Property has unrestricted rights of public access to and from public highways or roads abutting the Property (completed, dedicated and fully-accepted for public use by all Governmental Authorities) at all existing access points, which access permits the full utilization of the Property for its present use without further conditions or cost;

(e) All Approvals in respect of any Governmental Authority necessary or of advantage to permit Client to own its assets and carry on its business have been obtained or made and are in full force and effect other than those not yet required under applicable Law and which are expected to be obtained in the ordinary course, as and when so required; Client is in compliance with the requirements of all such Approvals and there is no litigation existing, pending, or threatened which could result in the revocation, cancellation, suspension or any other adverse modification of any such Approval;

(f) Except as disclosed to Lender in writing prior to the date hereof:

(i) all assets of Client are, and to the best of Client's knowledge have been, owned, leased, managed, controlled or operated, and are, and to the best of Client's knowledge have been, in compliance with all Environmental Laws, except where non-compliance could not have or result in a Material Adverse Effect;

(ii) Client has obtained all Approvals which are required under Environmental Laws in respect of its assets and the operation of its business; the business and operations of Client have been, and continue to be, conducted in compliance with all such Approvals and all such

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GE Canada

SCHEDULE B

No: 150010292870

This SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010292870 executed at Atikokan in the province of Ontario, this 2nd day of April 2007.

ADDITIONAL PROVISIONS

Approvals are valid and in full force and effect;

- (g) Client will continue to conduct its business substantially as now conducted or as otherwise permitted hereunder and in a proper and efficient manner and at all times maintain, preserve and protect all of its assets and property (including the Property) in a reasonable manner and keep the same in good repair, working order and condition (taking into consideration ordinary wear and tear) and from time to time make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices, manufacturer's recommendations and requirements and mandatory governmental requirements so that the business carried on in connection therewith may be properly and advantageously conducted at all times;
 - (h) Client will promptly notify Lender of any loss, material damage, or destruction to any of its assets or arising from its use, whether or not covered by insurance;
 - (i) Client will allow Lender and any person designated in writing by Lender, during normal business hours, upon reasonable notice, to visit and inspect any of the properties or assets of Client, to examine, copy and make extracts from its books and records and to discuss the affairs, finances and accounts of Client with its officers;
 - (j) Client will do all things that are required in order that the security required to be granted by Client pursuant to this Agreement be constantly perfected on all property intended to be covered by such security;
 - (k) Client will comply in all respects with the requirements of all applicable Laws and Approvals applicable to it, its business and its assets and with all orders of Governmental Authorities;
 - (l) Client will be at all times in compliance with all Environmental Laws, and will similarly ensure that its assets and its operations and business are in compliance with all Environmental Laws;
 - (m) Notwithstanding the provisions of Section 9 of this Agreement, Client will, at Client's own expense, place and maintain with insurers acceptable to Lender insurance on all of Client's real property and tangible personal property for its full insurable value and will hold public liability insurance, as would a prudent administrator of a company such as Client, with similar assets and activities, including without limitation the following:
 - (i) comprehensive all risks insurance (including business interruption) on all its assets for its full replacement value; such insurance must include (1) Lender as a beneficiary under a broad form of secured creditor endorsement clause and (2) a waiver of subrogation clause in favour of Lender;
 - (ii) broad form boiler and machinery coverage in amounts acceptable to Lender; and
 - (iii) comprehensive general public liability (including products and sudden and accidental pollution liability), bodily injury and third party property damage insurance with limits of liability at least equal to \$5,000,000 or such greater amount as Lender may require; such insurance must: (1) extend to all liabilities of Client under this Agreement, (2) include Lender as a beneficiary under a broad form of secured creditor endorsement clause, and (3) include a cross liability provision which insures each person insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each.
- All policies of insurance must be in place on the date of this Agreement, must cover Lender and Client as their respective interests appear and must contain endorsements providing that:
- (A) 30 days' written notice must be given to Lender before the policy lapses or is materially altered or cancelled;
 - (B) the insurance must be primary and not contributory;
 - (C) Lender shall be named as first loss payee and an additional insured in all policies of insurance except as regards public liability;
 - (D) all policies must have the standard IBC mortgage clause;
 - (E) Lender's coverage and interests as the beneficiary under the above secured creditor endorsement must not be invalidated or otherwise adversely affected by any act, neglect, omission or misrepresentation, deliberate, negligent or otherwise, of Client or its agents, servants or employees;
 - (F) Lender must not be responsible for payment of any premiums; and
 - (G) Lender's realization on the assets and property of Client will not affect or otherwise hinder the rights of Lender under all policies of insurance.



GE Canada

SCHEDULE B

No: 150010292870

This SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010292870 executed at Atikokan in the province of Ontario, this 2nd day of April 2007.

ADDITIONAL PROVISIONS

Client will, upon request, supply Lender with certificates of all insurance policies and endorsements or other evidence of the required coverage and endorsements satisfactory to Lender. All insurance proceeds will be payable to Lender and shall be made available to Client to repair damage to or to replace the damaged property unless a Default hereunder has occurred, in which event, such proceeds shall be applied to the Financed Amount, as Lender deems appropriate.

(n) Client will not create, incur, assume or suffer to exist any Lien on any of Client's real property and/or Client's present or future personal property, except for such Liens as Lender may, from time to time, permit; and

(o) Client will not sell, transfer, lease, alienate or otherwise dispose of any of its real property or personal property, other than in the ordinary course of its business.

For the purposes of the foregoing additional representations, warranties and covenants, the following terms shall have the following meanings:

"Approvals" means any authorization, approval, grant, licence, consent, exemption, certificate, attestation, permit, notice, registration, filing, publication, commitment, franchise, no-action letter, declaration, order, judgment, direction, ordinance or decree issued or granted by, and other action to be taken in respect of, any Governmental Authority having jurisdiction with respect to Client, its property or the operation of the business of Client;

"Contaminants" means any and all pollutants, contaminants, substances, materials, solids, liquids, gases, residual materials or waste which are subject to or governed by Environmental Laws;

"Environmental Laws" mean any and all Laws, as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment, including, without limitation, those relating to emissions, discharges, releases or threatened releases of Contaminants into the indoor or outdoor environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Contaminants;

"Governmental Authority" means any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board or court or other law, regulation or rule making entity (including a Minister of the Crown), national or supra-national, having or purporting to have jurisdiction on behalf of any nation, state, province, municipality or district, or any subdivision thereof, any federal, provincial, state, county, municipal or other Canadian federal, provincial, state or local governmental or regulatory authority, agency, board, body, commission, instrumentality, court or quasi-governmental authority; and

"Laws" mean all laws, statutes, international treaties, rules, codes, ordinances, regulations, orders, interpretations, policies, guidelines, directives and Approvals of any Governmental Authority and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

"Client covenants and agrees that upon a Default, Lender may, at its option and at the sole cost and exposure of client, have a survey of the Property or any portion thereof completed."

ADDITIONAL REMEDIES OF LENDER ON DEFAULT

In addition to the rights and remedies of Lender set out in Section 14 of this Agreement, Lender shall also be entitled to exercise all of its rights and remedies under and pursuant to the security granted by Client to Lender over all of Client's real property and all of Client's present and future personal property.

FINANCIAL COVENANTS

Client shall be in default as per the terms herein, if the following financial covenants are not maintained during the term of this Agreement.

Cash Flow Coverage ratio

A Minimum Cash Flow Coverage ratio of 1.10:1.00 will be measured annually, commencing May 1, 2008. Cash Flow coverage ratio is

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GE Canada

SCHEDULE B

No: 150010292870

This SCHEDULE B is an integral part of the EQUIPMENT LOAN AND SECURITY AGREEMENT No. 150010292870 executed at Atikokan in the province of Ontario, this 2nd day of April 2007.

ADDITIONAL PROVISIONS

defined as "The sum of Net profit/loss plus Depreciation plus Amortization divided by the prior year Current Portion of the Long Term Debt."

.....
INTEREST RATE (GOC)

The Financed Amount will bear interest at an annual rate equal to 210 basis points above the yield of the Government of Canada Bond (GOC) with a maturity closest to 51 months after the disbursement date, as in effect on the Friday preceding the disbursement date and published in the next Monday edition of the Globe and Mail. This rate shall remain fixed for the entire term of this Agreement. For indication purposes only, the yield on the applicable GOC today (maturing on 2011-06-01 with a coupon of 6), is 3.980, thus generating a fixed interest rate of 6.080. The installments and the Financing rate on the signature page of this contract are for indication purposes only.

Atikokan Forest Products Ltd.

("CLIENT")

By: *[Signature]*
SIGNATURE OF AUTHORIZED OFFICERS

14133E (13-95)

GE Canada Equipment Financing G.P.

("LENDER")

By: _____
TITLE

SIGNATURE OF AUTHORIZED OFFICERS

TITLE
4/4



EQUIPMENT LOAN AND SECURITY AGREEMENT

1. Interpretation

1.1 For the purpose of this Agreement:

- (a) "Accrued Liability" at any time means the amount equal to the sum of the Financed Amount, any Prepayment Bonus and all other amounts then payable hereunder, including without limitation, any Overdue Payment and accrued interest.
 - (b) "Affiliate" means in respect of a person, a person or persons that, directly or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, such person, and for the purposes of this definition, "control" means the power to direct or cause the direction of the management and policies of a person whether through the ownership of voting securities or otherwise, and "person" means an individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative.
 - (c) "Agreement" means this Equipment Loan and Security Agreement and any applicable schedules hereto, unless the context otherwise requires, and "hereof", "herein", "thereby", "hereunder" and similar expressions refer to this Agreement.
 - (d) "business day" means a day when the office of Lender at the address stated on the face hereof is open for business.
 - (e) "Claims" has the meaning assigned in Section 16.
 - (f) "control" has the meaning attributed to it in the *Canada Business Corporations Act*.
 - (g) "Client" means the client of Lender stated on the face hereof.
 - (h) "Conversion Rate" means the rate, expressed in CAD for the purchase of one US dollar, determined by adding 0.0050 CAD/USD to the highest rate which appears on the Bloomberg CAD GIT Page between 7 AM and 5 PM (EST).
 - (i) "Costs of Disposition" means all costs, disbursements, fees, commissions and other expenses (including legal fees and expenses) which Lender may incur, pay or be liable for in connection with recovering possession of, dismantling, removing, transporting, repairing, processing, reconditioning, storing, selling, leasing or otherwise disposing of Equipment.
 - (j) "Default" means any of those events or circumstances specified in Section 13.
 - (k) "Equipment" means the items of personal property described on the face hereof and, when required by the context, individual items thereof.
 - (l) "Equities" means existing or future rights of counterclaim, defence, set-off, compensation, abatement or offset, legal or equitable.
 - (m) "Financed Amount" means the amount stated as such on the face hereof owing by Client to Lender or the unpaid outstanding balance thereof, as the context requires.
 - (n) "Financing Rate" means the rate per annum stated as such on the face hereof.
 - (o) "Installments" means the periodic repayment instalments of the Financed Amount, together with interest calculated at the Financing Rate as provided on the face hereof, such instalments stated on the face hereof.
 - (p) "Lender" means the Lender stated on the face hereof.
 - (q) "Lien" means any lien, privilege, mortgage, pledge, hypothec, charge, security interest, attachment, assignment, seizure, sequestration, distress, levy or other encumbrance of any nature or kind whatsoever.
 - (r) "Loss of Equipment" means:
 - (i) a total or constructive total loss of Equipment, or damage thereto, or theft thereof which, in the reasonable opinion of Lender, renders it impossible or impractical to use the Equipment for its intended purpose; or
 - (ii) expropriation or confiscation of Equipment by any authority absolutely or for more than 180 days.
 - (s) "Obligation" means any obligation by Client to pay any amount owing hereunder, including the Financed Amount, Overdue Payments and all other amounts owing hereunder, or to perform any other obligation of Client hereunder or which is secured hereunder.
 - (t) "Overdue Payment" means any amount owing by Client hereunder and any sum disbursed by Lender pursuant to Section 15 which is not paid when due hereunder, or any portion thereof.
 - (u) "person" means any natural person, corporation, firm, partnership, trust, sole proprietorship or governmental agency, authority or other entity, however constituted or designated.
 - (v) "Pledge" means to mortgage, charge, pledge, hypothecate, assign or grant a security interest and the security resulting therefrom and, as a noun, has the corresponding meaning.
 - (w) "Prepayment Bonus" means a prepayment bonus determined in accordance with Section 2.2.
 - (x) "Prime Rate" means the yearly rate of interest which National Bank of Canada announces from time to time in Canada as its prime lending rate which is a reference rate for demand loans in Canadian dollars to corporate borrowers.
 - (y) "Supplier" means any manufacturer, supplier, vendor or dealer in Equipment or any other person from whom Client has acquired any of the Equipment.
 - (z) "Taxes" means any and all taxes, imposts, levies, fees, duties and charges imposed by any taxing authority on Lender, Client, the Equipment, its purchase, sale, ownership, security interest thereon, delivery, possession, operation or use including, without limitation, sales, excise, use, health services, property, goods and services, business transfer and value added taxes (including any penalties or interest based on late or non-payment), but excluding taxes imposed on or measured by Lender's overall net income.
 - (aa) "Warranties" means any and all warranties, guarantees, representations, service contracts, contracts to stock spare parts and similar agreements, oral or written, express, implied or statutory, relating to Equipment.
- 1.2 In this Agreement, unless the context otherwise requires, the singular includes the plural and vice-versa and words importing gender include each gender.
- 1.3 All references herein to statutes include the statute as it may be amended, restated or replaced with legislation of comparable effect.
- 1.4 Acts to be performed hereunder on non-business days shall be performed on the following business day.
- ### 2. Installments
- 2.1 Client hereby acknowledges that it has borrowed from Lender and is thereby, or has otherwise become, indebted to and agrees to repay to Lender, at the address of Lender stated on the face hereof or such other place notified by Lender to Client, the Financed Amount, together with interest thereon, by paying the Installments stated on the face hereof. Unless otherwise stated, Installments are due on the dates stated on the face hereof in each month, or other period (or the last day of the month, if there is no corresponding date), in arrears, throughout the term hereof. On the final Installment date, Client shall pay Lender the outstanding balance of the Financed Amount, all accrued and unpaid interest thereon and all other amounts payable hereunder.
- 2.2 Client may at any time prepay the Financed Amount in whole or in part upon payment to Lender of a Prepayment Bonus determined as follows:
- (a) if the Financing Rate is a variable rate based on Prime Rate, the bonus shall be three months' interest on the amount prepaid calculated at the Financing Rate in effect at the time of prepayment, or
 - (b) if the Financing Rate is a fixed rate, the bonus shall be either
 - (i) three months' interest on the amount prepaid calculated at the Financing Rate (the "Minimum Bonus"), if the Financing Rate does not exceed the Prime Rate in effect at the time of prepayment ("Current Prime"), or (ii) the greater of (A) the Minimum Bonus or (B) the amount determined as the product of (x) the Financing Rate less Current Prime times (y) the amount prepaid times (z) the fraction of the number of days to elapse until the final Installment date, disregarding prepayments, divided by 365, if the Financing Rate exceeds Current Prime.
- Any portion of the Financed Amount prepaid shall be applied to the remaining Installments in inverse order of maturity. No part of the Prepayment Bonus shall be applied in reduction of said remaining Installments. If a Default or a Loss of Equipment occurs, the Prepayment Bonus shall also be payable by Client and shall be calculated by reference to the outstanding balance of the Financed Amount at the time of such Default or Loss of Equipment, as applicable.

3. Interest

- 3.1 The Financed Amount shall bear interest from the date hereof until paid in full to Lender (as well before as after maturity, demand, Default or judgment) at the Financing Rate.
- 3.2 In addition to interest payable under Section 3.1, each Overdue Payment shall bear interest from the date due until paid in full to Lender (as well before as after demand, Default or judgment) at the rate of 12% per annum, calculated as specified in Section 3.3.
- 3.3 Interest payable hereunder shall accrue from day to day, be payable in arrears on each Instalment date and be computed upon the daily outstanding balance of the Financed Amount or Overdue Payment, as applicable, and shall be calculated on the basis of the number of days elapsed in a 365-day year. The yearly rate of interest to which each rate of interest expressed herein is equivalent is the product of (a) such rate times (b) the fraction of the number of days in the year divided by 365.
- 3.4 If the Financing Rate is a variable rate based on Prime Rate, a change in Prime Rate automatically changes the rate of interest payable hereunder to the same extent and in the same manner effective with the frequency stated on the face hereof. Lender shall not be obliged to notify Client of any such change, any right to notice being hereby irrevocably waived by Client.

4. Title, Ownership

Title to, ownership of, and all property in Equipment shall remain with Client, but subject always to the security interests and other provisions hereof, and at Client's sole risk, until full payment in cash of all amounts repayable hereunder; prior to such payment, Client's rights therein are to quiet enjoyment and use on the terms and conditions of this Agreement so long as a Default has not occurred.

5. Security Interest and Warranties as to Equipment

- 5.1 In consideration of the Loan, Client hereby mortgages, hypothecates, charges by way of a first fixed charge, and grants to Lender a continuing security interest (herein collectively called a "security interest") in Equipment and Pledges in favour of Lender all insurance claims and all proceeds (including proceeds of proceeds) therefrom with respect to any loss or damage to Equipment or any lease or rental of Equipment, all to secure repayment of the Financed Amount and other Obligations of Client.
- 5.2 Client represents and warrants to Lender that the Client has good and marketable title to Equipment, free and clear of all Liens, except for the security interests of Lender hereunder. Client agrees to comply with all Warranties accruing to the Client pertaining to Equipment; however, any failure by any vendor to Client of Equipment to comply with any Warranty shall not affect Client's Obligations to Lender hereunder.

6. Personal Property and Wavers

- 6.1 Equipment shall at all times be and remain moveable personal property. Notwithstanding any purpose for which Equipment may be used or that it may become affixed or attached to land or any structure thereon, Equipment shall remain subject to all rights of Lender hereunder as if it were not so affixed or attached.
- 6.2 Client agrees to obtain a waiver, if required by and in a form satisfactory to Lender, from any landlord, mortgagee, hypothecary creditor or other encumbrancer of the premises where Equipment is situated (and prior to its becoming affixed if it is to be affixed).

7. Maintenance, Use, Operation, Alterations, Upgrades, etc.

- 7.1 Client shall at its own expense:
 - (a) maintain Equipment in good operating condition, repair and appearance, ordinary wear and tear only excepted;
 - (b) comply with all recommendations or requirements of Supplier regarding Equipment so as to preserve all Warranties; and
 - (c) at Lender's request, enter into a maintenance agreement for Equipment for the full term of this Agreement with Supplier or a competent service and maintenance agent approved by Lender.
- 7.2 Client shall not, without Lender's consent, make any alterations, additions, omissions or attachments to Equipment. Such consent will only be granted if such changes:
 - (a) do not materially decrease the value of Equipment or limit interfere with or frustrate its intended use;
 - (b) do not prejudice or adversely affect any Warranties; and
 - (c) are free from, and do not subject Equipment to, any Lien.
- 7.3 All replacement parts and components, alterations, additions, omissions and attachments to Equipment shall automatically become subject to the security interests created hereby as soon as they are acquired by or on behalf of Client.
- 7.4 Client shall affix and keep affixed to Equipment any labels supplied by Lender identifying its security interests in Equipment.

8. Inspection

Any representative of Lender shall have the right to inspect Equipment at all reasonable times upon notice to Client.

9. Insurance

- 9.1 Client shall at its own expense place and maintain with insurers acceptable to Lender:
 - (a) comprehensive all risks insurance on Equipment for the greater of the Financed Amount or the full replacement value of the Equipment. Such insurance shall include: (i) a loss payable clause in favour of Lender and (ii) a waiver of subrogation clause in favour of Lender; and
 - (b) general public liability and property damage insurance with limits of liability at least equal to \$1,000,000 or such greater amount as Lender may require. Such insurance shall extend to all liabilities of Client under this Agreement arising out of its use or possession of Equipment and to any potential vicarious liability of Lender as holder of security interests in Equipment created hereby.
- 9.2 All such policies of insurance shall be in place at the effective date of this Agreement and shall contain endorsements providing that: (a) 30 days' written notice shall be given to Lender before the policy lapses or is materially altered or cancelled; (b) the insurance shall be primary and not contributory; (c) Lender's interests therein shall not be invalidated or otherwise adversely affected by any act or omission, deliberate, negligent or otherwise, of Client or its agents, servants or employees (the so-called "standard mortgage clause"); (d) Lender shall not be responsible for payment of any premiums; and (e) Lender may elect to have all proceeds of loss payable only to itself.
- 9.3 Client shall supply Lender with certified copies of all insurance policies, endorsements or other evidence of the required coverage satisfactory to Lender within 30 days of the effective date of this Agreement and on request.
- 9.4 In the event of damage to any item of Equipment amounting to Loss of Equipment, Lender shall be entitled to receive immediate payment of the amount equal to the Accrued Liability with respect to such item of Equipment. Lender may retain any monies received from the insurance proceeds in an amount equal thereto, Client remaining liable for any deficiency.
10. Taxes, etc.
Client shall have the sole responsibility for and shall duly and punctually pay all Taxes and all licence and similar fees payable at any time upon, or in respect of, Equipment, this Agreement and any payments or transactions contemplated hereunder.
11. Liens
Client shall keep Equipment free of all Liens.
12. Laws and Regulations
Client is and shall continue to be in compliance with all laws and regulations relating to use, operation or possession of Equipment or the security interests therein in favour of Lender, and those relating to the prevention of money laundering and terrorism.
13. Default
It shall be a Default under this Agreement if:
 - (a) Client fails to pay any Instalment within 10 days after its due date;
 - (b) any representation or warranty of Client made herein or in any instrument or document delivered to Lender in connection herewith is false or materially incorrect or misleading;
 - (c) any insurance coverage required to be obtained and maintained by Client under this Agreement shall lapse, expire or be cancelled;
 - (d) Client defaults in any other Obligation, or in any obligation under any other agreement with Lender or any Affiliate of Lender and such default continues for 10 days after notice thereof by Lender or such Affiliate, as applicable, to Client;
 - (e) any act of bankruptcy takes place respecting Client, or any proceeding, petition or notice, voluntary or involuntary, is commenced, made, given or filed, as the case may be, by the Client or any other person, under any present or future statute or law relating to bankruptcy, insolvency or relief from or compromise or arrangement with creditors of Client;
 - (f) Client ceases or threatens to cease to carry on business or makes or proposes to make any sale of the whole or any substantial portion of its assets in bulk, or otherwise out of the normal course of business;
 - (g) any execution, sequestration, expropriation or similar process is brought or threatened, by way of notice or otherwise, against, or a distress or analogous process is levied upon the whole or any part of the property of Client or Equipment;
 - (h) any trustee, receiver, interim receiver, administrator, manager or similar official is appointed with respect to all or any part of the property, assets or undertaking of Client, whether pursuant to any private instrument or agreement or by order of any court;
 - (i) if ownership of or control and direction over the assets or undertaking of Client or the majority of its voting shares changes, by amalgamation, merger, sale, transfer of shares or otherwise, except pursuant to death of the shareholder, or Client passes any

resolution concerning any matter referred to in paragraph (e) or with respect to, or any proceedings, voluntary or involuntary, are commenced under, any present or future law relating to amalgamation, liquidation, winding-up or dissolution;

- (j) on an event occurs which, in the opinion of Lender, could reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, operations, assets, liabilities or prospects of Client, Client's ability to perform any Obligation, or any obligation under any other agreement with Lender or any Affiliate of Lender, or on the rights and remedies of Lender thereunder, and continues for 10 days after notice thereof by Lender or such Affiliate, as applicable, to Client; or
- (k) any event or circumstance described in any of paragraphs (c) and (e) through (j) inclusive occurs with respect to any guarantor or surety of Client respecting this Agreement or any person who controls Client or any Affiliate of Client.

A Default under this Agreement shall be deemed a default under all other present and future agreements entered into between Client and Lender or any Affiliate of Lender.

14. Lender's Remedies on Default

Upon Default, Lender shall be entitled to do one or more of the following:

- (a) declare this Agreement to be in default (with or without terminating this Agreement) whereupon all Obligations shall be immediately due, payable and enforceable without any notice or demand whatsoever;
- (b) terminate this Agreement;
- (c) declare any or all of the Obligations to be immediately due and payable, or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonor, all of which are expressly waived;
- (d) take possession of Equipment, without demand, notice or legal proceeding and enter on any premises of Client or any other person for such purpose;
- (e) sell, lease or otherwise dispose of Equipment by public or private transaction for such consideration payable immediately and/or deferred and on such terms and conditions as Lender in its discretion determines;
- (f) whether or not this Agreement may have been or be deemed to have been terminated, demand, sue for and recover the amount equal to the Accrued Liability, less, if applicable, the net proceeds to Lender derived from the sale, lease or other disposition of the Equipment, after deducting all Costs of Disposition; and
- (g) exercise any other rights or remedies and/or take any proceedings available to Lender hereunder, at law or in equity.

In lieu of selling, leasing or otherwise disposing of Equipment, Lender may retain Equipment and cause Equipment to be valued by a qualified appraiser selected by it and such value shall be substituted for and deducted as net proceeds to Lender under subparagraph (f) of this Section. Proceeds of sale, lease or disposal need be deducted only when received, unless Lender elects to take the present value of payments to be received, discounted at the Financing Rate then in effect, compounded monthly.

15. Lender's Rights to Remedy Defaults

If Client fails to perform or comply with any Obligation, Lender may, but has no obligation to, perform same in the name of Client or Lender and make all necessary disbursements in connection therewith, which shall be reimbursed by Client immediately on demand. Lender is hereby appointed Client's lawful attorney to take any such action in Client's name.

16. Client's General Indemnities

Client shall indemnify and save harmless Lender from and against all existing or future losses, costs, charges, expenses, liabilities, claims, demands, penalties, damages, suits, actions and causes of action of every nature and kind whatsoever, including strict liability in tort or in delict (collectively, "Claims") sustained or suffered by Lender, or for which Lender may become liable, resulting from or arising out of:

- (a) Lender's lawful exercise or performance of its rights or obligations under this Agreement;
- (b) the holding by Lender of a security interest in the Equipment;
- (c) any Default;
- (d) any personal injury or property damage or other commercial loss arising out of the sale or delivery to, installation, ownership, use, operation, maintenance, condition, return, removal and re-delivery of Equipment; or
- (e) any use or operation of Equipment which infringes any patent or other industrial or intellectual property right, unless caused by the gross negligence or wilful misconduct of Lender, its employees, servants or agents.

17. Administrative Fees and Expenses

Client shall pay Lender on demand Lender's prevailing fees and all costs and disbursements (including legal fees and expenses) certified by Lender as having been incurred or made in connection with the enforcement or preservation of any right or remedy arising on Default or in connection with the rendering of financial services under this Agreement including, without limitation, for processing of payments and rendering statements to Client.

