

**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 INSOLVENCY ACT*, R.S.C. 1985, c. C-36, as amended, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, as amended.

MOTION RECORD

July 27, 2011

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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BETWEEN:

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.**

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TAB 1

Court File No. CV10-9042-00CL

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

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Northern Sawmills Inc.

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COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, as amended.**

NOTICE OF MOTION

PricewaterhouseCoopers Inc. (“PwC”) in its capacity as court-appointed receiver (the “Receiver”) of Northern Sawmills Inc. (“Northern”) will make a motion to a Judge on August 3, 2011, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

1. An Order in form attached hereto as Schedule “A” that orders:
 - (a) that the time for service of the Notice of Motion and the Motion Record is abridged so that this Motion is properly returnable on the date that it is heard and any further service of the Notice of Motion and the Motion Record is hereby dispensed with;

- (b) approving the Agency Sale Agreement (defined below) between the Receiver and Maynards Industries Ltd. (“**Maynards**”) relating to the liquidation of the Northern Property (defined below) and authorizing the Receiver to execute the Agency Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction contemplated thereby;
- (c) extending the relevant timelines set out in the Northern Sale Process (defined below) to allow the Receiver complete the Northern Sale Process;
- (d) approving an increase of the Receiver’s borrowing limit under the Receivership Order (defined below) from \$300,000 to \$400,000;
- (e) authorizing the Receiver to release to Royal Bank of Canada the GIC Account (as defined in the Third Report) and the amount of \$85,000 held by Northern in the GIC Account;
- (f) approving the Receiver’s activities and Reports from the Appointment Date (defined below) to the date of the Receiver’s Third Report;
- (g) sealing confidential Appendix “F” attached to the Receiver’s Third Report until the closing of a transaction for the liquidation sale of the Northern Property (defined below) or upon further Order of this Honourable Court; and
- (h) such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background on the Northern Sales Process

2. By an Order (the “**Receivership Order**”) of this Honourable Court dated January 4, 2011 (the “**Appointment Date**”), PwC was appointed as Receiver, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, (the “**CJA**”) of all of the assets, undertakings and properties of Northern acquired for, or used in relation to a business carried on by Northern, including all proceeds thereof (the “**Northern Property**”);
3. On the same date, pursuant to an Order of this Honourable Court, PwC was also appointed as receiver, pursuant to section 243(1) of the BIA and section 101 of the CJA, over all the assets, undertakings and properties, including all proceeds thereof (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**”);
4. On the same date, pursuant to an Order of this Honourable Court (the “**Northern Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Northern Property, or any material portions thereof, substantially in accordance with the sale process described in the Northern Proposed Receiver’s Report dated December 30, 2010 (the “**Northern Sale Process**”);
5. On the same date, pursuant to an Order of this Honourable Court, the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process described in the Atikokan Proposed Receiver’s Report dated December 30, 2010;

The Termination of the APAs

6. On April 29, 2011, the Receiver entered into a transaction (the “**EACOM Transaction**”) with EACOM Timber Corporation (“**EACOM**”), for the purchase and sale of substantially all of the Northern Property (the “**Northern APA**”), subject to a number of conditions precedent, including that EACOM could complete its due diligence of the Northern Property;

7. On the same date, the Receiver and EACOM also executed an asset purchase agreement in respect of the Atikokan Property (the “**Atikokan APA**” and, collectively with the Northern APA, the “**APAs**”);

8. The Receiver understands that after the execution of the APAs, EACOM commenced further due diligence of the Purchased Assets of Northern and Atikokan, respectively, as such term is defined in each of the APAs;

9. On May 20, 2011, counsel to EACOM e-mailed the Receiver and advised that pursuant to the terms of the Northern APA, EACOM was not satisfied with its due diligence review of the Purchased Assets in respect of the Northern APA. Accordingly, EACOM elected to terminate the Northern APA in accordance with its terms;

10. The Receiver, with GE’s support, subsequently elected to exercise its option to terminate the Atikokan APA;

The Liquidation Agreement

11. Following the termination of the EACOM Transaction, the Receiver, in consultation with GE, recommenced the Northern Sale Process by contacting the former

prospective purchasers, other than EACOM, and inviting such prospective purchasers to submit revised offers for the Northern Property by June 8, 2011;

12. In response, the Receiver received offers from two liquidators in respect of the Northern Property (the “**Liquidation Offers**”);

13. The Liquidation Offers included a proposal from Maynards (the “**Maynards’ Offer**”). The Maynards’ Offer provided the option of an outright sale of the Northern Property to Maynards, or for Maynards to act as the Receiver’s agent overseeing a liquidation sale of the Northern Property on a “commission-only” basis or with a net minimum guarantee to the Receiver, with net proceeds of sale above a certain threshold to be shared as between the Receiver and Maynards;

14. The Receiver has determined that entering into an agency arrangement with Maynards for the liquidation of the Northern Property, subject to a net minimum guarantee being paid to the Receiver is the most favourable alternative available to the Receiver at this time as:

- (a) liquidating the Northern Property with Maynards will not obligate the Receiver to occupy Northern’s real property for another year, which will give rise to the incurrence of additional costs that are not justified by higher potential recoveries;
- (b) the net minimum guarantee will provide a baseline recovery to the Receiver that is only slightly less than the cash purchase options available to the Receiver; and
- (c) if the auction is successful, the overall recovery for the benefit of the Northern’s estate and its stakeholders may in fact be greater than the cash offers;

15. In addition, Lucky Star Holdings Inc. (“**Lucky Star**”), an entity related to Northern, had advised GE before the commencement of this receivership proceeding that it had priority over GE in respect of certain of the Northern Property, including certain “rolling stock” (the “**Disputed Collateral**”). GE takes the position that it has priority over all other secured creditors in respect of all of the Northern Property, including the Disputed Collateral;

16. The Receiver instructed its counsel, Osler, Hoskin & Harcourt LLP (“**Osler**”) to review the security granted by Northern to its secured creditors. Osler discovered various conflicting security documentation which did not allow Osler to definitively determine which secured party has priority over the Disputed Collateral. Following discussions with the competing secured parties, the Receiver is of the view that it is important to determine the value of the Disputed Collateral so that GE and Lucky Star can make an informed determination of the best way to resolve the dispute. In the Receiver’s view, a liquidation of the Northern Property by way of a public auction is the most efficient way to determine the value of the Disputed Collateral, as this will avoid the need to independently value or appraise the Disputed Collateral. The Receiver has consulted with GE and its counsel and counsel to Lucky Star and is advised that GE and Lucky Star are both supportive of the Receiver engaging Maynards;

17. On July 22, 2011 the Receiver and Maynards finalized the agency agreement (the “**Agency Sale Agreement**”);

Extension of Sale Process Timeline

18. The Northern Sale Process Order required the Receiver to determine the most favourable offer and finalize the asset purchase agreement with the successful offering party, subject to the approval of this Honourable Court, by March 25, 2011. The Order also required

the Receiver to seek this Honourable Court's approval for an extension to the timeline longer than ten business days;

19. Despite the Receiver's attempts, the original deadline of April 8, 2011, for executing an asset purchase agreement with a successful bidder (which at that time was EACOM) was not met by the Receiver. All other milestones of the Northern Sale Process were complied with by the Receiver;

20. As the EACOM Transaction was ultimately terminated, the Receiver required additional time to determine whether to recommence or abandon the Northern Sale Process. Upon the recommencement of the Northern Sale Process, the Receiver also required additional time to negotiate the Agency Sale Agreement with Maynards. The Receiver did not seek this Honourable Court's approval of an extension to the timeline set out in the Northern Sale Process once the EACOM Transaction terminated, as at that time the Receiver did not know how much time would be required to determine an alternative for the sale of the Northern Property. The Receiver wanted to make a substantive recommendation to this Honourable Court to allow the Court to make an informed decision about whether to extend the timeline;

21. Now that the Receiver has more information and is recommending that this Honourable Court approve the Agency Sale Agreement, the Receiver respectfully requests that this Honourable Court make an order, *nunc pro tunc*, allowing an extension of the Northern Sale Process timeline for finalizing and executing an agreement with a successful bidder up to and including July 22, 2011, the date the Receiver and Maynards executed the Agency Sale Agreement. GE, as the major stakeholder in the Northern estate, has advised the Receiver that it supports such time extension;

Increase in the Receiver's Borrowing Limit

22. Given that the Northern Sale Process has been taking longer than the Receiver initially anticipated for the reasons set out above, the Receiver requires additional funding to complete the Agency Sale Agreement achieved under the Northern Sale Process and other miscellaneous matters in the administration of the Northern receivership estate. The Receiver estimates that an increase of the Receiver's borrowing limit contained in paragraph 20 of the Receivership Order up to the sum of \$400,000 will be required;

23. The funding of the Northern receivership will continue to be made by way of advances from GE to the Receiver under the Receiver's Borrowing Certificates. The professional fees incurred by the Receiver will continue to be paid directly by GE;

The Receiver's Reports and Activities

24. The Receiver previously filed two reports describing its activities with the Court. The reports are dated January 13, 2011, and July 14, 2011; and

25. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

26. Receiver's Third Report including appendices dated July 27, 2011; and

27. Such other evidence as counsel may advise and this Honourable Court may permit.

July 27, 2011.

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Inc.

TO: SERVICE LIST

TAB A

SCHEDULE "A"

Court File No. CV10-9042-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 3RD
JUSTICE) DAY OF AUGUST, 2011
)

BETWEEN:

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 PricewaterhouseCoopers Inc. ("PwC"), in its capacity as court-appointed receiver (the "Receiver") of Northern Sawmills Inc. ("Northern") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Third Report of the Receiver dated July 27, 2011 (the "Receiver's Third Report"), and on hearing the submissions of counsel for the Receiver, counsel for G.E. Canada Equipment Financing G.P., and counsel for Lucky Star Holdings Inc., no one appearing for any other person on the Service List although properly served as appears from the affidavit of service of ● sworn on July ●, 2011,

1. **THIS COURT ORDERS** that the capitalized terms in this Order bear the same meaning as they are defined to have in the Receiver's Third Report.
2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is hereby abridged so that this Motion is properly returnable today and any further service of the Notice of Motion and the Motion Record is hereby dispensed with.
3. **THIS COURT ORDERS** that the Agency Sale Agreement between the Receiver and Maynards Industries Ltd. relating to the liquidation of the Northern Property, a redacted copy of which is attached as Appendix "G" to the Receiver's Third Report, is hereby approved and authorizes the Receiver to execute the Agency Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction contemplated thereby.
4. **THIS COURT ORDERS** that the deadline for finalizing an APA in the Northern Sale Process, as described in paragraph 12(k) of the Proposed Receiver's Report dated December 30, 2010, and approved in the Northern Sale Process Order, be extended to July 22, 2011, *nunc pro tunc*.
5. **THIS COURT ORDERS** that paragraph 20 of the Northern Receivership Order made by Mr. Justice Morawetz dated January 4, 2011, which permits the Receiver to borrow monies for the purpose of funding the exercise of its powers and duties, is amended to delete "\$300,000" and replace it with "\$400,000".
6. **THIS COURT ORDERS AND AUTHORIZES** the Receiver to release to Royal Bank of Canada the GIC Account (as defined in the Third Report) and the amount of \$85,000 held by Northern in the GIC Account.

7. **THIS COURT ORDERS** that the Receiver's First Report dated January 13, 2011; the Second Report dated July 14, 2011; and the Third Report dated July 27, 2011, and the activities of the Receiver described therein be and are hereby approved.

8. **THIS COURT ORDERS** that confidential Appendix "F" attached to the Receiver's Third Report, containing a summary of the bids in respect of the Northern Property from Prospective Purchasers (as these terms are defined in the Receiver's Third Report) shall be sealed, kept confidential and shall not form part of the public record but shall be placed in a sealed envelope in the Court file and be kept separate from all other contents of the Court file to be opened only after the closing of a transaction for the sale of the Northern Property or upon further Order of this Honourable Court.

9. **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.

G.E. Canada Equipment Financing G.P. - and - **Northern Sawmills Inc.**

Applicant

Respondent

Court File No: CV10-9042-00CL

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. C-36, as amended, AND SECTION 101 OF THE
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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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G.E. Canada Equipment Financing G.P. - and - Northern Sawmills Inc.
Applicant Respondent

Court File No: CV10-9042-00CL

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION

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F. 1127320

TAB 2

Court File No. CV-10-9042-00CL

**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 INSOLVENCY
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

**THIRD REPORT OF
PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
NORTHERN SAWMILLS INC.**

July 27, 2011

BACKGROUND

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

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

6. On July 14, 2011, the Receiver filed its second report with this Honourable Court (the **“Second Report”**), attached hereto, without appendices, as **Appendix “E”**, seeking this Honourable Court’s advice and direction with respect to the applicability of the *Wage Earner Protection Program Act* (“**WEPPA**”) to Northern’s former unionized employees, including:
 - i) the determination of the applicable employment termination date (the **“Employment Termination Date”**) of Northern’s former unionized employees who claim or may claim entitlements under WEPPA, including:
 - a) the impact, if any, of the deemed termination of the former unionized employees under section 56(2) of the Ontario *Employment Standards Act*;
 - b) the impact, if any, and duration of, recall rights of the former unionized employees under the applicable collective bargaining agreement;
 - c) the impact, if any, of the Termination Letters (as defined in the Second Report) executed by certain former unionized employees; and
 - ii) if any Employment Termination Date occurred prior to July 4, 2010, being more than six months prior to the Appointment Date, the Receiver sought a declaration from the Court that the Northern Receiver has no responsibilities or obligations under WEPPA with respect to such former employee.
7. The purpose of this, the Receiver’s third report (the **“Third Report”** and collectively with the Proposed Receiver’s Report, the First Report and the Second Report, the **“Reports”**) is to advise and update this Honourable Court with respect to:
 - i) the status of the Northern Sale Process, including a summary of the bids received by the Receiver in respect of the Northern Property;
 - ii) the termination of the EACOM Transaction (as hereinafter defined);

- iii) the activities undertaken by the Receiver subsequent to the termination of the EACOM Transaction with respect to the Northern Property;
- iv) the results of the review conducted by the Receiver's counsel in respect of the security granted by Northern in favour of its secured creditors; and
- v) update this Honourable Court on the Receiver's other activities to date;

And to seek an order of this Honourable Court:

- i) extending the Northern Sale Process timeline for finalizing and executing an agreement with the successful bidder up to and including July 22, 2011, *nunc pro tunc*, to allow the Receiver to complete the Northern Sale Process;
- ii) approving the agency sale agreement (the "**Agency Sale Agreement**") between the Receiver and Maynards Industries Ltd. ("**Maynards**") relating to the liquidation of the Northern Property, as discussed below, and authorizing the Receiver to execute the Agency Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction contemplated thereby;
- iii) temporarily sealing the Bid Summary (as hereinafter defined) until completion of the sale of that portion of the Northern Property subject to the Agency Sale Agreement;
- iv) authorizing the Receiver to release to RBC the GIC Account (as hereinafter defined) and the amount of \$85,000 held by Northern in the GIC Account;
- v) increasing of the Receiver's borrowing limit, as set out in paragraph 20 of the Northern Receivership Order, from \$300,000 to \$400,000; and
- vi) approving the Reports and the activities of the Receiver as described in the Reports.

8. In preparing the Third Report, the Receiver has relied upon unaudited and draft, internal financial information of Northern and Atikokan provided to it by Northern, Atikokan or by

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

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

SALE PROCESS UPDATE

GENERAL BACKGROUND

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

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

11. Pursuant to an Order of this Honourable Court made on January 14, 2011, the forms of Advertisement and the Teaser were approved.
12. On January 20, 2011, the Advertisement was published in the national edition of the Globe & Mail.
13. Commencing on January 17, 2011, the Teaser and the NDA were sent to the parties who expressed an interest in participating in the Northern Sale Process. The Receiver sent a total of 18 packages containing the Teaser and the NDA to the Prospective Purchasers.
14. On January 24, 2011, the Receiver established an electronic data room (the “**Data Room**”), containing information on Northern and the Northern Property. The Prospective Purchasers, who executed the NDA, were given access to the Data Room so that they could receive the necessary information in respect of Northern and the Northern Property.
15. The Receiver has also been arranging site visits at the premises of Northern in order to assist the Prospective Purchasers who executed the NDA, with their due diligence efforts.
16. The Receiver received a total of four (4) bids (the “**Bids**”) in respect of the Northern

Property from Prospective Purchasers, including liquidation proposals. A summary of the Bids (the “**Bid Summary**”), as amended based upon the discussions between the Receiver and the Prospective Purchasers, is attached hereto as **Appendix “F”**, which was previously provided to this Honourable Court as Confidential Appendix “A” to the second report of PwC in its **capacity** as receiver of Atikokan, dated April 18, 2011.

EACOM TRANSACTION

17. Based on its review of the Bids, the Receiver, in consultation with GE, had determined that the most favourable offer for the Northern Property (the “**Successful Bid**”) was a Bid submitted by EACOM Timber Corporation (“**EACOM**”), a publicly listed, Canadian forestry company.
18. On April 29, 2011, the Receiver and EACOM executed an asset purchase agreement in respect of a transaction (the “**EACOM Transaction**”) for the purchase and sale of the Northern Property (the “**Northern APA**”). The Northern APA contained various conditions precedent for the benefit of EACOM including conditions typical for transactions of this nature and other business conditions including, but not limited to:
 - i) Within 30 days of the execution of the Northern APA, EACOM was to:
 - a) complete its due diligence review of the Purchased Assets, as defined in the Northern APA;
 - b) obtain financing to fund the total purchase price;
 - c) obtain the approval of the EACOM Transaction from its primary lender; and
 - ii) The Receiver obtaining an Approval and Vesting Order with respect to the Purchased Assets.
19. The Receiver did not immediately seek this Honourable Court’s approval of the EACOM Transaction as it elected to allow EACOM to complete its due diligence with respect to the Northern Property to ensure that the due diligence condition was satisfied prior to seeking this Honourable Court’s approval of the Northern APA.

TERMINATION OF THE EACOM TRANSACTION

20. Subsequent to the execution of the Northern APA, EACOM proceeded to conduct its due diligence of the Purchased Assets, as is more particularly described in the Fifth Report of PwC in its capacity as receiver of Atikokan, dated the date hereof and filed with this Honourable Court in the companion motion record.
21. On May 20, 2011, counsel to EACOM e-mailed the Receiver and advised that pursuant to the terms of the Northern APA, EACOM was not satisfied with its due diligence review of the Purchased Assets. Accordingly, EACOM elected to terminate the Northern APA in accordance with its terms.

CONTINUATION OF THE NORTHERN SALE PROCESS

22. Following the termination of the EACOM Transaction, as discussed above, the Receiver, in consultation with GE, recommenced the Northern Sale Process by contacting the former Prospective Purchasers, other than EACOM, who had expressed an interest in all or substantially all of the Northern Property (other than Northern's real property) inviting such Prospective Purchasers to submit revised offers for the Northern Property by June 8, 2011. At that point, the Receiver was uncertain whether the recommencement of the Northern Sale Process would yield any offers or whether the Receiver would be forced to abandon the Northern Sale Process altogether. Accordingly, the Receiver determined that seeking this Honourable Court's approval to extend the deadline for executing an asset purchase agreement with a successful bidder would be premature. The Receiver wanted to make a substantive recommendation to this Honourable Court to allow the Court to make an informed decision as to whether the deadline for executing an asset purchase agreement pursuant to the Northern Sale Process should be extended and submit the asset purchase agreement for this Honourable Court's approval at the same time.
23. In response to the Receiver recommencing the Northern Sale Process after the termination of the EACOM Transaction, the Receiver received offers from two liquidators in respect of the Northern Property (the "**Liquidation Offers**").

24. The Liquidation Offers included a proposal from Maynards (the “**Maynards’ Offer**”) and a proposal from EDS Decommissioning Canada Inc. (the “**EDS Offer**”). Both EDS and Maynards specialize in industrial asset sales, with EDS also focusing on demolition and decommissioning of industrial sites.
25. The Maynards’ Offer provided the option of an outright sale of the Northern Property to Maynards, or for Maynards to act as the Receiver’s agent overseeing a liquidation sale of the Northern Property on a “commission-only” basis or with a net minimum guarantee to the Receiver, with net proceeds of sale above a certain threshold to be shared as between the Receiver and Maynards.
26. The EDS Offer was a cash offer to purchase the Northern Property. However, the EDS Offer also contemplated the Receiver remaining in possession of the Northern real property for an additional 12-month period to allow for the completion of the liquidation and dismantling of the assets.
27. The Receiver has determined that entering into an agency arrangement with Maynards for the liquidation of the Northern Property (excluding Northern’s land), subject to a net minimum guarantee being paid to the Receiver is the most favourable alternative available to the Receiver at this time, as:
 - i) liquidating the Northern Property with Maynards will not obligate the Receiver to occupy Northern’s real property for another year, which will give rise to the incurrence of additional costs that are not justified by higher potential recoveries;
 - ii) the net minimum guarantee will provide a base line recovery to the Receiver that is only slightly less than the cash purchase options available to the Receiver from both Maynards and EDS; and
 - iii) if the auction is successful, the overall recovery for the benefit of the Northern’s estate and its stakeholders may in fact be greater than the cash offer contemplated by the EDS Offer or the Maynards Offer.

28. As set out in paragraph 13 of the Proposed Receiver's Report, and as discussed in further detail below, Lucky Star Holdings Inc. ("Lucky Star"), an entity related to Northern, had advised GE prior to the commencement of this receivership proceeding that it had priority over GE in respect of certain of the Northern Property, including certain "rolling stock" (the "**Disputed Collateral**"). The Receiver understands that GE takes the position that it has priority over all other secured creditors in respect of all of the Northern Property, including the Disputed Collateral.
29. The Receiver instructed its counsel, Osler, Hoskin & Harcourt LLP ("Osler") to review the security granted by Northern to its secured creditors. The opinions resulting from such review are described in detail below. However, as a result of its security review, Osler discovered various conflicting security documentation. Accordingly, Osler was unable to definitively determine which secured party has priority over the Disputed Collateral. Following discussions with counsel to GE and Lucky Star, the Receiver is of the view that in the context of the priority dispute in respect of the Disputed Collateral, it is important to determine the value of the Disputed Collateral so that GE and Lucky Star are able make an informed determination with respect to the resolution of the priority claims in respect of the Disputed Collateral. In the Receiver's view, a liquidation of the Northern Property by way of a public auction is the most efficient way to determine the value of the Disputed Collateral, as this will avoid the need to independently value or appraise the Disputed Collateral. The Receiver has consulted with GE and its counsel and counsel to Lucky Star with respect to the engagement of Maynards and is advised that GE and Lucky Star are both supportive of the Receiver engaging Maynards.
30. On July 22, 2011 the Receiver and Maynards finalized the Agency Sale Agreement, a redacted copy of which is attached as **Appendix "G"** hereto. An unredacted copy of the Agency Sale Agreement can be provided to this Honourable Court upon request.
31. Accordingly, based on the foregoing, the Receiver is seeking an approval of the Agency Sale Agreement by this Honourable Court and the authority to execute the Agency Sale Agreement.

EXTENSION OF SALE PROCESS TIMELINE

32. As discussed above, pursuant to the Northern Sale Process, the Receiver has the right to extend the timelines set forth in the Northern Sale Process for a period of time not exceeding ten (10) business days without the order of this Honourable Court. Accordingly, an asset purchase agreement was required, under the Northern Sale Process, to be finalized by April 8, 2011. As described above, despite the Receiver's attempts, the original deadline for executing an asset purchase agreement with a successful bidder (which at that time was EACOM), as set out in the Northern Sale Process, was not met by the Receiver. The Northern APA was in fact executed by the Receiver and EACOM on April 29, 2011. However, as described above, all other milestones of the Northern Sale Process were complied with.
33. Given that the EACOM Transaction was ultimately terminated, as described above, the Receiver required additional time to make a determination as to whether to recommence the Northern Sale Process or to abandon it altogether. Upon the recommencement of the Northern Sale Process, as described above, the Receiver also required additional time to negotiate the Agency Sale Agreement with Maynards. The Receiver did not seek this Honourable Court's approval of an extension to the timeline set out in the Northern Sale Process once the EACOM Transaction terminated, as at that time the Receiver did not know how much time would be required to determine an alternative for the sale of the Northern Property.
34. Accordingly, the Receiver respectfully requests and recommends that this Honourable Court make an order, *nunc pro tunc*, providing for an extension of the Northern Sale Process timeline for finalizing and executing an agreement with a successful bidder up to and including July 22, 2011, the date that the Receiver and Maynards executed the Agency Sale Agreement. GE, as the major stakeholder in the Northern estate, has advised the Receiver that it is supportive of such time extension.
35. Given that the Northern Sale Process has taken longer than the Receiver initially anticipated due to the reasons set out above, the Receiver also requires additional funding to complete the transaction now achieved under the Agency Sale Agreement

and other miscellaneous matters in the administration of the Northern receivership estate. The Receiver estimates that an increase of the Receiver's borrowing limit up to \$400,000 is required. The funding of the Northern receivership will continue to be by way of advances from GE to the Receiver under the Receiver's Borrowing Certificates. The professional fees incurred by the Receiver will continue to be paid directly by GE.

SECURITY OPINION

36. The Receiver requested that its counsel, Osler, Hoskin & Harcourt LLP ("Osler"), conduct a security review of the security granted by Northern in favour of GE and its related entities (collectively, the "**GE Entities**"), Royal Bank of Canada ("RBC"), Lucky Star Inc. ("**Lucky Star**") and Buchanan Sales Inc. ("**Buchanan Sales**") and also to review the intercreditor arrangements among the GE Entities, RBC, Lucky Star and Buchanan Sales, so that the Receiver could provide a report and make a recommendation to this Honourable Court regarding issues relating to competing claims of the GE Entities, RBC, Lucky Star and Buchanan Sales against the Northern Property, if any, and regarding issues relating to the distribution of the proceeds of sale of the Northern Property.
37. On July 25, 2011, Osler issued a security review opinion (the "**Osler Opinion**") to the Receiver stating that subject to the assumptions, qualifications and limitations contained therein, Osler is of the opinion that the security granted by Northern in favour of each of the GE Entities, RBC, Lucky Star and Buchanan Sales creates a valid security interest in favour of each of the GE Entities, RBC, Lucky Star and Buchanan Sales in the personal property described in their respective security. To the extent that Northern has rights in the personal property secured by such security or the power to transfer rights in the personal property secured thereby to the GE Entities, RBC, Lucky Star and Buchanan Sales, as applicable, such security interests, to the extent capable of perfection by possession or registration of a financing statement under the *Personal Property Security Act* (Ontario) (the "**Ontario PPSA**"), and to the extent that the Ontario PPSA applies to the perfection of such personal property, has been perfected.
38. As more particularly described in the Osler Opinion, in respect of the intercreditor

arrangements between the GE Entities, RBC, Lucky Star and Buchanan Sales, the Osler Opinion in effect states that:

- i) pursuant to various postponement agreements among the GE Entities, RBC, Lucky Star and Buchanan Sales, the security granted by Northern in favour of RBC ranks in priority to the security granted by Northern in favour of each of the GE Entities, Lucky Star and Buchanan Sales in respect of the amount of \$85,000 held by Northern in the GIC collateral account (the “**GIC Account**”) with RBC, notwithstanding the order of any registrations effected by any of the GE Entities, RBC, Lucky Star or Buchanan Sales under the Ontario PPSA in respect of Northern;
- ii) except for the personal property of Northern classified as “motor vehicle”, the security granted by Northern in favour of the GE Entities ranks in priority to the security granted by Northern in favour of Buchanan Sales in the personal property of Northern;
- iii) the security granted by Northern in favour of Buchanan Sales ranks in priority to the security granted by Northern in favour of the GE Entities solely in respect of the personal property of Northern classified as “motor vehicle”; and
- iv) as between the security granted by Northern in favour of Buchanan Sales and Lucky Star, the security granted by Northern in favour of Lucky Star ranks in priority to the security granted by Northern in favour of Buchanan Sales in respect of the personal property of Northern.

39. Based on the Osler Opinion, as it relates to the security and the priority position of RBC in the GIC Account, the Receiver requests this Honourable Court’s authorization to release to RBC the GIC Account and the amount of \$85,000 held by Northern in the GIC Account.

40. As noted above, GE and Lucky Star have indicated to the Receiver that there is a dispute between them with respect to their respective priority in the Disputed Collateral. As more particularly described in the Proposed Receiver’s Report, the Receiver agreed to

review the competing security interests in and to the Disputed Collateral and work with GE and Lucky Star, and their legal counsel, to either attempt to resolve the issue consensually or, in the alternative, to seek advice and direction of this Honourable Court in resolving this matter.

41. The Osler Opinion indicates that certain security documentation executed by Northern in favour of each of the GE Entities and Lucky Star on the same day appear to be in conflict. The Osler Opinion also states that Osler was unable to determine which of the conflicting agreements govern the rank and priority of the security granted by Northern in favour of each of the GE Entities and Lucky Star and, therefore was unable to provide an opinion with respect to the disputed priority claims of GE and Lucky Star in and to the Disputed Collateral. Counsel for both GE and Lucky Star were advised accordingly.
42. Once the transaction contemplated by the Agency Sale Agreement is completed, if approved by this Honourable Court, the Receiver intends to hold the proceeds attributable to the Disputed Collateral in trust pending the resolution of the dispute between GE and Lucky Star if such resolution is reached prior to the Receiver's discharge. If the dispute between GE and Lucky Star with respect to the Disputed Collateral is not resolved prior to the Receiver's discharge, the Receiver intends to pay the proceeds attributable to the Disputed Collateral into Court prior to its discharge. With respect to the balance of the proceeds from the sale of the Northern Property, the Receiver intends to make a distribution motion before this Honourable Court.

RECOMMENDATION

43. The Receiver respectfully requests and recommends for the reasons outlined above, that this Honourable Court make an Order, *inter alia*:
 - i) extending the Northern Sale Process timeline for finalizing and executing an agreement with the successful bidder up to and including July 22, 2011, *nunc pro tunc*;
 - ii) approving the Agency Sale Agreement and authorizing the Receiver to execute the Agency Sale Agreement and to take such additional steps and execute such

additional documents as may be necessary or desirable for the completion of the transaction contemplated thereby;

- iii) temporarily sealing the Bid Summary until completion of the sale of that portion of the Northern Property subject to the Agency Sale Agreement;
- iv) authorizing the Receiver to release to RBC the GIC Account and the amount of \$85,000 held by Northern in the GIC Account;
- v) increasing of the Receiver's borrowing limit, as set out in paragraph 20 of the Northern Receivership Order, to \$400,000; and
- vi) approving the Reports and the activities of the Receiver as described in the Reports.

All of which is respectfully submitted this 27th day of July, 2011.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of
Northern Sawmills Inc.



Greg Prince
Senior Vice President

TAB A



Court File No. CV10-9042-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR

)

TUES DAY, THE 4th DAY

)

JUSTICE MORAWETZ

)

OF JANUARY, 2011

**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

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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.



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

JAN 4 - 2011

PER/PAR: NB

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.

- 2 -

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:

G.E. Canada Equipment Financing G.P. and Northern Sawmills Inc.

Court File No: CV10-9042-00CL

Applicant and Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

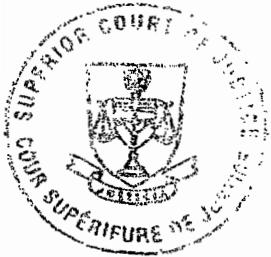
ORDER

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Lawyers for the Applicant

TAB B



Court File No. CV10-9042-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) TUES DAY, THE 4th DAY
)
)
JUSTICE MORAWETZ.) OF JANUARY, 2011

**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 G.E. Canada Equipment Financing G.P. (the "Applicant") was heard on January 4, 2011, at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the Report of PricewaterhouseCoopers Inc. as Proposed Receiver of Northern Sawmills Inc., dated December 30, 2010 (the "Proposed Receiver's Report"), and together with the Notice of Motion, the "Motion Record"), filed, and on hearing the submissions of the Applicant's counsel, and counsel for Northern Sawmills Inc.,

- 2 -

1. THIS COURT ORDERS that the time for service and filing of the Motion Record is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that PricewaterhouseCoopers Inc. (the "Proposed Receiver") is hereby authorized and directed to carry out and conduct a sales process in respect of all of the assets, undertakings, and properties (collectively, the "Property") of Northern Sawmills Inc., or any material portions thereof, substantially in accordance with the sales process outlined in the Proposed Receiver's Report (the "Sales Process"), and such Sales Process is hereby approved.



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

JAN 4 - 2011

PER / PAR: 

G.E. Canada Equipment Financing G.P. and Northern Sawmills Inc.

Court File No: CV10-9042-00CL

Applicant and Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

ORDER

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Lawyers for the Applicant

TAB C

Court File No. CV-10-9042-00CL

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 INSOLVENCY
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

**REPORT OF PRICEWATERHOUSECOOPERS INC.
AS PROPOSED RECEIVER OF
NORTHERN SAWMILLS INC.**

December 30, 2010

INTRODUCTION

1. PricewaterhouseCoopers Inc. (“**PwC**” or the “**Proposed Receiver**”) understands that an application will be made before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) by G.E. Capital Equipment Financing G.P. (“**GE**” or the “**Lender**”) for an order (the “**Receivership Order**”) appointing a receiver (the “**Receiver**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended over all the assets, undertakings and properties (the “**Property**”) of Northern Sawmills Inc. and its subsidiaries (“**Northern**” or the “**Company**”).
2. PwC is a licensed trustee within the meaning of section 2 of the BIA. PwC has consented to act as Receiver in these proceedings in the event that this Honourable Court grants the Receivership Order.
3. This report has been prepared by the Proposed Receiver in support of an application to be brought by the Lender, for an order approving a sales and marketing process (the “**Sale Process**”) as hereinafter described, in respect of the Property, which if appointed as receiver, the Proposed Receiver would implement.
4. In preparing this report, the Proposed Receiver has relied upon unaudited and draft, internal financial information of the Company provided to it by the Lender. The Proposed Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion, or other form of assurance, in respect of the information contained in this report. The Proposed Receiver reserves the right to refine or amend its comments and findings as further information is obtained or brought to its attention subsequent to the date of this report.
5. Unless otherwise noted, all currency amounts contained in this report are expressed in Canadian dollars.
6. Capitalized terms not defined herein are as defined in the Affidavit of Christopher Rankin dated December 23, 2010 (the “**Rankin Affidavit**”) or in the proposed Receivership Order sought by GE.

BACKGROUND

7. As further described in the Rankin Affidavit, Northern was engaged in the business of producing a range of structural and dimensional softwood lumber, utility poles, and specialty lumber products, wood chips and wood byproducts for customers in Canada and United States. The Proposed Receiver understands that Northern has not been operating, in the normal course, since the fall of 2008, when

its operations were idled. The Proposed Receiver also understands that all, or virtually all, of Northern's employees were laid off following the cessation of normal course operations

8. As described in the Rankin Affidavit, a Notice of Intention to Enforce Security pursuant to section 244 of the BIA was issued by the Lender on or about April 2, 2010, whereby GE demanded payment from Northern of all obligations owing to it. Despite GE's demand for payment, the Proposed Receiver understands that the Company has failed to make payment or enter into a satisfactory arrangement with GE to rectify the default. The Proposed Receiver understands that the Company owes GE \$9,172,308.66, as at October 22, 2010.
9. In order to maintain the Property, the Proposed Receiver understands that Northern incurs ongoing, monthly costs associated with payroll in respect of two individuals who are maintaining and overseeing the Property, insurance, utilities, security and other basic maintenance and preservation costs (the "**Costs**"). The Proposed Receiver understands that GE has reviewed the estimated Costs and understands that GE has agreed to provide initial funding for the Costs, as well as professional fees associated with the receivership proceedings. However, the Proposed Receiver understands that the Lender is only prepared to fund the Costs for a limited period of time, so that the Receiver is able to undertake the Sale Process. Accordingly, the Receiver's borrowings will be limited to an amount not to exceed \$300,000. Funding of the receivership will be achieved by advances to the Receiver, if appointed, under Receiver's Certificates, which amounts would be secured by a charge over the Property.