18. Pre-Authorized Payments

Client shall execute and deliver to Lender from time to time upon request pre-authorized payment orders in such form as Lender may reasonably request. Lender is hereby authorized to deliver such orders to the financial institution named therein. Client hereby appoints Lender its lawful attorney to take all action contemplated by such payment orders to receive payment of any amount due under this Agreement. Lender may decline any other form of payment.

19. Location of Equipment

19.1 Except as otherwise expressly permitted hereunder, Client shall not part with possession of Equipment nor remove any of same from Canada.

19.2 Client covenants that Equipment will continue to be located where stated on the face hereof, or at any other location agreed to in writing by Lender.

20. Assignment and Leasing

Client shall not assign any rights hereunder and Client shall not sell or attempt to sell Equipment nor lease or rent or attempt to lease or rent Equipment, in any case without the prior consent of Lender, and such consent may be withheld by Lender in its sole and unfettered discretion. No action aforesaid by Client shall relieve Client of any of its Obligations.

21. Client's General Representations, Warranties and Covenants

Client represents and warrants to and covenants with Lender that: (a) if Client is a body corporate, it is and will continue to be a body corporate or other legal entity duly and validly incorporated or otherwise established, organized and existing in good standing under the laws of its jurisdiction of incorporation or establishment, with all necessary power and authority to execute, deliver and perform this Agreement; (b) if Client is a body corporate, all of the transactions contemplated herein have been and will be duly authorized by all necessary action, are not and will not be in conflict with the constituting documents or by-laws of Client or any Indenture, instrument, agreement or undertaking to which it is or will be a party or by which it or its assets are or may become bound; (c) this Agreement is and will continue to be the legal, valid and binding obligation of Client, enforceable against it in accordance with its terms; (d) all information as defined in Section 41 provided by Client to Lender is accurate; and (e) all payments to Lender are and will be derived from legal sources. Client agrees to furnish to Lender a copy of its most recent annual financial statements, audited if applicable, promptly upon availability and in any event, within 90 days of each financial year-end. Upon request by Lender, Client agrees also to furnish its quarterly financial statements promptly upon availability and, in any event, within 60 days of each financial quarter-end.

22. Statutory Waivers and Acknowledgement

22.1 Client waives its right to receive a copy of any financing statement or financing change statement registered by Lender and of any related verification statement.

22.2 Client waives, to the fullest extent permitted by law, the application of the provisions of (a) *The Limitation of Civil Rights Act* (Saskatchewan); and (b) *The Distress Act* (Manitoba). Client agrees that the provisions of this Agreement are commercially reasonable.

23. NO SET-OFF - EXCLUSION AND ASSIGNMENT OF WARRANTIES

23.1 CLIENT IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL EQUITIES AGAINST ANY INSTALMENT AND OTHER AMOUNT DUE TO LENDER HEREUNDER AND AGREES TO PAY EACH SUCH INSTALMENT AND OTHER AMOUNT WITHOUT REGARD TO ANY EQUITIES, NEITHER DEFECTS IN, DAMAGE TO, NOR LOSS OR DESTRUCTION OF EQUIPMENT SHALL TERMINATE THIS AGREEMENT OR REDUCE CLIENT'S OBLIGATIONS HEREUNDER, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN.

23.2 CLIENT REPRESENTS AND WARRANTS TO AND COVENANTS WITH LENDER THAT EQUIPMENT IS AND WILL BE USED FOR COMMERCIAL, INDUSTRIAL OR BUSINESS PURPOSES ONLY AND NOT FOR PERSONAL, FAMILY, HOUSEHOLD OR FARMING PURPOSES;

23.3 (A) LENDER SHALL NOT BE BOUND BY OR BE DEEMED TO HAVE MADE OR BE LIABLE FOR ANY REPRESENTATION, WARRANTY OR PROMISE MADE BY SUPPLIER OR OTHERWISE; (B) LENDER SHALL NOT BE LIABLE FOR ANY FAILURE OF EQUIPMENT INCLUDING ANY LATENT DEFECT OR ALLEGED FUNDAMENTAL BREACH OF THIS AGREEMENT; (C) NEITHER LENDER NOR ANY OF ITS EMPLOYEES, SERVANTS OR AGENTS HAS MADE AND DOES NOT NOW MAKE ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO EQUIPMENT OR

- ANY INTELLECTUAL OR INDUSTRIAL PROPERTY RIGHTS THEREIN INCLUDING, WITHOUT LIMITATION, THE DESIGN, SPECIFICATIONS, CONDITION, QUALITY, MERCHANTABILITY OR FITNESS FOR CLIENT'S PURPOSES AND (D) LENDER SHALL HAVE NO LIABILITY FOR ANY DIRECT, INDIRECT, PUNITIVE, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS, ACTUAL OR ANTICIPATED, OR FOR ANY DAMAGES BASED ON STRICT OR ABSOLUTE TORT OR DELICTUAL LIABILITY OR LENDER'S OR SUPPLIER'S NEGLIGENCE. NOTHING HEREIN SHALL DEPRIVE CLIENT OF ITS RIGHTS AGAINST SUPPLIER OR ANY PERSON OTHER THAN LENDER. CLIENT SHALL MAKE ANY CLAIMS WITH RESPECT TO EQUIPMENT DIRECTLY AGAINST SUPPLIER.
- 23.4 IF EQUIPMENT IS SEIZED OR SOLD BY LENDER, ALL WARRANTIES OF SUPPLIER AND RIGHTS TO ALL SOFTWARE, OTHER INTELLECTUAL AND INDUSTRIAL PROPERTY LICENSES ACCOMPANYING GOODS SHALL BE DEEMED ASSIGNED BY CLIENT TO LENDER.
24. **Notices**
Any notice, demand, consent or other communication required or permitted hereunder ("Notice") shall be in writing and may be delivered, or sent by prepaid registered mail, or by telex, telecopier or other means which produces a permanent written record (a "transmission"). Mailed Notice shall be deemed to have been given two business days after mailing provided there is no general disruption or stoppage of postal services then in effect, in which case delivery shall be made by one of the other methods permitted herein; delivered Notice shall be effective upon delivery during business hours to an apparently responsible adult, and transmissions shall be deemed to have been received at the opening of the business day immediately following transmission. Addresses for Notice shall be those addresses stated on the face hereof and may be changed in accordance with the foregoing.
25. **Remedies Cumulative**
All rights and remedies of Lender hereunder are cumulative and not exclusive or alternative and may be exercised by Lender separately or together, in any order, sequence or combination.
26. **Forbearance, Indulgence and Waivers**
Forbearance or indulgence by Lender in any instance shall not constitute a general waiver of the obligation under this Agreement to which the same applies. Any waiver by Lender of its rights must be in writing and shall not extend to any other obligation or right.
27. **Allocations**
Client hereby irrevocably and unconditionally waives any present or future right to allocate any payment made to Lender to any specific Obligation due under this Agreement or under any other agreement with Lender or any affiliate of Lender. Lender may allocate and apply any payment received to any Obligation due hereunder or under any other agreement with Lender or affiliate of Lender and may reverse, reallocate and re-apply any such payment as many times and in such manners as Lender from time to time sees fit. Payments received shall be allocated upon receipt of legal tender or cleared funds. Lender is hereby irrevocably authorized to combine and set off amounts payable by it to Client with amounts owing to it from Client (in each case whether matured or not and whether absolute or contingent) under the same or different agreements.
28. **Time**
Time is and shall remain of the essence of this Agreement.
29. **Entire Agreement**
29.1 There are no representations, warranties, covenants, agreements or acknowledgements by Lender affecting the Financed Amount, the Obligations, the Accrued Liability, this Agreement or Equipment, other than expressed in this Agreement.
29.2 No agreement purporting to amend or modify this Agreement or any other document, paper or writing relating hereto or to Equipment or connected herewith shall be binding unless in writing signed by the parties hereto.
30. **Severability**
Any term, condition or provision of this Agreement which is deemed to be void, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be severed herefrom and ineffective to the extent of such invalidity, prohibition or unenforceability, without in any way invalidating the balance hereof.
31. **No Merger in Judgment**
The taking of any judgment by Lender under this Agreement shall not operate as a merger or novation of any term or condition hereof or of any obligation of Client or Lender hereunder.
32. **Further Assurances and Power of Attorney**
32.1 Client and Lender each shall do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lender to have the full benefit of all rights and remedies intended to be reserved or created hereby. Lender is hereby appointed Client's lawful attorney to complete and/or correct any information on the face hereof or in any Schedule hereto.
- 32.2 Each power of attorney granted in this Agreement is granted with full power of substitution, is irrevocable, is coupled with an interest, shall survive termination of this Agreement and may be exercised during any subsequent legal incapacity of Client or Lender.
33. **Currency**
Unless otherwise stated in this Agreement, all sums of money payable hereunder shall be paid in Canadian dollars. If any amount payable pursuant to this Agreement needs to be converted from US dollars to Canadian dollars, including for purposes of determining the amount of the Financed Amount or any instalment, such conversion shall be made by Lender on the relevant date at the Conversion Rate and Lender will notify Client of the Canadian dollar amount so converted.
34. **Survival**
Notwithstanding any other Section, any accrued Obligations, the Obligations of Client under Sections 9.4, 10, 15, 16, 17, 22 and 27 and all rights of Lender hereunder, whether accrued or not, shall survive the termination or expiration of this Agreement and the payment of the Accrued Liability and all other amounts payable hereunder.
35. **Section Headings**
Section headings in this Agreement are for convenience of reference only and do not affect the interpretation or construction hereof.
36. **Successors and Assigns**
This Agreement shall inure to the benefit of and be binding upon Lender and Client, their respective heirs, executors, administrators, personal representatives, successors and permitted assigns and lessees. Lender may assign or transfer in whole or in part its rights under this Agreement or Equipment, and/or Pledge its rights hereunder or in Equipment and any assignee, transferee or beneficiary of such Pledge ("Assignee") shall be unrestricted in the exercise of such rights. Client shall recognize any such assignment, transfer or Pledge and shall not assert against any Assignee any Claims or Equities which it may have against Lender respecting this Agreement or Equipment and waives all Claims and Equities against Assignee's rights to enforce this Agreement based on Lender's alleged failure to perform some or Supplier's breach of Warranties. Client shall not be entitled to assign its rights or obligations hereunder.
37. **Choice of Law**
This Agreement shall be governed, construed, performed and enforced in accordance with the laws of the Province where the address of Client is located as stated on the face of this Agreement.
38. **Language**
The parties hereto have expressly required that this Agreement and all documents, agreements and notices related thereto be drafted in the English language. Les parties aux présentes ont expressément exigé que le présent contrat et tous les autres documents, conventions ou avis qui y sont afférents soient rédigés en langue anglaise.
39. **Joint and Several Liability**
If more than one person executes this Agreement as Client their obligations hereunder shall be joint and several and, where the context so admits, each reference in this Agreement to "Client" shall include reference to any one or more or all such persons and the acts or omissions of and such persons shall bind all of them.
40. **Receipt of Agreement**
Client acknowledges receipt of an executed copy of this Agreement.
41. **Information**
Client hereby consents and authorizes Lender and its affiliates, agents, contractors and representatives, at any time, (a) to collect, verify, use, communicate with and disclose to third parties (including credit reporting agencies, financial institutions, creditors, vendors and other persons) any credit, financial and other information, including personal information (as applicable) and information related to the credit rating, financial capacity and payment history, with respect to Client ("Information"), as Lender deems necessary to process, complete, service and enforce the transactions hereby contemplated and any other existing or potential transactions, or as required or otherwise permitted by law; (b) to respond to inquiries from, and exchange any information with, third parties concerning Client's credit rating, financial capacity and payment history; (c) to provide information to persons to whom Lender considers assigning, granting a participation or otherwise disposing of rights or obligations under the transactions hereby contemplated; and (d) to provide to any person copies of this Agreement. This consent is in addition to and does not replace any consent previously given.

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GE
Capital Solutions

NEW CONTRACT: 150011169878

ORIGINAL CONTRACT: 150010292870

AMENDMENT to Equipment Loan and Security Agreement no. 150010292870 executed between Atikokan Forest Products Ltd. (the "Client") and GE Canada Equipment Financing G.P. (or its predecessors) (the "Lender") (the "Original Contract").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments and Supplements to Original Contract

With effect as of and from the Effective Date hereof, the Original Contract is hereby amended as follows:

1.1 Instalments

The Client hereby agrees to pay the Balance Outstanding, plus any unpaid balance of Accrued Interest, to the Lender, together with interest thereon at the new Financing Rate set out below, in the monthly and consecutive Instalments set out in the below new "Schedule of Instalments", in all cases with the final Instalment equal to the outstanding balance of the Financed Amount, plus all accrued and unpaid interest thereon and all other amounts payable under the Equipment Loan and Security Agreement (as defined below), which final Instalment is payable on the Maturity Date stated below (the "Maturity Date").

2. Client's General Representations, Warranties and Covenants

The Client acknowledges that the Lender is relying upon the representations and warranties contained in the Original Contract in agreeing to enter into this Amendment, and that each such representation and warranty will be deemed to be restated as of the Effective Date.

3. Administrative Fee

The Lender acknowledges receipt from the Client, concurrently with the execution hereof, of a non-refundable administrative fee in the amount stated below in consideration of its review and assessment of the Client's request to amend the Original Contract.

4. Interpretation

4.1 Incorporation by Reference

This Amendment is declared to be an amendment to the Original Contract and is to form an integral part thereof and shall have the same effect as though incorporated in the Original Contract. References in this Amendment to the Original Contract, wherever the context requires, shall mean the Original Contract as amended from time to time and at any time, including by this Amendment, and all references to "Equipment Loan and Security Agreement" means the Original Contract, as amended. In the event of any inconsistency between the terms and conditions of this Amendment and the terms and conditions of the Original Contract, this Amendment shall prevail.

4.2 Absence of Novation

Nothing in this Amendment shall be construed or interpreted as novating any obligation, term or condition of the Original Contract, all of which obligations, terms and conditions remain in full force and effect, without any amendment or modification thereto, save and except only as expressly amended or supplemented by this Amendment.

5. New Contract Information

SCHEDULE OF INSTALMENTS

Number of Instalments	Amount	Commencing on
3	\$0.00	February 2, 2009
60	\$190,515.87	May 2, 2009

Number of Instalments	Amount	Commencing on

UNPAID BALANCE as of March 2, 2009 (the "Effective Date")	
Balance Outstanding:	\$9,690,464.77
Unpaid Accrued Interest on Balance Outstanding:	\$90,692.00
Accrued Interest received	0.00
Total amount unpaid:	\$9,781,156.77

Administrative fee: \$5,000.00
Maturity date: April 2, 2014
New Financing Rate:
☒ Fixed Rate 6.10% p.a.
☐ Variable Rate Prime plus % p.a.

150011169878

6. Additional Provisions

It is agreed that the Administration Fee of \$5,000.00 and the Late Charges of \$3 008 36 will be paid up front

SIGNED in Atikokan, Ontario, this March 25, 2009

ATIKOKAN FOREST PRODUCTS LTD.

By: [Signature]
Name: Wolfgang Gericke
Title: President

By: _____
Name: _____
Title: _____

GE CANADA EQUIPMENT FINANCING G.P.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

GUARANTOR'S(S) INTERVENTION

The undersigned confirm(s) that the execution, delivery and performance of the Amendment in no way discharges, limits, modifies, amends or novates any of its (their) joint and several obligations under the Original Contract, all of which remain in full force and effect.

NORTHERN SAWMILLS INC.

By: [Signature]
Name: Wolfgang Gericke
Title: President
Date: March 25, 2009

By: _____
Name: _____
Title: _____
Date: _____

Name: _____
Date: _____

Name: _____
Date: _____



GE Capital

NEW CONTRACT:

150011236770

ORIGINAL CONTRACT: 150010292870

AMENDMENT to Equipment Loan and Security Agreement no. 150010292870 executed between Attkisson Forest Products Ltd. (the "Client") and GE Canada Equipment Financing G.P. (or its predecessors) (the "Lender") (the "Original Contract").

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments and Supplements to Original Contract

With effect as of and from the Effective Date hereof, the Original Contract is hereby amended as follows:

1.1 Instalments

The Client hereby agrees to pay the Balance Outstanding, plus any unpaid balance of Accrued Interest, to the Lender, together with interest thereon at the new Financing Rate set out below, in the monthly and consecutive Instalments set out in the below new "Schedule of Instalments", in all cases with the final Instalment equal to the outstanding balance of the Financed Amount, plus all accrued and unpaid interest thereon and all other amounts payable under the Equipment Loan and Security Agreement (as defined below), which final Instalment is payable on the Maturity Date stated below (the "Maturity Date").

2. Client's General Representations, Warranties and Covenants

The Client acknowledges that the Lender is relying upon the representations and warranties contained in the Original Contract in agreeing to enter into this Amendment, and that each such representation and warranty will be deemed to be restated as of the Effective Date.

3. Administrative Fee

The Lender acknowledges receipt from the Client, concurrently with the execution hereof, of a non-refundable administrative fee in the amount stated below in consideration of its review and assessment of the Client's request to amend the Original Contract.

4. Interpretation

4.1 Incorporation by Reference

This Amendment is declared to be an amendment to the Original Contract and is to form an integral part thereof and shall have the same effect as though incorporated in the Original Contract. References in this Amendment to the Original Contract, wherever the context requires, shall mean the Original Contract as amended from time to time and at any time, including by this Amendment, and all references to "Equipment Loan and Security Agreement" means the Original Contract, as amended. In the event of any inconsistency between the terms and conditions of this Amendment and the terms and conditions of the Original Contract, this Amendment shall prevail.

4.2 Absence of Novation

Nothing in this Amendment shall be construed or interpreted as novating any obligation, term or condition of the Original Contract, all of which obligations, terms and conditions remain in full force and effect, without any amendment or modification thereto, save and except only as expressly amended or supplemented by this Amendment.

5. New Contract Information

SCHEDULE OF INSTALMENTS

Number of Instalments	Amount	Commencing on
60	192,466.74	July 2nd, 2009

Number of Instalments	Amount	Commencing on

UNPAID BALANCE as of June 2, 2009 (the "Effective Date")

Balance Outstanding:	9,781,156.77
Unpaid Accrued Interest on Balance Outstanding:	150,388.64 +
Accrued Interest received:	-
Total amount unpaid:	9,931,545.41 =

Administrative fee: \$5,000.00

Maturity date: June 2, 2014

New Financing Rate:

☒ Fixed Rate 6.10% p.a.

☐ Variable Rate Prime plus % p.a.

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1111

GE Capital Solution Cana

10:58:54

19-06-2009

5/5

150011236770

6. Additional Provisions

Client agrees to pay an Administration Fee of \$5,000.00 and Late Charges of \$3,870.83 upon processing of this amendment.

SIGNED in Atikokan, Ontario, this June 18, 2009.

ATIKOKAN FOREST PRODUCTS LTD.

By: [Signature]
Name: Wolfgang Gericke
Title: President
By: [Signature]
Name: CFD R. York
Title:

GE CANADA EQUIPMENT FINANCING G.P.

By: [Signature]
Name:
Title:
By: [Signature]
Name:
Title:

GUARANTOR(S)'S INTERVENTION

The undersigned confirm(s) that the execution, delivery and performance of the Amendment in no way discharges, limits, modifies, amends or novates any of its (their) joint and several obligations under the Original Contract, all of which remain in full force and effect.

NORTHERN SAWMILLS INC.


By: [Signature]
Name: Wolfgang Gericke
Title: President
Date:
By: [Signature]
Name:
Title: CFD R. York
Date:

Name:
Date:

Name:
Date:

19 June 2009

This is Exhibit "N" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



ACKNOWLEDGEMENT OF STANDARD CHARGE TERMS

TO: GENERAL ELECTRIC CANADA REAL ESTATE FINANCE INC. and GE CANADA EQUIPMENT FINANCING G.P. (collectively the "Lender")

AND TO: MILLER THOMSON LLP, its solicitors herein

Re: Charge/Mortgage (the "Charge") given by Atikokan Forest Products Ltd. (the "Chargor") in favour of the Lender on the security of Parcel 14904, SEC Rainy River; PT Mining Claim FF-746 Hutchinson as in SLT56911 Reserving Flooding Rights up to an Elevation of 5 Ft above Ordinary Highwater Mark and Reserving The Canadian National Railway Row; District of Rainy River-PIN 56002-0090 (LT), Parcel 14563, SEC Rainy River; Mining Claim F.F. 5001 Hutchinson Except the Row of The Canadian National Railways; District of Rainy River-PIN 56002-0041 (LT), Parcel 14566, SEC Rainy River; Mining Claim F.F. 5038 Hutchinson Excepting the Row of The Canadian National Railway Crossing the Said Claim; District of Rainy River-PIN 56002-0044 (LT), Parcel 14811, SEC Rainy River; Mining Claim F.F. 746 Hutchinson as in SLT56280; District of Rainy River-PIN 56002-0046 (LT), Parcel 10450, SEC Rainy River; Mining Claim F.F. 1571 Hutchinson; District of Rainy River-PIN 56002-0091 (LT), Parcel 9838, SEC Rainy River; Mining Claim F.F. 1030 Hutchinson Except the Row of The Canadian National Railways Containing 1 4/10 Acres, more or less, Crossing Said Mining Claim, Being of SRO; District of Rainy River-PIN 56002-0108 (LT), Parcel 9913, SEC Rainy River; Mining Claim F.F. 1224 Hutchinson Reserving the Flooding Rights up to an Elevation of Five Ft above Natural High Water Mark; District of Rainy River-PIN 56002-0109 (LT), Parcel 9386, SEC Rainy River; Mining Claim F.F. 746 Hutchinson Comprising S PT Location X636 Except SLT56280 & SLT56911 Reserving Flooding Rights up to an Elevation of Five Ft above Ordinary High Water Mark also Reserving Row of Canadian National Railway; District of Rainy River-PIN 56002-0115 (LT), Parcel 9400, SEC Rainy River; Mining Claim F.F. 747 Hutchinson Comprising N PT Location X636 Situate on the Southerly Shore of Sapawe Lake Reserving Flooding Rights to an Elevation of Five Ft above Ordinary High Water Mark; District of Rainy River-PIN 56002-0116 (LT), Mining Claim F.F. 5039 Hutchinson Except the Row of The Canadian National Railways Crossing the Said Claim Shown Marked Red on PL S412, PT 4 & 5 48R1567; PT 2 48R1864, PT 1, 2 & 5 48R3730 and PT 4 48R4034; District of Rainy River-PIN 56002-0132 (LT), Mining Claim F.F. 1223 Hutchinson Except the Row of The Canadian National Railway, PL S412, PT 1 48R1100, PT 1, 2 & 3 48R1567, PT 1 48R1864, PT 3, 6 & 7 48R3730 and PT 3 48R4034; District of Rainy River-PIN 56002-0134 (LT), PT Mining Claim F.F. 5071 Hutchinson Part 2, 48R4034; District of Rainy River-PIN 56002-0136 (LT), PT Mining Claim F.F. 5158 Hutchinson PART 1, 48R4034; District of Rainy River-PIN 56002-0138 (LT),

The undersigned, being the Chargor herein, hereby acknowledges receipt of a true copy of each of the above-noted Charge and Standard Charge Terms No. 200612. (the "Standard Charge

- 2 -

Terms) and agrees to be bound by the provisions of same as if the Standard Charge Terms had been specifically incorporated in and formed a part of the Charge executed by the undersigned and referring to the Standard Charge Terms.

Dated at Thunder Bay, Ontario this 30th day of March, 2007.

ATIKOKAN FOREST PRODUCTS LTD.

Per: _____

Name: Glen Currie

Title: Secretary / Treasurer

Per: _____

Name:

Title:

I/We have authority to bind the Corporation.

Commercial - Collateral Security

Land Registration Reform Act (Ontario)



Set of Standard Charge Terms

Filed on March 8, 2006 as Standard Charge Terms No. 2006

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

Filing No. 200612 Cote

Filing Date March 8, 2006 Date de Dépôt

Page Total 17 Pages

[Signature]
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by: GE Canada Equipment Financing G.P.

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act

CONTENTS

Part 1	Meaning of terms used in the mortgage
Part 2	Preliminary matters
Part 3	What is Secured
Part 4	Payment obligations
Part 5	Our security
Part 6	Your responsibilities concerning the property
Part 7	Actions we can take under the mortgage
Part 8	Other terms
Part 9	Condominiums
Part 10	Personal Property Security Interest

PART 1. MEANING OF TERMS USED IN THE MORTGAGE

- 1.1 What certain terms mean. Terms used in the mortgage have the following meanings:
 - 1.1.1 "business day" means any day other than a Saturday, Sunday or public holiday in the province in which the real estate is situated.
 - 1.1.2 "hazardous substances" means any hazardous substances, contaminant, hazardous, dangerous, poisonous, noxious, toxic, radioactive or bioaccumulative, chemical, substance, waste, material, petroleum product or similar term that are defined and regulated pursuant to law.
 - 1.1.3 "including" means including without limitation, and "includes" means includes, without limitation.
 - 1.1.4 "law" includes law that is either enacted or part of the common law. Enacted law includes law made by the federal or a provincial government, by a municipality or by any other governmental body. Enacted law includes an act, regulation, order in council, bylaw or judgment. Law also includes an act, regulation, order in council or bylaw. Law also includes a governmental action, such as an order, direction, notice or approval.
 - 1.1.5 "lease" means a lease of all or part of the real estate, an agreement to give a lease of all or part of the real estate and an agreement giving anyone a right to occupy or use all or part of the real estate (except a right of way or other easement). If there has been an agreement changing the terms of such a lease or agreement, it means the lease or agreement as so changed. Where lease refers to an agreement giving anyone a right to occupy all or part of the real estate, landlord means the person whose interest is subject to the right and tenant means the person who has the right. In all cases lease includes a sublease. Lease shall, in all cases, include all existing and future leases.
 - 1.1.6 "Lender Party" is defined in section 3.1
 - 1.1.7 "mortgage" means the mortgage form together with every schedule to the charge and these standard charge terms (as far as they are not excluded or varied).
 - 1.1.8 "mortgage form" means the charge/mortgage of land form signed by you (or, if in electronic form, deemed to be signed by you) and that refers to these Standard Charge Terms.
 - 1.1.9 "payment obligations" means the obligations to pay money that are secured by the mortgage.
 - 1.1.10 "property tax" means every kind of tax, rate, duty, levy, charge, imposition, assessment and fee on the property or any part of it or in respect of the property or any part of it, whether it is in favour of a municipal, provincial, federal or other authority and whether it is of a kind that exists when the mortgage is signed or comes into existence after then. It does not include a tax on us in respect of our overall net income or gains or a tax in respect of a transfer by us of our interest in the mortgage or of the payment obligations.
 - 1.1.11 "property" means any property an interest in which is intended to be subject to the mortgage. It includes the real estate and rights assigned to us.
 - 1.1.12 "real estate" means the land an interest in which is intended to be subject to the mortgage. It includes buildings and the other things that the real estate includes and that are referred to in part 5.