SALE PROCESS AND THE PROPOSED RECEIVER'S RECOMMENDATION

10. The Proposed Receiver understands that, in connection with its application to this Honourable Court for the appointment of a receiver, GE will make an application to the Court for the approval of a sale process in respect of the Property.
11. In September 2010, GE engaged PricewaterhouseCoopers Corporate Finance Inc. ("**PwCCF**") to informally 'canvass the market' in respect of the Company and the Property. As a result of the response to the enquiries made by PwCCF, the Proposed Receiver understands that GE has determined that there may be sufficient interest in the marketplace to justify a formal sale process in respect of the Property.
12. In the event this Honourable Court grants the Receivership Order, the Proposed Receiver seeks this Honourable Court's approval of a sale process in respect of the Property (the "**Sale Process**"), the principal elements of which are as follows:

- a) Not later than ten business days after the Sale Process is approved by this Honourable Court the Receiver will:
 - i) advertise the Company and the Property and the Sale Process in the national edition of the *Globe & Mail* (the "**Advertisement**"); and
 - ii) send a teaser (the "**Teaser**") and a non-disclosure agreement ("**NDA**") to all parties identified by PwC as potentially having an interest in the Company and / or the Property.
- b) If requested by this Honourable Court, the Proposed Receiver will provide the Court a copy of the Advertisement and the Teaser for approval, prior to finalizing same.
- c) Not later than fifteen business days after the Sale Process is approved by this Honourable Court, the Receiver will establish an electronic data room containing information in respect of the Company and the Property;
- d) Parties expressing an interest in participating in the Sale Process (the "**Prospective Purchasers**") will be required to execute the NDA, upon which Prospective Purchasers will receive available information in respect of the Company, including access to the Receiver's data room, once established.
- e) The Receiver will arrange site visits to allow Prospective Purchasers the opportunity to visit the Company's premises in order to assist Prospective Purchasers with their due diligence efforts.
- f) The Receiver will offer the Property for sale on an "as-is, where-is" basis, without representations or warranties with respect to the Company and / or the Property. Detailed terms and conditions of sale will be as set out in the form of asset purchase agreement ("**APA**") provided by the Receiver to Prospective Purchasers. The Receiver will make a copy of the APA available in the data room by not later than January 28, 2011.
- g) Prospective Purchasers will have until 5 p.m. Eastern Standard time, on Wednesday, March 9, 2011 (the "**Bid Deadline**") to submit a binding offer ("**Offer**"), which must include a cash deposit equal to 5% of the total purchase price for the Company and/or the Property subject to the Offer (the "**Deposit**"). The Deposit will be refunded in the event an Offer, as submitted, is not accepted by the Receiver.
- h) Offers are to be made using the APA as a template and are to be without conditions, other than a condition for Court Approval. Offers shall remain open for acceptance by the Receiver until at least

2:00 p.m. Eastern Standard Time, Tuesday March 15, 2011.

- i) Concurrent with undertaking the Sale Process, the Proposed Receiver will solicit offers from professional liquidators in respect of the Property. The deadline for the submission of definitive, binding and unconditional (other than a condition for Court Approval) offers to liquidate the Property (the “**Liquidation Offers**”) is the Bid Deadline. Liquidation Offers must include a cash deposit equal to 5% of the total purchase price or guaranteed payment amount in respect of the Property subject to the Liquidation Offer(s), which amount will be refunded in the event a Liquidation Offer(s), as submitted, is not accepted by the Receiver. Liquidation Offers shall remain open for acceptance by the Receiver until at least 2:00 p.m. Eastern Standard Time, Tuesday March 15, 2011.
- j) Following the Bid Deadline, the Proposed Receiver will review and assess all Offers and Liquidation Offers received, if any, including reviewing same with GE, or any creditor with a prior ranking security interest in the Property, if any, other than creditors enjoying a statutory priority in respect of the Property (a “**Prior Creditor**”).
- k) Based on its review of both the Offers and the Liquidation Offers, the Receiver will determine the most favourable outcome and will proceed to finalize an APA(s) with the successful offering party or parties, subject only to the approval of this Honourable Court, by March 25, 2011. If the Receiver is unable to finalize the APA with the successful offering party or parties, the Receiver shall be at liberty to finalize an APA with such other offering party or parties as it deems appropriate, subject to consulting first with GE and / or Prior Creditors.
- l) The Receiver shall have the right to extend the timelines set forth in the Sale Process and described herein, only with the support of GE and / or Prior Creditors, and only if such extensions are for a period of time not exceeding ten business days from the date(s) contemplated under the Sale Process. All other extensions or modifications of the Sale Process shall require the approval of this Honourable Court.
- m) In the event one or more APAs are approved by this Honourable Court, the Receiver will work with the successful purchaser(s) to close the transaction(s) forthwith thereafter.

13. The Proposed Receiver understands that Lucky Star Holdings Inc. (“**Lucky Star**”), an entity related to the Company, has advised GE that it has a prior ranking secured interest in and to certain of Northern’s property, including Northern’s rolling stock (the “**Disputed Collateral**”). If this Honourable Court makes the Receivership Order, the Receiver will review the competing

security interests in and to the Disputed Collateral and will work with Lucky Star and GE, and their legal counsel, to either attempt to resolve the issue consensually or, in the alternative, to seek the advice and direction of this Honourable Court in resolving this matter. The Proposed Receiver is of the view that the issue of priority in respect of the Disputed Collateral will need to be determined before the completion of the Sale Process, so that appropriate consultation with economically interested parties takes place during the Sale Process.

14. The Disputed Collateral will be marketed during the Sale Process, along with all of the Property. In the event that priority in and to the Disputed Collateral has not been agreed by GE and Lucky Star or determined by this Honourable Court prior to closing a transaction in respect of the Disputed Collateral, the Receiver will segregate the proceeds of sale related to the Disputed Collateral, to the extent such proceeds are readily determinable (the “**Carve Out**”). In the event of a sale of all of the Property ‘en bloc’, the Receiver will provide its best estimate of the amount of the Carve Out, based on all Offers and Liquidation Offers received. If the value of the Disputed Collateral is not determinable based on the results of the Sale Process, the Receiver will obtain an independent appraisal of the Disputed Collateral to establish the amount of the Carve Out. In the event GE and Lucky Star are unable to agree on the amount of the Carve Out, the Receiver will seek this Honourable Court’s advice and direction with respect to same.
15. Concurrent with its application to appoint PwC as receiver of the Property of Northern, GE is seeking the appointment of PwC as receiver of Atikokan Forest Products Ltd. (“**Atikokan**”) in respect of the assets, undertakings and properties of Atikokan (the “**Atikokan Property**”). If this Honourable Court grants the Lender’s application for an order appointing PwC as receiver in respect of Atikokan, and if the Court approves the proposed sales process in respect of the Atikokan Property, the Proposed Receiver intends to coordinate the sale process for Northern with an identical sale process for Atikokan, as:
 - a) similar Property is being offered for sale in respect of both Northern and Atikokan;
 - b) potential purchasers for the Property and the Atikokan Property are very likely to be the same;
 - c) reduced professional costs will result, by minimizing the duplication of effort with respect to, among other things, preparing marketing materials and identifying potential purchasers and preparing sale documents, including the APA.
16. While efficiencies will be maximized where possible, if appointed as receiver of both Northern and Atikokan, the Receiver will ensure that costs associated with the sale of the Northern Property and the

Atikokan Property are segregated and accounted for separately.

CONCLUSION

17. The Proposed Receiver is of the view that the Sale Process is reasonable in the circumstances. Northern's operations have been idled since sometime in 2008. Accordingly, there is no "going concern" business available to a Prospective Purchaser. Rather, a Prospective Purchaser may view the opportunity to purchase all of the Company's Property on an 'en bloc' basis, as being strategically attractive. The alternative to an 'en bloc' sale to a Prospective Purchaser is a liquidation of the Property. Under either scenario, the Proposed Receiver is of the view that the Sale Process should provide interested parties with sufficient time to evaluate the Property and to make an offer in respect of the Company and / or the Property, if interested.
18. The Proposed Receiver is filing this report in support of the Lender's application for the approval of the Sale Process.

All of which is respectfully submitted on this 30th day of December, 2010.

PricewaterhouseCoopers Inc.
as Proposed Receiver of the Company



Greg Prince
Senior Vice President

TAB D

Court File No. CV-10-9042-00CL

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 INSOLVENCY
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

**FIRST REPORT OF
PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
NORTHERN SAWMILLS INC.**

January 13, 2011

BACKGROUND

1. On January 4, 2011, pursuant to an Order of this Honourable Court (the “**Northern Receivership Order**”) PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Northern Receiver**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) over all the assets, undertakings and properties (the “**Northern Property**”) of Northern Sawmills Inc. (“**Northern**”).
2. On the same date, pursuant to an Order of this Honourable Court (the “**Atikokan Receivership Order**”), PwC was also appointed as receiver (the “**Atikokan Receiver**” and, collectively with the Northern Receiver, the “**Receiver**”) pursuant to section 243(1) of the BIA and Section 101 of the CJA over all the assets, undertakings and properties (the “**Atikokan Property**” and, collectively with the Northern Property, the “**Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**” and, collectively with Northern, the “**Company**”).
3. Copies of the Northern Receivership Order and the Atikokan Receivership Order made on January 4, 2011 are attached as Appendix “A” hereto.
4. Pursuant to an Order of this Honourable Court also made on January 4, 2011 (the “**Northern Sale Process Order**”), the Receiver was specifically authorized and directed to carry out and conduct a sales process in respect of the Northern Property, or any material portions thereof, substantially in accordance with the sales process (the “**Sale Process**”) outlined in the Report of PwC as Proposed Receiver of Northern Sawmills Inc. dated December 30, 2010 (“**Proposed Receiver’s Report**”).
5. This is the first report (the “**First Report**”) of the Receiver in support of a motion by the Receiver for an order approving the Receiver’s newspaper advertisement (the “**Advertisement**”) and teaser (the “**Teaser**”) necessary to give effect to the Sales Process (collectively, the “**Documents**”), as these Documents are more particularly described in the Proposed Receiver’s Report.

6. In preparing this First Report and the Documents, the Receiver has relied upon unaudited and draft, internal financial information of the Company provided to it by the Company or by G.E. Canada Equipment Financing G.P. ("GE") as the lender to the Company. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion, or other form of assurance, in respect of the information contained in the Documents.
7. Capitalized terms not defined herein are as defined in the Affidavit of Christopher Rankin of GE, dated December 23, 2010 (the "**Rankin Affidavit**"), the Northern Receivership Order or the Atikokan Receivership Order.

SALE PROCESS AND THE RECEIVER'S RECOMMENDATION

8. As more particularly described in the Proposed Receiver's Report, the Sale Process provides for the following principal elements in connection with advertisement of the Company and the Property for sale and soliciting offers from prospective purchasers or liquidators in connection with the proposed sale:
 - a) Not later than ten (10) business days after the Sale Process is approved by this Honourable Court (January 18, 2011), the Receiver will:
 - i) advertise the Company and the Property and the Sale Process in the national edition of the *Globe & Mail* and
 - ii) send a teaser and a non-disclosure agreement ("NDA") to all parties identified by PwC as potentially having an interest in the Company and / or the Property.
9. Notwithstanding paragraph 8 a) ii), The Receiver advises this Honourable Court that if approved, the Advertisement is scheduled to first appear on January 19, 2011.
10. As requested by this Honourable Court on January 4, 2011, the Receiver hereby provides a copy of the Advertisement (attached as Appendix "B" hereto) and the Teaser (attached as Appendix "C" hereto) for this Honourable Court's approval.

11. Similarly, the Atikokan Receiver also obtained an Order from this Honourable Court on January 4, 2011 approving a sales process for the Atikokan Property (the “**Atikokan Sale Process**”). Concurrent with its application to approve the Documents, PwC is seeking the same approval in its capacity as Atikokan Receiver in respect of an advertisement and teaser in connection with the Atikokan Sale Process.
12. While efficiencies will be maximized where possible, as PwC has been appointed as receiver of each of Northern and Atikokan, the Receiver will ensure that costs associated with the sale of the Northern Property and the Atikokan Property are segregated and accounted for separately.

CONCLUSION

13. The Receiver respectfully submits the Documents to this Honourable Court for its approval.

All of which is respectfully submitted on this 13th day of January, 2011.

PricewaterhouseCoopers Inc.
In its capacity as Receiver of the Northern Sawmills Inc.



Greg Prince
Senior Vice President

TABLE

Court File No. CV-10-9042-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING

Applicant

- AND -

NORTHERN SAWMILLS INC.

Respondent

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

**SECOND REPORT OF
PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
NORTHERN SAWMILLS INC.**

July 14, 2011

BACKGROUND

1. On January 4th, 2011 (“the “**Appointment Date**”) pursuant to an Order of this Honourable Court (the “**Northern Receivership Order**”) PricewaterhouseCoopers Inc. (“PwC”) was appointed as receiver (the “**Northern Receiver**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) over all the assets, undertakings and properties (the “**Northern Property**”) of Northern Sawmills Inc. (“**Northern**”).
2. On the same date, pursuant to an Order of this Honourable Court (the “**Atikokan Receivership Order**”), PwC was also appointed as receiver (the “**Atikokan Receiver**”) pursuant to section 243(1) of the BIA and Section 101 of the CJA over all the assets, undertakings and properties (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**”).
3. Pursuant to an Order of this Honourable Court also made on January 4th, 2011 (the “**Northern Sale Process Order**”), the Northern Receiver was authorized and directed to carry out and conduct a sale process in respect of the Northern Property, or any material portions thereof, substantially in accordance with the sale process (the “**Northern Sale Process**”) outlined in the Report of PwC as Proposed Receiver of Northern Sawmills Inc. dated December 30, 2010 (“**Proposed Northern Receiver's Report**”).
4. On the same date, pursuant to an Order of this Honourable Court also made on January 4th, 2011 “**Atikokan Sale Process Order**” and together with the Northern Sale Process Order, the “**Sale Process Orders**”), the Atikokan Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process (the “**Atikokan Sale Process**”) outlined in the Report of PwC as Proposed Receiver of Atikokan Sawmills Inc. dated December 30, 2010 (“**Proposed Atikokan Receiver's Report**”, and collectively with the Proposed Northern Receiver's Report, the “**Proposed Receivers' Reports**”).
5. The purpose of this second report (the “**Second Report**”) of the Northern Receiver is to seek this Honourable Court’s advice and direction with respect to the applicability of the *Wage*

Earner Protection Program Act (“WEPPA”) to Northern’s former unionized employees, and in particular regarding:

- a) the determination of the applicable employment termination date (the “**Employment Termination Date**”) of Northern’s former unionized employees who claim or may claim entitlements under WEPPA, and specifically:
 - i) the impact, if any, of the deemed termination of the former unionized employees under section 56(2) of the Ontario *Employment Standards Act* (the “**ESA**”);
 - ii) the impact, if any, and duration of, recall rights of the former unionized employees under the applicable collective bargaining agreement;
 - iii) the impact, if any, of the Termination Letters (as hereinafter defined) executed by certain former unionized employees; and
- b) if any Employment Termination Date occurred prior to July 4, 2010, being more than six months prior to the Appointment Date, seek an order from the Court that the Northern Receiver has no responsibilities or obligations under WEPPA with respect to such former employee.

EMPLOYEE INFORMATION

6. During the fall of 2008, after earlier temporary closures, Northern permanently ceased operations at its sawmill and virtually all of its former unionized employees were indefinitely laid off.
7. Following its appointment, the Northern Receiver established that a number of Northern’s former unionized employees, were laid off as early as December 2006. However, most were laid off between June and November 2007. Thereafter, some unionized employees were recalled by Northern in the summer of 2008 for a short period of time, and were again laid off by September 2008.
8. Pursuant to Northern’s payroll records, the only amounts owed to Northern’s former unionized employees are for statutory termination pay and severance pay, and no

amounts are outstanding for other wages, including vacation pay. As a result, no amounts are owed to any of Northern's former unionized employees pursuant to section 81.4 of the BIA.

WEPPA INFORMATION

9. WEPPA was proclaimed into force on July 7, 2008, and amended on January 27, 2009 and was enacted to provide a timely payment, by Service Canada (the government agency responsible for evaluating, administering and paying employee claims under the program), to eligible employees for eligible wages (as hereinafter defined) owed to them by their former employer within six months of the employer's bankruptcy or receivership.
10. In order to assess the application of WEPPA to Northern's former employees, for whom either their Employment Termination Date is unclear, the Northern Receiver has reviewed WEPPA and relevant employment standards legislation, with a particular focus on the following sections of WEPPA:

Section 2 (1) “eligible wages” means:

- “(a) wages other than severance pay and termination pay that were earned during the 6 month period ending on the date of bankruptcy or the first day on which there was a receiver in relation to the former employer; and*
- “(b) severance pay and termination pay that relate to employment that ended during the period referred to in paragraph (a).”*

Section 5

“An individual is eligible to receive a payment if:

- (a) the individual employment ended for a reason prescribed by regulation;*
- (b) the former employer is bankrupt or subject to a receivership; and*
- (c) the individual is owed eligible wages by the former employer.”*

Section 21 (1)

“For the purposes of this Act, a trustee or receiver, as the case may be, shall:

- (a) identify each individual who is owed eligible wages;*
- (b) determine the amount of eligible wages owed to each individual;*
- (c) inform each individual other than one who is in a class prescribed by regulation of the existence of the program established by section 4 and of the conditions under which payments may be made under this Act;*
- (d) provide the Minister and each individual other than one who is in a class prescribed by regulation with the information prescribed by regulation in relation to the individual and with the amount of eligible wages owing to the individual; and*
- (e) inform the Minister of when the trustee is discharged or the receiver completed their duties, as the case may be.”*

11. Service Canada’s website¹ notes that employees laid off (as opposed to terminated) more than 6 months prior to a bankruptcy or receivership may still have entitlements under the program:

“There is a distinction between lay-offs and terminations. An individual who is laid-off with a right of recall may be eligible for the WEPP only when the lay-off becomes a termination. The determination of when a lay-off becomes a termination may be found in relevant provincial, territorial or federal employment/labour standards legislation, in relevant collective agreement or employment contacts. It may also be triggered by bankruptcy or receivership. Once a termination date is determined for a laid-off employee, if that termination date falls within the six month period ending on the date of bankruptcy or receivership, the individual may be entitled to termination and severance pay

¹ <http://www.servicecanada.gc.ca/eng/sc/wepp/trustees/faq.shtml>

under WEPP.”

12. As such, to determine whether Northern’s former unionized employees are eligible for a WEPPA claim, and therefore, whether the Northern Receiver is obligated to provide Service Canada with the prescribed information relating to such employees, it is necessary to establish the unionized employees’ Employment Termination Date, and, in particular whether the Employment Termination Date occurred in the six month period prior to the Appointment Date, being July 4, 2010 or later. This in turn requires consideration of the impact, if any, of:

- (i) relevant provincial employment standards legislation;
- (ii) the collective bargaining agreement (the “CBA”) between the Communication, Energy and Paperworkers Union, Local 38X (the “CEP”) and Northern and any recall rights thereunder; and
- (iii) any agreements between Northern and the union or employees, including the Termination Letters.

13. This motion does not concern Northern’s former non-union employees as such workers each have a clear Employment Termination Date. The former unionized employees were indefinitely laid-off (rather than terminated) because the CBA does not permit the summary termination of unionized employees other than for just cause.

ONTARIO EMPLOYMENT STANDARDS ACT

14. The employees were located in Ontario. The *Ontario Employment Standards Act, 2000* (the “ESA”) deems laid-off employees to be terminated if their lay off exceeds a “temporary layoff”. Section 56(2) defines a temporary lay-off as:

Section 56(2)

“...a temporary layoff is,

(a) a lay-off of not more than 13 weeks in any period of 20 consecutive weeks;

- (b) a lay-off of more than 13 weeks in any period of 20 consecutive weeks, if the lay-off is less than 35 weeks in any period of 52 consecutive weeks [and certain prescribed conditions are met]; or
- (c) in the case of an employee represented by a trade union, a lay-off longer than a lay-off described in clause (b) where the employer recalls the employee within the time set out in an agreement between the employer and the trade union.

15. Section 67 of the ESA provides for an election regarding termination pay and recall rights in defined circumstances:

Section 67(1) - This section applies if an employee who has a right to be recalled for employment under his or her employment contract is entitled to,

- a) termination pay under section 61 because of a lay-off of 35 weeks or more; or
- b) severance pay.

...

(3) - The employee may elect to be paid the termination pay or severance pay forthwith or to retain the right to be recalled.

16. The Northern Receiver is aware of the Court of Appeal decision in *London Machinery Inc. v. CAW-Canada* which it believes to be instructive on the interplay between Section 67 and Section 56(2)(c).

17. Pursuant to Section 56(5) of the ESA, once a termination is triggered by a lay-off that exceeds the period of a temporary lay-off, the termination is deemed to have occurred on the very first day of the lay-off.

COLLECTIVE BARGAINING AGREEMENT

18. The Northern Receiver obtained and reviewed with its counsel a copy of the CBA between Northern and CEP, a copy of which is enclosed as Appendix A hereto. Unfortunately, the general seniority and recall rights provisions contained in the CBA are ambiguous and do not provide clear guidance on the expiry date of member's recall rights. Pursuant to:

Section 5.05 (4)(a) of the CBA:

"If an employee is not recalled to his regular classification within one year of the date of layoff from that classification, his recall rights to that classification will expire and he will be deemed to have a new regular classification which will be the classification he is in at the one year date; and

Section 5.05 (4)(b) of the CBA:

"... if the employee is not actively working on the anniversary date of the lay off from his regular classification he will be deemed to hold a labourer classification. This does not apply to tradesmen and apprentices."

19. The CBA also contains a Letter of Understanding regarding recall rights, which states:

1. *Regular full-time employees as of the date of ratification will have general recall rights until August 31, 2008. An agreed upon list of such employees will be prepared.*
2. *If such employees have not been recalled to a permanent vacancy before August 31, 2008, their seniority will be lost and their employment terminated at that time.*

Ratified at Thunder Bay, Ontario, this 31st day of October, 2004.

20. In addition, pursuant to Section 5.02(1)(e) of the Northern CBA, employees lose their seniority if absent from work "for a period of 12 months for any reason other than military leave, prolonged illness or absence, with further [sic] twelve months if requested in writing by the employee affected". This 'hard-stop' loss of seniority after 24 months is consistent with discussions the Northern Receiver held with Ms. Jane Ann Gericke, the former Controller of Northern, who advised the Northern Receiver that recall rights of the Northern employees expire after 24 months of lay-off.

TERMINATION LETTERS & THE MEMORANDUM OF SETTLEMENT

21. Pursuant to Northern's books and records, a number of Northern's former employees executed termination letters (the "**Termination Letters**"), 66 of which were executed more than six months prior to the Appointment Date. Pursuant to the Termination Letters individual employees specifically elected to waive their recall rights in order to receive the termination pay and severance pay owed to them pursuant to the following statement therein:

"I am waiving any recall rights to which I might be otherwise entitled and that my employment with Northern Sawmills Inc. will be terminated effective immediately."

A copy of the Termination Letters provided to the Northern Receiver by Ms. Gericke is attached as Appendix B hereto.

22. On February 15, 2011, the Northern Receiver provided copies of the Termination Letters to counsel to the CEP.

23. Pursuant to a Memorandum of Agreement and Release between Northern and CEP dated July 6, 2010 (the "**Memorandum**"), the parties agreed that all listed employees had their employment terminated and had no recall rights and Northern acknowledged its obligations to pay the employees the amounts set out in Schedule "A" to the Memorandum. A copy of the Memorandum is attached as Appendix C hereto.

24. Pursuant to paragraph #1 of the Memorandum:

"The parties agree that the Employees are employees whose employment has terminated and who have no recall rights either because:

(a) they are employees whose recall rights expired and whose employment terminated on the date they lost their recall rights; or

(b) they are employees who forfeited their right to recall and elected to terminate their employment and claim termination and severance pay, whose employment terminated on the date of their election.

25. Pursuant to paragraph #2 of the Memorandum:

“...as all of the Employees have been laid off for in excess of one year, the Union hereby agrees to relieve NSI (i.e. Northern) of its obligations, if any, to personally serve the Employees with written notice of termination or provide or post any other notice or notices”

26. The Memorandum appears to show Northern's and the CEP's shared understanding that certain former unionized employees' employment ended prior to the execution of the Memorandum on July 6, 2010. In particular, the reference to employees whose employment "has terminated" and whose recall rights had previously expired or had been waived appears to recognize that the employment of certain unionized employees ended before July 6, 2010.

COMMUNICATIONS WITH SERVICE CANADA

27. Due to the complexities in determining whether Northern's former unionized employees were eligible for a WEPPA claim, the Northern Receiver sought and obtained an initial extension of the timeline for providing information to Service Canada with respect to Northern's employees from 45 days to 75 days, which has further been extended to July 31, 2011.

28. In addition, due to the ambiguity of the CBA, the Northern Receiver contacted Service

Canada, who referred the Northern Receiver to the Canada Industrial Relations Board (“CIRB”), in an effort to have CIRB provide advice and direction to the Northern Receiver regarding the applicable employment termination dates of Northern’s former unionized employees, in order to enable the Northern Receiver to establish whether the former employees were eligible to make a WEPPA claim.

29. After several telephone calls with both Service Canada and the CIRB, neither Service Canada nor the CIRB were prepared to advise the Northern Receiver on the application of WEPPA as it relates to Northern’s former unionized employees, particularly as to the determination of the employees’ employment termination dates, other than to advise the Northern Receiver to make its best determination on the potential eligibility of Northern’s former employees to a WEPPA claim, on the information available to it, and to provide Service Canada with the prescribed information relating to such employees. In addition, all former unionized employees of Northern would be responsible for making their own individual WEPPA claim directly with Service Canada, who would make the ultimate determination of the individual employee’s eligibility under the program.
30. In order to comply with its obligations prescribed by WEPPA and its related regulations, the Northern Receiver reviewed, with advice and direction from its legal counsel, the Memorandum, the Termination Letters, the CBA and Ontario labour relations and employment standards legislation.
31. The Northern Receiver’s analysis has failed to yield a clear, definitive answer to the Employment Termination Date of Northern’s former unionized employees. For example, the Employment Termination Date differs depending on whether one considers the ESA, the CBA recall provisions (which themselves yield different answers), or the Termination Letters. In the result, given the remedial nature of

WEPPA, the Northern Receiver attempted to determine the latest reasonable Employment Termination Date for the affected employees. As such, based on the information available to the Northern Receiver, the Northern Receiver initially considered the employee's Employment Termination Date to be the earlier of:

- (i) the date the employee executed a Termination Letter, if any;
- (ii) 24 months following the last day worked, being the latest date on which recall rights would have expired according to Section 5.02 of the CBA and the information provided by the Controller; or
- (iii) July 6, 2010, the date of the Memorandum.

32. Based on its analysis, the Northern Receiver provided information to Service Canada, on or before February 28, 2011, with respect to 54 former unionized employees it believed to have an Employment Termination Date during the six months prior to the Appointment Date, being former employees:

- (i) who had been laid-off no earlier than July 6, 2008 and who did not execute a Termination Letter; or
- (ii) who had executed a Termination Letter in the period that was six months prior to the Appointment Date.

COMMUNICATIONS WITH UNION

33. During its review of Northern's employee and payroll records, the Northern Receiver contacted the CEP and its legal counsel on a number of occasions.

34. On February 25, 2011, following its analysis of the WEPPA issues, the Northern Receiver contacted CEP's legal counsel, providing details of its reasoning and

conclusions. A copy of the e-mail correspondence with the CEP's legal counsel is attached as Appendix D hereto. Appendix D excludes the employee schedules, which contain personal employee information that has been redacted for the purposes of this report. An unredacted version can be made available to this Honourable Court upon request.

35. On March 15, 2011, at the request of the CEP's legal counsel, the Northern Receiver, issued correspondence to Northern's remaining approximately 180 former employees (both union and non unionized employees) to advise them of WEPPA and its related regulations, providing guidance on the program and to advise such former employees that pursuant to Northern's payroll records no amounts appear to be owed to them within the six month period prior to the Appointment Date. The former employees were also advised by the Northern Receiver to file a claim directly with Service Canada, if they believe they are eligible under the program, and that Service Canada would ultimately determine their individual eligibility. A copy of this correspondence is attached as Appendix E hereto.
36. A copy of correspondence issued by CEP's legal counsel to the Northern Receiver on February 9, 2011 (the "**February Correspondence**") and April 11, 2011 (the "**April Correspondence**") are attached as Appendices F and G hereto.
37. The February Correspondence advised the Northern Receiver that since the cessation of operations, Northern and the CEP had been in regular discussions regarding the state of Northern's operation, which led to the execution of the Memorandum. CEP appears to take the position that, as a result of the Memorandum, the employment of all of Northern's unionized employees in fact "ended" on July 6, 2010 and, as such, all employees are entitled to advance a claim under WEPPA.

38. The April Correspondence advised the Northern Receiver for the first time that Northern appears to have entered into an oral agreement, prior to the receivership proceedings, to extend recall rights, which purported agreement was affirmed in a letter addressed to PricewaterhouseCoopers Inc. and Service Canada executed by Mr. Wolf Gericke, whom the Northern Receiver understands is the former President of Northern, dated April 11, 2011. It does not appear that this purported agreement formed part of the CBA and, in fact, Mr. Gericke's letter confirms that no new CBA has been reached. A copy of the letter executed by Mr. Gericke is attached as Appendix H hereto.

39. In its April Correspondence, CEP requested that the Northern Receiver submit to Service Canada the prescribed information for all former unionized employees of Northern on the basis that CEP believe that all former unionized employees are eligible for payments under WEPPA. CEP's legal counsel also indicated that instructions were received by CEP to schedule a motion for the determination of WEPPA rights and entitlements for all former CEP employees.

40. As a practical matter, the Northern Receiver understands that it is very likely that Service Canada will rely on the Northern Receiver's information and analysis regarding the employees' entitlement to payments under WEPPA. In the circumstances, the Northern Receiver wants to ensure a fair and correct application of its obligations under WEPPA that does not improperly deny any employee payments under the program while at the same time respecting the will of Parliament and the interest of Northern's creditors (as any termination or severance pay paid by Service Canada could attract vacation pay of at least 4% under the ESA, and a super-priority could attach to such vacation pay to the detriment of Northern's secured creditors) as well as Canadian taxpayers generally (as WEPPA does not grant the Government a subrogated super-priority claim for payments under the program in respect of

termination and severance pay).

41. As a result, the Northern Receiver seeks the advice and direction of this Honourable Court with respect to the application of WEPPA to Northern's former employees, in particular:

- a) the Employment Termination Date of Northern's former unionized employees who claim or may claim entitlements under WEPPA, and specifically:
 - i) the impact, if any, of the deemed termination of the former unionized employees under section 56(2) of the Ontario *Employment Standards Act*;
 - ii) the impact, if any, and duration of recall rights of the former unionized employees under the collective bargaining agreement;
 - iii) the impact, if any, of the Termination Letters (as hereinafter defined) executed by certain former unionized employees; and
- b) if any such Employment Termination Date occurred prior to July 4, 2010, being six months prior to the Appointment Date, an order from the Court that the Northern Receiver has no responsibilities or obligations under WEPPA with respect to such former employees.

All of which is respectfully submitted on this 14th day of July, 2011.

PricewaterhouseCoopers Inc.
in its capacity as Receiver of Northern Sawmills Inc.
and not in its personal capacity



Greg Prince
Senior Vice President



Tracey Weaver
Vice President

TAB F

SEALED BY COURT ORDER

TAB G

AGENCY SALE AGREEMENT

THIS AGENCY SALE AGREEMENT ("Agreement") is made as of the 22 day of July, 2011, among Maynards Industries Ltd. ("Liquidator") and PricewaterhouseCoopers Inc., in its capacity as Court-appointed receiver of Atikokan Forest Products Ltd. ("AFP") and Court-appointed receiver of Northern Sawmills Inc. ("NSI") (the "Receiver").

WHEREAS pursuant to the Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the "Court") dated January 4, 2011 (the "Order"), the Receiver is authorized to sell the property, assets and undertaking of AFP (collectively, the "AFP Assets") and the property, assets and undertaking of NSI (collectively, the "NSI Assets") located in Ontario, Canada pursuant to the terms of the Order.

AND WHEREAS the Receiver wishes to engage the Liquidator to sell the AFP Assets described in the attached Exhibit "A" and the NSI Assets described in the attached Exhibit "B" (collectively, the "Assets") and the Liquidator has agreed to sell the Assets on the terms and conditions set forth below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, Liquidator and the Receiver agree as follows:

1. **ENGAGEMENT:** Subject to the approval of the Court, the Receiver hereby retains Liquidator on an exclusive basis to conduct a sale (the "Sale") of the Assets by way of a liquidation (the "Liquidation") and/or private sale (a "Private Sale").
2. **CONDUCT OF SALE:**
 - (a) The Sale will be conducted by the Liquidator, for the NSI Assets, at NSI's facilities located at 490 Maureen Street, Thunder Bay, Ontario, P7B 2X9 (the "NSI Premises"). The Sale for the AFP Assets will be conducted by the Liquidator at AFP's facilities located at 623 Sapawe Road, Atikokan, Ontario, P0T 1C0 (the "AFP Premises", and together with the NSI Premises, the "Premises").
 - (b) The Liquidation will take place for a two-day period at any time the Liquidator deems appropriate within a period of time that is not later than 60 days from the date of the Court's approval of this agreement (the "Liquidation Period"). The Liquidator may also conduct Private Sales during the Liquidation Period.
 - (c) The Liquidator may, in its discretion, choose to: (i) offer the Assets for sale by piece or by lot; and (ii) conduct a Private Sale. The Receiver hereby grants the Liquidator a temporary license to use the names, addresses and logos including any trademarks and copyright of each of NSI and AFP in the advertising of the Sale, as well as on the Liquidator's Internet website for the period commencing on the date of this Agreement and ending after the completion of the Liquidation Period.

- 2 -

- (d) The Liquidator shall include in the terms and conditions of the Sale of the Assets that each purchaser is responsible for and shall pay the cost of any damage or injury to the Premises resulting from or arising in connection with the sale and removal of Assets purchased by such purchaser.
- (e) In the event of Liquidation the Assets shall be sold to the highest bidder (subject only to the purchaser's timely payment in full and timely removal of the Assets purchased by such purchaser, from the Premises).
- (f) The Liquidator shall provide the Receiver with prompt notice of all proposed sales to be made by way of Private Sale, which shall be subject to the prior approval of the Receiver, such approval not to be unreasonably withheld or delayed.
- (g) The Liquidator shall not permit any Assets purchased to be dismantled or removed from the Premises without receipt of payment in full from the respective purchasers.
- (h) The Liquidator shall be responsible for collecting, remitting and accounting for all applicable harmonized sales taxes (collectively, the "Sales Taxes") in respect of every sale of Assets pursuant to the Sale.
- (i) The Liquidator shall prepare and deliver to the Receiver separate accounting for amounts realized in respect of the NSI Assets (the "NSI Net Proceeds") and the amounts realized in respect of the AFP Assets (the "AFP Net Proceeds") and the Sales Taxes collected in respect of the NSI Assets and the AFP Assets.
- (j) The Liquidator shall pay the NSI Net Proceeds in excess of the deposit amounts paid in accordance with section 6 below within two (2) business days after the Liquidation Period, or such earlier date being the consummation of the sale of substantially all of the NSI Assets. The Liquidator shall pay the AFP Net Proceeds in excess of the deposit amounts paid in accordance with section 6 below within two (2) business days after the Liquidation Period, or such earlier date being the consummation of the sale of substantially all of the AFP Assets.

3. **DISCLAIMERS OF WARRANTIES:** The Liquidator shall state both in its advertising for the Sale and at the Sale, that all Assets are being sold "as is, where is and with all faults" and subject to any and all additional disclaimers of warranty and conditions, including disclaimers of the warranties and conditions of merchantability and fitness for a particular purpose.

4. **NET MINIMUM GUARANTEE OF NSI:** The Liquidator guarantees NSI Net Proceeds to be paid to the Receiver in the aggregate amount of [REDACTED] for the NSI Assets (the "NSI NMG"). If an NSI Asset cannot be offered for sale at the Receiver's direction, the NSI NMG will be adjusted downwards by an amount to be agreed to between the parties, or, failing agreement, as may be determined by the Court. In the event of material loss of or damage to an NSI Asset or NSI Assets before or during the Sale, the NSI NMG will be adjusted by an amount proportional to the loss or damage.

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5. **NET MINIMUM GUARANTEE OF AFP:** Liquidator guarantees AFP Net Proceeds to the Receiver in the aggregate amount of [REDACTED] for the AFP Assets (the "AFP NMG"). If an AFP Asset cannot be offered for sale at the Receiver's direction, the AFP NMG will be adjusted downwards by an amount to be agreed to between the parties, or, failing agreement, as may be determined by the Court. In the event of material loss of or damage to an AFP Asset or AFP Assets before or during the Sale, the AFP NMG will be adjusted by an amount proportional to the loss or damage.

6. **DEPOSIT:**

- (a) A deposit of [REDACTED] has been paid by the Liquidator to the Receiver in advance of the date of this Agreement in respect of the NSI NMG. A deposit of [REDACTED] shall be payable to the Receiver in respect of the NSI NMG, upon execution of this Agreement. If the Receiver fails to obtain Court approval of this agreement in accordance with Section 20, by August 6, 2011, all deposits shall be promptly returned to Liquidator.
- (b) A deposit of [REDACTED] has been paid by the Liquidator to the Receiver in advance of the date of this Agreement in respect of the AFP NMG. A deposit of [REDACTED] shall be payable to the Receiver in respect of the AFP NMG, upon execution of this Agreement. If the Receiver fails to obtain Court approval of this agreement in accordance with Section 20, by August 6, 2011, all deposits shall be promptly returned to Liquidator.
- (c) The balance of the NSI NMG and any further amounts payable to the Receiver hereunder will be paid to the Receiver within two (2) business days after the Liquidation Period, or such earlier date being the consummation of the sale of substantially all of the NSI Assets. The balance of the AFP NMG and any further amounts payable to the Receiver hereunder will be paid to the Receiver within two (2) business days after the Liquidation Period, or such earlier date being the consummation of the sale of substantially all of the AFP Assets. The NSI NMG and the AFP NMG are collectively defined as the "Net Minimum Guarantee".

7. **DISBURSEMENT OF SALE PROCEEDS:**

- (a) **NSI Assets:**
 - i. First, NSI Net Proceeds up to the NSI NMG shall be paid to the Receiver;
 - ii. Second, the NSI Net Proceeds in excess of the NSI NMG and up to [REDACTED] shall be retained by Liquidator; and
 - iii. Third, 80% of the NSI Net Proceeds in excess of [REDACTED] shall be paid to the Receiver and the Liquidator shall be entitled to retain the remaining 20%.