- 1.1.13 "we" and "us" means each charges to whom the mortgage is given.
- 1.1.14 "work" on real estate includes constructing anything that will become part of the real estate, altering the real estate, adding to the real estate, repairing the real estate and demolishing a part of the real estate.
- 1.1.15 "you" means each person who has signed the mortgage as a charger.
- 1.1.16 "person" includes a corporation, trust, partnership or other entity.
- 1.2 Interpretation generally. Where the mortgage refers to a person, thing or action, the reference includes, where the context allows, more than one person, thing or action. Where the mortgage refers to more than one person or thing or action, the reference includes, where the context allows, any of them. The division of the mortgage into parts and sections, the use of headings, and the provision of any table of contents are for convenience of reference only and do not affect the construction or interpretation of the mortgage.
- 1.3 Conflict. If there is a conflict or inconsistency between the provisions of the mortgage and the commitment letter (or loan agreement or environmental indemnity agreement) made between you and a Lender Party, the provisions of the commitment letter (or loan agreement or environmental indemnity agreement) shall prevail. However, the existence of additional terms, conditions or provisions (including any rights, remedies, representations or warranties) that are contained in the mortgage and that are not included in the commitment letter (or loan agreement) shall not be construed or deemed as being in conflict and shall remain in effect.

PART 2. PRELIMINARY MATTERS

- 2.1 Your knowledge. A statement by you to us in the mortgage may be limited to what you know. Where this is so, you state that you have done what a reasonable person would do to verify the statement.
- 2.1.1 Reasonable Legal Fees. Wherever the mortgage requires you to pay our legal fees, such legal fees shall be reasonable and actually incurred by us or by any other Lender Party.
- 2.2 Information supplied. You state that, as far as you know, all information that you have supplied to us for the mortgage is substantially accurate and complete.
- 2.3 Documents. You state that you have given us a copy of all of the following documents relating to the real estate that are in your possession or control: documents affecting the title to the property (except those available in the land registry office), surveys, tests and reports.
- 2.4 Legal obligations. You state that you are not a party to any legal proceeding (except a proceeding that you have informed us about in writing) and are not in serious default under any of your significant legal obligations. You state that, as far as you know, nothing has occurred that gives us the right to take action under part 7 or would have given us that right if we had not been required to give a notice or allow time to pass.
- 2.5 Work on the real estate. You state that you are not giving the mortgage to secure the financing of work on the real estate except as far as you have informed us otherwise in writing.
- 2.6 Condition of property. You state that, as far as you know, the property has no defect that cannot be found by a reasonable inspection.
- 2.7 Legal requirements. You state that, as far as you know, the property and its use comply substantially with every law. If we are making a loan for work on the real estate, you state that, as far as you know, the law permits the work and its use.
- 2.8 Environmental matters.
- 2.8.1 Hazardous Substances. You state that, as far as you know, nothing that is part of the real estate contains or has been contaminated by hazardous substances that cause or are likely to cause harm to the life or health of a human being. You state that, as far as you know, the lands and buildings adjacent to the real estate do not contain or have not been contaminated by hazardous substances that cause or are likely to cause harm to the life or health of a human being. This does not apply to anything about which you have informed us in writing.
- 2.8.2 Our loss. You agree to pay to us and the other persons described below all loss that we or they suffer and that is caused by a breach of any law relating to the real estate or its use, or by hazardous substances in, on or under the real estate during the term of the mortgage. The following terms apply to this agreement:
 - 2.8.2.1 The other persons whose loss you are to pay are our directors, officers, employees and agents.
 - 2.8.2.2 The loss that you are to pay includes loss from a liability or from an expense relating to the liability.
 - 2.8.2.3 You must pay the loss whether the breach has occurred, or the hazardous substances are in, on or under the real estate, when the mortgage is signed or occurs or comes in, on or under the real estate after then.
 - 2.8.2.4 Your liability under this paragraph continues indefinitely, even after the mortgage has been discharged.

- 2.9 Statements on advances. You agree that your statements in the mortgage are true when you give the mortgage and will be true each time you accept an advance from us or any other Lender Party.

PART 3. WHAT IS SECURED

- 3.1 What is Secured. You are giving the mortgage as general and continuing collateral security for the due and timely payment and satisfaction of all amounts owing by you to any one or more of us, GE Canada Real Estate Financing Limited Partnership, GE Canada Leasing Services Company, GE Canada Asset Financing Inc., General Electric Canada Real Estate Finance Inc., GE Canada Equipment Financing G.P. or General Electric Canada Equipment Finance G.P. (collectively with us, the "GE Entities") or to any of the GE Entities' nominees or affiliates (collectively with the GE Entities, the "Lender Parties") at any time until the mortgage is discharged by us and also for the performance of all your obligations contained in any agreement you have made with us or any other Lender Party. For greater certainty, amounts owing by you will include all your liabilities to any Lender Party, however incurred, whether prior to, at the time of or subsequent to your signing the mortgage and any unpaid balance of such amounts, including advances to you, under any fixed or revolving credit facilities established at any time, overdrawn accounts, obligations discounted for you or your account, as applicable, any of your obligations under any contract of guarantee now or later in existence by which you guarantee payment of the debts, liabilities and obligations of any Lender Party, all amounts of principal advanced to you at any time and from time to time, and all interest, damages, costs charged and expenses that may become due or payable by you to any Lender Party or that may be paid or incurred by for your account.
- 3.2 Changes. We may increase, reduce, discontinue or otherwise vary your credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharge and otherwise deal with you and other persons (including any person to whom all or part of the property is transferred) and with any securities as we may see fit without affecting any of our rights or remedies (under the mortgage or otherwise), or your liability under the mortgage or your payment obligations.
- 3.3 Changes In Form. This charge shall be general and continuing collateral security for the payment obligations despite the nature or form of them or any change in the nature or form of them or in the accounts, bills of exchange, promissory notes, guarantees or other obligations now or from time to time later held by any Lender Party representing the payment obligations or any part of them or in the names of the parties to such bills, notes, guarantees or other obligations or any change in the constitution of the Charge, whether arising from the death or retirement or introduction of one or more partners or members or arising from any corporate reorganization, amalgamation, continuance or name change or otherwise.
- 3.4 Discharge. You agree that the mortgage shall remain in full force and shall not be deemed to have been discharged or redeemed even though from time to time you are not indebted to any Lender Party.
- 3.5 No Merger. The mortgage or any of the provisions in it will not operate so as to create any merger, rebate or discharge of any amounts owing to any Lender Party or of any other security now or later held by us from you. We may enforce any of our rights and remedies contained in any of our other agreements with you or with others without affecting any of our rights and remedies contained in the mortgage.
- 3.6 Judgments. If we obtain a judgment or judgments against you in respect of any of your agreements or obligations contained in, or secured, by the mortgage, or in respect of all or any part of amounts you owe to us, you agree that such judgment will not in any way affect the security created by the mortgage or any other security or our right to pursue any of our other remedies or to enforce any of your other obligations including our right to interest.

PART 4. PAYMENT OBLIGATIONS

- 4.1 What obligations the mortgage secures:
- 4.1.1 Payment Provisions. If the Provisions (If the charge form is electronic) or the Payment Provisions (if the charge form is not electronic) in the charge form are completed, the mortgage secures the obligation to make those payments.
- 4.1.2 Other Agreements. If you have agreed to make payments to us in any other document or agreement, the mortgage secures those obligations.
- 4.1.3 Expenses. Under these terms, you also agree to make certain payments, such as for expenses; the mortgage also secures your obligation to make those payments, and these payments shall be added to the debt hereby secured and be a charge on the property and shall bear interest at the rate described in the mortgage.
- 4.1.4 Legal obligations. As a result of the mortgage, the law requires you to make certain payments; the mortgage secures your obligation to make those payments.
- 4.2 Your obligation to pay. You will pay us the payment obligations on demand. However, we will not make demand payment unless we have a right to take action under part 7.
- 4.2.1 Allocation. If the payment obligations exceed the Principal Amount set out in the mortgage form, we may determine, in our discretion, what part of the payment obligations are secured by the mortgage. We may apply, as we determine, any money that we receive to reduce your payment obligations.

- 4.3 Interest. You will pay interest on as much of the Principal Amount as is owing, at the Interest Rate, calculated for the Calculation Period, as those terms are set out in charge form.
- 4.4 How interest is calculated. Where an interest rate is calculated half-yearly not in advance, the calculation is to be made on June 1 and December 1 each year. All rates of interest under the mortgage (including compound interest) apply both before and after maturity, default or judgment.
- 4.5 Compound interest. If interest is not paid on the day that it is payable, interest must be paid on the unpaid interest. This interest must be paid at the same rate as the unpaid interest is calculated in the same way, and must be paid on the same days. If interest on unpaid interest is not paid on the day that it is payable, interest must be paid on that interest as provided above, and so on.
- 4.6 General provisions.
- 4.6.1 Currency. Except where any of your agreements with us provide otherwise, all amounts are expressed in Canadian money and are payable in Canadian money.
- 4.6.2 Place. You must make all payments to us at our office described as our address for service or at any other place in Canada that we may state in writing.
- 4.6.3 Method. If we ask in writing, you will authorize your bank to make payments or you will make any other reasonable arrangement for them to be paid.
- 4.6.4 Time. For a payment to be treated as made on a particular day, it must be made before noon at the place where the payment is to be made. Where the day on which you must make a payment is not a business day, you must make the payment on the last business day before that day.
- 4.6.5 Deduction. Payments must be made without any deduction.
- 4.7 Expenses for the mortgage. You will pay to the Lender Parties the expenses of any of the Lender Parties in taking the mortgage, and in entering into a commitment letter and loan agreement, whether any of the Lender Parties advances money to you or not. The expenses include expenses for negotiating the documents, searching title to the property and preparing and registering the mortgage.
- 4.8 General terms relating to costs or expenses. Wherever the mortgage requires you to pay a cost or expense, the following terms apply. If it was caused by an act of ours, it is payable if we acted honestly. Its amount must be reasonable. It includes lawyers' fees and disbursements charged on the basis that applies between a lawyer and his or her own client and even though we may not have taken court proceedings. It also includes fees and expenses for other professionals. It includes a fee for the time and services of an employee or agent of ours. You will pay it to us as soon after it has been incurred as we ask in writing for it. You will pay interest on it from the time that it is incurred. The interest rate will be the highest rate that applies to the obligations secured by the mortgage.

PART 5. OUR SECURITY

- 5.1 Real estate generally.
- 5.1.1 Described land. You grant, mortgage and charge the real estate described in the mortgage to us and our successors and assigns.
- 5.1.2 Abutting land. Where the law would make security under the mortgage invalid because you have an interest in abutting land, you grant, mortgage and charge to us and our heirs and successors all abutting land that must be included in the mortgage to make the security valid.
- 5.1.3 Security on other related land. You agree that, if you are entitled to an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us. You also agree that, if you become entitled to obtain an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us.
- 5.2 What is included in real estate. The real estate includes the land to which the mortgage relates, including the subsurface of the land, and the things listed below, whether they exist when the mortgage is signed or come into existence after then. You agree that these things are intended to be fixtures on the land. The things are: buildings on the land; other structures on the land, fences on the land or improvements to the land; anything else that the law would treat as a fixture to the land; equipment on the land for heating, ventilating or air-conditioning a building; elevators and escalators on the land; fixed machinery and mechanical equipment on the land serving a building; equipment on the land for supplying electricity, gas, steam or hot or cold water; lighting equipment on the land, including bulbs and tubes; window or door screens, storm windows and window blinds, shutters and awnings for a building on the land; antennas, satellite dishes and similar equipment on the land; fire alarm and security systems on the land; wall to wall floor covering in a building on the land and fixed mirrors; crops and plants on the land; built-in appliances on the land such as a stove or dishwasher; and, any sculpture or other work of art on the land outside a building or in a common area.
- 5.3 Interest as tenant.

The provisions of this section 5.3 apply if you are a tenant of any of the real estate (the "leased property").

- 5.3.1 You charge and sublease to us your entire interest (both present and future, including any option or right of first refusal to purchase) in the leased property, for the term (except the last day) of your lease, including any renewals.
- 5.3.2 You state and agree that:
 - 5.3.2.1 the leased property is leased to you under a valid lease (a copy of which you have given us) and you have good leasehold title to the leased property; you have the consent of your landlord, or you have the right without his consent, to charge your interest in the lease to us;
 - 5.3.2.2 all rents and other money payable under the lease have been paid and all of your obligations under the lease have been complied with; you have complied with any building and zoning by-laws affecting the leased property; you will pay the rent and other amounts as required by the lease and comply with all your other obligations set out in the lease;
 - 5.3.2.3 you will not surrender the lease or cause it to be terminated; you will not make any change in the lease without first obtaining our written consent;
 - 5.3.2.4 you will promptly give us a copy of any notice, demand or request that you may receive relating to the lease;
 - 5.3.2.5 you will indemnify us against all actions, claims, costs and demands if you default under your lease; and,
 - 5.3.2.6 you will hold the last day of the term of your lease (or of any renewal term) in trust for us and will only deal with it in such manner as we shall require.
- 5.4 Unless we otherwise agree in writing, any freehold and leasehold interest of yours in the real estate shall not merge but shall always remain separate despite the union of such interests either in the landlord or tenant under the Lease or in a third party by purchase or otherwise. The mortgage shall automatically attach and extend to any other leasehold interest, and any freehold or other greater interest, that you now have or later acquire in the real estate.
- 5.5 Interest as landlord - rights to rent under leases.
 The provisions of this section 5.5 apply if you are a landlord of any of the real estate.
 - 5.5.1 Assignment. You assign to us the full benefit of, and irrevocably appoint us as your attorney to exercise:
 - 5.5.1.1 the landlord's rights under every lease that exists when the mortgage is signed or comes into existence after then;
 - 5.5.1.2 the landlord's rights to rent and other money payable under every such lease and every other right to income from the real estate that exists when the mortgage is signed or comes into existence after then;
 - 5.5.1.3 the landlord's rights under any lease that the mortgage says is to be included in this assignment; and,
 - 5.5.1.4 the landlord's rights in respect of every lease referred to in these subparagraphs, including a guarantee or indemnity, a security and a right to insurance.
 - 5.5.2 Effect. We are not bound to collect the income from the property, to enforce a lease or to comply with the landlord's obligations under a lease. We need only account for income we actually receive. These terms and anything we do under them do not put us in possession of real estate. Nor do they authorize you to enter into a lease. Nor do they give the interests of tenants priority over the mortgage or create a relationship of landlord and tenant between us and a tenant or give any tenant any interest in the property that is binding on us or affects our rights under other terms of the mortgage.
 - 5.5.3 Specific assignment etc. You shall, immediately upon our request, in respect of any or all leases: (a) execute such further assignments of them, in the form and substance as we may prescribe or do such other things as we may require to enable us to enjoy the full benefit of the above assignment; and (b) obtain a written agreement (satisfactory to us) from the tenant in which the tenant agrees, upon our request after default under the mortgage, to become our tenant under the lease.
 - 5.5.4 Remedies on default. Whenever we have a right to take action under part 7, we have the following rights and remedies (in addition to any others we may have under the mortgage or in law):
 - 5.5.4.1 you shall, immediately upon our request, issue to the tenant under any lease a notice of the above assignment or a notice requiring such tenant to attorn to us or do any other things or issue any other notice that we may require for the purpose of perfecting our right under or enabling us to enjoy the full benefit of the above assignment;
 - 5.5.4.2 we may sell the income and rights assigned above and we, or the purchaser from us, shall have the same rights as those relating to a sale of the real estate;
 - 5.5.4.3 we may apply any amount received by us under the above assignment towards satisfaction of any payment obligations;
 - 5.5.4.4 we may, with or without taking possession of the real estate, collect the rents and manage, operate and maintain its interest in the real estate;

- 5.5.4.5 we may generally perform all such acts (including paying any expenses in connection with the operation and maintenance of the real estate and the cancellation, surrender or renewal of any leases, the assignment or variation of any leases and making concessions to tenants and others and exercise the rights contained in the Leases or otherwise) as may in our opinion be necessary or desirable for the proper operation and maintenance of the real estate; we may do these things in your name or in our name;
- 5.5.4.6 we may give to the tenant or others notice in writing of our rights under the mortgage; and,
- 5.5.4.7 we may (but are not be obligated to) take in your or our name from time to time any proceeding that, in our opinion, is expedient for the purpose of collecting the rent or for securing the payment of the rent or for enforcing any of our rights under the leases, and to demand and receive rents and give released or receipts for rents.
- 5.5.5 **Re-Assignment of leases.** We may, at any time (and whether or not we have a right to take action under part 7) unilaterally re-assign to you (or your successors and assigns) any of the assigned leases or rights under them. Upon doing so, we will be released from all obligations (if any) that we may have with respect to them. We do not by such re-assignment give any express or implied representation or warranty to the Chargor about any of the re-assigned rights.
- 5.5.6 **Future Leases.** You shall obtain in each lease permitted under the mortgage to be entered into in the future a covenant of the tenant under the lease by which, at our request, such tenant will attorn to and become the tenant of or be directly liable to us in respect of its obligations under the lease. The inclusion of such a covenant shall not put us in possession of the real estate. Nor does it give the interests of the tenant under such lease priority over the mortgage or create a relationship of landlord and tenant between us and the tenant or give such tenant any interest in the property that is binding on us or affects our rights under other terms of the mortgage.
- 5.6 **Other rights relating to the property.**
- 5.6.1 To further secure the payment obligations, you assign to us the benefit of, and irrevocably appoint us as your attorney to exercise:
- 5.6.1.1 your rights under every insurance policy that exists when the mortgage is signed or comes into existence after then and that covers loss caused by loss of or damage to any part of the property;
- 5.6.1.2 any other right that the mortgage says is to be included in this assignment; and,
- 5.6.1.3 all of your rights in connection with the above, including a guarantee or indemnity, a security and a right to insurance.
- 5.6.2 We are not bound to enforce the rights or comply with your obligations in respect of these rights. We need only account for money we actually receive. These terms do not authorize you to enter into an agreement that binds us or our interest in the property.
- 5.6.3 **Restrictions on Assignment.** Where an assignment under terms of the mortgage would be a breach of the agreement, it is effective when it can be made without a breach. You will use your best efforts to make each assignment under the previous paragraph effective.
- 5.7 **Your use of the property.**
- 5.7.1 **Real estate and personal property.** Until we have a right to take action under part 7, you may remain in possession of the real estate and continue to use personal property that is subject to the mortgage.
- 5.7.2 **Income.** Until we have a right to take action under part 7, we authorize you to collect the rents under leases provided that you comply with the terms set out below about dealing with tenants. This authorization does not detract from the legal effect of the assignments in the mortgage.
- 5.8 **Your title obligations.**
- 5.8.1 **Nature of your title.** Where this section refers to your interest in property, it will be taken to refer to the absolute ownership of or absolute right to the property. For real estate this is an estate in fee simple. For all property, it is the absolute ownership or absolute right both legally and beneficially. However, where the mortgage specifically says that you have any other interest, this section will be taken to refer to the interest described in the mortgage.
- 5.8.2 **Meaning of encumbrance.** Encumbrance includes a reservation, exception, condition, mortgage, charge, lien, lease (as defined in part 1), right of way or other easement, restrictive covenant and trust.
- 5.8.3 **Your obligations.** You state that you have a good title to your interest in the property free from encumbrances. Where the mortgage refers to your interest in the property as being less than the absolute ownership, you state that your interest, and every interest on which it depends, is valid. Where the property is a right, such as a right to income or an insurance policy, you state that the right is valid. You state that you have the right, power and authority to mortgage or deal with your interest in the property in the manner set out in the mortgage free from encumbrances. You state that you have not done, omitted or permitted anything by which your interest in the property is or may be affected or made subject to an encumbrance. You agree that while we are entitled under the terms of the mortgage to possess or enjoy your interest in the property, we will have quiet possession or enjoyment of your interest in the property free from encumbrances. You will, at our request, do anything that we think is necessary or advisable to confirm any of our rights under the mortgage and pay our expenses for that.

You will defend your title to the property. You will not create or attempt to create any encumbrance that is prior to the mortgage or has the same priority as the mortgage. You will also not create or attempt to create any encumbrance that is subsequent to the mortgage.

- 5.9 Discharge. When all of your payment obligations have been made to the Lender Parties in accordance with their terms, we will discharge the mortgage and reassign to you any rights that you have assigned to us in the mortgage. Or, if you are entitled to and do require us to assign the mortgage and rights to someone else, we will do so. You will give us a reasonable time after payment to verify our records and sign the documents. You will pay our expenses for doing what this section requires. You are responsible for registering the documents.

PART 6. YOUR RESPONSIBILITIES CONCERNING THE PROPERTY

6.1 Insurance.

6.1.1 Kinds of insurance required.

6.1.1.1 Fire. You will insure your interest in every building and other improvement on the real estate against loss or damage by fire, extended perils and other risks normally covered by a fire insurance policy.

6.1.1.2 Boiler. If there is a boiler on the real estate, you will insure your interest against loss caused by explosions and other accidents that are usually covered by a boiler policy.

6.1.1.3 Rents and income. Where the real estate is leased, your insurance described in the previous paragraphs must cover your loss of rents and payments by tenants towards costs for at least one year. Where you use the real estate for a business purpose, the insurance must cover your loss of income for at least one year.

6.1.1.4 Liability. You will insure against general public liability in an amount agreed to by us.

6.1.1.5 Other. In addition to the specific requirements set out above, you will carry that insurance for all of the property that a careful owner would usually carry when insuring a similar property using it in a similar way and in a similar locality. You will also carry any insurance that any other agreement between you and us requires you to carry.

6.1.1.6 Our requirements. If we ask in writing, you will carry any kind of insurance relating to the property that we require you to carry.

6.1.2 General requirements about insurance.

6.1.2.1 Reasonableness. Where this section 6.1 allows us to require anything or hold back our approval for anything, it does not allow us to do so where you can show that what we require is unreasonable or that we are holding back approval unreasonably.

6.1.2.2 Insurance against damage. Your insurance against loss of or damage to a building or other property must be for the cost in Canadian dollars of replacing all of the building or property with a similar building or property. The policy must provide that the proceeds of any loss are payable to us and the insurer must, if we ask in writing, consent to the transfer of the benefit of the policy to us. Insurance on a building must contain a "Mortgage Clause" in the standard form approved by the Insurance Bureau of Canada (or any replacement organization). The policy must also contain any other term approved by insurers for the protection of a mortgage lender and a provision for us to receive at least 30 days' notice before the policy is cancelled.

6.1.2.3 Company and terms. All insurance required by the mortgage must be with a reputable insurer. If we ask in writing, insurance must be with an insurer required by us. The policy must be for an amount and contain terms that a careful owner would usually require when insuring similar property, using it in a similar way and in a similar locality. If we ask in writing, the policy must also be for any amount or contain any other terms that we require.

6.1.2.4 Compliance. You will promptly pay the premiums and other costs for all insurance required by the mortgage, comply with all of your obligations in relation to the policy and comply with all of the terms relating to your right to collect under the policy.

6.1.2.5 Proof. You will, if we ask in writing, ensure that we receive a certified copy of every policy for the insurance required by the mortgage and every amendment to the policy. Where a policy expires, you will, if we ask in writing, ensure that we receive proof of the renewal or replacement at least 30 days before the expiry. You will, also if we ask in writing, provide us with a receipt for the premium and other proof that you are complying with your obligations about insurance.

6.1.2.6 New policy. If we at any time ask in writing, you will cancel a policy and replace it with a policy approved by us and issued by an insurer approved by us.

6.1.2.7 Claims. If any of the property that is insured is lost or damaged, you will make a claim in accordance with the insurance policy and ensure that the proceeds are paid to us.

6.1.2.8 Use of proceeds. We may require the proceeds of all insurance against loss of, or damage to, property to be used either to reduce or pay payment obligations (even though they may not then have become payable) or to restore or replace the property, or partly in one way and partly in the other.

- 6.1.2.9 Our right to insure. If you do not comply with any of your insurance obligations in the mortgage, we may obtain any insurance that the mortgage requires you to obtain or any other insurance that we think is needed to protect our interest. We are not obliged to do so and have no responsibility to you for any insurance we obtain. If we pay any premiums or sums of money for insurance of the property or any part of it, the amount of such payment shall be added to the debt secured by the mortgage.
- 6.2 Taxes and other charges.
- 6.2.1 Payment. You will pay all property taxes when they are due. You will pay all other charges on the property when they are due. The charges include every mortgage, charge, lien, rent or other encumbrance on the property. If we ask in writing you will give us a receipt or other proof that you have paid every property tax and other charge. Despite the foregoing, you will submit to us within two weeks after the date upon which the last instalment of property taxes is to be made in a calendar year, proof of the payment of all property taxes.
- 6.2.2 Instalments of taxes. Whenever we ask in writing, you will pay instalments to us to enable us to pay the property taxes on the real estate in accordance with the following provisions:
- 6.2.2.1 We may estimate the amount needed to pay any property taxes and decide when to pay them. We may decide to pay property taxes once or twice a year in advance, even if they can be paid more frequently. We may choose the period over which we wish to collect instalments of property taxes. The instalments will be monthly but if other payments by you are more frequent, we may require the instalments to be the same. We may then require you to pay us the estimated property taxes by the instalments during the period. If the period started before we began collecting the instalments, we may require you to pay a lump sum to cover previous instalments.
- 6.2.2.2 If we require you to pay instalments to us for property taxes, we will use the instalments to pay the property taxes. However, if any of the payment obligations has not been complied with, we may use the instalments to reduce the payment obligations. If we have collected more than we need to pay the property taxes, we may keep the excess to pay future property taxes. If we have not collected enough to pay the property taxes, you will pay the shortfall when it is due, or we may pay it. If we pay it, you will pay us our expenses in doing so. If we wish, we may recover these expenses by increasing future instalments of property taxes.
- 6.2.2.3 If we require you to pay instalments for property taxes, you will promptly forward to us all bills for property taxes that you receive.
- 6.2.2.4 If we require you to pay instalments for property taxes, we will deal with the instalments in accordance with our normal administrative practice at the time for the same kind of mortgage.
- 6.3 Maintenance of property. You will put and keep the property in good repair. You will replace property that cannot be repaired.
- 6.4 Alterations or additions.
- 6.4.1 Restrictions. You will not, without our prior written approval do any of the following things, even if the work was proposed or in progress when the mortgage was signed.
- 6.4.1.1 Make or permit a structural alteration, structural addition or major change to the real estate.
- 6.4.1.2 Remove any machinery or equipment that serves a building on the real estate.
- 6.4.1.3 Demolish a building on the real estate or do or permit anyone else to do anything that lowers the value of the real estate.
- 6.4.2 Conditions. Before giving approval, we may require you to provide us with plans and specifications prepared by a professional architect or engineer, draft contracts and other reasonable information relating to the work. We may make our approval subject to reasonable conditions.
- 6.5 Work on real estate.
- 6.5.1 Obligations. Where you are required or permitted to do work on the real estate, you will comply with the following obligations:
- 6.5.1.1 You will do the work in a good and workmanlike manner using good materials.
- 6.5.1.2 You will conform to any contracts, plans, specifications or other description that we may have approved and you will comply with any conditions to which our approval is subject.
- 6.5.1.3 You will do the work with reasonable speed and without interruption until it is completed, and you will not abandon it.
- 6.5.2 Construction liens. You will comply with all your legal obligations relating to payment for any work on the real estate and you will comply with all laws relating to construction liens. If a claim is made for a construction lien against your interest in the real estate, you will, if we ask in writing, immediately have it removed, by court order if we consider it necessary. If you fail to do so, we may have the lien removed and provide any security needed for the purpose. All expenses incurred by us pursuant to this section shall be reimbursed by you to us.