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(b) **AFP Assets:**

- i. First, AFP Net Proceeds up to the AFP NMG shall be paid to the Receiver;
- ii. Second, AFP Net Proceeds in excess of the AFP NMG and up to [REDACTED] shall be retained by the Liquidator; and
- iii. Third, 80% AFP Net Proceeds in excess of [REDACTED] shall be paid to the Receiver and Liquidator shall be entitled to retain the remaining 20%.

Notwithstanding that the aggregate amount of the Net Proceeds from the Sale of the NSI Assets may be less than the NSI NMG or the aggregate amount of the Net Proceeds from the Sale of the AFP Assets may be less than the AFP NMG, the Receiver shall receive the NSI NMG and the AFP NMG in the amounts set out in Section 4 and Section 5 hereof, respectively, and at the times prescribed in Section 6, notwithstanding any other provision in this Agreement.

8. **COMPENSATION TO LIQUIDATOR:** Liquidator shall charge a purchaser's premium on each and every Sale of the NSI Assets and the AFP Assets (the "Buyer's Premium"), which the Liquidator shall retain for its own account. The Buyer's Premium is part of the Liquidator's compensation for the services provided under this Agreement. The Buyer's Premium shall be: i) 12% of the sales price of each Asset sold to a purchaser purchasing an either an NSI Asset and / or an AFP Asset at the Premises; and ii) 15% for each NSI Asset and / or AFP Asset sold via the Internet. The Liquidator shall collect the Buyer's Premium directly from each successful bidder, in addition to the Net Proceeds. The Receiver shall have no liability in respect thereof.
9. **AVAILABILITY OF PERSONNEL:** The Liquidator may retain and its sole cost and expense the services of certain former employees of AFP and NSI with the prompt co-operation and assistance of the Receiver, acting reasonably.
10. **SALE EXPENSES:** The Liquidator shall be responsible for the costs of advertising and direct marketing, travel and lodging, preparing the Assets for sale and any other miscellaneous expenses.
11. **PROMOTIONAL PROGRAM:** Liquidator's marketing program of the Assets shall include:
 - (a) **Brochures:** The Liquidator will design and mail approximately 10,000 brochures promoting the Sale.
 - (b) **Website:** The Liquidator will promote the Sale on its website at (www.maynards.com).
 - (c) **Newspaper and Trade Journal Advertising:** As determined by the Liquidator, in consultation with the Receiver, detailed advertisements will be placed in appropriate local newspapers and in the relevant industry trade journals, time permitting and where applicable.

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(d) **Advertising with Other Liquidator Sales:** The Sale will be advertised together with our other industrial auction mailings, where appropriate.

12. **PREPARATION OF THE SALE SITE:** The Liquidator will oversee the preparation of the NSI Premises and the AFP Premises for the purposes of the Sale, at its own expense including gathering specifications, obtaining photographs for all advertising and consolidating small equipment for security reasons. Directional arrows and signs will be strategically placed to assist prospective purchasers.

13. **INTERNET WEBCAST AND ABSENTEE BIDS:** For those purchasers who cannot attend the Sale the means will be detailed in Liquidator's website by which a potential purchaser can either bid on the assets through the live Internet web-cast or by placing an absentee bid.

14. **SECURITY:** The Liquidator shall be responsible for securing the Assets at its own expense during the opening hours of any preview of the Assets given to prospective purchasers, any Private Sale, and any Liquidation and at all times after the completion of the Sale within the Liquidation Period, unless otherwise agreed as between the Liquidator and the Receiver. The Receiver is responsible for securing the Assets and the Premises at all other times.

15. **UTILITY DISCONNECTION AND ASSET DISMANTLING AND REMOVAL:** The parties hereto agree that the purchaser(s) of Assets shall be solely responsible for disconnecting any utilities from such Assets, and dismantling, rigging and shipping such Assets. The Liquidator shall only permit Assets to be removed from the Premises by experienced persons qualified to remove the Assets in a safe and efficient manner. The Liquidator will monitor the removal process in order to ensure safe removal practices according to industry standards and insurance guidelines and will have pre-qualified riggers and transportation representatives on site at the times of any auctions, private sales and Assets removal to assist purchasers and to ensure safe removal practices. Under no circumstances shall the Receiver be responsible for Asset removal or utility disconnection unless the Receiver specifically asks to do so and it is agreed by the Liquidator.

16. **INSURANCE:**

(a) The Liquidator shall maintain insurance coverage against public liability, throughout the period of Liquidation services in the amount no less than [REDACTED] and shall arrange for the Receiver to be named as additional insured and shall provide the Receiver with evidence of same.

(b) The Receiver shall maintain existing insurance coverage on the Assets and the Premises throughout the Liquidation Period.

(c) If less than substantially all of the Assets are destroyed or damaged by fire or other casualty or stolen at any time prior to the sale of such Assets, the insurance proceeds attributable to such damaged or stolen Assets and received by the Receiver shall be deemed Net Proceeds for the purposes of this Agreement and,

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for greater certainty, shall be included for the purposes of distributing funds in accordance with Section 7 and Section 8 hereof. If substantially all of the Assets are damaged or destroyed, then the Receiver shall have the option to terminate the Agreement, retain the insurance proceeds, refund to Liquidator the unearned portion of the deposit paid in accordance with section 6 above, if any, and reimburse the Liquidator for all the reasonable and necessary expenses actually incurred by the Liquidator pursuant to the provisions of this Agreement up to a maximum amount of [REDACTED] in respect of NSI and [REDACTED] in respect of AFP. The Receiver and the Liquidator agree not to settle any insurance claim without the prior, written consent of the other, such consent not to be unreasonably withheld.

17. **DESTRUCTION OF ASSETS:** The Liquidator shall not be responsible for any loss, damage or destruction of any Assets during the Liquidation Period unless caused by the Liquidator's gross negligence or willful misconduct.
18. **THE RECEIVER:** The Receiver agrees:
 - (a) to grant the Liquidator unfettered and full access to the Premises and the Assets for the Liquidation Period, for the limited purpose of conducting the Sale and, following the Sale, removing the Assets and to fulfill the Liquidator's obligations under this Agreement;
 - (b) notwithstanding anything contained in this Agreement, to do all things necessary to defend any claim to title, lien or encumbrance by any person with respect to the Assets, provided that the Receiver believes it is in the best interests of estates of AFP and NSI to do so, having regard to the value of the Assets against which a claim has been asserted and the expected costs of the Receiver's defence of such claim.
19. **USE OF PREMISES:**
 - (a) The Liquidator and its representatives shall be entitled to non-exclusive access to the Premises for the purposes of: (i) preparing for and conducting the Sale of the Assets; (ii) exhibiting the Assets to prospective purchasers; and (iii) for such other purposes as are reasonable and necessary to conduct the Sale, with the approval of the Receiver, such approval to not be unreasonably withheld or delayed. The Receiver agrees that Liquidator will have rent free use of the Premises until the later of November 30, 2011. The Liquidator shall have the right to abandon or leave behind any Asset, including any Asset sold and not removed by the purchaser, or any Asset not sold by the end of the Liquidation Period.
 - (b) The Receiver further agrees that it will not take any steps that may result in termination of the provision of utilities, heat and telephone services throughout the Liquidation Period at the Receiver's sole expense.

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- (c) While the Liquidator occupies any part of the Premises, it shall use and keep each such part in the condition as found and shall, upon ceasing to occupy any such part of the Premises, leave such part in the order as to which it was found. The Liquidator shall have no responsibility to remedy any conditions to the Premises that have been caused as a result of the Receiver's previous business operations.
- (d) Nothing in this Agreement is intended to create a lease or right of occupation or possession in favour of Liquidator in respect of the Premises or any part thereof.
- (e) Notwithstanding anything to the contrary set forth herein, the Premises shall not include the buildings or structures or any part thereof. All buildings and structures at the Premises shall be subject to demolition and removal in the Sale.

20. **COURT APPROVAL:** The terms and conditions of this Agreement and the Receiver's execution hereof are expressly subject to approval by the Court ("Court Approval"). If Court Approval is not obtained by August 6, 2011, the parties agree that they will have no obligation to one another hereunder or otherwise.

21. **INDEPENDENT PARTIES:** This Agreement shall not be construed to create a partnership or joint venture.

22. **COUNTERPARTS; FACSIMILE SIGNATURES:** This Agreement may be executed in any number of counterparts, each of which, when executed, will be deemed to be an original and all of which, when taken together, will be deemed to be but one and the same legally enforceable and binding instrument. Delivering signatures via facsimile shall be an acceptable means of executing this Agreement and signatures so delivered shall be treated as originals and be fully binding on the signing party.

23. **GOVERNING LAW; JURISDICTION:** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party irrevocably attorns and submits to the exclusive jurisdiction of the Court for any action or proceeding arising under this Agreement.

24. **SEVERABILITY:** The provisions of this Agreement shall be severable. Should any part, term or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid or unenforceable for any reason, the legality, validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

25. **COMPLETE AGREEMENT; ASSIGNMENT:** This Agreement constitutes the entire understanding between the parties and replaces any and all prior agreements related to the Liquidation. This Agreement may not be modified or amended except in writing signed by each of the parties. This Agreement may not be assigned to any party without the written consent of the other parties.

26. All payments to which the Receiver is entitled in accordance with the terms hereof, shall be remitted by the Liquidator to the Receiver as directed by the Receiver.

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27. **NOTICE:** Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if: (a) delivered personally; (b) sent by prepaid courier service; or (c) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below.

a) **To the Receiver:**

PricewaterhouseCoopers Inc.
Royal Trust Tower, TD Centre
Suite 3000
Toronto, ON M5K 1G8

Attention: Gregory Prince
Facsimile: (416) 814-3210
Email: gregory.n.prince@ca.pwc.com

with a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Liz Pillon
Facsimile: (416) 947-0866
Email: lpillon@stikeman.com

(b) **To the Liquidator:**

Attention: Mike McIntosh
Email: mmcintosh@maynards.com

with a copy to the Liquidator's solicitors:

Attention: Joel D. Farber
Facsimile: (416) 941-8852
Email: jfarber@foglers.com

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery, if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a business day and the communication is so delivered, faxed or sent prior to 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to

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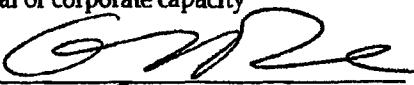
have been received on the next following business day. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by a duly authorized officer as of the date first written above.

PRICEWATERHOUSECOOPERS INC., in its capacity as Court-appointed Receiver of Atikokan Forest Product Ltd., and not in its personal or corporate capacity

By:


Greg Prince
Senior Vice President

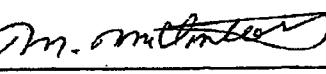
PRICEWATERHOUSECOOPERS INC., in its capacity as Court-appointed Receiver of Northern Sawmills Inc., and not in its personal or corporate capacity

By:


Greg Prince
Senior Vice President

MAYNARDS INDUSTRIES LTD.

By:


Authorized Signing Officer

MIKE MCINTOSH
EXECUTIVE VP - INDUSTRIAL

EXHIBIT "A"**ATIKOKAN FOREST PRODUCTS LTD. ASSETS**

7.2 Site Description

7.2.1 Main Property

Location : 623, Sapawe Road, Atikokan, Ontario

Lot Numbers : FF746, FF747, FF1030, FF1223, FF1224, FF1571, FF5001, FF5038, FF5039, FF5071, 5158, FF5159

Cadastral : Township of Hutchinson

Registry of : District of Rainy River (Atikokan)

Topography : Irregular shape

Site Area : 503.66 acres

Public Services : Electricity, telephone supply

Municipal Appraisal : NA

Taxes : Municipal: NA
School: NA

7.3 Building Description (offices)¹

Number of Storeys : 1 storey
 Basement : Yes
 Year of construction : 1975

Floor Area

Basement	: 1 936 ft ²
Ground Floor	: 1 936 ft ²
Total	: 3 872 ft ²

- Foundations

Footing and Foundations	: Poured concrete basement walls and footings
Slab on Grade	: Reinforced concrete / granular base
Excavation and Backfill	: Bulk excavation

- Superstructure

Frame	: Wood, bearing walls
Structural Walls	: Wood studs
Structural Floors	: Plywood on wood joists with bridging
Roof Construction	: Plywood on wood structure
Interior stairs	: One wood stairway with handrails

- Exterior Walls

Exterior Walls	: Cedar plank
Average height	: 9 feet
Doors	: Commercial type glass / aluminium
Windows	: PVC, double sliding / wood windows
Other	: Cloth canopy on windows

- Roofing

Roof covering	: Asphalt shingles
Insulation	: Mineral wool
Other	: Roof vents

- Interior Construction

Partitions	: Gypsum board on wood studs
Floor Finish	: Vinyl tiles, paint
Ceiling Finish	: Wood fiber panel, gypsum board
Comments	: Including: wood kitchen cabinets and dressing tables, doors and woodworks

¹ See appendix A – Sketches and photographs of buildings.

File : 1008-163-EM

• **Mechanical****Plumbing**

: Two washrooms for a total of 2-water closets, 2-lavatories, 1-single stainless steel kitchen sink and one 40-gallons electric water-heater tank

Also included: faucets, fittings and piping for those above appliances and floor drainage

Heating, Venting, Cooling

: Hot water baseboards provided by two natural gas boilers "Galaxy". A rooftop air conditioning unit using network conduits for the entire building; Sanitary ventilator for the washrooms

Also included: Prefabricated chimney, exterior above ground oil tank (1994, 2200 litres)

• **Electrical**

Service and distribution
Low voltage transformers
Lighting
Security

: A main electrical entrance of 400 amperes, 600 volts, 3-phase

Fluorescent

• **Protections****Fire Protection**

: Fire detectors

Theft protection

: ---

• **Miscellaneous**

: Steel galvanized / wood marquee (24 ft²)

7.4 Building Description (sawmill)²

Number of Storeys : 1 storey
Basement : ---
Year of construction : 1965 and 2001 (25%)

FLOOR AREA

Ground Floor : 62 008 ft²
Mezzanines (±) : 4 500 ft²
Total : 66 508 ft²

BREAKDOWN

Offices / employees	: 786 ft ²	73,02 m ²
Mechanical / control rooms	: 1 584 ft ²	145,30 m ²
Production (Sawmill)	: 64 158 ft ²	5 960,27 m ²
Total	: 66 508 ft ²	6 178,59 m ²

• **Foundations**

² See appendix A – Sketches and photographs of buildings.

File : 1008-163-EM

Footing and Foundations	:	Reinforced concrete wall foundations and footings
Slab on Grade	:	Reinforced concrete / granular base
Excavation and Backfill	:	Trench excavation
• Superstructure		
Frame	:	Pre-engineered steel columns and beams, wood post and beams
Structural Walls	:	Steel studding, wood studs
Structural Floors	:	Mill type floor composed of 2" x 4" planks on the side
Mezzanines	:	Plywood on steel structure (1374 ft ²)
Roof Construction	:	Long span open web steel joists
	:	Open web steel joists;
	:	Plywood on wood joists
Interior stairs	:	Steel with railings
• Exterior Walls		
Exterior Walls	:	Corrugated enamelled steel, galvanized steel
Average height	:	30,75 feet
Doors	:	Plain steel, wood, sliding wood; Insulated aluminium panels for the overhead doors; Steel roll-up door
Windows	:	Aluminium frame industrial type
• Roofing		
Roof covering	:	Galvanized steel
Insulation	:	Mineral fiber with vapour barrier
Other	:	--
• Interior Construction		
Partitions	:	Gypsum boards, wood planks, aluminium sheet, plywood
Floor Finish	:	Paint, vinyl tiles
Ceiling Finish	:	Gypsum boards, plywood
Comments	:	Including: laminated wood dressing table, toilet partitions, doors and woodworks
• Mechanical		
Plumbing	:	Two washrooms for a total of 4-water closets, 4-lavatories, 1-urinal, 3 prefabricated showers and a group of electric water-heater tanks
		Also included: faucets, fittings and piping for those above appliances and floor drainage
Heating, Venting, Cooling	:	
Offices / employees areas	:	Fixed electric baseboards;
		A group of window air conditioning units
Plant	:	Natural gas and electric spaceheaters;
		Two floor air conditioning units, each 12-ton capacity, located inside two MCC rooms (total of 1060 ft ²);
• Electrical		
Service and distribution	:	High voltage electrical entrance, 347/600 volts
Lighting	:	Fluorescent for the offices, workshop and mechanical rooms, high intensity lamps for the production areas

File : 1008-163-EM

Comment	:	The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
• Protections		
Fire Protection	:	100% automatic sprinklers Fire detectors, pull stations, fire hose reels
Thief protection	:	—
• Miscellaneous	:	Bridge crane rails only: - 42 feet for a 1-ton singled bridge crane (58' span); - 64 feet for a 2-ton singled bridge crane (40' span); Trolley way rails only: - 36 feet for a 1-ton hoist; A 3-ton hoist and cage, 24 feet of height
Comments	:	See Equipment report for the bridge cranes and hoist cost.

7.5 Building Description (new planer mill)³

Number of Storeys	:	1
Basement	:	Small section, 182 ft ²
Year of construction	:	±1998
FLOOR AREA		
Basement	:	182 ft ² 16,90 m ²
Ground Floor	:	19 573 ft ² 1 818,33 m ²
Total	:	19 755 ft ² 1 835,23 m ²
• Foundations		
Footing and Foundations	:	Reinforced concrete low wall foundations and footings Poured concrete basement walls and footings
Slab on Grade	:	Reinforced concrete / granular base
Excavation and Backfill	:	Trench and bulk excavation
• Superstructure		
Frame	:	Pre-engineered steel columns and beams, wood bearing walls
Structural Walls	:	Steel and wood studs
Structural Floors	:	
Basement	:	Plywood on wood joists (182 ft ²)
Mezzanine (Open)	:	Plywood on wood joists (360 ft ²)
Roof Construction	:	Pre-engineered steel joists Wood frame without deck
• Exterior Walls		
Exterior Walls	:	Wood plank
Average height	:	23,5 feet
Doors	:	Wood, aluminium
Windows	:	Fixed and sliding PVC windows

³ See appendix A – Sketches and photographs of buildings.

File : 1008-163-EM

Openings	:	—
• Roofing		
Roof covering	:	Galvanized steel
Insulation	:	Mineral fiber with vapour barrier
Other	:	—
• Interior Construction		
Partitions	:	Gypsum board, plywood
Floor Finish	:	Paint, vinyl
Ceiling Finish	:	Gypsum board, plywood
Comments	:	Including: laminated wood kitchen and hair dressing cabinets, doors and woodworks
• Mechanical		
Plumbing	:	Two washrooms for a total of 3-water closets, 2-lavatories, 1-urinal, 2 prefabricated showers and one electric water-heater tank Also included: faucets, fittings and piping for those above appliances and floor drainage
Heating, Venting, Cooling	:	Natural gas and electric spaceheaters, fixed electric baseboards; Sanitary ventilator for the washrooms; Two window air conditioning units
• Electrical		
Service and distribution	:	Main electrical entrance of 2000 amperes 600 volts
Lighting	:	High intensity lamps and fluorescent
Comment	:	The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
• Protections		
Fire Protection	:	100% automatic sprinklers Fire hoses
Thief protection	:	—
• Miscellaneous		
	:	Bridge crane rails only: - 38 feet for a 2-ton hoist (12' span);

7.6 Building Description (old planer mill)⁴

Number of Storeys	:	1 storey
Basement	:	—

⁴ See appendix A – Sketches and photographs of buildings.

File : 1008-163-EM

Year of construction : ±1965
 Renovations : 2000: New electrical entrance

FLOOR AREA
 Ground Floor : 10 284 ft²
 Total : 10 284 ft²

- Foundations

Footing and Foundations : Reinforced concrete low wall foundations and footings
 Slab on Grade : Reinforced concrete / granular base
 Excavation and Backfill : Trench excavation

- Superstructure

Frame : Wood posts and beams, wood bearing walls
 Structural Walls : Mill type walls, wood studs
 Roof Construction : Wood plank deck on arch truss, wood frame on steel joists without deck, wood joists
 Interior stairs : Steel with railings

- Exterior Walls

Exterior Walls : Galvanized steel, wood plank, aluminium
 Average height : 14 feet
 Doors : Plain steel, wood, aluminium;
 Windows : Aluminium en PVC sliding windows
 Openings : ---

- Roofing

Roof covering : Galvanized steel
 Insulation : Mineral fiber with vapour barrier
 Other : ---

- Interior Construction

Partitions : Mill type partitions
 Floor Finish : ---
 Ceiling Finish : OSB wood sheeting
 Comments : Including: doors and woodworks

- Mechanical

Plumbing : One washroom for a total of 1-water closet, 1-lavatory and one electric water-heater tank
 Also included: faucets, fittings and piping for those above appliances and floor drainage
 Heating, Venting, Cooling : Natural gas spaceheaters;
 Sanitary ventilator for the washroom

- Electrical

Service and distribution : A main electrical entrance of 600 amperes, 600 volts

File : 1008-163-EM

Lighting	:	Fluorescent and high intensity lamps
Security	:	Emergency lights
Comment	:	The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
• Protections		
Fire Protection	:	100% automatic sprinklers Fire detectors
Thief protection	:	---
• Miscellaneous		
	:	A wood structure shelter, 744 ft ² ;

7.7 Building Description (garage)⁵

Number of Storeys	:	1 storey
Basement	:	---
Year of construction	:	1999

FLOOR AREA		
Ground Floor	:	36 011 ft ²
Total	:	36 011 ft ²

BREAKDOWN		
Offices / employees	:	1 436 ft ² 133,40 m ²
Mechanical / control rooms	:	1 708 ft ² 158,67 m ²
Test room	:	300 ft ² 27,87 m ²
Production (planing)	:	32 587 ft ² 3 025,47 m ²
Total	:	36 011 ft ² 3 345,41 m ²

• Foundations		
Footing and Foundations	:	Reinforced concrete low wall foundations and footings
Slab on Grade	:	Reinforced concrete / granular base
Excavation and Backfill	:	Trench excavation
• Superstructure		
Frame	:	Pre-engineered steel columns and beams, concrete block bearing walls
Structural Walls	:	Steel studs, concrete block
Roof Construction	:	Wood truss, wood joists
Interior stairs	:	Steel with railings
• Exterior Walls		
Exterior Walls	:	Wood plank, corrugated enamelled steel, concrete block
Average height	:	20 feet
Doors	:	Plain steel, wood; Insulated aluminium panels for the overhead doors
Windows	:	Fixed wood and PVC windows
Openings	:	Aluminium automatic louvers

⁵ See appendix A – Sketches and photographs of buildings.

- **Roofing**
 - Roof covering : Galvanized steel
 - Insulation : Mineral fiber with vapour barrier, foil
 - Other : ---
- **Interior Construction**
 - Partitions : Concrete blocks, gypsum boards, wood planks, plywood, galvanized steel
 - Floor Finish : Paint
 - Ceiling Finish : Gypsum boards
 - Comments : Including: laminated wood dressing table, toilet partitions, doors and woodworks
- **Mechanical**
 - Plumbing : Two washrooms for a total of 3-water closets, 3-lavatories, 2-urinals, 1-refrigerated drinking fountain and one electric water-heater tank
 - Also included: faucets, fittings and piping for those above appliances and floor drainage
 - Heating, Venting, Cooling : Natural gas spaceheaters; A ceiling combined unit (air conditioning / heating) using short ductworks for the workshop and employees areas; Fixed electric baseboards inside the test room; Sanitary ventilator for the washrooms
- **Electrical**
 - Service and distribution : A main electrical entrance of 4000 amperes, 600 volts
 - Lighting : Fluorescent and high intensity lamps
 - Security : Emergency lights
 - Comment : The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
- **Protections**
 - Fire Protection : 100% automatic sprinklers
Fire detectors; pull stations, fire hose reels
 - Thief protection : Burglar alarm composed of keypads, magnetic contacts and motion detectors
 - All the above protections are connected to supervision central.
- **Miscellaneous**
 - : One fixed hoist trolleyway, 1-ton, 36 feet;
Two fixed hoist trolleyways, 1/4-ton, 26 feet each;
Two electric garage door openers

7.8 Building Description (others)

TIE MILL A.C.V. (not in use since 2000)



- Wood construction, 8828 ft² on concrete low walls foundation, average height 17,5 feet, 736 feet of perimeter
- Aluminium roof covering
- Wood plank and concrete block exterior siding
- Detached wood office building, 880 ft² on log and ground floor

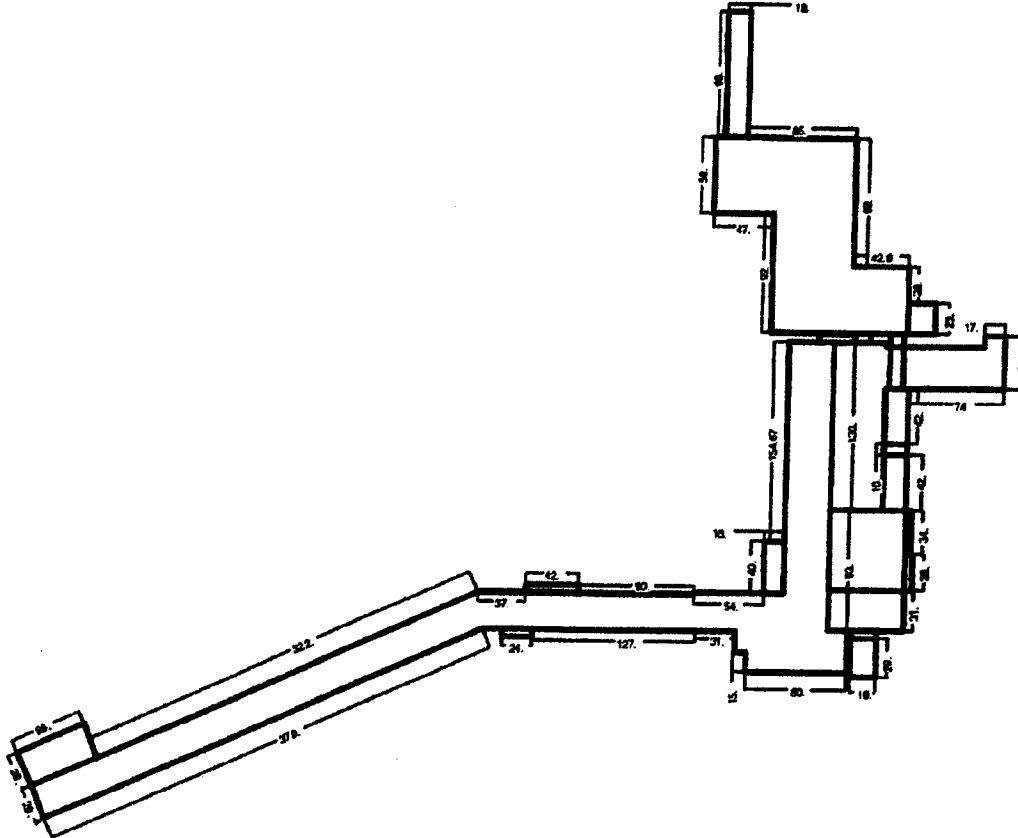
TIE INCISOR (not in use since 1985)



- Wood construction, 9216 ft² on concrete low walls foundation, average height 15 feet, 480 feet of perimeter
- Tar and gravel and aluminium roof covering
- Wood plank exterior siding

File : 1008-163-EM

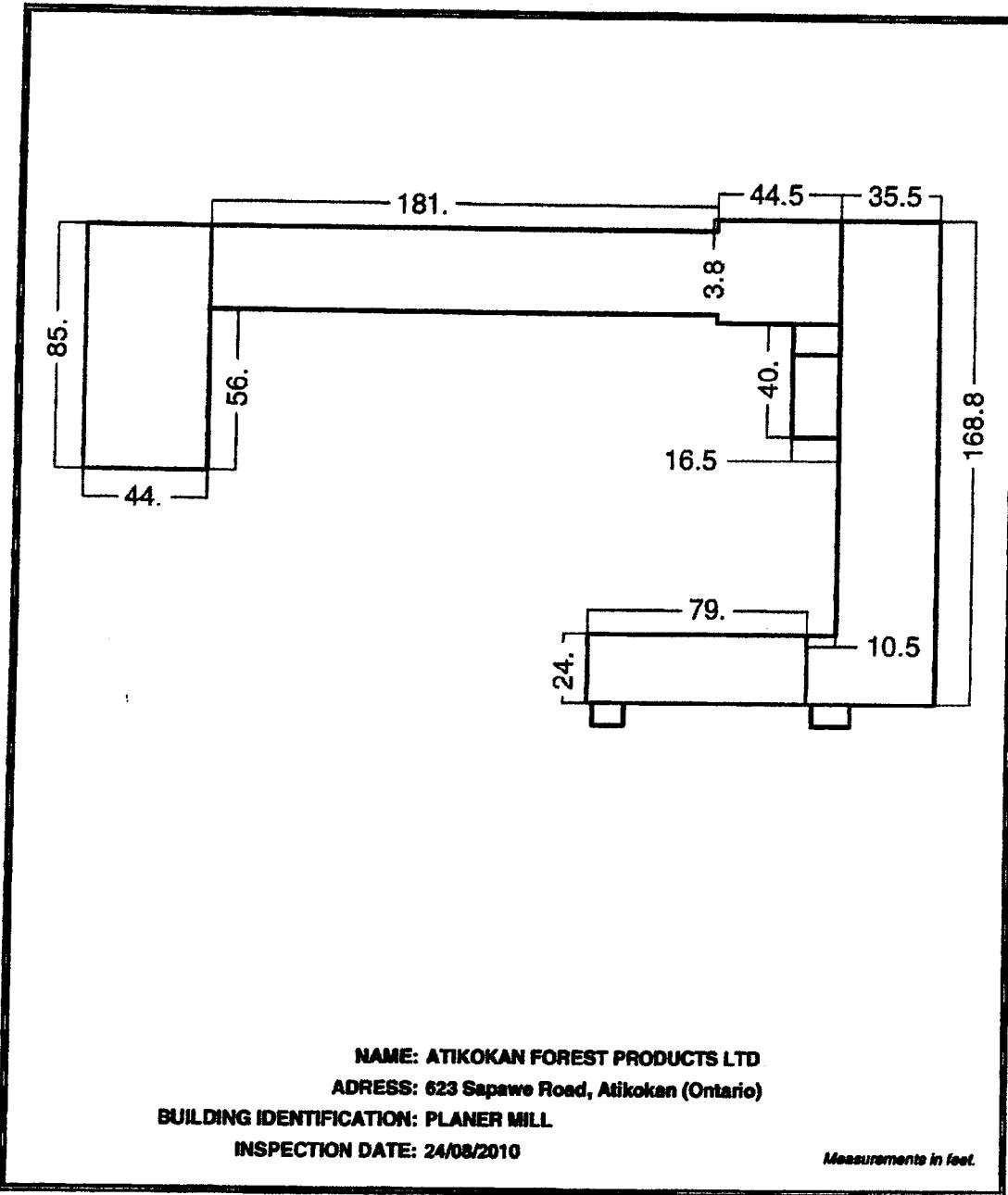
APPENDIX A - Sketches and photographs of building



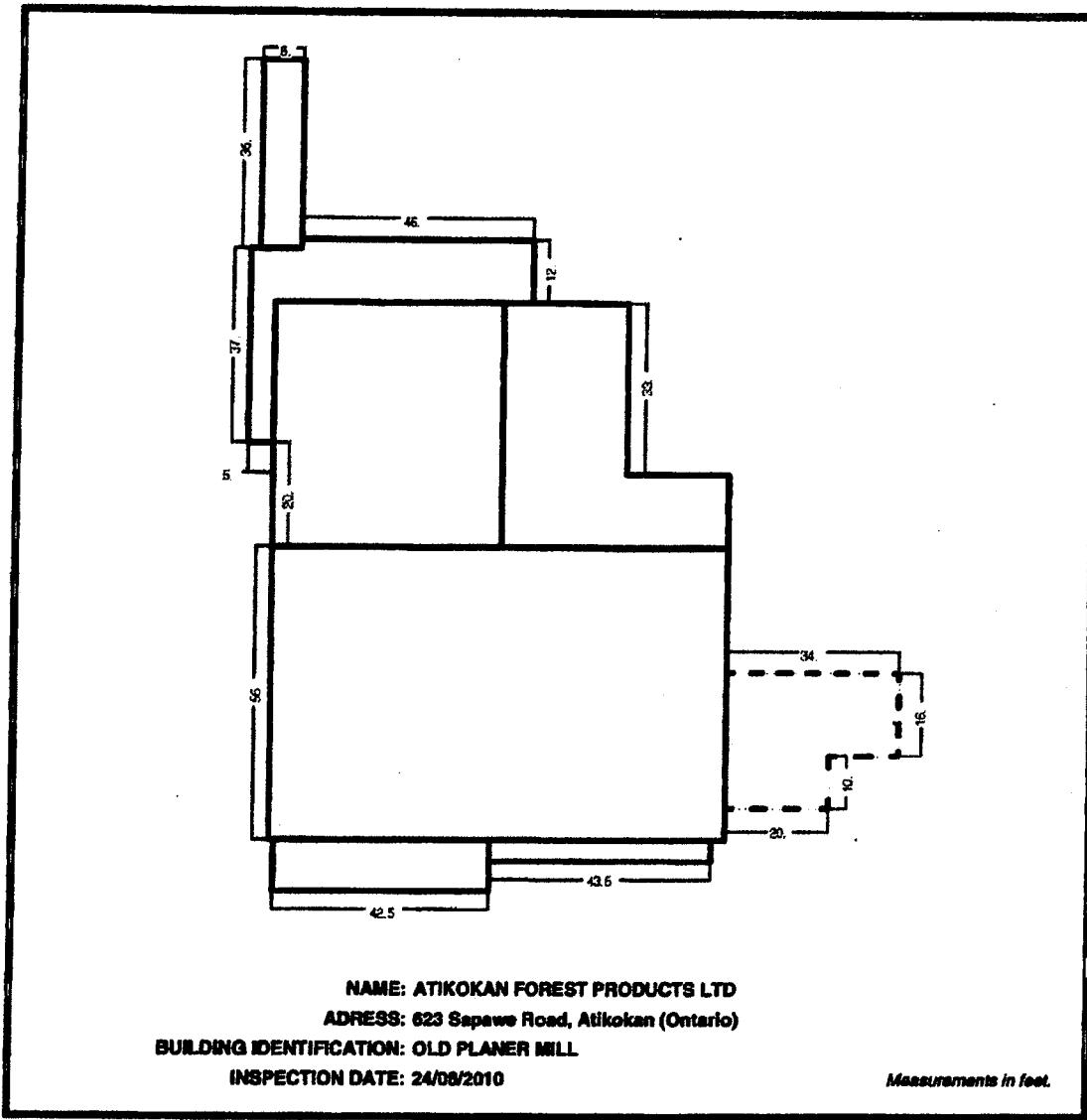
NAME: ATIKOKAN FOREST PRODUCTS LTD
ADDRESS: 623 Sapawe Road, Atikokan (Ontario)
BUILDING IDENTIFICATION: SAWMILL
INSPECTION DATE: 24/08/2010