- 6.6 **Covenants and other obligations.** You will comply with every covenant, condition and other agreement that affects the property. You will also not do or permit and you will try to prevent anything that, under the terms of a covenant, condition or agreement, might detract from your interest in the property. You will pay us any loss we may suffer as a result of your failure to comply with this section. You will comply with your obligations under every mortgage, charge, lien, rent or other encumbrance on the property.
- 6.7 **Legal requirements.** You will ensure that the property and its use comply with every law.
- 6.8 **Environmental matters.**
- 6.8.1 **Environmental law.** You will ensure that the real estate and every activity that is conducted on the real estate will comply with every law dealing with the regulation, preservation, reclamation or protection of the environment or natural resources or to human health and safety or to the management, presence, existence, release or handling of any hazardous substances, including common law.
- 6.8.2 **Environmental risks.** You will take reasonable care not to do and to prevent anything on the real estate that harms the environment or natural resources. You will not change or permit a change in the use of the real estate that materially increases the environmental risk relating to the real estate, unless we give our prior written approval to the change. We may make our approval subject to reasonable conditions, including security for clean-up and monitoring costs, and you will comply with those conditions.
- 6.8.3 **Information.** You will give us prompt written notice of any material fact that you become aware of and that relates to the status of the real estate under any law dealing with the regulation, preservation, reclamation or protection of the environment or to any hazardous substances on, in or under the real estate. You will promptly give us a copy of any report that you prepare or receive and that relates to those matters. You will also promptly give us copies of all notices relating to your potential liability in relation to those matters.
- 6.8.4 **Right to Enter.** We will have the right to enter upon the real estate at all reasonable times for the purpose of conducting any environmental testing, assessment, investigation or study deemed necessary by us and will rectify any damage caused by such test. You agree that in exercising such rights, neither we nor our agents shall be considered to be in possession, management or control of the real estate.
- 6.8.5 **Consultants' Fees.** If we (or someone on our behalf) retain the services of any lawyer or any engineer, scientist or any environmental or other consultant or contractor in connection with any environmental matter, you shall pay the reasonable costs, charges, expenses and fees incurred in doing so if any such person or persons are retained as a result of any breach of law or in connection with any enquiry or investigation by a federal, territorial, provincial, municipal or local government or agency in connection with environmental law or if the services performed are reasonably necessary for the performance of our rights and functions under the mortgage or for the preservation, reclamation or protection of the property.
- 6.8.6 **Failure to Pay Fees.** If you fail to pay the amount of all such costs, expenses or fees immediately on demand by us, the amount of all such obligations, costs, charges, fees and expenses that we incur with respect to any matter referred to in section 6.8.5 shall be added to the debt secured by the mortgage and be a charge on the property and shall bear interest at the rate described in the mortgage and shall be payable immediately by you to us and in default of such payment we may exercise any and all of our remedies under the mortgage.
- 6.9 **Entering into leases and licenses.**
- 6.9.1 **Our approval required in some cases.**
- 6.9.1.1 **Before entering into any leases,** you will obtain our written approval to the lease which we may withhold in our sole discretion.
- 6.9.1.2 **Our approving a lease does not mean that our interest is bound by it.**
- 6.10 **Dealing with tenants.**
- 6.10.1 **We are not bound by any of the following things unless we give our prior written approval to them which approval may be withheld in our sole discretion:**
- 6.10.1.1 **A surrender or termination of a lease or an agreement to surrender or terminate a lease.**
- 6.10.1.2 **An amendment of or agreement to amend a lease, a release or waiver of the tenant's obligations under a lease, or a release of any of your remedies for a serious breach of the tenant's obligations under a lease.**
- 6.10.1.3 **An assignment of a lease or a subletting of the real estate or a mortgage of a leasehold interest in the real estate.**
- 6.10.2 **You will not accept from the tenant under a lease rent that is more than one month in advance (except for a security deposit of not more than one month's rent).**
- 6.11 **Our right to inspect.** You will permit us and anyone we authorize to enter the real estate at reasonable times to inspect it, to make tests of it and to take samples from it.
- 6.12 **Proceedings affecting property.** You will immediately notify us in writing if anyone takes or threatens any action under any law relating to the property. This includes a court action (such as a construction

lien claim), a proceeding before an administrative body (such as a zoning hearing or environmental assessment), an official action (such as an order to comply with a by-law) or a notice of a failure to comply with an agreement that affects the property.

- 6.13 Conduct of business. You will use, manage and operate the property in a reasonably prudent manner, and you will pay all expenses of doing so.
- 6.14 Professional management. If you do not comply with the previous section, we may give you a written notice requiring you to comply. If 30 days after the notice you are still not complying, we may give you a notice requiring you to use a manager chosen by us. You will then employ and use that manager to manage the real estate. You will pay the manager's remuneration and expenses.
- 6.15 Persons other than you. Where the property is occupied or used by another person, you agree that the person will comply with your obligations.
- 6.16 Use of real estate. You will not, without our prior written approval, make a change in the use of the real estate. You will not abandon the real estate.

PART 7. ACTIONS WE CAN TAKE UNDER THE MORTGAGE

- 7.1 When we can take action. The mortgage will be in default and we can take action under this part after any of the following events has occurred:
 - 7.1.1 A payment, or part of a payment, under any of the payment obligations is not received by the time when it is due.
 - 7.1.2 Any other obligation to us under the mortgage is not complied with.
 - 7.1.3 Any of the statements made, or information given, to us under or in connection with the mortgage is materially incorrect. A statement or information may have been limited to what the person who made or gave it knew. However, we can take action under this part if we find that the matters in the statement or information are materially incorrect even though the person making the statement or giving the information did not know that it was incorrect, or had done what was reasonable to verify it.
 - 7.1.4 Any obligation to us under any other agreement that relates to payment obligations is not complied with.
 - 7.1.5 Any obligation to us or any terms under any other agreement made between you and us is not complied with.
 - 7.1.6 At any time during the mortgage:
 - 7.1.6.1 The property or its use do not comply substantially with every law.
 - 7.1.6.2 Any part of the real estate is contaminated by or includes hazardous substances that cause or are likely to cause harm to the life or health of a human being.
 - 7.1.7 There is a default or event of default in any other agreement made between you and us as those terms are defined in such other agreement.
 - 7.1.8 Any other event occurs after which the mortgage says we can take action under this part.
- 7.2 We may require obligations to be paid immediately. When we can take action under this part, we may require immediate payment of payment obligations. The obligation to make the payment is, however, subject to any provision of a law that applies despite what you and we have agreed to in this section and that gives you a right to avoid the consequences of this requirement.
- 7.3 We may take possession of property. When we can take action under this part, we may take possession of the property.
- 7.4 We may collect income from property. When we can take action under this part, we may collect income from property.
- 7.5 We may sell property. When we can take action under this part, we may sell or dispose of the property. If the event which gives us the right to take action under this part is that a payment, or part of a payment, under any of the payment obligations is not made when it is due, we may not sell or dispose of the property unless 15 days have passed after the payment or the part of the payment was not made and the payment has not been made in full. We may also ask a court to order a sale of the property.
- 7.6 We may exercise the powers of an owner. When we take possession of or collect income from the property, we may exercise all the powers of an owner of the property and you will be bound by our actions. These powers include the following. We may manage and operate the property and carry on a business relating to the property. We may make or continue a repair, alteration or addition to the property. We take legal proceeding relating to the property. We may borrow money or advance money for the purpose of exercising our powers. We may enter into contracts for the purpose of exercising our powers.
- 7.7 We may appoint a receiver (or receiver and manager).

- 7.7.1 Appointment and removal. When we can take action under this part, we may, in writing, appoint anyone to be a receiver or a receiver and manager of the property on any terms, including remuneration, that we think are reasonable. References in the mortgage to a receiver include a receiver and manager. We need not obtain security from the receiver and are not limited by any law in our choice of the receiver. We may make the appointment even if we have taken possession of property and, when we do so, we will be treated as having gone out of possession. We may also, in writing, remove a receiver appointed by us. When we remove a receiver, we may appoint a new receiver.
- 7.7.2 Effect of appointment. A receiver appointed by us is considered to be your agent and not ours. The receiver's acts and defaults are considered your acts and defaults and not ours. You alone are responsible for the receiver's acts and defaults and will pay the receiver's remuneration and expenses. Neither the appointment nor anything done by the receiver puts us in possession of property or makes us accountable for money except money we actually receive.
- 7.7.3 Receiver's powers. A receiver appointed by us has the following powers:
- 7.7.3.1 The receiver may exercise any right or power that we can exercise, except where the appointment restricts the receiver from exercising a right or power.
- 7.7.3.2 The receiver may use any legal right or remedy of yours or ours, in your name or ours, to collect income from the property.
- 7.7.3.3 The receiver may borrow money on the security of the property in priority to the mortgage for the purpose of exercising the receiver's powers.
- 7.7.4 Use of money. We may require the receiver to pay money received to us or we may direct the receiver to use it as follows:
- 7.7.4.1 To pay the receiver's remuneration and expenses.
- 7.7.4.2 To pay rents, property taxes, insurance premiums, costs of repair and other expenses relating to the property.
- 7.7.4.3 To pay money owing under a mortgage or other encumbrance having priority over the mortgage.
- 7.7.4.4 To pay or reduce any of the payment obligations.
- 7.7.4.5 To pay any of the money that remains to the person who, if the receiver had not been appointed, would have been entitled to it.
- 7.7.5 Protection of receiver. You release every receiver appointed by us from all claims against the receiver, unless they are caused by the receiver, unless they are caused by the receiver's dishonesty or gross neglect. You agree to pay every receiver all losses suffered by the receiver under liabilities the receiver incurs as receiver, except as far as they are caused by the receiver's dishonesty or gross neglect.
- 7.7.6 Court receiver. We may also ask a court to appoint a receiver and such a receiver shall have the same rights and powers as described above together with such other powers which we deem necessary in our sole discretion.
- 7.8 We may lease property. When we can take action under this part, we may do the following things:
- 7.8.1 We may grant a lease.
- 7.8.2 We may terminate a lease, accept a surrender of a lease or agree to renew or amend a lease.
- 7.9 Distress. We may levy distress on personal property that is on the real estate. When we can take action under this part, we may distrain to obtain payment of the payment obligations, as if they had been rent. This power is subject to restrictions imposed by law where the real estate is used for residential purposes. You waive any exemption from our right to distrain and any limit on it. Distressing does not put us in possession of the real estate and we need account only for money we actually receive.
- 7.10 We may foreclose. When we can take action under this part, we may take proceedings to foreclose your interest in the real estate.
- 7.11 We may ourselves carry out an obligation of yours.
- 7.11.1 General. When we can take action under this part, we may carry out any obligation with which you have failed to comply. We, or anyone we authorize, may enter the real estate for that purpose. Nothing we do under this section puts us in possession of the property.
- 7.11.2 Prior mortgages etc. When we can take action under this part, we may also pay a property tax or a mortgage, charge, lien, rent or other encumbrance on the property if it has priority over the mortgage. If we do so, we not only have the rights given to us by the mortgage, but we are also entitled to the rights of the person paid. If a person paid gives a discharge, we may hold it, without registering it, for longer than any period during which any law might otherwise require us to register it.
- 7.12 We may recover expenses. You will pay us all our expenses in collecting under the payment obligations and exercising our rights under this part.

- 7.13 How we may exercise our powers. When we exercise any of our powers under these terms, the following terms apply.
- 7.13.1 We may exercise the power with respect to all or part of the property or with respect to any interest in all or part of the property. We may exercise the power without obtaining any consent or co-operation from you. We may exercise the power even if we have not taken possession of the property. We may exercise the power to enter into a sale, lease or other transaction in any way and on any terms that we think are reasonable. For example, we may do so by private contract as well as by public auction or tender, and we may sell on credit as well as for cash.
- 7.13.2 We may do everything that we think proper relating to a sale, lease or other transaction. For example, we may enter into an agreement to enter into the transaction, bring an agreement to an end, enter into a new agreement or amend an agreement. At an auction we may set a reserve price or buy in to prevent a sale that we think is inappropriate. We may sign all documents that we think are necessary for the above purposes.
- 7.13.3 If we sell on credit, we need not account for the proceeds until we receive them.
- 7.13.4 We may transfer or deal in any other way with every interest in the property that you had the power to dispose of or deal with.
- 7.13.5 You will, at our request, do everything that we think is necessary or advisable to transfer your interest in the property or deal in any other way with it and you will pay our expenses for that.
- 7.13.6 Where a receiver exercises a right or power, this section applies as if all references to us were to the receiver.
- 7.14 Other terms relating to our rights.
- 7.14.1 Legal requirements apply. Our rights in this part are subject to our giving any notice required by any law that applies despite what you and we have agreed to. Subject to this and to the other terms of the mortgage, we may take any action under this part without notice.
- 7.14.2 Other rights. The rights set out in these terms are not exhaustive; we may exercise any other right given to us by the mortgage, any other agreement or the law.
- 7.14.3 We may exercise more than one right. We may exercise more than one of the rights given to us by the mortgage, any other agreement or the law at the same time, at different times and in any order we choose.
- 7.14.4 Use of proceeds. We may use money that we receive from taking action under this part to reduce or pay any of the payment obligations in whatever manner we decide.
- 7.14.5 Shortfall. If money we receive from taking action under this part falls short of the total payment obligations owing, we retain the right to recover the shortfall.
- 7.14.6 Articles left on real estate. If, when we take possession of real estate, you leave an article on it, you will pay a reasonable charge for storage. You will also pay any expenses we incur for the article. We may remove the article from the real estate. We are not liable for loss of the article or damage to it, however caused, even if intentionally or by gross negligence.
- 7.15 Protection of persons who deal with us or a receiver.
- 7.15.1 When we sell, grant a lease, collect income or enter into any other kind of transaction authorized by these terms with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered and that the transaction is not of a kind that we have the power to enter. When a receiver appointed by us enters into any kind of transaction with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered; we have signed a document purporting to appoint the receiver; the transaction is of a kind that we have the power to enter; and, the transaction is not of a kind that the document signed by us restricts the receiver from entering. A statutory declaration by us or an officer of ours about any fact set out in this paragraph will be conclusive evidence in favour of every person referred to above. Every such person may assume without enquiry that we can take action under this part, that we are using our powers properly and that the receiver issuing the receiver's powers properly. The person is not affected by the fact that a transaction is improper, even if the person actually knows of that fact. In particular, the person may do the following things:
- 7.15.1.1 The person may assume that there are outstanding payment obligations under the mortgage; we have given any required notice; and, any required time has passed.
- 7.15.1.2 The person may assume that an event has occurred that gives us the right to take action under this part; we have given any required notice; and, any required time has passed.
- 7.15.1.3 Where we or the receiver can take action under this part on terms that we or the receiver think are reasonable, the person may assume that the terms on which we or the receiver take action under this part are reasonable.

- 7.15.1.4 The person may pay money to us or the receiver without being concerned about what we or the receiver do with it.
- 7.15.2 Any transaction that conforms to the previous paragraph will bind you. You will not make any claim against the person who deals with us or the receiver or that person's successors on the ground that the transaction does not conform to other terms of the mortgage. If you do have a claim for anything done by us, it will be restricted to a claim that is limited to actual damages and actual out-of-pocket expenses.
- 7.16 How our obligation to lend money is affected. Despite any other agreement, we need not lend money, make an advance or make credit available in any other way during the following periods:
- 7.16.1 while we can take action under this part or,
- 7.16.2 while any circumstances exist that would have given us the right to take action under this part if we had not been required to give notice or allow time to pass.
- 7.17 Our protection. We are not responsible for any loss arising in the course of our taking action under this part or exercising a right under any other term of the mortgage, even if it was caused by negligence, unless it results from our dishonesty or our gross neglect.
- 7.18 Attorney. In case of any sale under the mortgage by or on behalf of us, you will immediately upon request sign and deliver to the purchaser such transfers, assurances and receipts as may be necessary to transfer good title to any real estate being sold (the "sale documents"). If you fail to do so, we (or our receiver) may sign and deliver such sale documents to the purchaser of such real estate. You irrevocably appoint us (and any receiver we appoint) to be your attorney for the purpose of making such sale and signing such sale documents.

PART 8. OTHER TERMS

- 8.1 How various transactions or events affect us.
- 8.1.1 The mortgage. Our taking the mortgage or our advancing money under it does not put us under an obligation to lend money or to extend any other kind of credit. Nor does it add to any such obligation that we may have. The mortgage adds to our rights; neither the mortgage nor anything in it reduces the benefit to us of any other right we may have.
- 8.1.2 Our rights. A right of ours under the mortgage does not relieve you from a duty concerning the property or put a duty on us. Nor does our exercising the right. In particular, the right or exercise does not mean that we take over a duty based on possession, management or control. This subsection does not limit our rights.
- 8.1.3 Other transactions. Nothing in any other transaction between you and us takes away our rights under the mortgage. Nothing in the mortgage takes away our rights under any other transaction.
- 8.1.4 Your selling or dealing with the property. If you sell or deal in any other way with your interest in the property or part of it, you continue to be liable for your obligations under the mortgage, and our rights against you or anyone else are not affected.
- 8.1.5 Subdivision of the real estate. The real estate may not be subdivided without our prior written consent, which consent may be arbitrarily withheld. If we give such consent then each part of the real estate secures the total amount of the payment obligations.
- 8.1.6 Our giving releases or discharges. If we release anyone from an obligation or if we release any security, our rights against anyone else or under any other security are not affected. This applies when we agree to extend the time for payment of any of the payment obligations or to change their terms in any other way. It also applies when we discharge part of the property from the mortgage; if we do, the property not discharged secures the total payment obligations that remain owing. These terms apply whatever are the terms on which we give the release or discharge and even if we receive nothing in return. We are not liable to you for the release or discharge, except to account to you for money that we both actually received and accept to reduce the payment obligations.
- 8.1.7 Our delaying taking action or waiving rights. If we delay taking action under part 7 or exercising any other right under the mortgage or any other agreement, we do not lose or impair the right or any other right. If we waive a breach of any obligation under the mortgage or any other agreement. If we waive a right, we do not lose or impair any other right of ours. We will not be bound by an agreement that contains a waiver unless it is in writing and is signed by us.
- 8.1.8 Our dealing with future owners. After the mortgage is signed, a person may become an owner of the property and we may enter into an agreement with that person extending the time for payment of the payment obligations, renewing the mortgage or changing the payment obligations in some other way. If so, we do not lose or impair our rights against anyone who had agreed to pay or had guaranteed the payment obligations. The same applies if we deal in any way with a new owner or deal in any way with any other person who has an interest in the property or part of it.
- 8.1.9 Our obtaining a judgment. If we obtain a court judgment for a failure to pay any of the payment obligations or to perform any other obligation, the judgment will not supersede the obligation, or detract from the obligation or our right to take action under part 7. We will continue to be entitled to interest under the payment obligations, calculated and payable as agreed, and the judgment may so provide.

- 8.2 Your liability if there are more than one of you. Where there is more than one of you, both or all of you are jointly and severally liable for the obligations of each of you under the mortgage.
- 8.3 How the mortgage is affected if a term is invalid or unenforceable. If a term of the mortgage is or becomes invalid or unenforceable, that does not make the mortgage or other terms invalid or enforceable. If our security is invalid or unenforceable with respect to part of the property or an interest in property, it remains valid or enforceable with respect to the remaining part or interest.
- 8.4 Changes to the mortgage must be in writing. We will not be bound by any change to the terms of the mortgage that detracts from our rights unless it is in writing and signed by us.
- 8.5 We assume no additional responsibility. Nothing we do relating to the mortgage puts us under a duty of care towards you. You should not rely, for example, on an appraisal we make as showing the value of property, on our requiring insurance as showing that it is appropriate, on an inspection as showing that property is without defect, or on our approving a lease as showing that it is advisable.
- 8.6 Notices or other communications.
- 8.6.1 How we may give notices. Where the mortgage requires or allows us to give a notice to any person (including you) or to communicate in any other way in writing with any person (including you), we may give the notice or communication (a "Notice") in any of the ways set out below. Any Notice to be given under this Agreement, except as otherwise specifically stated, shall be in writing.
- 8.6.2 How sent. We may deliver or send a Notice by courier to the person. If the person is a corporation or partnership, we may deliver it personally to anyone we reasonably believe to be a director, officer, general partner or responsible employee or agent of the corporation or partnership. We may leave it at the person's address last known to us with a grown-up person there or in a place where it should reasonably be seen by anyone at that address. We may mail it by prepaid ordinary mail addressed to the person at the person's mailing address last known to us. If it is given under part 7, the mailing must be registered. We may send it by fax to the person's fax number last known to us. We may advertise it in a newspaper published or generally read in the area where any part of the real estate is situated.
- 8.6.3 Addressee. A Notice is valid even though it is not addressed to anyone by name or description. It is also valid even though the person affected by it is not known, has not been identified or is under a disability.
- 8.6.4 When received. Any Notice, if personally delivered or sent by courier, shall be deemed to be received on the date of delivery. Any Notice, if mailed, shall be deemed to be received on the fourth day after it was mailed. Any Notice, if sent by fax, shall be deemed to be received on the date faxed unless such date is not a business day in which case, it will be deemed received on the next business day after that.
- 8.6.5 Change of Address. Either we or you, by giving to the other at least 10 days' notice, may change its address for Notices.
- 8.6.6 Law. This section does not take from us the benefit of any provision of the law dealing with a Notice. In particular, a notice of sale will be validly given if it would be regarded as properly given under any law.
- 8.6.7 Who is entitled to a notice of communication. Where the mortgage requires or allows us to give a notice to you or communicate with you in any other way, the notice or communication is valid if we give or make it to either of the persons described below. This is so even though the expression "you" may include others or the notices of communication relates to property other than real estate. The persons are:
- 8.6.7.1 If your interest in the real estate or part of the real estate is not subject to a lease, a person that we believe is entitled to possession of the real estate or part.
- 8.6.7.2 If your interest in the real estate or part of the real estate is subject to a lease, a person that we believe is entitled to receive income from the tenant.
- 8.7 How others are affected by the mortgage.
- 8.7.1 Your obligations under the mortgage are binding on, and your obligations under it benefit, your legal or personal representative, successors, assigns and every person who after the mortgage is signed becomes the holder of an interest or right in the property or a part of it. Wherever the mortgage refers to you, that includes every such representative, successors, assigns and person.
- 8.7.2 The mortgage is binding on and benefits our legal or personal representative, successors, assigns and every other person who after the mortgage is signed becomes the holder of an interest or right in the mortgage or a part of it. Wherever the mortgage refers to us, that includes every such representative, successor, assign and person. You specifically agree that the representative, successors, assigns or person has the powers that the mortgage gives to us.
- 8.7.3 You agree that, without your consent, the benefit of all or part of our rights, or any interest in or power relating to all or part of our rights, under the mortgage or under any existing or future security, guarantee or other right relating to the subject matter of the mortgage, may be transferred by us to other persons or otherwise dealt with by us, free from any set-off, counterclaim or other equity or claim. Any information received by us may be disclosed to others. Everything to facilitate a transfer or dealing that may be requested in writing will be done at the expense of the person requesting it. If a transferee of all or part of our rights agrees to assume any obligation of ours relating to those rights, we will be released from liability for the obligation.

- 8.8 **Due on Sale.** You may not sell, transfer, lease, sublease or otherwise assign, in one transaction or a series of transactions, all or any material part of the property without our prior written consent except (i) personal property in the normal course of its business for the purpose of carrying on the same, for fair market value, in accordance with customary trade terms and (ii) personal property that is worn out or obsolete or of no material value. All amounts secured by the mortgage shall, unless we expressly consent in writing to it, become due and payable upon any transfer of your interest in the real estate or any part of it or upon the direct or indirect transfer of any interest in you to another person including, if you are a corporation, an amalgamation or merger with another corporation. If you are a corporation whose shares are publicly traded on a recognized stock exchange in Canada or the United States of America, this section 8.8 does not apply to a transfer of shares that constitutes less than a controlling interest in you. Any transaction described in this paragraph in respect of the property, if approved by us, shall be subject to the payment of such transfer fee as has been or may be agreed to in writing and any other fees or expenses that could be incurred including administration fees and legal counsel's fees.
- 8.8.1 If we consent to the transfer of your interest in the real estate or any part of it or in you, you will, prior to the transfer, promptly inform us in writing of the full names and address of every transferee, provide us with a copy of the most recent financial statements for every transferee and inform us in writing of the date of the proposed transfer and the consideration for the transfer. If the transferee is a trustee, the same information is to be provided for all beneficiaries of the trust.
- 8.8.2 Provided you have received our consent pursuant to section 8.8, then before you transfer your interest in the real estate or any part of it to another person, you will have the person enter into a written agreement with us. In the agreement, the person must agree to pay the payment obligations and comply with all of your obligations under the mortgage and you agree that you shall not be released from your obligations under the mortgage unless we expressly agree to release you. You will deliver the agreement to us immediately after the transfer. You shall pay our solicitor's fees with respect to the preparation of this agreement together with our administration fee for same.
- 8.9 **Terms included by law.** Section 7(1) of the *Land Registration Reform Act* includes terms in a mortgage unless the mortgage excludes them. Neither those terms nor any similar terms in any future law are included in the mortgage.
- 8.10 **Participations.**
- 8.10.1 We may, at any time, sell or transfer our interest as lender in the mortgage and the payment obligations and any servicing rights with respect to them, or any interest in them, or grant participations in them (the "Participations") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "Securities"). We may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Participations or Securities (collectively, the "Investor") or any rating agency rating such Securities, each prospective investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information that we now have or may later acquire relating to the Obligations and to you or any guarantor or your property, as we determine necessary or desirable. You irrevocably waive any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.
- 8.10.2 You and any guarantor will co-operate with us in connection with any Participations or Securities, including by: delivering a status statement and such other documents as we may reasonably request; furnishing, and permitting us to furnish to investors, prospective investors or rating agencies any information about the mortgage, those bound by it and property.
- 8.11 **Further Assurances.** You will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to give better effect to the mortgage including to ensure that all your interest in the property has been fully charged to us.
- 8.12 **Expropriation.** If the property is expropriated by any governmental authority, all money payable in respect of such expropriation will be paid to us (and if received by you, will be received in trust for the us and paid over to us). We may, in our discretion, apply such money against the payment obligations or hold it unappropriated in a collateral account as continuing security for the full payment and performance of the payment obligations. You will deliver to us a copy of any notice of expropriation or proposed expropriation that you receive for the property. If the entire property is expropriated, the payment obligations, at our option, will immediately become due and payable.
- 8.13 **Governing law.** The mortgage will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province.