Measurements in feet

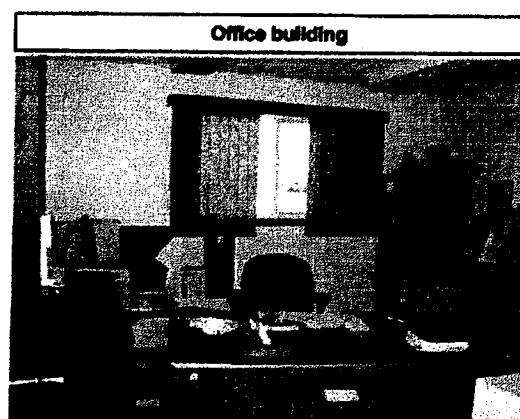
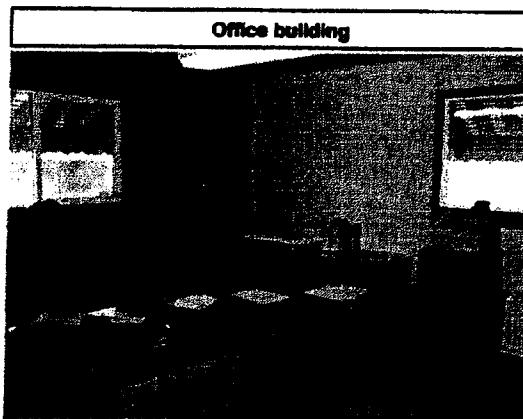
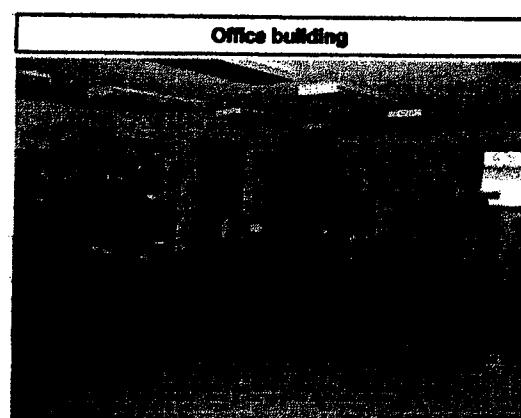
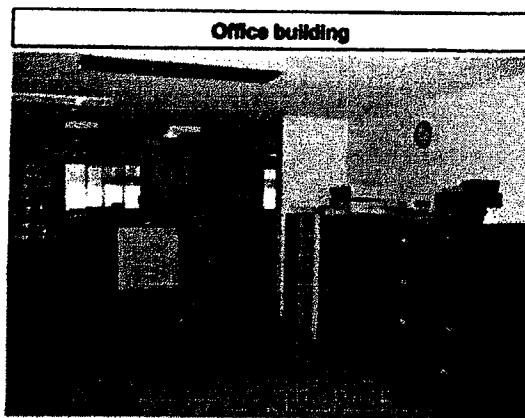
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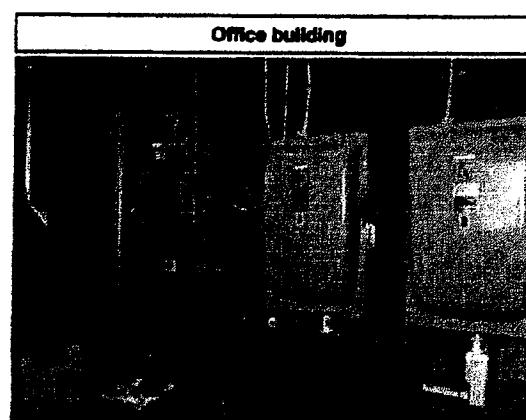
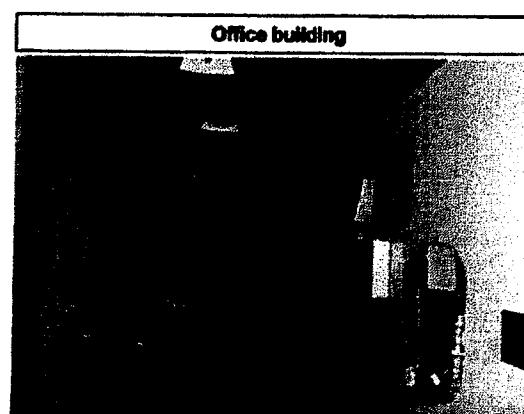
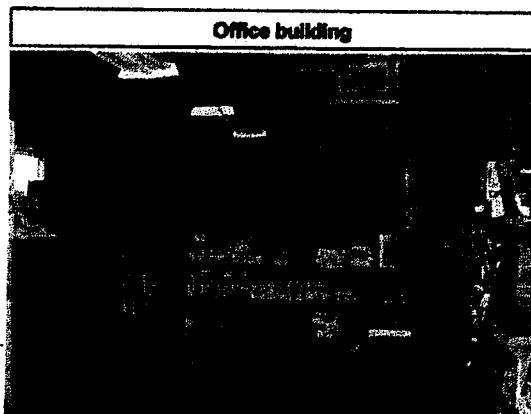
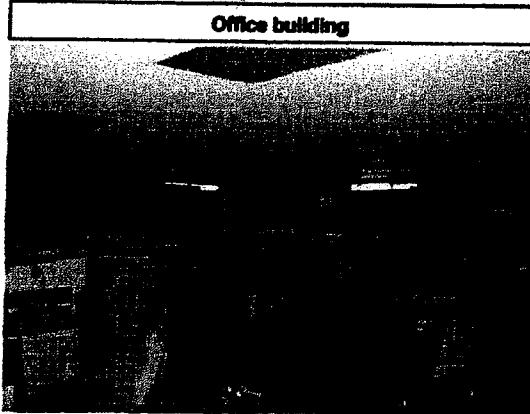
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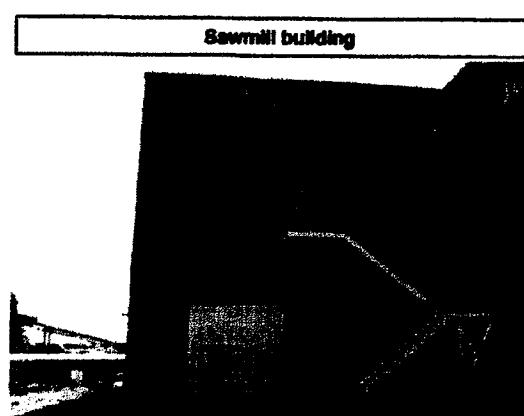
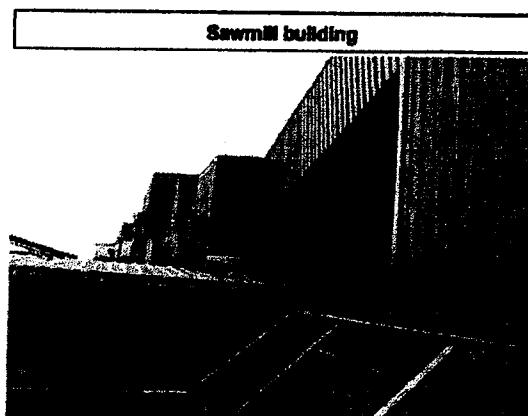
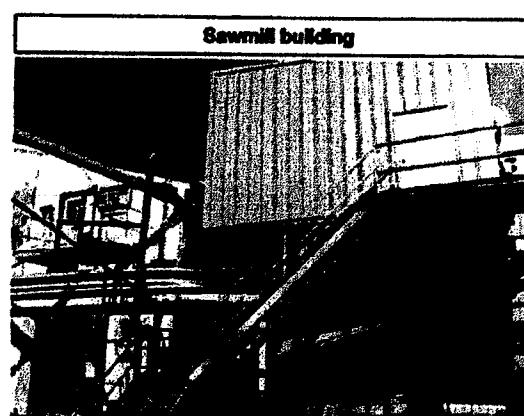
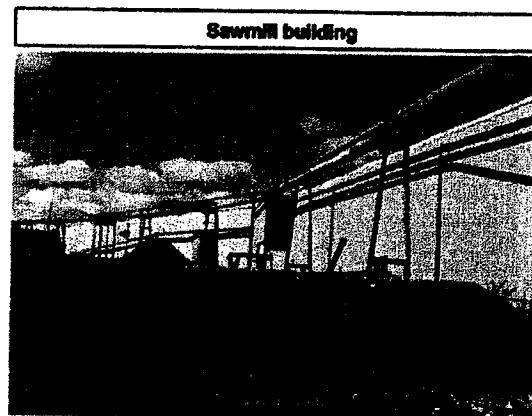
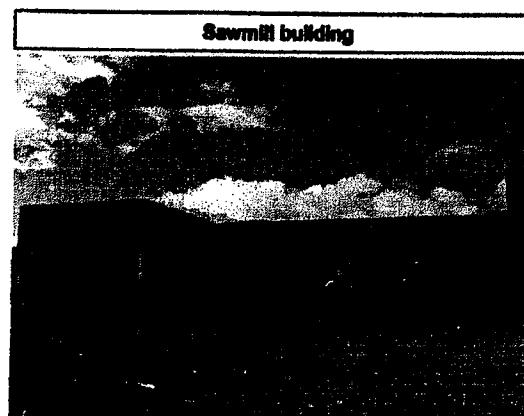
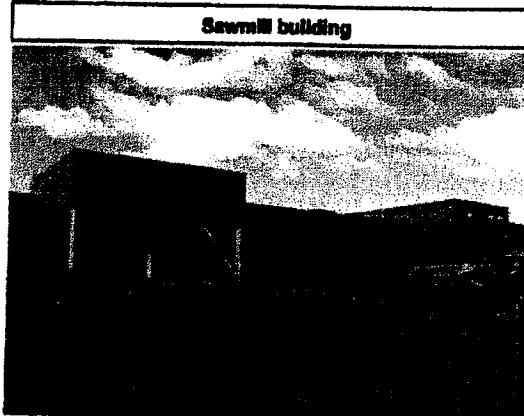
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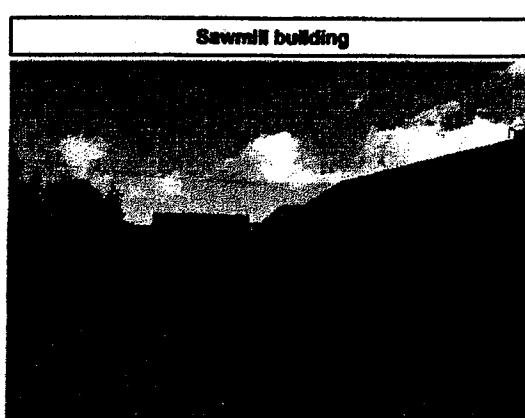
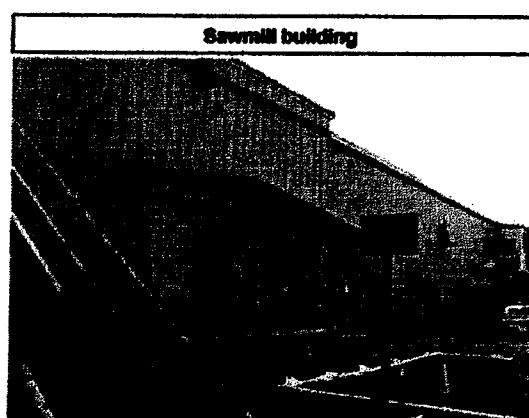
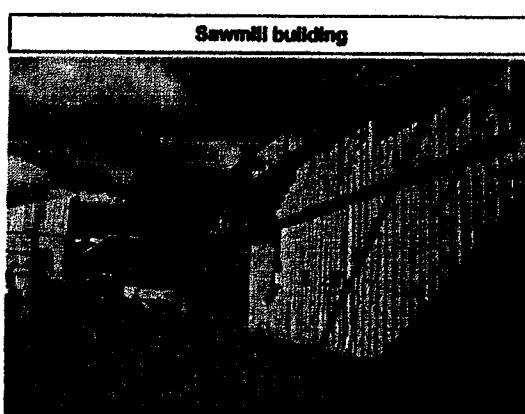
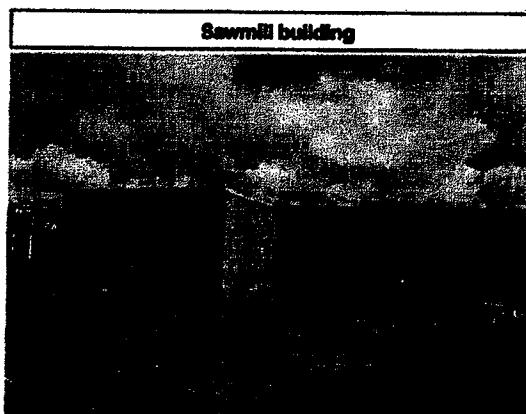
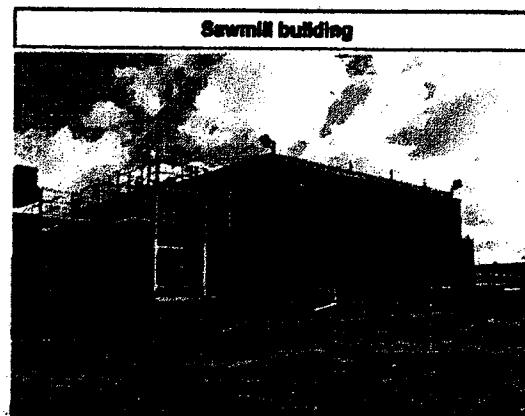
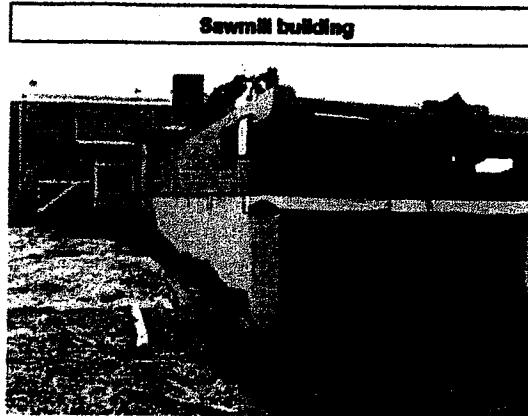
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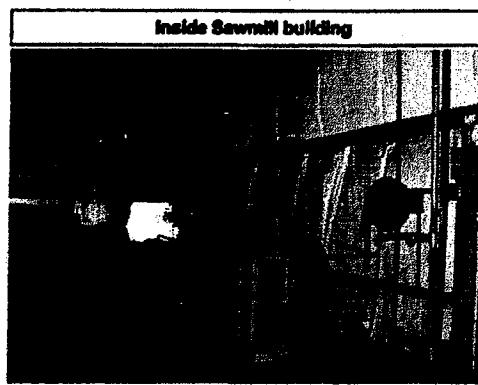
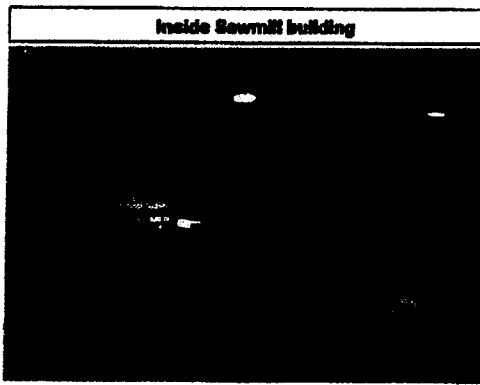
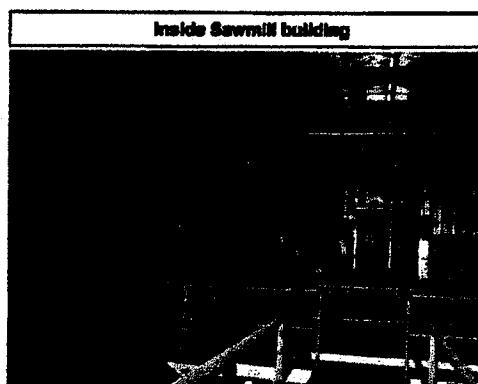
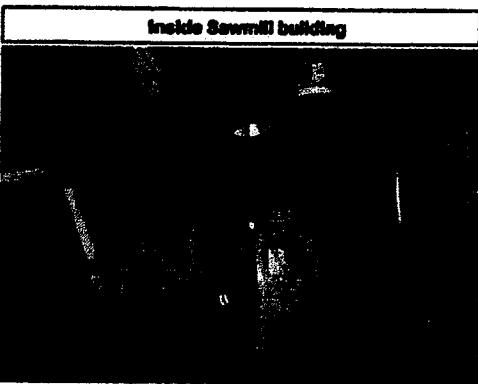
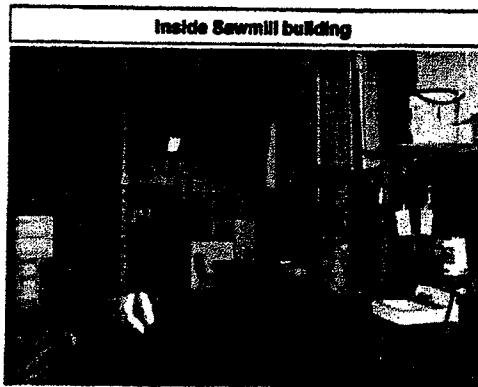
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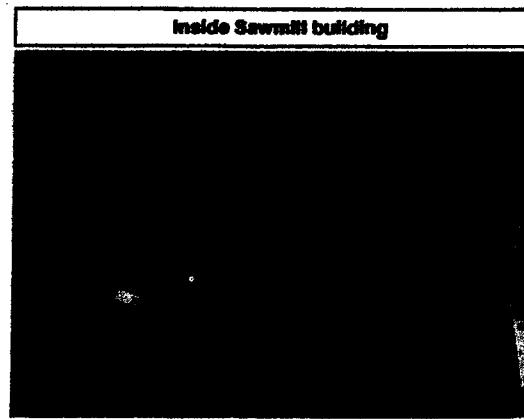
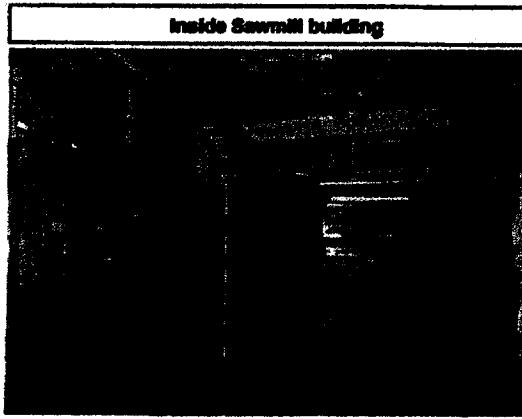
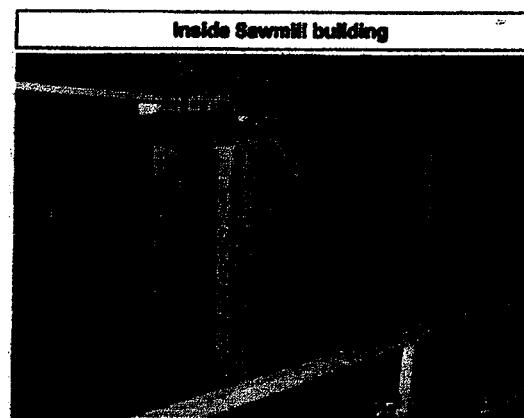
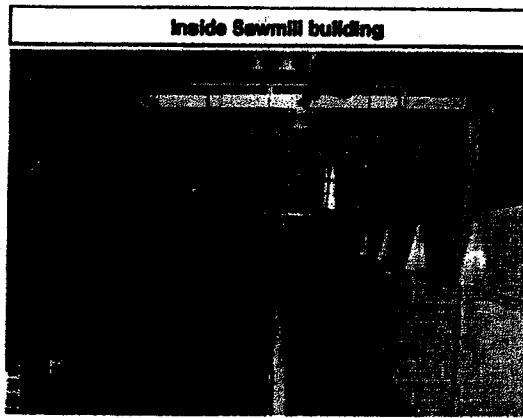
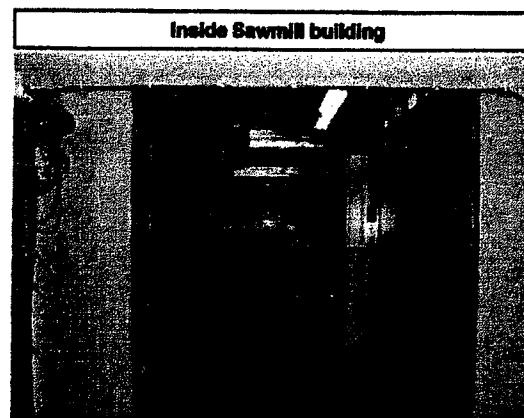