PART 9. CONDOMINIUMS

(If the property is a condominium unit, you must also comply with this part in addition to all other provisions of the mortgage except section 6.1.)

In this part the "Act" means the *Condominium Act* (Ontario) as amended or replaced; and, "condominium corporation" means the corporation created by the registration of a declaration under the Act.

- 9.1 **Compliance with the Act, etc.** You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.
- 9.2 **Payment of Amounts and Common Expenses.** You will pay all amounts required by the Act, and by the declaration and by-laws of the condominium corporation, when or before they are due and, if we ask, will give us proof that you have done so. You must pay common expenses. If you do not make any

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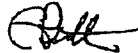
- 17 -

10.5 Remedies. Our rights and remedies with respect to the Personal Property include those of a secured creditor under the PPSA.

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DATED as of March 2, 2008.

GE Canada Equipment Financing G.P.
by its lawyers, Blake, Cassels & Graydon LLP
By:



Edward Perimutler

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200612 Colo

Properties

PIN	56002 - 0090 LT	Interest/Estate	Fee Simple
Description	PCL 14904 SEC RAINY RIVER; PT MINING CLAIM FF-748 HUTCHINSON AS IN SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF 5 FT ABOVE ORDINARY HIGHWATER MARK & RESERVING THE CANADIAN NATIONAL RAILWAY ROW; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0041 LT	Interest/Estate	Fee Simple
Description	PCL 14583 SEC RAINY RIVER; MINING CLAIM F.F. 5001 HUTCHINSON EXCEPT TH E ROW OF THE CANADIAN NATIONAL RAILWAYS; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0044 LT	Interest/Estate	Fee Simple
Description	PCL 14566 SEC RAINY RIVER; MINING CLAIM F.F. 5038 HUTCHINSON EXCEPTING THE ROW OF THE CANADIAN NATIONAL RAILWAY CROSSING THE SAID CLAIM; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0046 LT	Interest/Estate	Fee Simple
Description	PCL 14811 SEC RAINY RIVER; PT MINING CLAIM F.F. 748 HUTCHINSON AS IN SLT56280; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0091 LT	Interest/Estate	Fee Simple
Description	PCL 10450 SEC RAINY RIVER; MINING CLAIM F.F. 1571 HUTCHINSON; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0108 LT	Interest/Estate	Fee Simple
Description	PCL 9838 SEC RAINY RIVER; MINING CLAIM F.F. 1030 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CONTAINING 1 4/10 ACRES, MORE OR LESS, CROSSING SAID MINING CLAIM, BEING OF SRO; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0109 LT	Interest/Estate	Fee Simple
Description	PCL 9913 SEC RAINY RIVER; MINING CLAIM F.F. 1224 HUTCHINSON RESERVING THE FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE NATURAL HIGH WATER MARK; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0115 LT	Interest/Estate	Fee Simple
Description	PCL 9388 SEC RAINY RIVER; MINING CLAIM F.F. 746 HUTCHINSON COMPRISING S PT LOCATION X636 EXCEPT SLT56280 & SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK ALSO RESERVING ROW OF CANADIAN NATIONAL RAILWAY; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0116 LT	Interest/Estate	Fee Simple
Description	PCL 9400 SEC RAINY RIVER; MINING CLAIM F.F. 747 HUTCHINSON COMPRISING N PT LOCATION X636 SITUATE ON THE SOUTHERLY SHORE OF SAPAWE LAKE RESERVING FLOODING RIGHTS TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0132 LT	Interest/Estate	Fee Simple
Description	MINING CLAIM F.F. 5039 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CROSSING THE SAID CLAIM SHOWN MARKED RED ON PL S412, PT 4 & 5 48R1567, PT 2 48R1864, PT 1, 2 & 5 48R3730 AND PT 4 48R4034; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		
PIN	56002 - 0134 LT	Interest/Estate	Fee Simple
Description	MINING CLAIM F.F. 1223 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAY, PL S412, PT 1 48R1100, PT 1, 2 & 3 48R1567, PT 1 48R1864, PT 3, 6 & 7 48R3730 AND PT 3 48R4034; DISTRICT OF RAINY RIVER		
Address	RAINY RIVER		

Properties

PIN 56002 - 0138 LT Interest/Estate Fee Simple
Description PT MINING CLAIM F.F. 5071 HUTCHINSON PART 2, 48R4034; DISTRICT OF RAINY RIVER
Address RAINY RIVER

PIN 56002 - 0138 LT Interest/Estate Fee Simple
Description PT MINING CLAIM F.F. 5158 HUTCHINSON PART 1, 48R4034; DISTRICT OF RAINY RIVER
Address RAINY RIVER

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name ATIKOKAN FOREST PRODUCTS LTD.
Address for Service Highway 623, Sapawe Road
Atikokan, ON P0T 1C0

I, GLEN CURRIE, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Chargee(s)

Capacity

Share

Name GENERAL ELECTRIC CANADA REAL ESTATE FINANCE INC.
Address for Service 2300 Meadowvale Boulevard
Suite 111
Mississauga, ON L5N 5P9

Statements

Schedule: See Schedules

Provisions

Principal \$ 13,000,000.00 Currency CDN
Calculation Period See Schedule
Balance Due Date See Schedule
Interest Rate 25% per annum
Payments
Interest Adjustment Date
Payment Date See Schedule
First Payment Date
Last Payment Date
Standard Charge Terms 200612
Insurance Amount full insurable value
Guarantor

Signed By

Boleslaw Paul Jasiura 1001 William Street, Suite 201 acting for Chargor(s) Signed 2007 04 02
Thunder Bay P7B 6M1
Tel 8078231111
Fax 8076234847

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LRO # 48 Charge/Mortgage

Received as RD7833 on 2007 04 02 at 09:15

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 3 of 6

Submitted By

WEILER, MALONEY, NELSON

1001 William Street, Suite 201
Thunder Bay P7B 6M1

2007 04 02

Tel 8076231111

Fax 8076234847

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargor Client File Number : 53044

Chargee Client File Number : 083006.0060

SCHEDULE TO CHARGE/MORTGAGE

EXPLANATION OF THIS DOCUMENT AND NON-MERGER

In this document you means each person who has signed the mortgage as chargor. We means each chargee to whom the mortgage is given. By signing this document, you are agreeing to the terms set out in this document and in our standard charge terms 200612 (The "Standard Charge Terms"), except as far as this document excludes or varies those terms.

You agree that the terms in the equipment loan and security agreement dated April 2, 2007 (the "Agreement") and made between you and us, shall survive the execution and registration of the mortgage and all other security documentation and that such terms shall not be deemed to be merged in the mortgage or other security documentation. In the event of conflict between the terms of the Agreement and the mortgage and other security documentation, the terms of the Agreement shall prevail, otherwise we shall have the rights granted in all of the Agreement, the mortgage and the other security documentation.

The parties hereto acknowledge that General Electric Canada Real Estate Finance Inc. holds this charge as nominee for GE Canada Equipment Financing G.P. The parties further agree that this charge is given as security for all amounts due and owing to GE Canada Equipment Financing G.P. under the Agreement and any other security therefore. The parties agree that any defaults under the Agreement shall be a default hereunder and that any defaults under this charge shall be a default under the Agreement.

INDEBTEDNESS SECURED BY THIS MORTGAGE

1. You have at our request agreed to give this mortgage as a continuing collateral security for payment and satisfaction to us of all indebtedness, obligations and liabilities of any kind, now or hereafter existing, direct or indirect, absolute or contingent, joint or several, of you to us, whether as principal or surety, together with all expenses (including legal fees on a solicitor and client basis) incurred by us, our receiver or agent in the preparation, perfection and enforcement of security or other agreements held by us in respect of such indebtedness, obligations or liabilities, and interest thereon (collectively, the "Indebtedness") but it being agreed that this mortgage at any one time will not secure that portion of the aggregate principal component of the Indebtedness outstanding at such time which exceeds the sum of THIRTEEN MILLION DOLLARS (\$13,000,000.00).

2. **PROVIDED THIS** mortgage will be void upon you, paying on demand to us, the ultimate balance of the Indebtedness, the principal component of such Indebtedness not exceeding the sum of THIRTEEN MILLION DOLLARS (\$13,000,000.00) in lawful money of Canada together with interest on the Indebtedness at 25% per cent per annum, calculated semi-annually not in advance as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the principal sum, together with all other amounts payable by you hereunder and you paying any taxes, rates, levies, mortgages or assessments upon the lands described herein no matter by whom or what authority imposed and you observing and performing all covenants, provisos and conditions herein contained.

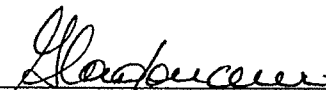
3. IT IS AGREED BY AND BETWEEN THE PARTIES HERETO as follows:
 - (a) That no part of any Indebtedness existing at the date of this mortgage or incurred or arising thereafter, shall be deemed to be unsecured by this mortgage.
 - (b) That this mortgage is and shall be a continuing collateral security to us for the amount of such Indebtedness and shall be deemed to be taken as security for the ultimate balance of such Indebtedness; AND these presents shall not, nor shall anything herein contained operate so as to create any merger or discharge of any debt owing to us or of any lien, bond, promissory note, bill of exchange or other security held by or which may hereafter be held by us from you or from any other person or persons and this mortgage shall not in any way prejudicially affect any security held or which may hereafter be held by us for the Indebtedness or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by us for or on account of the Indebtedness or any part or parts thereof, nor shall our remedies in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of this mortgage.
 - (c) That any and all payments made in respect of the Indebtedness and interest and the moneys or other proceeds realized from the sale of any securities held therefore including this mortgage may be applied and reapplied notwithstanding any previous application on such part or parts of the Indebtedness or interest as we may see fit or may be held unappropriated in a separate collateral account for such time as we may see fit.
 - (d) That we may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with you, and all other persons, securities and guarantees as we may see fit without prejudicing our rights under this mortgage.
 - (e) That the taking of judgment in respect of the Indebtedness or any instrument or instruments now or hereafter representing or evidencing the Indebtedness or under any of the covenants herein or in any such instrument contained or implied shall not operate as a merger of the Indebtedness or such instrument, instruments or covenants nor affect our right to interest at the rate and times herein provided nor affect nor prejudice any rights or remedies given to us by the terms hereof.
4. You covenant with us as follows:
 - (a) This mortgage and the covenants, provisos, obligations and agreements on your part herein contained shall be the continuing obligations and liability of you and shall cover all the Indebtedness and obligations of you and shall apply to and shall secure any ultimate balance of the moneys secured or intended to be secured hereby;

- (b) We shall not be bound to exhaust our recourse against any other persons or any securities (which term when used in this paragraph 4 includes guarantees) we may at any time hold before being entitled to payment from you of the moneys hereby secured and you renounce to all benefits of discussion and division;
- (c) This mortgage and the Indebtedness and obligations of you hereunder shall not be affected by the death or loss or diminution of capacity of you or by any change in your name or by the acquisition of your business by a corporation, person or other entity, or by any change whatsoever in your objects, capital, structure or constitution or by you or your business being amalgamated with a corporation or corporations, or wound up or its corporate existence terminated but shall notwithstanding the happening of any such event continue to exist and apply to the full extent as if such event had not happened;
- (d) This mortgage shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to us and all dividends, compositions, proceeds of security valued and payments received by us from you or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of you to claim any in reduction of your liability under this mortgage the benefit of any such dividends, compositions, proceeds or payments or any securities held by us or proceeds thereof, and you shall not have the right to be subrogated in any of our rights until we shall have received payment in full of all Indebtedness;
- (e) All of the moneys hereby secured or intended to be secured hereby shall be deemed to form part of the Indebtedness and obligations of you notwithstanding any lack or limitation of status or of power, incapacity or disability of you or of your directors, partners or agents thereof, or that you may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys, advances, renewals or creditors, or in the taking or registering of this mortgage or any other securities, the whole whether known to us or not; and all the moneys secured hereby or intended to be secured hereby shall be recoverable from you as sole or principal debtor in respect thereof and shall be paid to us on demand with interest and accessories; and
- (f) Any account stated by us shall be accepted by you as prima facie evidence of the amount which at the date of the account so stated is due by you to us or remains unpaid by you to us, absent manifest error.

5. TERMS

Transfer or Encumbrance of the Property: You shall not, without our prior written consent, sell, convey, alienate, mortgage, encumber, pledge or otherwise transfer the property or any part thereof, or permit the property or any part thereof to be sold, conveyed, alienated, mortgaged, encumbered, pledged, or otherwise transferred, and no sale, conveyance, alienation, mortgage, encumbrance, pledge or transfer of the property, or of any interest therein, shall be permitted while there is Indebtedness owing herein without our prior written approval.

This is Exhibit "O" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec





GE
Capital Solutions

GUARANTEE AND INDEMNITY

150010292870 as
amended to 150011169878

TO: GE Canada Equipment Financing G.P. ("GE")

In consideration of the premises and the covenants and agreements herein contained, the sum of \$1.00 now paid by GE to Northern Sawmills Inc. (the "Guarantor") and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants and agrees with GE as follows:

1. **INTERPRETATION** — Wherever throughout this Guarantee, the Guarantor or GE or Atkokan Forest Products Ltd. (hereinafter called the "Obligor") are mentioned or referred to, such mention or reference shall extend to their respective successors and assigns, as the case may be. Reference to the term "Obligations" herein shall be to any and all obligations of the Obligor to GE under that certain Equipment Loan and Security Agreement No. 150010292870 between the Obligor and GE, as amended by Amendment to Equipment Loan and Security Agreement No. 150011169878 dated the date hereof and any other agreement, document or instrument related thereto, whether existing now or arising hereafter, and any modifications, extensions or renewals thereof from time to time, hereinafter singularly or collectively called "Finance Instruments".
2. **GUARANTEE**
 - 2.1 **Guarantee** — The Guarantor hereby irrevocably and unconditionally guarantees and covenants with GE as principal debtor of GE and not merely as surety, that the Obligor will duly and punctually perform all of the Obligations, and pay or cause to be paid to GE the rentals under and the principal of and interest on the Finance Instruments evidencing or securing the Obligations including, in case of default, interest on the amount in default as and when the same becomes due and payable, whether by lapse of time, by extension, or upon a declaration or otherwise according to the terms of the Finance Instruments and all other moneys owing on or under the Finance Instruments or in any way relating thereto including all expenses, including legal expenses and service charges. The total liability of the Guarantor hereunder for the Obligations shall be unlimited in amount, plus interest, fees, costs or expenses (including, without limitation, legal fees and expenses) which may now or hereafter accrue or be incurred with respect to such Obligations and any fees, costs or expenses (including without limitation, legal fees and expenses) that may be incurred by GE by reason of Guarantor's default under this Guarantee.
 - 2.2 **Terms of the Finance Instruments** — The Guarantor hereby consents to and approves of the terms of the Finance Instruments; the guarantee and the agreements of the Guarantor herein contained shall take effect and shall be and are hereby declared to be binding upon the Guarantor notwithstanding any defect in or omission from the Finance Instruments or any non-registration or non-filing or defective registration or filing of any Finance Instruments or notice of the interest of GE created thereby or by reason of any failure of the security intended to be created by the Finance Instruments or pursuant thereto.
 - 2.3 **Guarantee Absolute** — The liability of the Guarantor hereunder shall be absolute and unconditional and shall not be affected by:
 - (a) any lack of validity or enforceability of any agreements between the Obligor and GE; any change in the time, manner or place of payment or in any other term of such agreements or the failure on the part of the Obligor to carry out any of its obligations under such agreements;
 - (b) any impossibility, impracticability, frustration of purpose, illegality, force majeure or act of government;
 - (c) the bankruptcy, winding-up, liquidation, dissolution or insolvency of the Obligor, GE or any party to any agreement to which GE is a party;
 - (d) any lack or limitation of power, incapacity or disability on the part of the Obligor or of the directors, partners or agents thereof or any other irregularity, defect or informality on the part of the Obligor in its obligations to GE; or
 - (e) any other law, regulation or other circumstance which might otherwise constitute a defense available to, or a discharge of, the Obligor in respect of any or all of the Obligations.
 The Guarantor shall be held and bound to GE as principal debtor, and not as surety, in respect of the payment of any or all of the Obligations. All amounts payable to GE shall be paid to GE forthwith after demand therefore as provided herein.
 - 2.4 **No Waiver** — The Guarantor hereby agrees that its obligations hereunder shall be unconditional and no waiver by GE of any of its rights hereunder or under the Finance Instruments and no action by GE to enforce any of its rights hereunder or under the Finance Instruments or failure to take, or delay in taking any such action shall affect any other obligation of the Guarantor hereunder.
3. **INDEMNITY** — The Guarantor also covenants and agrees with GE that it will at all times and from time to time hereafter, indemnify and keep indemnified and save harmless GE from any and all losses, costs, damages and expenses, including legal fees and disbursements and the costs of all distresses, actions, proceedings, claims and demands incurred or made by GE if GE does not receive payment of all amounts due and owing under the Finance Instruments or if the Obligor defaults in the payment of any instalment payable or in the performance of the Obligations under the Finance Instruments which, if the Finance Instruments were in full force and effect and good standing, would be payable or required to be performed under the Finance Instruments. In addition to the foregoing, the Guarantor agrees to pay GE, as administrative costs, an amount equal to fifteen percent (15%) of all amounts payable hereunder in the event that court proceedings are instituted against the Guarantor because the Guarantor has failed to respect its obligations hereunder.
4. **DEALINGS WITH OBLIGOR AND OTHERS**
 - 4.1 **No Release** — The liability of the Guarantor hereunder shall not be released, discharged, limited or in any way affected by anything done, suffered or permitted by GE in connection with any duties or liabilities of the Obligor to GE of any security thereof including any loss of or in respect of any security received by GE from the Obligor or others. GE, without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability hereunder, may:
 - (a) grant time, renewals, extensions, indulgences, releases, waivers and discharges to the Obligor;
 - (b) grant substitutions for the Obligations or any part thereof or any agreement related thereto;
 - (c) take or abstain from taking securities or collateral from the Obligor or from perfecting securities or collateral of the Obligor;

- (d) accept compromises from the Obligor;
 - (e) apply all money at any time received from the Obligor or from securities upon such part of the Obligations as GE may see fit or change any such application in whole or in part from time to time as GE may see fit;
 - (f) amend any of the Finance Instruments; or
 - (g) otherwise deal with the Obligor and all other persons and securities as GE may see fit.
- 4.2 **No Exhaustion of Remedies** — GE shall not be bound or obligated to exhaust its recourse against the Obligor or other persons or any securities or collateral it may hold or take any other action (other than to make demand pursuant to Section 6) before being entitled to demand payment from the Guarantor hereunder. The obligations of the Guarantor hereunder are joint and several with those of the Obligor and any other guarantor, security or other person liable in any way for the Obligations. This Guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by GE, and without prejudice to any other security, by whomsoever given, at any time held by GE, and GE shall be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets GE may be entitled to receive or have a claim upon.
- 4.3 **Conclusive Statement** — Any account settled or stated in writing by or between GE and the Obligor shall be *prima facie* evidence that the balance or amount thereof appearing due to GE is so due.
- 4.4 **No Set-Off** — The Guarantor shall not claim any set-off or counterclaim against the Obligor in respect of any liability of the Obligor to the Guarantor.
5. **CONTINUING GUARANTEE**
- 5.1 **Continuing Guarantee** — This Guarantee shall be a continuing guarantee, notwithstanding any extensions, modifications, renewals or indulgences with respect to, or substitutions for, the Obligations or any part thereof, and shall remain in full force and effect until the Obligations are performed and paid in full. This Guarantee shall continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or terminated or must otherwise be returned by GE upon the occurrence of any action or event including the insolvency, bankruptcy or reorganization of the Obligor or otherwise, all as though such payment had not been made.
6. **DEMAND FOR PAYMENT**
- 6.1 **Demand for Payment** — GE shall be entitled to make demand upon the Guarantor at any time upon a default in payment of any amount owing by the Obligor to GE and upon such default GE may treat all Obligations as due and payable and may forthwith collect from the Guarantor the total amount guaranteed hereunder. The Guarantor shall make payment to or performance in favour of GE of the total amount guaranteed hereunder forthwith after demand thereof is made to the Guarantor.
- 6.2 **Interest** — The Guarantor shall pay interest to GE at the rate of 24% per annum on the unpaid portion of all amounts payable by the Guarantor under this Guarantee, such interest to be calculated daily from the date of demand by GE on the Guarantor.
7. **ASSIGNMENT, POSTPONEMENT AND SUBROGATION**
- 7.1 **Assignment and postponement** — All debts and liabilities, present and future, of the Obligor to the Guarantor are hereby assigned to GE and postponed to the Obligations, and all money received by the Guarantor in respect thereof shall be received in trust for GE and forthwith upon receipt shall be paid over to GE, the whole without in any way lessening or limiting the liability of the Guarantor hereunder and this assignment and postponement is independent of the Guarantee and shall remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until payment in full to GE of all obligations of the Guarantor under this Guarantee.
- 7.2 **Subrogation** — The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guarantee and indemnity, by any payment made hereunder or otherwise, until all Obligations shall have been paid and performed in full. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of GE and shall forthwith be paid to GE to be credited and applied upon the Obligations. If (i) the Guarantor performs or makes payment to GE of all amounts owing by the Guarantor to GE under this Guarantee and (ii) the Obligations are performed and paid in full, GE will, at the Guarantor's request and at the Guarantor's expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations and any security held therefor resulting from such performance or payment by the Guarantor.
8. **COVENANTS OF THE GUARANTOR**
- The Guarantor hereby represents, covenants and warrants that:
- (a) if the Guarantor is a corporation, the making and performance of this Guarantee have been duly authorized by all necessary corporate actions on the part of the Guarantor, do not require any shareholders' approval, and will not violate any provisions of the Guarantor's incorporating documents or by-laws or result in the breach of, constitute a default under, contravene any provisions of or result in the creation of any lien, charge, encumbrance or security interest upon any property or assets of the Guarantor pursuant to any of the Guarantor's stocks, bonds, notes or debentures outstanding, or any agreement, indenture or other instrument to which the Guarantor is a party or by which the Guarantor or its property may be bound or affected;
 - (b) this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with the terms hereof;
 - (c) there is no pending or, to the best of the knowledge of the Guarantor, threatened action or proceeding affecting the Guarantor or, if the Guarantor is a corporation, any of its subsidiaries before any court, governmental agency or arbitrator, which would materially adversely affect the legality, validity or enforceability of this Guarantee;
 - (d) all information as defined in Section 9.2 provided by Guarantor to GE is accurate;
 - (e) all payments to GE are and will be derived from legal sources and GE may decline any form of payment; and
 - (f) the Guarantor is and shall continue to be in compliance with all laws and regulations relating to the prevention of money laundering and terrorism.
9. **GENERAL**
- 9.1 **Waivers** — The Guarantor waives notice of acceptance of this Guarantee and of the extension or continuation of the Obligations or any part thereof. The Guarantor further waives presentment, protest, notice, demand or action in respect of the Obligations or any part thereof, including any right to require GE to sue the Obligor, any other Guarantor or any other person obligated with respect to the Obligations or any part thereof, or otherwise to enforce payment thereof against any collateral securing the Obligations or any part thereof. Without limiting the generality of the foregoing, the Guarantor is jointly and severally liable with the Obligor for the due

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and punctual payment and performance of the Obligations, the Guarantor hereby waiving the benefit of division and discussion. Guarantor waives its right to receive a copy of any financing statement or financing change statement registered by GE and of any related verification statement.

- 9.2 **Information** — Guarantor hereby consents and authorizes GE and its affiliates, agents, contractors and representatives, at any time, a) to collect, verify, use, communicate with and disclose to third parties (including credit reporting agencies, financial institutions, creditors, vendors and other persons) any credit, financial and other information, including personal information (as applicable) and information related to the credit rating, financial capacity and payment history, with respect to Guarantor ("Information"), as GE deems necessary to process, complete, service and enforce the transactions hereby contemplated and any other existing or potential transactions, or as required or otherwise permitted by law; b) to respond to inquiries from, and exchange any information with, third parties concerning Guarantor's credit rating, financial capacity and payment history; c) to provide information to persons to whom GE considers assigning, granting a participation or otherwise disposing of rights or obligations under the transactions hereby contemplated, and d) to provide to any person copies of this Guarantee. This consent is in addition to and does not replace any consent previously given.
- 9.3 **Benefit of the Guarantee** — This Guarantee shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the Guarantor and GE.
- 9.4 **Entire Agreement** — This Guarantee constitutes the entire agreement between GE, the Obligor and the Guarantor with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, expressed, implied or statutory, between such parties other than as expressly set forth in this Guarantee.
- 9.5 **No Waiver, Remedies** — No failure on the part of GE to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.
- 9.6 **Severability** — If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.
- 9.7 **Notices** — Any demand, notice or other communications hereinafter in this Section 9.7 referred to as a "Communication" to be given in connection with this Guarantee shall be given in writing and may be given by personal delivery or by registered mail addressed to the recipient as follows:

To GE: GE Canada Equipment Financing G.P.
754-4 Falconbridge Road
Sudbury, Ontario P3A 5X5

To the Guarantor: Northern Sawmills Inc.
490 Maureen St.
Thunder Bay, Ontario P7B 5E6

or such other address as may be designated by notice by any party to the other. Any Communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery.

- 9.8 **Assignment** — The rights of GE under this Guarantee may be assigned by GE without the prior consent of the Obligor or the Guarantor. The Guarantor may not assign its obligations under this Guarantee.
- 9.9 **Governing Law** — This guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 9.10 **Language** — The parties hereby acknowledge that it is their express wish that this Guarantee and Indemnity be drawn in the English language; les parties reconnaissent qu'il est de leur volonté expresse que la présente caution soit rédigée en langue anglaise seulement.

March 25
2009.

IN WITNESS WHEREOF, the Guarantor has executed this Guarantee this

NORTHERN SAWMILLS INC

By:

Name: Wolfgang Gericke
Title: President

By:

Name:
Title:

(authorized signatories)

EXCERPT OF A RESOLUTION
OF THE BOARD OF DIRECTORS OF

Northern Sawmills Inc.
(the "Corporation")

Guarantee and Indemnity

In consideration of the leasing agreements, or master leasing agreements and all leasing schedules thereto, entered or which may be entered into by GE Canada Equipment Financing G.P. ("GE") with its client Atikokan Forest Products Ltd. (the "Client") or the loans and advances of money granted or which may be granted by GE to its Client, as the case may be for the purpose of Client's business, and, generally, in consideration of the business relations between GE and its Client as well as the business relations between the said Client and this Corporation.

Now therefore be it resolved:

That this Corporation be and is hereby authorized to be a surety and to guarantee the repayment of all sums of money which the client owes or in future may owe to GE, together with the interest, costs and accessories, and this, jointly and severally with the Client towards GE and subject to all the terms and conditions set out on the form in use at GE entitled "Guarantee and Indemnity", a copy of which is attached hereto after having been submitted to the Directors and that:

Wolfgang Gericke - President

be and is hereby authorized to sign such Guarantee and Indemnity for and on behalf and in the name of the Corporation.

That all acts and things done and all documents executed on behalf of the Corporation as hereinbefore authorized shall be valid and binding upon the Corporation whether or not the corporate seal of the Corporation has been affixed to any such document.

The foregoing is a true and correct copy of a resolution of the Board of Directors of Northern Sawmills Inc. duly adopted on ~~May~~ 25 2009, which resolution is in effect and has not been modified or rescinded as of the date hereof.

Dated at Thunder Bay, Ontario, this March 27, 2009.



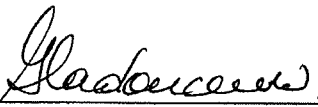
Name:

Harry Mercer

Secretary

Secretary / Treasurer

This is Exhibit "P" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



RUN NUMBER : 215
RUN DATE : 2010/08/C3
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(6839)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

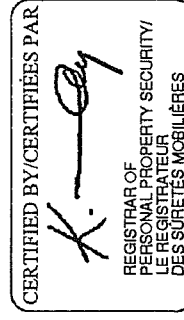
SEARCH CONDUCTED ON : ATKOKAN FOREST PRODUCTS LTD.

FILE CURRENCY : 02AUG 2010

ENQUIRY NUMBER 20100803102653.06 CONTAINS 17 PAGE(S), 5 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

STIKEMAN ELLIOTT LLP (BL)
5300-COMMERCE COURT WEST
TORONTO ON M5L 1B9



CONTINUED...

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RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(6840)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
652123755

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20090318 0938 1590 3411 P PPSA 5

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ATIKOKAN FOREST PRODUCTS LTD.
04 ADDRESS HIGHWAY 623 SAPAWE ROAD ATIKOKAN ONTARIO CORPORATION NO. ON POT 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME
07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / GE CANADA EQUIPMENT FINANCING G.P.
09 LIEN CLAIMANT ADDRESS 4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5

10 COLLATERAL CLASSIFICATION
CONSUMER X
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED X
DATE OF NO FIXED X
Maturity or Maturity Date X

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING GE CANADA EQUIPMENT FINANCING GP
17 AGENT ADDRESS 4-754 FALCONBRIDGE RD. SUDBURY ON P3A 5X5

CERTIFIED BY/CERTIFIÉES PAR
K. [Signature]
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(c/jlfr 11/2008)



CONTINUED ... 3

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(6841)

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CRITERION	PAGE	TOTAL MOTOR VEHICLE	REGISTRATION	REGISTERED
PILING	NO. OF	SCHEDULE	NUMBER	INDEX
01	001		20090318 1051 1590 3426	
21	FILE NUMBER	652123755		
	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL
			B RENEWAL	YEARS
			INITIAL	2
			SURNAME	
22				CORRECT PERIOD
23	REFERENCE			
24	DEBTOR/	BUSINESS NAME		
	TRANSFEROR	ATIKOKAN FOREST PRODUCTS LTD.		

25 OTHER CHANGE
26 REASON/
27 DESCRIPTION

28
02/ DATE OF BIRTH
05 DEBTOR/
03/ TRANSFEREE
06 BUSINESS NAME
04/07 ADDRESS

FIRST GIVEN NAME INITIAL SURNAME

ONTARIO CORPORATION NO.

29 ASSIGNOR
08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

09
COLLATERAL CLASSIFICATION
CONSUMER
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT Maturity DATE NO FIXED Maturity DATE

10
YEAR MAKE MODEL V.I.N.

11 MOTOR
12 VEHICLE
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OF
17 SECURED PARTY/
LIEN CLAIMANT

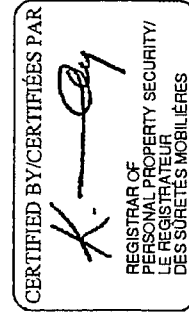
GE CANADA EQUIPMENT FINANCING GP
4-754 FALCONBRIDGE RD.

SUBBURY

ON P3A 5X5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 4



(c2fr 11/2008)



219

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(6842)

TYPE OF SEARCH : BUSINESS DESTOR

SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEB

FILE NUMBER
650230191

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
ELLING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 002 20081128 1507 1862 4583 P PPSA 5

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
BUSINESS NAME ATIKOKAN FOREST PRODUCTS LTD.

ADDRESS HWY 623 SAPAWE ROAD BOX 206 ATIKOKAN

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

BUSINESS NAME

ADDRESS

SECURED PARTY / BUCHANAN LUMBER SALES

LIEN CLAIMANT ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

COLLATERAL CLASSIFICATION

CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X 5000000 X

YEAR MAKE MODEL V.I.N.

GENERAL DEMAND DEBENTURE DATED NOVEMBER 27, 2008

COLLATERAL DESCRIPTION

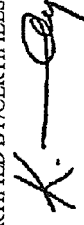
REGISTERING AGENT WEILER MALONEY NELSON

ADDRESS 1001 WILLIAM STREET, SUITE 201 THUNDER BAY ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED ... 5

CERTIFIED BY/CERTIFIÉES PAR

K. 

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SURETÉS MOBILIÈRES

(c/jfr 11/2008)



Ontario

220

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(6843)

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
650230191

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 002 20081128 1507 1862 4583

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME

ONTARIO CORPORATION NO.

04 ADDRESS FIRST GIVEN NAME INITIAL SURNAME

ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME

07 ADDRESS BUCHANAN SALES INC.
THUNDER BAY ON P7B 0A3

08 SECURED PARTY CLAIMANT ADDRESS
1120 PREMIER WAY

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OF MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

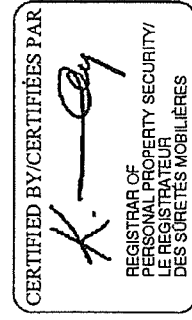
13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT ADDRESS
17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED...

6



221

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LEEN

00 FILE NUMBER 643227363

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 002 20080307 1610 1862 6341 P PPSA 5

01

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ATIKOKAN FOREST PRODUCTS LTD.

04 ADDRESS HWY 623 SAPAWA ROAD BOX 206 ATIKOKAN
05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME
07 ADDRESS

08 SECURED PARTY / BUCHANAN LUMBER SALES INC.
09 LEEN CLAIMANT ADDRESS 1120 PREMIER WAY THUNDER BAY ON P7B 0A3

10 COLLATERAL CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF NO FIXED
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
GOODS X X X X 5000000 X

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL DEBENTURE DATED FEBRUARY 27, 2008
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING WEILER MALONEY NELSON
17 AGENT ADDRESS 1001 WILLIAM STREET, SUITE 201 THUNDER BAY ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR
K. [Signature]
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(c)11r 11/2008

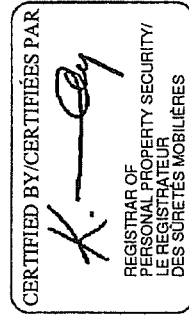


222

TYPE OF SEARCH	BUSINESS DEBTOR
SEARCH COMPLETED ON	ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY	02AUG 2010
FORM 10 FINANCING STATEMENT / CLAIM FOR LIEN	
00	FILE NUMBER 643227363
01	CAUTION PAGE TOTAL FILING NO. OF PAGES 002 002 MOTOR VEHICLE REGISTRATION NUMBER 20080307 1610 1862 6341 REGISTERED UNDER PERIOD
02	DEBTOR NAME
03	DATE OF BIRTH BUSINESS NAME
04	ADDRESS BUSINESS NAME ADDRESS
05	DEBTOR NAME
06	DATE OF BIRTH BUSINESS NAME ADDRESS
07	DEBTOR NAME
08	SECURED PARTY / LIEN CLAIMANT
09	ADDRESS BUCHANAN SALES INC. 1120 PREMIER WAY THUNDER BAY ON P7B 0A3
10	COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED DATE OF NO FIXED MATURITY OR MATURITY DATE
11	MOTOR VEHICLE
12	YEAR MAKE MODEL V.I.N.
13	GENERAL COLLATERAL
14	DESCRIPTION
15	REGISTERING AGENT
16	ADDRESS
17	ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED . . . 8



223

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 20 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE NO. OF PAGES TOTAL MOTOR VEHICLE REGISTRATION NUMBER REGISTERED
FILING 001 002 20080404 1355 1862 8325
21 RECORD FILE NUMBER 643227363
22 RENEWAL YEARS
PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL
001 X A AMENDMENT YEARS
23 FIRST GIVEN NAME INITIAL SURNAME
24 BUSINESS NAME ATIKOKAN FOREST PRODUCTS LTD.

25 OTHER CHANGE
26 REASON/ BUCHANAN LUMBER SALES INC. CHANGED ITS NAME TO BUCHANAN SALES INC.
27 DESCRIPTION EFFECTIVE FEBRUARY 29, 2008
28

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
05 DEBTOR/
03/ TRANSFEREE BUSINESS NAME
06 ADDRESS
04/07

ONTARIO CORPORATION NO.

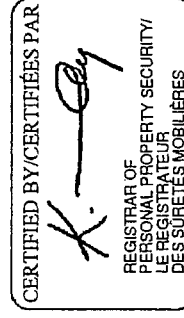
29 ASSIGNOR
30 SECURED PARTY LIEN CLAIMANT/ ASSIGNEE BUCHANAN SALES INC.
31 ADDRESS 1120 PREMIER WAY
32 THUNDER BAY ON P7B 0A3

10 COLLATERAL CLASSIFICATION
33 CONSUMER MOTOR VEHICLE DATE OF NO FIXED
34 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE
35 YEAR MAKE MODEL V.I.N.

11 MOTOR
12 VEHICLE
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OR WEILER MALONEY NELSON
17 SECURED PARTY/ ADDRESS 1001 WILLIAM STREET, SUITE 201
THUNDER BAY ON P7B 6M1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED ... 9



(c/2r 11/2008)



224

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 9
(6847)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHDULE NUMBER UNDER
RECORD FILE NUMBER 002 002 20080404 1355 1862 8325
PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
21 22 YEARS PERIOD

REFERENCE BUSINESS NAME
23 DEBTOR/
24 TRANSFEROR

OTHER CHANGE
25 REASON/
26 BUCHANAN SALES INC. OPERATES AS BUCHANAN LUMBER SALES
27 DESCRIPTION

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02/05 DEBTOR/
03/06 TRANSFEROR
04/07 ADDRESS

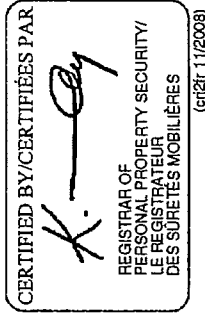
ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
29 BUCHANAN LUMBER SALES
08 ADDRESS 1120 PREMIER WAY
09 THUNDER BAY ON P7B 0A3

COLLATERAL CLASSIFICATION MOTOR VEHICLE DATE OF NO FIXED
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE
10 YEAR MAKE MODEL V.I.N.

MOTOR VEHICLE
11 GENERAL
12 COLLATERAL
13 DESCRIPTION
14 REGISTERING AGENT OF
15 SECURED PARTY/
16 LIEN CLAIMANT
17 ADDRESS

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***

CONTINUED... 10



225

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 10
(6848)

TYPE OF SEARCH BUSINESS DEBTOR

SEARCH CONDUCTED ON ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
633487581

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 5 20070315 1053 2078 9845 P PPSA 10

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ATIKOKAN FOREST PRODUCTS LTD.
04 ADDRESS HIGHWAY 623 SAPAME ROAD ATIKOKAN

ONTARIO CORPORATION NO.
ON POT 1C0

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME
07 ADDRESS

ONTARIO CORPORATION NO.

08 SECURED PARTY GE CANADA EQUIPMENT FINANCING G.P.

09 LIEN CLAIMANT ADDRESS 4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5

10 COLLATERAL CLASSIFICATION
CONSUMER
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED DATE OF NO FIXED MATURITY OR MATURITY DATE
X X X X X X

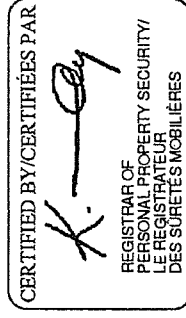
11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL COLLATERAL GENERAL SECURITY AGREEMENT
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING AGENT ADDRESS 4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5
17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 11



(cjitfr 11/2008)



226

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 11
(6849)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ATIROKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 10. FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
633487581

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
002 5 20070315 1053 2078 9845

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ADDRESS
04 ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME ADDRESS
07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / GE CANADA LEASING SERVICES COMPANY
09 LIEN CLAIMANT ADDRESS SUDBURY ON P3A 5X5

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

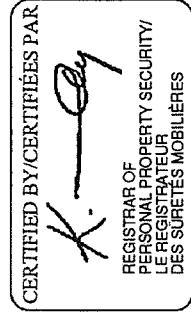
12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED . . . 12



227

TYPE OF SEARCH		* BUSINESS DEBTOR	
SEARCH CONDUCTED ON :		ATIKOKAN FOREST PRODUCTS LTD.	
FILE CURRENCY		02AUG 2010	
FORM TO: FINANCING STATEMENT / CLAIM FOR LIEN			
00	FILE NUMBER	633487581	
01	CAUTION FILING	PAGE NO. OF PAGES	003 5
		TOTAL	20070315 1053 2078 9845
02	DATE OF BIRTH	MOTOR VEHICLE SCHEDULE	REGISTERED UNDER PERIOD
03	DEBTOR NAME	INITIAL SURNAME	
04	BUSINESS NAME	ADDRESS	ONTARIO CORPORATION NO.
05	DATE OF BIRTH	INITIAL SURNAME	
06	DEBTOR NAME	ADDRESS	ONTARIO CORPORATION NO.
07	BUSINESS NAME	ADDRESS	
08	SECURED PARTY / LIEN CLAIMANT	GENERAL ELECTRIC CANADA EQUIPMENT FINANCE G.P.	
09	ADDRESS	4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5	
10	COLLATERAL CLASSIFICATION	MOTOR VEHICLE AMOUNT DATE OF NO. FIXED	
	CONSUMER	MOTOR VEHICLE AMOUNT DATE OF NO. FIXED	
	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	MOTOR VEHICLE AMOUNT DATE OF NO. FIXED	
11	YEAR MAKE	V.I.N.	
12	MOTOR VEHICLE	MODEL	
13	GENERAL COLLATERAL DESCRIPTION		
16	REGISTERING AGENT	ADDRESS	
17		*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***	

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(eqlfr 11/2008)



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
633487581

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
004 5 20070315 1053 2078 9845

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ADDRESS
04 BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / GE CANADA ASSET FINANCING HOLDING COMPANY
09 LIEN CLAIMANT ADDRESS 4-754 FALCONBRIDGE ROAD SUDBURY ON P3A 5X5

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.

12 VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT ADDRESS

*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***

CONTINUED... 14

CERTIFIED BY/CERTIFIÉES PAR
K. [Signature]
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES
(cjtfr 11/2008)



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 14
(6852)

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
633487581

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
005 5 20070315 1053 2078 9845

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR BUSINESS NAME
NAME ADDRESS

ONTARIO CORPORATION NO.

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR BUSINESS NAME
NAME ADDRESS

ONTARIO CORPORATION NO.

SECURED PARTY GE TECHNOLOGY FINANCE

LIEN CLAIMANT ADDRESS SUDBURY ON P3A 5X5

COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

YEAR MAKE MODEL V.I.N.

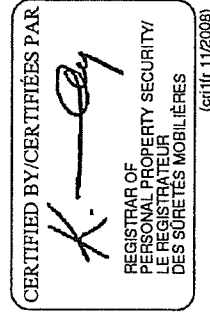
MOTOR
VEHICLE

GENERAL
COLLATERAL
DESCRIPTION

REGISTERING
AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED ... 15



230

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CONTINUED... 16

CERTIFIED BY/CERTIFIÉES PAR
K. Bay
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
gr2tr 11/2008



Ontario

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 16
(6854)

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : ATIKOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

FORM 10 FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
633494214

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES NO. SCHEDULE NUMBER UNDER PERIOD
001 1 20070315 1101 2078 9848 P PPSA 08

02 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 DEBTOR BUSINESS NAME ATIKOKAN FOREST PRODUCTS LTD.

04 ADDRESS HIGHWAY 623 SAPAWE ROAD ATIKOKAN
ONTARIO CORPORATION NO.
ON POT 1C0

05 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / GE CANADA EQUIPMENT FINANCING G.P.

09 LIEN CLAIMANT ADDRESS SUDBURY ON P3A 5X5

10 COLLATERAL CLASSIFICATION
CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 YEAR MAKE MODEL V.I.N.

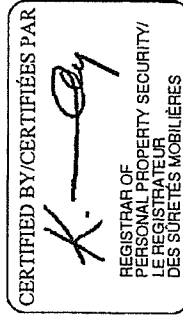
12 MOTOR VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***

CONTINUED... 17



232

RUN NUMBER : 215
RUN DATE : 2010/08/03
ID : 20100803102653.06

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

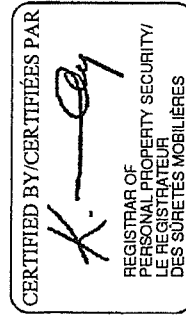
REPORT : PSSR060
PAGE : 17
(6855)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ATI KOKAN FOREST PRODUCTS LTD.
FILE CURRENCY : 02AUG 2010

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

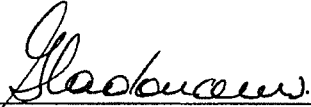
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650230191	20081128 1507 1862 4583		
643227363	20080307 1610 1862 6341	20080404 1355 1862 8325	
633487581	20070315 1053 2078 9845	20090619 1204 1590 7319	
633494214	20070315 1101 2078 9848		

8 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



233

This is Exhibit "Q" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec



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GE
Capital Solutions

Buchanan Sales Inc. formerly Buchanan Lumber Sales Inc.
1120 Premier Way
Thunder Bay, Ontario P7B 0A3

March 25, 2009

Fax:
Tel.:
Email:

RE: Waiver — Atikokan Forest Products Ltd. (the "Debtor")

As security for certain credit facilities extended or to be extended and/or leases made or to be made by GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, GE Canada Asset Financing Holding Company, General Electric Canada Equipment Finance G.P., GE Technology Finance and GE VFS Canada Limited Partnership (collectively, "GE"), GE has or will obtain rights, title, interests, mortgages, hypothecs, charges or security interests (collectively, a "Claim") in or to the property described in Schedule A hereto (please initial it) and all present and future attachments, accessories and accessions thereto and all spare parts, replacements, substitutions, exchanges and trade-ins therefor and all intangibles and proceeds (as defined by law) relating thereto, including all insurance payments and other indemnities or compensation for loss or damage thereto (the "Collateral").

GE wishes to ensure that it will have at all times a first-ranking Claim in the Collateral. Would you kindly agree to the terms provided below by signing and returning this letter to us by telecopier at 705-524-5335.

GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, GE Canada Asset Financing Holding Company, General Electric Canada Equipment Finance G.P., GE Technology Finance and GE VFS Canada Limited Partnership

By: Denise Lepine
Name: Denise Lepine
Tel.: 705-525-2049
Email: denise.lepine@ge.com

We have not assigned the Claim we may have in or to the Collateral and for good and valuable consideration:

- ☐ (a) We hereby confirm that we have no Claim in or to the Collateral and, to the extent that we have any Claim, we hereby release, renounce, waive and disclaim any Claim we may have in or to the Collateral. We agree upon your request to amend or discharge any Claim granted by the Debtor in our favour and any registration made by us against the Debtor so as to discharge the Collateral from any such Claim or registration; or
- ☒ (b) We hereby subordinate and postpone any present or future Claim we have or may acquire in or to the Collateral to any Claim which GE has or may acquire in or to the Collateral. We agree not to perfect, assert or claim against GE any Claim in or to the Collateral which ranks in priority to the Claim now or hereafter held or claimed by GE.

We agree not to rely on any registration we have made either before or after GE has made a registration to claim, for any Claim that we may hold or take at any time hereafter, priority over the Claim of GE in or to the Collateral, whether affixed or not. This waiver shall be binding upon and shall enure to the benefit of the parties and their respective successors and assigns.

ACKNOWLEDGED AND ACCEPTED by Buchanan Sales Inc. formerly Buchanan Lumber Sales Inc.:

By: Russell York
(Signature of an authorized officer)

Date: March 25, 2009

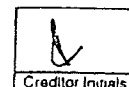
Name: Russell York
Title: Treasurer

SCHEDULE A

RE: Atikokan Forest Products Ltd.
 Waiver in favour of GE by Buchanan Sales Inc. formerly Buchanan Lumber Sales Inc.

EQUIPMENT

UNITS	MODEL	YEAR	DESCRIPTION	SERIAL Nos.
1	DDM12 SBP		Contact Side Board Profiler	
1	DDM6		Contact Saw Line	
			Complete sawmill line within building consisting of: air compressors, heating systems, hydraulic systems, electrical systems, catwalks, monorails, in feed ramps, out feed ramps and docks, unscramblers, debarker conveyers, debarkers, surge deck, edger system, sorters, computer systems, dry kiln, all attachments and accessories that are required for the continuous operation and production of the line. The collateral is locate or affixed to the selected PIN 56002-0090 LT, PIN 56002-0041 LT, PIN 56002-0044 LT, PIN 56002-0046 LT, PIN 56002-0091 LT, PIN 56002-0108 LT, PIN 56002-0109 LT, PIN 56002-0115 LT, PIN 56002-0116 LT, PIN 56002-0132 LT, PIN 56002-0134 LT, PIN 56002-0136 LT, PIN 56002-0178 LT	



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LRO # 48 Postponement Of Interest

Received as RD13052 on 2009 03 30 at 09:02

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 3

Properties

PIN	56002 - 0090 LT
Description	PCL 14904 SEC RAINY RIVER; PT MINING CLAIM FF-746 HUTCHINSON AS IN SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF 5 FT ABOVE ORDINARY HIGHWATER MARK & RESERVING THE CANADIAN NATIONAL RAILWAY ROW; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0041 LT
Description	PCL 14563 SEC RAINY RIVER; MINING CLAIM F.F. 5001 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0044 LT
Description	PCL 14566 SEC RAINY RIVER; MINING CLAIM F.F. 5038 HUTCHINSON EXCEPTING THE ROW OF THE CANADIAN NATIONAL RAILWAY CROSSING THE SAID CLAIM; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0046 LT
Description	PCL 14811 SEC RAINY RIVER; PT MINING CLAIM F.F. 746 HUTCHINSON AS IN SLT56280; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0091 LT
Description	PCL 10450 SEC RAINY RIVER; MINING CLAIM F.F. 1571 HUTCHINSON; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0108 LT
Description	PCL 9838 SEC RAINY RIVER; MINING CLAIM F.F. 1030 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CONTAINING 1 4/10 ACRES, MORE OR LESS, CROSSING SAID MINING CLAIM, BEING OF SRO; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0109 LT
Description	PCL 9913 SEC RAINY RIVER; MINING CLAIM F.F. 1224 HUTCHINSON RESERVING THE FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE NATURAL HIGH WATER MARK; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0115 LT
Description	PCL 9388 SEC RAINY RIVER; MINING CLAIM F.F. 746 HUTCHINSON COMPRISING S PT LOCATION X636 EXCEPT SLT56280 & SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK ALSO RESERVING ROW OF CANADIAN NATIONAL RAILWAY; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0116 LT
Description	PCL 9400 SEC RAINY RIVER; MINING CLAIM F.F. 747 HUTCHINSON COMPRISING N PT LOCATION X636 SITUATE ON THE SOUTHERLY SHORE OF SAPAWE LAKE RESERVING FLOODING RIGHTS TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0132 LT
Description	MINING CLAIM F.F. 5039 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CROSSING THE SAID CLAIM SHOWN MARKED RED ON PL S412, PT 4 & 5 48R1567, PT 2 48R1864, PT 1, 2 & 5 48R3730 AND PT 4 48R4034; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0134 LT
Description	MINING CLAIM F.F. 1223 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAY, PL S412, PT 1 48R1100, PT 1, 2 & 3 48R1567, PT 1 48R1864, PT 3, 6 & 7 48R3730 AND PT 3 48R4034; DISTRICT OF RAINY RIVER
Address	RAINY RIVER

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LRO # 48 Postponement Of Interest

Received as RD13052 on 2009 03 30 at 09:02

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 3

Properties

PIN 56002 - 0136 LT
 Description PT MINING CLAIM F.F. 5071 HUTCHINSON PART 2, 48R4034; DISTRICT OF RAINY RIVER
 Address RAINY RIVER
 PIN 56002 - 0138 LT
 Description PT MINING CLAIM F.F. 5158 HUTCHINSON PART 1, 48R4034; DISTRICT OF RAINY RIVER
 Address RAINY RIVER

Source Instruments

Registration No.	Date	Type of Instrument
RD10300	2008 03 07	Charge/Mortgage
RD10443	2008 03 31	Application To Change Name-Instrument

Party From(s)

Name BUCHANAN SALES INC.
 Address for Service 1120 Premier Way,
 Thunder Bay, ON
 P7B 0A3

I, Russell York, Secretary-Treasurer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)

Capacity

Share

Name GENERAL ELECTRIC CANADA REAL ESTATE FINANCE INC.
 Address for Service 2300 Meadowvale Boulevard
 Suite 111
 Mississauga, Ontario
 L5N 5P9

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number RD7633 registered on 2007/04/02

This document relates to registration no.(s)RD10300 and RD10443.

Signed By

Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party From(s)	Signed	2009 03 30
Tel 5195793660				
Fax 5197432540				
Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party To(s)	Signed	2009 03 30
Tel 5195793660				
Fax 5197432540				

239

LRO # 48 Postponement Of Interest

Received as RD13052 on 2009 03 30 at 09:02

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 3 of 3

Submitted By

MILLER THOMSON LLP

295 Hagey Blvd., Suite 300
Waterloo
N2L 6R5

2009 03 30

Tel 5195793660

Fax 5197432540

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Party To Client File Number :

83006.0165

240

LRO # 48 Postponement Of Interest

Received as RD13053 on 2009 03 30 at 09:02

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 3

Properties

PIN	56002 - 0090 LT
Description	PCL 14904 SEC RAINY RIVER; PT MINING CLAIM FF-746 HUTCHINSON AS IN SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF 5 FT ABOVE ORDINARY HIGHWATER MARK & RESERVING THE CANADIAN NATIONAL RAILWAY ROW; DISTRICT OF RAINY RIVER
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Address	RAINY RIVER
PIN	56002 - 0044 LT
Description	PCL 14566 SEC RAINY RIVER; MINING CLAIM F.F. 5038 HUTCHINSON EXCEPTING THE ROW OF THE CANADIAN NATIONAL RAILWAY CROSSING THE SAID CLAIM; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0046 LT
Description	PCL 14811 SEC RAINY RIVER; PT MINING CLAIM F.F. 746 HUTCHINSON AS IN SLT56280; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0091 LT
Description	PCL 10450 SEC RAINY RIVER; MINING CLAIM F.F. 1571 HUTCHINSON; DISTRICT OF RAINY RIVER
Address	RAINY RIVER
PIN	56002 - 0108 LT
Description	PCL 9838 SEC RAINY RIVER; MINING CLAIM F.F. 1030 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CONTAINING 1 4/10 ACRES, MORE OR LESS, CROSSING SAID MINING CLAIM, BEING OF SRO; DISTRICT OF RAINY RIVER
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Address	RAINY RIVER
PIN	56002 - 0134 LT
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Address	RAINY RIVER

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 3

Properties

PIN 56002 - 0136 LT

Description PT MINING CLAIM F.F. 5071 HUTCHINSON PART 2, 48R4034; DISTRICT OF RAINY RIVER

Address RAINY RIVER

PIN 56002 - 0138 LT

Description PT MINING CLAIM F.F. 5158 HUTCHINSON PART 1, 48R4034; DISTRICT OF RAINY RIVER

Address RAINY RIVER

Source Instruments

Registration No.	Date	Type of Instrument
RD12370	2008 11 28	Charge/Mortgage

Party From(s)

Name BUCHANAN SALES INC.
 Address for Service 1120 Premier Way,
 Thunder Bay, ON
 P7B 0A3

I, Russell York, Secretary-Treasurer, have the authority to bind the corporation.

This document is not authorized under Power of Attorney by this party.

Party To(s)

Capacity

Share

Name GENERAL ELECTRIC CANADA REAL ESTATE FINANCE INC.
 Address for Service 2300 Meadowvale Boulevard
 Suite 111
 Mississauga, Ontario
 L5N 5P9

Statements

The applicant postpones the rights under the selected instrument to the rights under an instrument registered as number RD7633 registered on 2007/04/02

This document relates to registration no.(s)RD12370.

Signed By

Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party From(s)	Signed	2009 03 30
--------------------	---	-----------------------------	--------	------------

Tel 5195793660
 Fax 5197432540

Andrew Samuel Roth	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	acting for Party To(s)	Signed	2009 03 30
--------------------	---	---------------------------	--------	------------

Tel 5195793660
 Fax 5197432540

Submitted By

MILLER THOMSON LLP	295 Hagey Blvd., Suite 300 Waterloo N2L 6R5	2009 03 30
--------------------	---	------------

Tel 5195793660
 Fax 5197432540

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LRO # 48 Postponement Of Interest

Received as RD13053 on 2009 03 30 at 09:02

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 3 of 3

Fees/Taxes/Payment


Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Party To Client File Number : 83006.0165

This is Exhibit "R" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



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MILLER THOMSON LLP

Barristers & Solicitors
Patent & Trade-Mark Agents

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8
T: 519.931.3500
F: 519.858.8511
www.millerthomson.com

April 2, 2010

Alissa K. Mitchell
Direct Line: 519.931.3510
amitchell@millerthomson.com

Delivered Via Registered Mail & Ordinary Mail

File: 083006.0166

Northern Sawmills Inc.
c/o Box 290
39 McIntyre Centre
Thunder Bay, ON P7B 6P9

Attention: Wolfgang Gericke, President

Dear Sir:

**Re: Northern Sawmills Inc. Indebtedness Due to GE Canada Equipment Financing
G.P. ("GE Canada")**

We are solicitors for GE Canada in connection with the obligations of Northern Sawmills Inc. (the "Company") to GE Canada pursuant to Equipment Loan and Security Agreement dated March 22, 2007 having No. 150010293079, as amended (the "ELSA").

Pursuant to subsection 13(a) of GE Canada's standard terms and conditions incorporated into the ELSA (the "Terms"), the Company is in default of its obligations by virtue of the Company's failure to pay Instalments due pursuant to the ELSA within 10 days of their due date. Pursuant to section 14 of the Terms, upon default, GE Canada is entitled to declare the ELSA to be in default, whereupon all amounts owing pursuant to the ELSA become immediately due and payable.

On behalf of GE Canada, we hereby demand payment of all obligations owing under the ELSA. The amount of the obligations owing under the ELSA as of March 31, 2010 was \$10,654,541.80, as described in the attached early termination quote. Additional interest will continue to accrue until payment in full is made. This letter constitutes a demand for payment of the amount set forth above, further interest accruing at the rate set out in the ELSA, which accrues thereon to the date of payment, plus all costs incurred by GE Canada in connection with this matter. The exact balance owing will be provided for payout purposes upon request.

Unless payment or an arrangement satisfactory to GE Canada for payment of the amount demanded herein is made within 10 days from the date of this letter, GE Canada will take such steps as are necessary in order to recover the amounts owing by the Company under the terms of the ELSA. Those steps may include the commencement of legal proceedings, the costs of which will be for the Company's account. In addition, GE Canada may take steps to enforce

Toronto Vancouver Calgary Edmonton London Kitchener-Waterloo Guelph Markham Montréal

Affiliations Worldwide

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MILLER
THOMSON LLP

Page 2

GE Canada's rights under all security previously granted by the Company, including, without limitation, the ELSA, the general security agreement dated March 21, 2007, the equipment security agreement dated March 25, 2009 and the collateral charge granted by the Company in favour of General Electric Canada Real Estate Finance Inc., as nominee for GE Canada, as amended. In that regard, enclosed is a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* which is hereby being served upon the Company.

Please govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

Per: 

Alissa K. Mitchell
KMS/

c: Christopher Rankin
Lucky Star Holdings Inc.

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NOTICE OF INTENTION TO ENFORCE A SECURITY

**(SECTION 244(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* AND RULE 124 OF
THE *GENERAL RULES UNDER THE BANKRUPTCY AND INSOLVENCY ACT*)**

TO: NORTHERN SAWMILLS INC., an Insolvent Person

TAKE NOTICE THAT:

1. GE Canada Equipment Financing G.P., a secured creditor, intends to enforce its security on the Insolvent Person's property, described below:
 - (a) all present and future real and personal property of whatsoever nature or kind and whether tangible or intangible including, without limitation, all equipment, inventory, accounts, contract rights, work in process and all proceeds derived from any dealing therewith;
 - (b) the specific equipment listed on Schedule A attached hereto; and
 - (c) the real property described on Schedule B attached hereto.
2. The security that is to be enforced is in the form of:
 - (a) a General Security Agreement dated March 21, 2007;
 - (b) an Equipment Loan and Security Agreement dated March 22, 2007 having No. 150010293079;
 - (c) an Equipment Security Agreement dated March 25, 2009; and
 - (d) a Collateral Charge registered on March 22, 2007 as Instrument No. TY42208 in the Land Registry Office for the District of Thunder Bay (LRO #55), as amending by an Agreement Amending Charge dated March 16, 2009 and registered on March 30, 2009 as Instrument No. TY80063.
3. The total amount of indebtedness secured by the security was \$10,654,541.80 on account of principal and interest owing as at March 31, 2010 together with further interest thereon at the rate of 6.00% per annum. The security further secures repayment of all costs and expenses, whether present or future, incurred by the secured creditor in effecting recovery.
4. The secured creditor will not have the right to enforce the security until after the expiry of the ten (10) day period after this Notice is sent, unless the Insolvent Person consents to an

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earlier enforcement.

DATED at London, Ontario this 2nd day of April, 2010.

**GE CANADA EQUIPMENT
FINANCING G.P.**

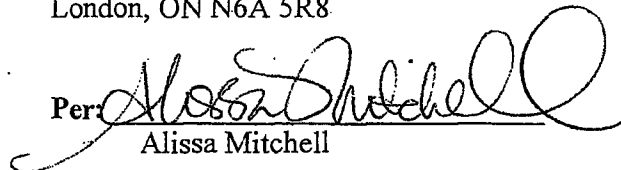
By its Solicitors

Miller Thomson LLP

2010-255 Queens Avenue

London, ON N6A 5R8

Per:

A handwritten signature in cursive script, appearing to read "Alissa Mitchell", written over a horizontal line.

Alissa Mitchell

SCHEDULE A

Equipment

UNIT	MODEL	YEAR	DESCRIPTION
1	DDM12 SBP	2002	Comact Side Board Profiler
1	DDM6	2002	Comact Saw Line Complete sawmill line within building consisting of: air compressors, heating systems, hydraulic systems, electrical systems, catwalks, monorails, in feed ramps, out feed ramps and decks, unscramblers, debarker conveyers, debarkers, surge deck, edger system, sorters, computer systems, dry kiln, all attachments and accessories that are required for the continuous operation and production of the line. The collateral is located or affixed to the selected PIN 62264-0453 LT, PIN 62264-0233 LT, PIN 62264-0112 LT

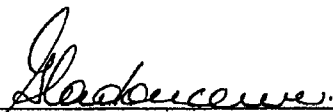
249

SCHEDULE B

Real Property

1. PT WATER LOT IN FRONT OF THE NE 1/4 OF SEC 51 MCINTYRE PT 7 55R11375 EXCEPT PT 1 55R11631 ; THUNDER BAY - PIN No. 62264-0453 (LT) (LRO#55);
2. PCL 25233 SEC TBF; PT WATER LOT IN FRONT OF THE SE SUDIVISION OF SEC 51 MCINTYRE PARTS 5,6 & 7, 55R9572; S/T F39878; THUNDER BAY - PIN No. 62264-0233 (LT) (LRO#55);
3. PT WATER LOT IN FRONT OF NORTH-EAST QUARTER OF SECTION 51 MCINTYRE; PT WATER LOT IN FRONT OF SOUTH-EAST SUBDIVISION OF SECTION 51 MCINTYRE; PT 66 FT RDAL MCINTYRE IN FRONT OF SE 1/4 SEC 51 MCINTYRE (AKA ORIGINAL SHORE RDAL); PT SE 1/4 SEC 51 MCINTYRE; PT UNNAMED ST PL 8 MCINTYRE BEING MAUREEN ST FORMERLY UNNAMED ST; PT BROKEN FRONT IN FRONT OF BLOCK 41 PL 8 MCINTYRE; LT 13-14 BLK 32 PL 8 MCINTYRE; PT LT 15-21 BLK 32 PL 8 MCINTYRE; PT LANE BLK 32 PL 8 MCINTYRE; LT 1-9, 13-21 BLK 41 PL 8 MCINTYRE; PT LT 10, 22-23 BLK 41 PL 8 MCINTYRE; PT LANE BLK 41 PL 8 MCINTYRE; PT THIRD AV, KING ST PL 8 MCINTYRE BEING KIRKLAND ST FORMERLY KING ST PARTS 1, 3, 4, 8 TO 14, 17, 18 & 19, 55R9572; S/T TBR352775; S/T TBR352729; THUNDER BAY - PIN No. 62264-0112 (LT) (LRO#55);

This is Exhibit "S" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



MILLER THOMSON LLP

Barristers & Solicitors
Patent & Trade-Mark Agents

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8
T: 519.931.3500
F: 519.858.8511
www.millerthomson.com

April 2, 2010

Alissa K. Mitchell
Direct Line: 519.931.3510
amitchell@millerthomson.com

Delivered Via Registered Mail & Ordinary Mail

File: 083006.0165

Atikokan Forest Products Ltd.
Highway 623 Sapawe Road
Atikokan, ON P0T 1C0

Attention: Wolfgang Gericke, President

Dear Sir:

**Re: Northern Sawmills Inc. Indebtedness Due to GE Canada Equipment Financing G.P.
("GE Canada")**

We are solicitors for GE Canada in connection with the obligations of Northern Sawmills Inc. ("Northern Sawmills") to GE Canada pursuant to Equipment Loan and Security Agreement dated March 22, 2007 having No. 150010293079, as amended (the "ELSA").

Atikokan Forest Products Ltd. (the "Company") did guarantee the payment of all obligations of Northern Sawmills to GE under the ELSA pursuant to an unconditional unlimited guarantee and indemnity dated March 25, 2009 (the "Guarantee").

Accordingly, on behalf of GE Canada, we hereby demand payment from the Company under the terms of the Guarantee of the aggregate indebtedness owing under the ELSA, which as at March 31, 2010 was \$10,654,541.80, together with interest thereon from this date forward at the rate of 24% per annum in accordance with the terms of the Guarantee and all legal and other costs incurred by GE Canada to collect the amounts herein demanded. The exact balance owing will be provided for payout purposes upon request.

Unless payment or an arrangement satisfactory to GE Canada for payment of the amount demanded herein is made within 10 days from the date of this letter, GE Canada will take such steps as are necessary in order to recover the amounts owing by the Company under the terms of the Guarantee. Those steps may include the commencement of legal proceedings, the costs of which will be for the Company's account, including an amount equal to 15% of all amounts demanded hereunder. In addition, GE Canada may take steps to enforce GE Canada's rights under all security previously granted by the Company, including, without limitation, the equipment loan and security agreement dated April 2, 2007 having No. 150010292870, the general security agreement dated April 2, 2007, the equipment security agreement dated March 25, 2009 and the collateral charge granted by the Company in favour of General Electric Canada Real Estate Finance Inc., as nominee for GE Canada, as amended. In that regard, enclosed is a

notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* which is hereby being served upon the Company.

Please govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

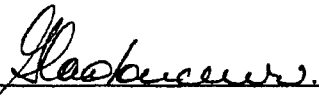
Per:

A handwritten signature in black ink, appearing to read "Alissa K. Mitchell". The signature is fluid and cursive, with a large loop at the end.

Alissa K. Mitchell
KMS/

c: Christopher Rankin

This is Exhibit "T" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



MILLER THOMSON LLP

Barristers & Solicitors
Patent & Trade-Mark Agents

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8
T: 519.931.3500
F: 519.858.8511
www.millerthomson.com

April 2, 2010

Delivered Via Registered Mail & Ordinary Mail

Atikokan Forest Products Ltd.
Highway 623 Sapawe Road
Atikokan, ON P0T 1C0

Alissa K. Mitchell
Direct Line: 519.931.3510
amitchell@millerthomson.com

File: 083006.0165

Attention: Wolfgang Gericke, President

Dear Sir:

**Re: Atikokan Forest Products Ltd. Indebtedness Due to GE Canada Equipment
Financing G.P. ("GE Canada")**

We are solicitors for GE Canada in connection with the obligations of Atikokan Forest Products Ltd. ("Atikokan") to GE Canada pursuant to Equipment Loan and Security Agreement dated April 2, 2007 having No. 150010292870, as amended (the "Atikokan ELSA"). We are also solicitors for GE Canada in connection with the obligations of Northern Sawmills Inc. ("Northern Sawmills") to GE Canada pursuant to Equipment Loan and Security Agreement dated March 22, 2007 having No. 150010293079, as amended (the "Northern Sawmills ELSA").

Northern Sawmills has defaulted under its obligations pursuant to the Northern Sawmills ELSA and we have this day demanded payment of all amounts owing by Northern Sawmills to GE Canada pursuant to the Northern Sawmills ELSA. A copy of our letter to Northern Sawmills in that regard is enclosed.

All obligations of Northern Sawmills under the Northern Sawmills ELSA have been cross-defaulted with all obligations of Atikokan under the Atikokan ELSA, as acknowledged by Atikokan in an acknowledgement dated March 31, 2009. The default of Northern Sawmills under the Northern Sawmills ELSA constitutes a default by Atikokan of its obligations pursuant to the Atikokan ELSA. Pursuant to section 14 of GE Canada's standard terms and conditions incorporated into the Atikokan ELSA, upon default, GE Canada is entitled to declare the Atikokan ELSA to be in default, whereupon all amounts owing pursuant to the Atikokan ELSA become immediately due and payable.

On behalf of GE Canada, we hereby demand payment of all obligations owing under the Atikokan ELSA. The amount of the obligations owing under the Atikokan ELSA as of March 31, 2010 was \$10,055,189.04, as described in the attached early termination quote. Additional interest will continue to accrue until payment in full is made. The exact balance owing will be provided for payout purposes upon request. This letter constitutes a demand for payment of the amount set forth above, further interest accruing at the rate set out in the Atikokan ELSA, which

accrues thereon to the date of payment, plus all costs incurred by GE Canada in connection with this matter. The exact balance owing will be provided for payout purposes upon request.

Unless payment or an arrangement satisfactory to GE Canada for payment of the amount demanded herein is made within 10 days from the date of this letter, GE Canada will take such steps as are necessary in order to recover the amounts owing by Atikokan under the terms of the ELSA. Those steps may include the commencement of legal proceedings, the costs of which will be for Atikokan's account. In addition, GE Canada may take steps to enforce GE Canada's rights under all security previously granted by Atikokan, including, without limitation, the Atikokan ELSA, the general security agreement dated April 2, 2007, the equipment security agreement dated March 25, 2009 and the collateral charge granted by the Company in favour of General Electric Canada Real Estate Finance Inc., as nominee for GE Canada, as amended. In that regard, enclosed is a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* which is hereby being served upon the Company.

Please govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

Per:



Alissa K. Mitchell
KMS/

c: Christopher Rankin

NOTICE OF INTENTION TO ENFORCE A SECURITY**(SECTION 244(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* AND RULE 124 OF THE *GENERAL RULES UNDER THE BANKRUPTCY AND INSOLVENCY ACT*)**

TO: ATIKOKAN FOREST PRODUCTS LTD., an Insolvent Person

TAKE NOTICE THAT:

1. GE Canada Equipment Financing G.P., a secured creditor, intends to enforce its security on the Insolvent Person's property, described below:
 - (a) all present and future real and personal property of whatsoever nature or kind and whether tangible or intangible including, without limitation, all equipment, inventory, accounts, contract rights, work in process and all proceeds derived from any dealing therewith;
 - (b) the specific equipment listed on Schedule A attached hereto; and
 - (c) the real property described on Schedule B attached hereto.
2. The security that is to be enforced is in the form of:
 - (a) a General Security Agreement dated April 2, 2007;
 - (b) an Equipment Loan and Security Agreement dated April 2, 2007 having No. 150010292870;
 - (c) an Equipment Security Agreement dated March 25, 2009; and
 - (d) a Collateral Charge registered on April 2, 2007 as Instrument No. RD7633 in the Land Registry Office for the District of Rainy River (LRO #48), as amended by an Agreement Amending Charge dated March 16, 2009 and registered on March 30, 2009 as Instrument No. RD13051.
3. The total amount of indebtedness secured by the security was \$10,055,189.04 on account of principal and interest owing as at March 31, 2010 together with further interest thereon at the rate of 6.10% per annum. The security further secures repayment of all costs and expenses, whether present or future, incurred by the secured creditor in effecting recovery.
4. The secured creditor will not have the right to enforce the security until after the expiry of the ten (10) day period after this Notice is sent, unless the Insolvent Person consents to an

earlier enforcement.

DATED at London, Ontario this 2nd day of April, 2010.

**GE CANADA EQUIPMENT
FINANCING G.P.**

By its Solicitors

Miller Thomson LLP

2010-255 Queens Avenue

London, ON N6A 5R8

Per:



Alissa Mitchell

SCHEDULE A**Equipment**

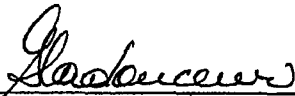
UNIT	MODEL	DESCRIPTION
1	DDM12 SBP	Comact Side Board Profiler
1	DDM6	Comact Saw Line Complete sawmill line within building comprising of: air compressors, heating systems, hydraulic systems, electrical systems, catwalks, monorails, in feed ramps, out feed ramps and decks, unscramblers, debarker conveyers, debarkers, surge deck, edger system, sorters, computer systems, dry kiln, all attachments and accessories that are required for the continuous operation and production of the line. The collateral is located or affixed to the selected PIN 56002-0090 LT, PIN 56002- 0041 LT, PIN 56002-0044 LT, PIN 56002-0046 LT, PIN 56002-0091 LT, PIN 56002-0108 LT, PIN 56002-0109 LT, PIN 56002-0115 LT, PIN 56002-0116 LT, PIN 56002-0132 LT, PIN 56002-0134 LT, PIN 56002-0136 LT, PIN 56002-0138 LT

SCHEDULE B**Real Property**

1. PCL 14904 SEC RAINY RIVER; PT MINING CLAIM FF-746 HUTCHINSON AS IN SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF 5 FT ABOVE ORDINARY HIGHWATER MARK & RESERVING THE CANADIAN NATIONAL RAILWAY ROW; DISTRICT OF RAINY RIVER - PIN No. 56002-0090 (LT) (LRO#48);
2. PCL 14563 SEC RAINY RIVER; MINING CLAIM F.F. 5001 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS; DISTRICT OF RAINY RIVER - PIN No. 56002-0041 (LT) (LRO#48);
3. PCL 14566 SEC RAINY RIVER; MINING CLAIM F.F. 5038 HUTCHINSON EXCEPTING THE ROW OF THE CANADIAN NATIONAL RAILWAY CROSSING THE SAID CLAIM; DISTRICT OF RAINY RIVER - PIN No. 56002-0044 (LT) (LRO#48);
4. PCL 14811 SEC RAINY RIVER; PT MINING CLAIM F.F. 746 HUTCHINSON AS IN SLT56280; DISTRICT OF RAINY RIVER - PIN No. 56002-0046 (LT) (LRO#48);
5. PCL 10450 SEC RAINY RIVER; MINING CLAIM F.F. 1571 HUTCHINSON; DISTRICT OF RAINY RIVER - PIN No. 56002-0091 (LT) (LRO#48);
6. PCL 9838 SEC RAINY RIVER; MINING CLAIM F.F. 1030 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CONTAINING 1 4/10 ACRES, MORE OR LESS, CROSSING SAID MINING CLAIM, BEING OF SRO; DISTRICT OF RAINY RIVER - PIN No. 56002-0108 (LT) (LRO#48);
7. PCL 9913 SEC RAINY RIVER; MINING CLAIM F.F. 1224 HUTCHINSON RESERVING THE FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE NATURAL HIGH WATER MARK; DISTRICT OF RAINY RIVER - PIN No. 56002-0109 (LT) (LRO#48);
8. PCL 9386 SEC RAINY RIVER; MINING CLAIM F.F. 746 HUTCHINSON COMPRISING S PT LOCATION X636 EXCEPT SLT56280 & SLT56911 RESERVING FLOODING RIGHTS UP TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK ALSO RESERVING ROW OF CANADIAN NATIONAL RAILWAY; DISTRICT OF RAINY RIVER - PIN No. 56002-0115 (LT) (LRO#48);
9. PCL 9400 SEC RAINY RIVER; MINING CLAIM F.F. 747 HUTCHINSON COMPRISING N PT LOCATION X636 SITUATE ON THE SOUTHERLY SHORE OF SAPAWE LAKE RESERVING FLOODING RIGHTS TO AN ELEVATION OF FIVE FT ABOVE ORDINARY HIGH WATER MARK; DISTRICT OF RAINY RIVER - PIN No. 56002-0116 (LT) (LRO#48);

10. MINING CLAIM F.F. 5039 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAYS CROSSING THE SAID CLAIM SHOWN MARKED RED ON PL S412, PT 4 & 5 48R1567, PT 2 48R1864, PT 1, 2 & 5 48R3730 AND PT 4 48R4034; DISTRICT OF RAINY RIVER - PIN No. 56002-0132 (LT) (LRO#48);
11. MINING CLAIM F.F. 1223 HUTCHINSON EXCEPT THE ROW OF THE CANADIAN NATIONAL RAILWAY, PL S412, PT 1 48R1100, PT 1, 2 & 3 48R1567, PT 1 48R1864, PT 3, 6 & 7 48R3730 AND PT 3 48R4034; DISTRICT OF RAINY RIVER - PIN No. 56002-0134 (LT) (LRO#48);
12. PT MINING CLAIM F.F. 5071 HUTCHINSON PART 2, 48R4034; DISTRICT OF RAINY RIVER - PIN No. 56002-0136 (LT) (LRO#48);
13. PT MINING CLAIM F.F. 5158 HUTCHINSON PART 1, 48R4034; DISTRICT OF RAINY RIVER - PIN No. 56002-0138 (LT) (LRO#48)

This is Exhibit "U" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.


A Commissioner of Oaths for all the
districts of the province of Quebec



MILLER THOMSON LLP

Barristers & Solicitors
Patent & Trade-Mark Agents

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8
T: 519.931.3500
F: 519.858.8511
www.millerthomson.com

April 2, 2010

Alissa K. Mitchell
Direct Line: 519.931.3510
amitchell@millerthomson.com

Delivered Via Registered Mail & Ordinary Mail

File: 083006.0165

Northern Sawmills Inc.
c/o Box 290
39 McIntyre Centre
Thunder Bay, ON P7B 6P9

Attention: Wolfgang Gericke, President

Dear Sir:

**Re: Atikokan Forest Products Ltd. Indebtedness Due to GE Canada Equipment
Financing G.P. ("GE Canada")**

We are solicitors for GE Canada in connection with the obligations of Atikokan Forest Products Ltd. ("Atikokan") to GE Canada pursuant to Equipment Loan and Security Agreement dated April 2, 2007 having No. 150010292870, as amended (the "ELSA").

Northern Sawmills Inc. (the "Company") did guarantee the payment of all obligations of Atikokan to GE under the ELSA pursuant to an unconditional unlimited guarantee and indemnity dated March 25, 2009 (the "Guarantee").

Accordingly, on behalf of GE Canada, we hereby demand payment from the Company under the terms of the Guarantee of the aggregate indebtedness owing under the ELSA, which as at March 31, 2010 was \$10,055,189.04, together with interest thereon from this date forward at the rate of 24% per annum in accordance with the terms of the Guarantee and all legal and other costs incurred by GE Canada to collect the amounts herein demanded. The exact balance owing will be provided for payout purposes upon request.

Unless payment or an arrangement satisfactory to GE Canada for payment of the amount demanded herein is made within 10 days from the date of this letter, GE Canada will take such steps as are necessary in order to recover the amounts owing by the Company under the terms of the Guarantee. Those steps may include the commencement of legal proceedings, the costs of which will be for the Company's account, including an amount equal to 15% of all amounts demanded hereunder. In addition, GE Canada may take steps to enforce GE Canada's rights under all security previously granted by the Company, including, without limitation, the equipment loan and security agreement dated March 22, 2007 having No. 150010293079, as amended, the general security agreement dated March 21, 2007, the equipment security agreement dated March 25, 2009 and the collateral charge granted by the Company in favour of General Electric Canada Real Estate Finance Inc., as nominee for GE Canada, as amended. In

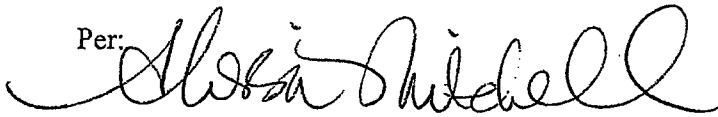
that regard, enclosed is a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* which is hereby being served upon the Company.

Please govern yourself accordingly.

Yours truly,

MILLER THOMSON LLP

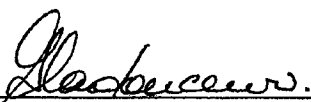
Per:

A handwritten signature in black ink, appearing to read "Alissa K. Mitchell". The signature is fluid and cursive, with a large, stylized initial "A".

Alissa K. Mitchell
KMS/

c: Christopher Rankin
Lucky Star Holdings Inc.

This is Exhibit "V" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec



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GE Capital Solutions
1 Place ville Marie
Suite 1401
Montreal, QC H5B 2B2

Attention: Chris Rankin

As you are aware, both General Electric Canada Real Estate Finance Inc. ("GE"), and Buchanan Sales Inc. ("Buchanan") hold certain security interests against the assets of Atikokan Forest Products Ltd. ("Atikokan"). We have entered into Postponements registered March 30, 2009 affecting your mortgage security as well as a Waiver dated March 25, 2009.

In recent months, Buchanan has been supportive of the ongoing security and other expenses of Atikokan.

In light of current financial circumstances it does not appear that Atikokan will recommence operations in the foreseeable future. Accordingly, Buchanan will not continue its support for the ongoing expenses of Atikokan. In particular it intends to allow the insurance on the Atikokan assets to lapse, effective November 10, 2010, for nonpayment of premiums.

We believe that it would be to our mutual benefit to exercise our respective enforcement rights in a cooperative manner. We look forward to exploring the best route for such enforcement proceedings with you. Please contact me at your earliest opportunity.


Yours truly

Atikokan Forest Products Ltd.
Per:

Wolfgang Gericke
President

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This is Exhibit "W" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.



A Commissioner of Oaths for all the
districts of the province of Quebec



267

LUCKY STAR HOLDINGS INC.

1120 Premier Way
Thunder Bay, ON
P7B 0A3

GE Capital Solutions
1 Place ville Marie
Suite 1401
Montreal, QC H5B 2B2

Attention: Chris Rankin

As you are aware, both General Electric Canada Real Estate Finance Inc. ("GE"), and Lucky Star Holdings Inc. ("Lucky Star") hold certain security interests against the assets of Northern Sawmills Inc. ("Northern"). We have entered into a Priority and Intercreditor Agreement dated March 22, 2007.

In recent months, Lucky Star has been supportive of the ongoing security and other expenses of Northern.

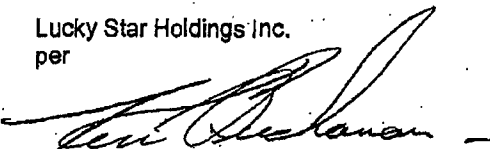
In light of current financial circumstances it does not appear that Northern will recommence operations in the foreseeable future. Accordingly, Lucky Star will not continue its support for the ongoing expenses of Northern. In particular it intends to allow the insurance on the Northern assets to lapse, effective November 10, 2010, for nonpayment of premiums.

Lucky Star intends to enforce its security on those assets on which it has first-place priority according to the Priority Intercreditor Agreement. It does not appear likely that Lucky Star will obtain recovery, as a subsequent secured party, out of the remaining Northern assets. Since Lucky Star therefore likely has no economic interest in those remaining assets, Lucky Star invites GE to proceed with enforcement under its security.

We believe that it would be to our mutual benefit to exercise our respective enforcement rights in a cooperative manner. We look forward to exploring the best route for such enforcement proceedings with you. Please contact me at your earliest opportunity.

Yours truly

Lucky Star Holdings Inc.
per



Ken Buchanan
President

This is Exhibit "X" referred to in the
Affidavit of Christopher Rankin solemnly
declared before me in Montreal
this 23 day of December, 2010.

Glaudee. # 166 065

A Commissioner of Oaths for all the
districts of the province of Quebec

CV-10 - 412393

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Court File No. _____

THE LABOUR RELATIONS ACT

IN THE MATTER OF the Decision of an Arbitrator or
Arbitration Board under Section 48 of the *Labour
Relations Act, 1995*

BETWEEN:

**COMMUNICATIONS, ENERGY AND PAPERWORKERS
UNION OF CANADA, AND ITS LOCALS 38X AND 38.02**

Applicant,

- and -

**NORTHERN SAWMILLS INC.
("NSI")**

Respondent.

TO: The Local Registrar of the Superior Court of Justice

Communications, Energy and Paperworkers Union of Canada and its Locals 38X and 38.02, being a Party and trade union affected by the decision of an Arbitrator under Section 48 of the *Labour Relations Act, 1995*, hereby files the consent order attached hereto as Appendix "A".

2. The Decision was made under the following circumstances:

i. Arbitrator or Members of Board of Arbitration:

Lab-Rel Services Ltd.
96 Sutherland Drive
Toronto, Ontario M4G 1H7

Tele: 416- 429-0984
Fax: 416- 463-0977
Email: fiona.ho@rogers.com

Attn: Kevin M. Burkett
Arbitrator

ii. Appearances for Complainant:

CaleyWray
Labour/Employment Lawyers
1600-65 Queen Street West
Toronto, ON M5H 2M5

Tele: 416-775-4674
Fax: 416-366-3293
Email: nymanj@caleywrap.com

Attn: J. James Nyman

iii. Appearances for Respondent:

Barrister & Solicitor
Suite 700, West Arthur Place
1265 Arthur Street East
Thunder Bay, ON P7E 6E7

Tele: 807 628-0700
Fax: 807 628-0705

Attn: Ms. Mandy Fricot

iv. Date and Place of Hearing:

Thunder Bay, Ontario 20th Day of July, 2010.

v. Date of Decision:

August 25, 2010.

vi. Date of Release of Decision:

August 25, 2010.

vii. Date Provided In Decision for Compliance:

N/A.

3. The decision, exclusive of the reasons therefore, reads as follows:

1. NSI is hereby directed to make the payments set out in Schedule A to this Order (less statutory withholdings and remittances and any repayment to Human Resources and Social Development Canada regarding any employment insurance payments the Employees may have received) to the employees listed therein.
2. The Union's Grievance #07970 (08-03) is resolved without the

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- 3 -

need for a hearing on the terms to by the parties.

4. The respondent has failed to comply with the decision.

Dated at Toronto this ¹⁴ day of October, 2010.

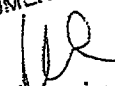
I CERTIFY THAT A COPY OF THE DECISION IS A TRUE COPY AND THE PARTICULARS SET OUT HEREIN ARE WITHIN MY KNOWLEDGE AND ARE ACCURATE.


J. James Nyman
CaleyWray, Labour Lawyers
Counsel for the Applicant.

(signature of the person filing the decision or, where the person filing is a corporation or trade union, of an officer authorized in that behalf)

FILED at Toronto this 15 day of Oct., 2010 pursuant to Section 48 of *the Labour Relations Act, 1995*.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO.:
LE / DANS LE REGISTRE NO.:
OCT 14 2010

AS DOCUMENT NO.:
À TITRE DE DOCUMENT NO.:
PER / PAR: 

THIS ORDER bears interest at the rate of 4% per annum commencing on August 25, 2010

M. Sagaria
Registrar

Local Registrar
393 University Avenue, 10th Floor
Toronto, Ontario

APPENDIX "A"

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IN THE MATTER OF AN ARBITRATION

BETWEEN:

NORTHERN SAWMILLS INC. AND COMMUNICATIONS, ENERGY AND
PAPERWORKERS UNION OF CANADA, LOCAL 38X
- GRIEVANCE # 07970 (08-03)

SOLE ARBITRATOR:

Kevin M. Burkett

FOR THE EMPLOYER:

Mandy Fricot - Counsel

FOR THE UNION:

Jim Nyman - Counsel

A W A R D

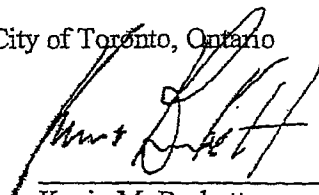
I was appointed as an arbitrator under this collective agreement to hear and determine this matter. There is no dispute with respect to my authority in this regard.

The parties have been successful in resolving this matter on the basis of a mutually agreed upon Consent Order. This Consent Order and accompanying schedule are attached as Appendix 'A' to this award.

I hereby adopt this Consent Order as my award in this matters and direct compliance therewith.

I remain seized.

DATED on this 25th day of August, 2010 in the City of Toronto, Ontario


Kevin M. Burkett

'APPENDIX A'

IN THE MATTER OF ARBITRATION
BETWEEN:

NORTHERN SAWMILLS INC.
("NSI")

-and-

COMMUNICATIONS, ENERGY AND PAPERWORKERS UNION OF
CANADA and its LOCALS 38X and 38.02
(the "Union")

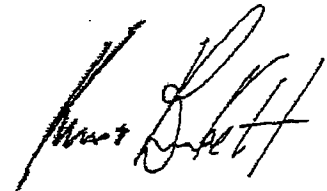
AND IN THE MATTER OF GRIEVANCE #07970 (08-03) DATED SEPTEMBER 16, 2008

CONSENT ORDER

On reading the draft Order approved as to form and content by Counsel for NSI and Counsel for the Union, I hereby order that:

1. NSI is hereby directed to make the payments set out in Schedule A to this Order (less statutory withholdings and remittances and any repayment to Human Resources and Social Development Canada regarding any employment insurance payments the Employees may have received) to the employees listed therein.
2. The Union's Grievance #07970 (08-03) is resolved without the need for a hearing on the terms agreed to by the parties.

August 25, 2010.
Date



K. M. Burkett, Arbitrator

Northern Sawmills Inc.
Severance / Termination Pay
CEP Local 38X

Schedule A

	<u>NAME</u>	<u>TOTAL AMOUNT</u>
1	ADAMS, J.	26,962.72
2	AHO, Trevor	29,672.74
3	ALLISON, Jim	24,474.11
4	ANGUS, Gerry	23,145.63
5	ARMSTEAD, D	23,772.25
6	BACKMAN, Fred	23,484.67
7	BAKER, Dave	26,697.05
8	BANKS, Bill	28,001.33
9	BELCASTRO, A	26,662.82
10	BELL, Fred	28,076.57
11	BELLIN, Rob	27,840.06
12	BELLIN, Rory	28,109.78
13	BENDERITE, G	27,687.24
14	BERGLUND, R.	26,645.77
15	BERNST, R.	28,436.01
16	BILSKI, Wm	33,149.61
17	BOBAN, Damir	3,239.09
18	BONNIE, Ray Jr.	24,654.91
19	BONNIE, Ray Sr.	33,315.34
20	BORGIO, Dennis	28,835.29
21	BOSINGER, L	33,123.57
22	BREZDEN, Todd	27,125.59
23	BRODIE, Stan	23,567.85
24	BUCHAN, Ron	34,836.69
25	BUOB, Peter	32,698.94
26	CADE, Robert	26,007.30
27	CARVALHO, Delio	30,114.40
28	CARVALHO, John	22,733.37
29	CASSON, Gail	28,060.39
30	CHORNOBAY, D.	34,598.18
31	CLARKE, Harold	22,816.95
32	CLIFFORD, Wayne	7,132.92
33	CLOWES, Derrick	20,299.92
34	COTE, Don	20,837.27
35	DAFOE, Brian	22,382.53
36	DAHL, Eric	25,934.82
37	DANCER, Tom	25,080.05
38	DAYE, Daniel	22,392.46
39	DELUCA, Tom	29,359.71
40	DJUKIC, Sasa	27,185.87

41	DOLASINSKI, J.	28,839.71
42	DONYLYK, Brian	25,971.03
43	DOWHANIUK, G.	20,715.38
44	DUNN, Perry	30,339.36
45	DURCOK, Walter	25,634.15
46	ECKMAN, Darrell	27,158.23
47	EVANS, David	17,096.32
48	FARNO, John	20,839.28
49	FARNO, Sal	28,076.57
50	FAUBERT, Rod	20,968.05
51	FILION, Jocelyn	27,036.28
52	FREDRICK, Jim	34,050.99
53	FURIOSO, Kirk	21,325.20
54	GAGNE, J. P.	27,036.28
55	GALANDZIEJ, J.	21,344.05
56	GAMERSCHLAG, Randy	28,638.82
57	GILBRIDE, Pat	21,089.53
58	GILLIAM, Jamie	21,650.77
59	GIROUX, Dan	27,677.91
60	GOTH, Nick	28,023.41
61	GOULET, Guy	22,818.09
62	GRAY, Mike	26,697.05
63	GREAVES, John	22,197.74
64	HAGLIN, Wade	21,492.84
65	HAMILTON, Pat	32,392.16
66	HEINONEN, David	26,193.01
67	IORIANNI, Pasquale	18,628.36
68	JARVINEN, Ken	21,992.03
69	JAVOR, Zdravko	27,707.65
70	JONASSON, D. Jr	18,628.36
71	JONASSON, Russ	21,789.25
72	JOYCE, Russ	11,832.39
73	KARPOWICH, L.	27,475.18
74	KEAN, Mark	29,035.78
75	KEELING, Mike	17,585.39
76	KELLY, Wayne	23,622.52
77	KEPES, Robert	27,340.51
78	KILLER, Brian	35,004.37
79	KOLODY, Bill	25,269.16
80	KORHONEN, Eric	34,612.21
81	KORMANO, Hannu	32,558.04
82	KOSTECKI, G.	23,135.30
83	LAATU, Glenn	18,657.51
84	LAFROYE, Ron	28,111.20
85	LALONDE, Paul	18,771.70
86	LAMONTAGNE, D.	23,326.87
87	LANDRY, Raymond	26,702.81
88	LARABEE, Rob	21,177.00
89	LAUZIER, Gilbert	32,044.70

90 LAUZON, Denis	26,424.76
91 LEATHORN, Brian	23,808.84
92 LECHKOON, Nick	21,968.94
93 LEE, Doug	30,698.67
94 LEGOURRIEREC, R.	23,118.53
95 LEOCHKO, Larry	27,222.55
96 LINTUNEN, Kari	22,713.42
97 LLOYD, Allan	25,901.57
98 LOWE, Dennis	31,767.91
99 LUHTALA, Roy	37,262.90
100 LYONS, Earl	22,015.19
101 MACEDO, Manuel	23,576.80
102 MAMOS, Edmond	30,665.59
103 MANDAMIN, Andy	32,732.18
104 MARGARIT, Brian	26,620.07
105 MARINO, Julio	16,756.18
106 MARTINS, Luis	23,321.30
107 MATHEWSON, D.	21,531.72
108 MATTILA, Brian	30,213.69
109 MAUNU, Archie	22,921.64
110 MAUNU, Larry	27,609.45
111 MAUNU, Wayne	33,852.52
112 MCCOY, Rick	34,425.26
113 MCFARLANE, Gary	30,076.15
114 MCGILLIS, Merle	34,836.69
115 MENEI, Mario	19,449.56
116 METHOT, Chris	33,545.92
117 METHOT, Cory	4,896.52
118 MIDDLETON, Gary	29,494.40
119 MILLARD, Tony	28,648.47
120 MITCHELL, Dale	28,993.86
121 MOFFITT, Jerry	37,112.60
122 MONONEN, Hannu	26,049.78
123 MONTEITH, Dean	23,290.67
124 MOZELL, Darrell	27,791.15
125 MOZELL, Mike	30,623.90
126 MUJA, Carmelo	25,922.55
127 MULOIN, Kim	31,236.81
128 MURPHY, Mike	30,768.88
129 NACHUK, Greg	24,603.57
130 NASH, Merrick	19,551.60
131 NESTI, Lucien	21,631.33
132 NOWICKI, Brian	21,570.59
133 OLSEN, Glenn	27,868.68
134 OLSEN, Robert	28,744.93
135 OSADEC, Pat	27,554.12
136 OSADEC, Rick	29,172.52
137 PANKEWICH, V.	24,963.65
138 PATREAU, Dave	25,240.80

139 PEREIRA, Alvaro	20,632.77
140 PERRY, Warren	31,687.16
141 PERT, Allan	25,920.50
142 PFLEGER, John	28,076.57
143 PLACKEN, Kevin	17,884.90
144 POLONOSKI, S.	20,528.30
145 POYHOLA, Kevin	25,813.08
146 PUCCI, J. J.	27,125.59
147 PUZELLA, V.	32,377.05
148 RADLEY, Bruce	28,472.28
149 RANNI, Karl	21,687.35
150 REHKOPH, Brent	30,496.98
151 REID, Dan	22,895.08
152 ROBB, Leonard	20,397.10
153 RODY, Brad	29,078.40
154 RUSSELL, Curtis	16,705.15
155 RYMA, Edward	21,065.24
156 RYSINSKI, Steve	30,213.69
157 SANDMOEN, Sandy	26,697.05
158 SCAVARELLI, Nick	35,624.26
159 SERVAIS, GLEN	22,315.01
160 SHABANI, Njazi	9,693.71
161 SHEWCHUK, Robin	25,000.76
162 SHMANKA, Nick	22,216.89
163 SIMPSON, David	32,507.70
164 SINDERLY, Vance	23,983.74
165 SISSON, William	27,470.26
166 SLOWIK, Stan	28,076.57
167 SOUSA, Bill	32,044.70
168 SOUSA, Manny	27,641.79
169 SPITHOFF, Mike	5,003.42
170 STEBNER, Mark	31,433.62
171 STEINBERG, Steve	27,880.24
172 STRANGES, Tony	33,097.65
173 STRICKLAND, Don	22,898.27
174 STRICKLAND, Noel	22,452.93
175 TAPIO, George	28,340.02
176 TAVARES, Adirano	29,578.70
177 TENHUNEN, Albert	30,262.83
178 TENNIER, Denis	28,752.58
179 TENNIER, Pierre	26,240.93
180 TERRY, Wilfred	32,912.85
181 TOIVONEN, Kelvin	21,415.10
182 TREWIN, Gary	30,286.08
183 TUCCI, Biagio	27,724.01
184 TUCCI, Nick	28,111.20
185 TURPIN, Gary	31,601.24
186 TYMCHYSHEN, AI	23,147.72
187 UNTINEN, Kevin	31,401.89

27A

188 VAILLANT, Larry	31,864.96
189 VALELA, Rocco	27,677.91
190 VIDAS, Kevin	25,865.04
191 VINET, Wayne	36,814.93
192 VONDRASEK, D.	23,662.16
193 WHITE, Martin	28,071.99
194 WHITE, Terry	26,021.00
195 WILDE, Craig	28,186.11
196 WILSON, Robert	25,391.14
197 WINTER, William	28,407.20
198 WITZELL, Jamie	23,095.55
199 WOJTANOWSKI, J.	37,604.13
200 ZDEP, Cory	3,505.74
201 ZGANJER, John	17,547.19
202 ZIMMERMAN, J.	31,624.90
203 ZWEEP, Gary	30,297.89

CEP Local 38.02

1 HOWE, Elizabeth	21,657.13
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28

Communication, Energy And Paperworkers Union Of Canada, and its -and- Northern Sawmills Inc.
Local 38X and 38.02
(Applicant)

(Respondent)
Court File No.

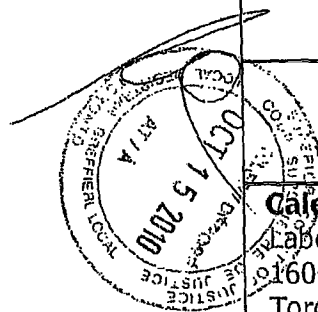
CU-10-412393

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT

Toronto

ORDER



CaleyWray

Labour/Employment Lawyers
1600 - 65 Queen Street W.
Toronto ON M5H 2M5

J. James Nyman (L.S.U.C. # 19647R)
Tel : 416-775-4674
Fax: 416-366-3293

Solicitors for the Applicant

Suite 700, West Arthur Place
1265 Arthur Street East
Thunder Bay, ON P7E 6E7

Ms. Mandy Fricot
Tele: 807 628-0700
Fax: 807 628-0705

Solicitor for the Respondent

File No. CV-10-612393

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN

COMMUNICATIONS, ENERGY AND PAPERWORKERS UNION OF CANADA
and its LOCALS 38X and 38.02

Creditor

-and-

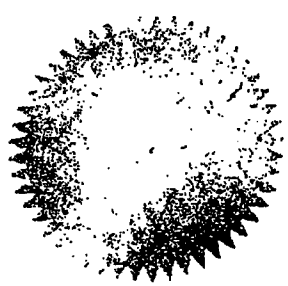
NORTHERN SAWMILLS INC.
("NSI")

Debtor

-and-

ROYAL BANK

Garnishee



NOTICE OF GARNISHMENT

TO: **ROYAL BANK--North-Western Business Centre**
Suite 100, 1159 Alloy Dr.
Thunder Bay, ON P7B 6M8

A LEGAL PROCEEDING in this court between the creditor and the debtor has resulted in an order that the debtor pay a sum of money to the creditor. The creditor claims that you owe a debt to the debtor. A debt to the debtor includes both a debt payable to the debtor and a debt payable to the debtor and one or more co-owners. The creditor has had this notice of garnishment directed to you as garnishee in order to seize any debt that you owe or will owe to the debtor. Where the debt is payable to the debtor and to one or more co-owners, you must pay one-half of the indebtedness or the greater or lesser amount specified in an order made under subrule 60.08 (16).

YOU ARE REQUIRED TO PAY to the Sheriff of the **DISTRICT OF THUNDER BAY**

- (a) within 10 days after this notice is served on you, all debts now payable by you to the debtor; and
- (b) within 10 days after they become payable, all debts that become payable by you to the debtor within 6 years after this notice is served on you, subject to the exemptions provided by section 7 of the *Wages Act*. The total amount of all your payments to the sheriff is not to exceed **\$5,314,144.55** less \$10 for your costs of making each payment.

TAB 3

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Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE _____) _____ DAY, THE _____ DAY
)
JUSTICE _____) OF _____, 20____

G.E. CANADA EQUIPMENT
FINANCING G.P.

Applicant

- and -

NORTHERN SAWMILLS INC.

Respondent

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

ORDER

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing PricewaterhouseCoopers Inc. ("PwC") as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Northern Sawmills Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Christopher Rankin sworn December 23, 2010 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Debtor and on reading the consent of PwC to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, PwC is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical

inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$200,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages*

Act, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to assign the Debtor into bankruptcy,
- (s) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all wood supply arrangements and commitments, sustainable forestry licenses, forest management services, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names,

provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, or as employer under the *Pension Benefits Act*, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal

information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation,

unless it is actually in possession. Nothing in this Order shall derogate from the protection afforded to the Receiver by section 14.06 of the BIA or other applicable legislation.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in

its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$300,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

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

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the

Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that PricewaterhouseCoopers Inc. ("PwC"), the receiver (the "Receiver") of the assets, undertakings and properties of Northern Sawmills Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 4th day of January, 2011 (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED December ●, 2010.

PricewaterhouseCoopers Inc., solely in its
capacity as Receiver of the Property, and not
in its personal capacity

Per: _____
Name:
Title:

TAB 4

January 15, 2010

~~s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver~~

Court File No. _____

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

THE HONOURABLE _____) _____ DAY, THE ____ DAY
)
 JUSTICE _____) OF _____, 20__

PLAINTIFF[†]

Plaintiff

[†] The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

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

Applicant

- and -

DEFENDANT

Defendant

NORTHERN SAWMILLS INC.

Respondent

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

ORDER

THIS MOTION made by the Plaintiff² Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~[RECEIVER'S NAME]~~ PricewaterhouseCoopers Inc. ("PwC") as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME]~~ Northern Sawmills Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~ Christopher Rankin sworn ~~[DATE]~~ December 23, 2010 and the Exhibits thereto and on hearing the submissions of counsel for ~~[NAMES]~~, no one appearing for ~~[NAME]~~ although duly served as appears from the affidavit of service of ~~[NAME]~~ sworn ~~[DATE]~~ the Applicant and counsel for the Debtor and on reading the consent of ~~[RECEIVER'S NAME]~~ PwC to act as the Receiver,

SERVICE

² Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated³ so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, [RECEIVER'S NAME] PwC is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

³ ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$200,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, {or section 31 of the Ontario *Mortgages Act*, as the case may be,} shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to assign the Debtor into bankruptcy.
- (s) ~~(r)~~ to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (t) ~~(s)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of ~~its~~their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent

service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all wood supply arrangements and commitments, sustainable forestry licenses, forest management services, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, or as employer under the *Pension Benefits Act*, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately

and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession. Nothing in this Order shall derogate from the protection afforded to the Receiver by section 14.06 of the BIA or other applicable legislation.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are

hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁴

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

⁴ ~~Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$300,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

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

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that the PlaintiffApplicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the PlaintiffApplicant's security or, if not so provided by the PlaintiffApplicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any

other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~ PricewaterhouseCoopers Inc. ("**PwC**"), the receiver (the "**Receiver**") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ of Northern Sawmills Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 4th day of January, 2011 (the "**Order**") made in an action having Court file number -CL-, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded ~~{daily}~~ {monthly not in advance on the _____ day of each month} after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of ~~Bank of _____~~ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20____ December 9, 2010.

~~[RECEIVER'S-
NAME]~~ PricewaterhouseCoopers Inc., solely
in its capacity as Receiver of the Property,
and not in its personal capacity

Per: _____

Name:

Title:

Document comparison by Workshare Professional on Friday, December 24, 2010
11:31:41 AM

Input	
Document 1 ID	PowerDocs://SETOR1/5393006/4
Description	SETOR1-#5393006-v4-Model_Order_Appointing_Receiver
Document 2 ID	PowerDocs://SETOR1/5765562/3
Description	SETOR1-#5765562-v3-jb/_GE_Re_Buchanan/_Initial_Order_re_Appointment_of_Receiver - NORTHERN
Rendering set	Standard

Legend	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics	
	Count
Insertions	38
Deletions	74
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	112

TAB 5

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

**IN THE MATTER OF THE RECEIVERSHIP OF
NORTHERN SAWMILLS INC.
A COMPANY CONTINUED PURSUANT TO
THE LAWS OF THE PROVINCE OF ONTARIO
WITH A HEAD OFFICE IN THE CITY OF THUNDER BAY
IN THE PROVINCE OF ONTARIO**

CONSENT

Pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, C-43, as amended, PricewaterhouseCoopers Inc. ("PwC") hereby consents to acting as the receiver, of all the assets, undertakings and properties of every nature and kind whatsoever and wherever situate, including all proceeds thereof, of Northern Sawmills Inc., in accordance with an order substantially in the form of the order included in the application record of GE Canada Equipment Financing G.P. dated December 23, 2010, as such order may be amended in a manner satisfactory to PwC.

Dated at Toronto this 23rd day of December, 2010

PricewaterhouseCoopers Inc.

Per:



Greg Prince
Senior Vice President

G.E. Canada Equipment Financing G.P.

and

Northern Sawmills Inc.

Court File No: CV10-9042-00CL

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**APPLICATION RECORD
(RETURNABLE JANUARY 4, 2011)**

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
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199 Bay Street
Toronto, Canada M5L 1B9

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