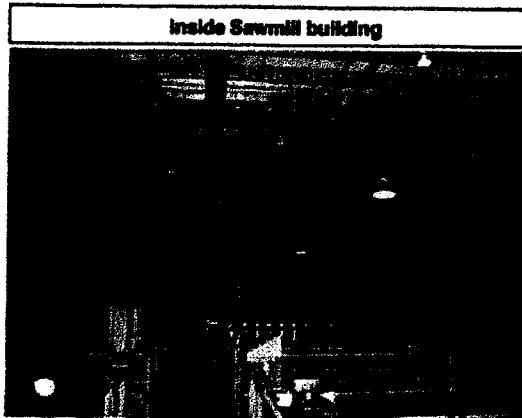
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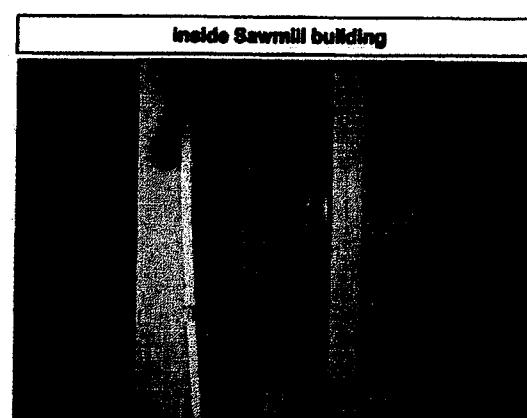
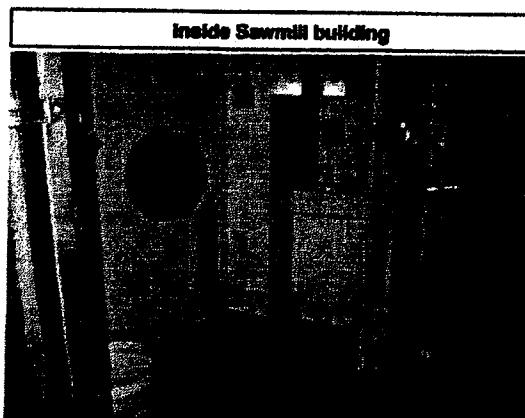
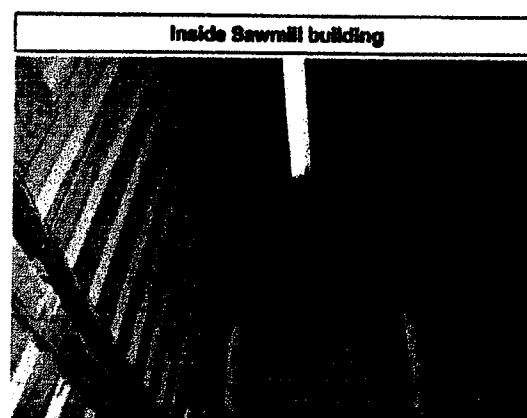
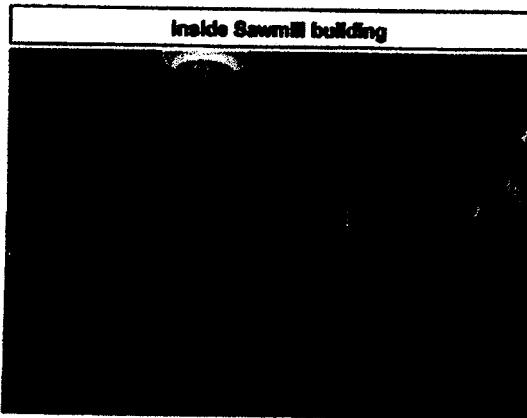
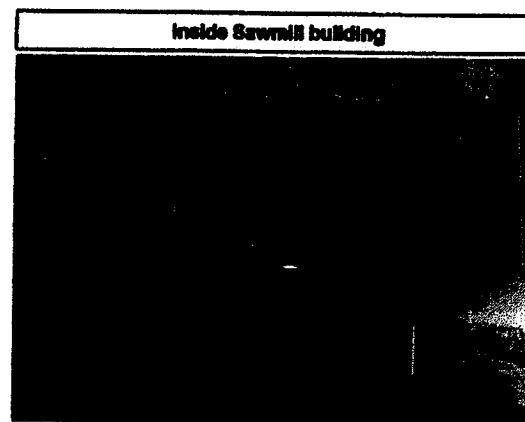
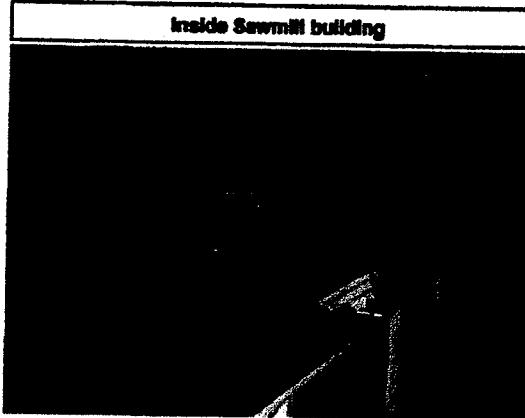
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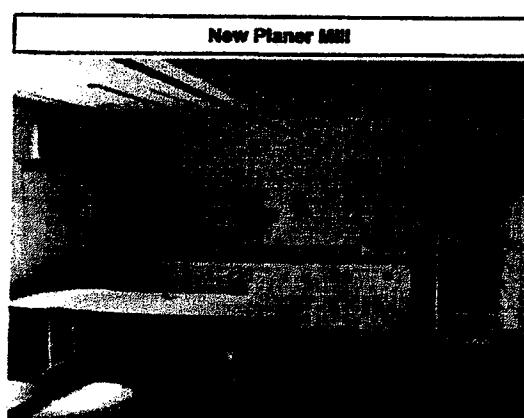
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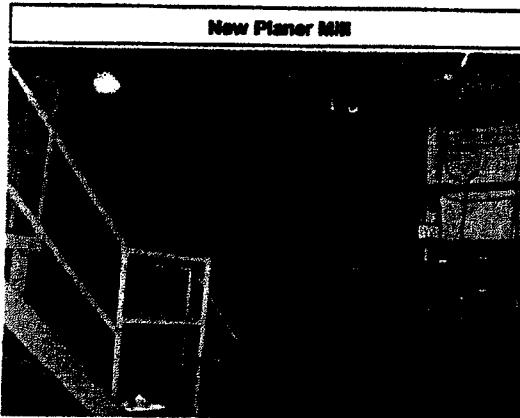
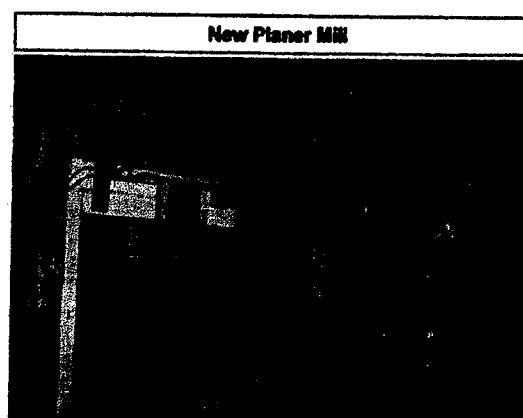
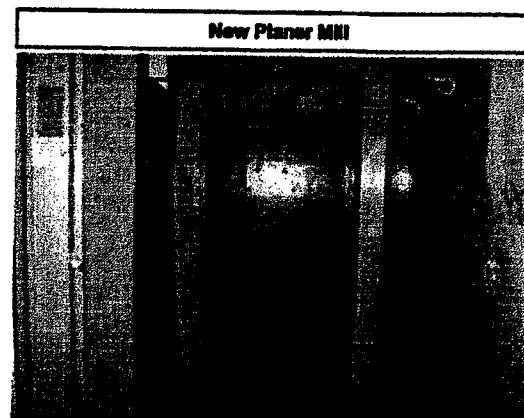
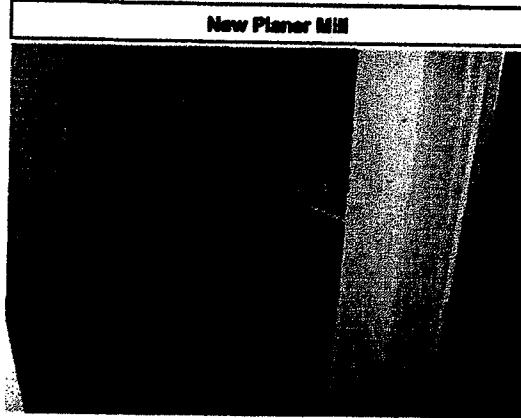
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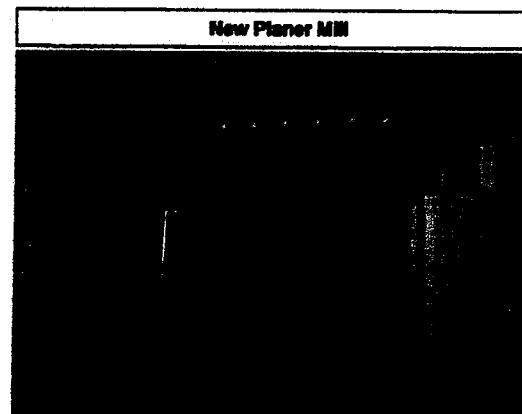
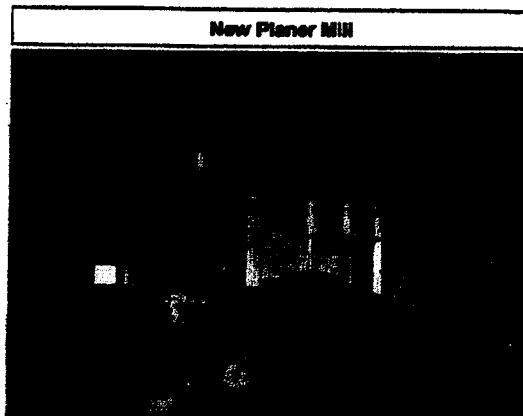
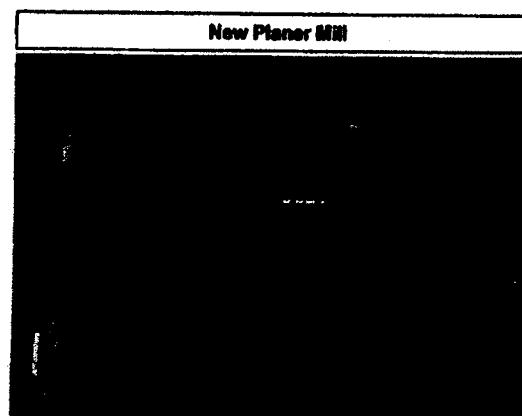
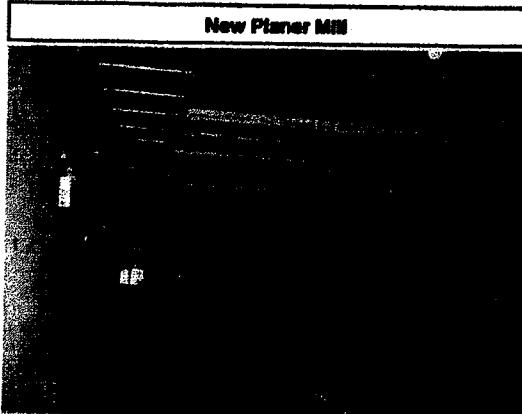
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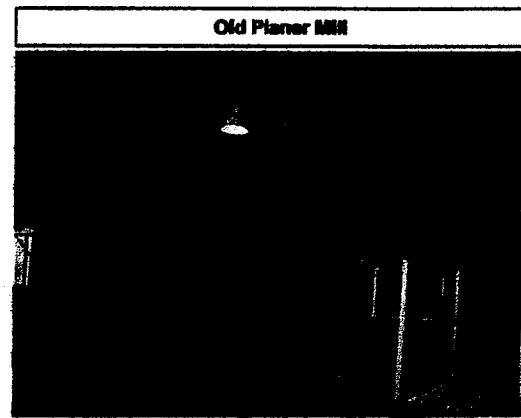
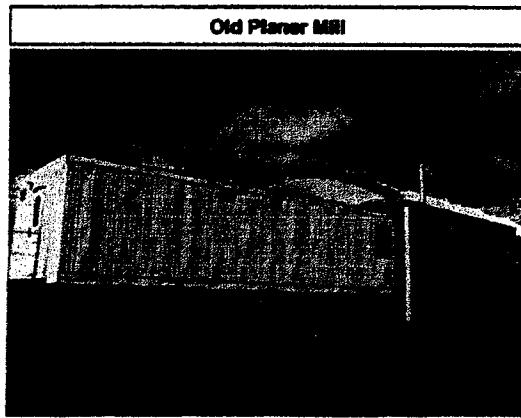
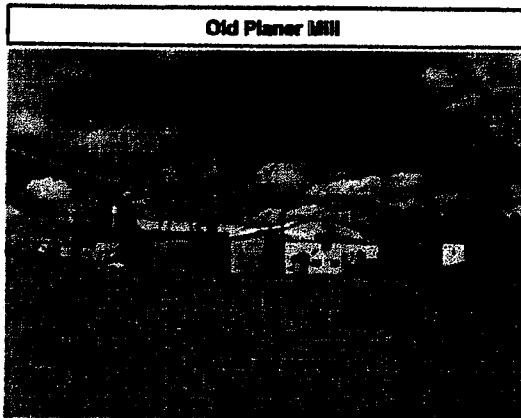
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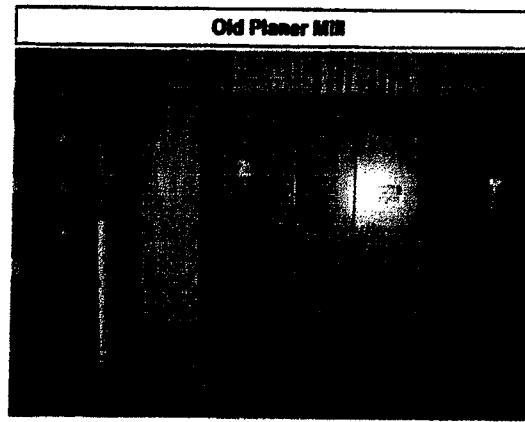
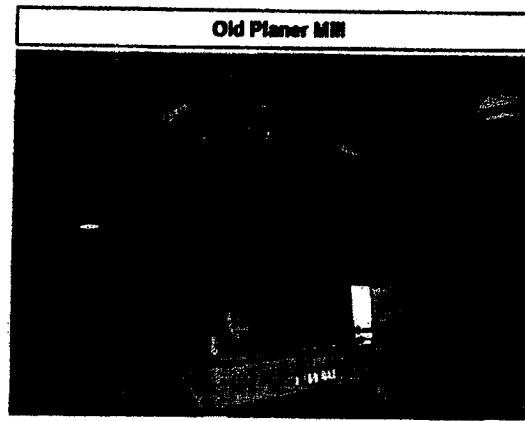
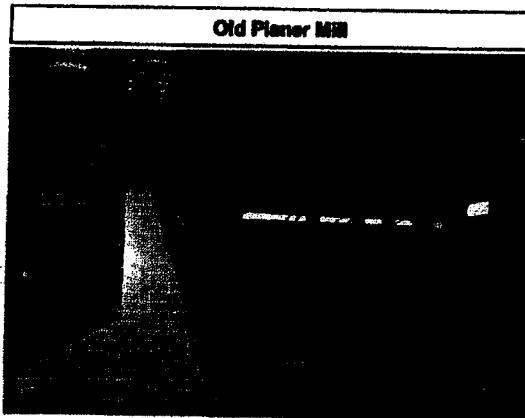
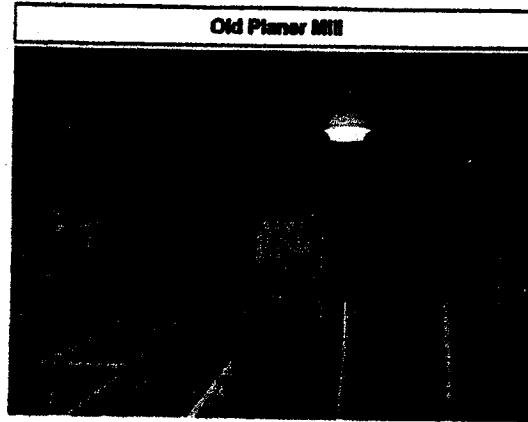
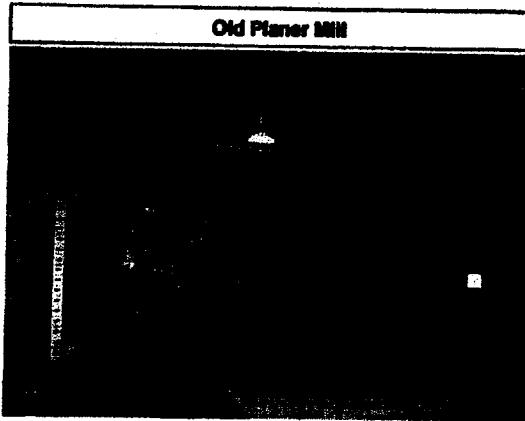
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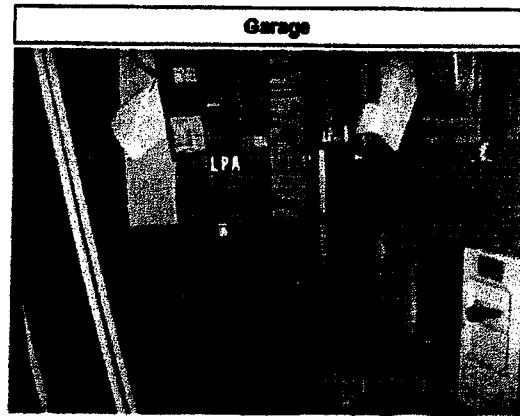
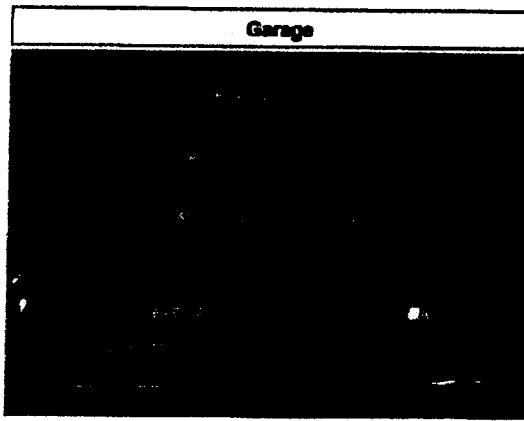
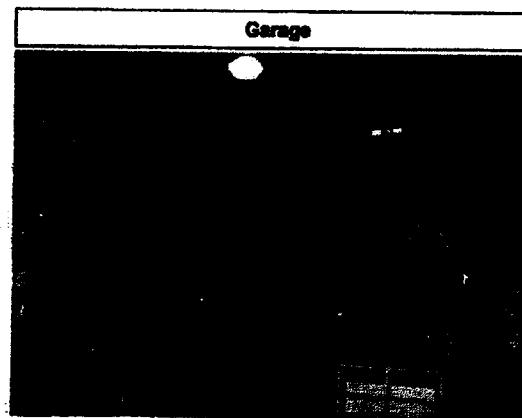
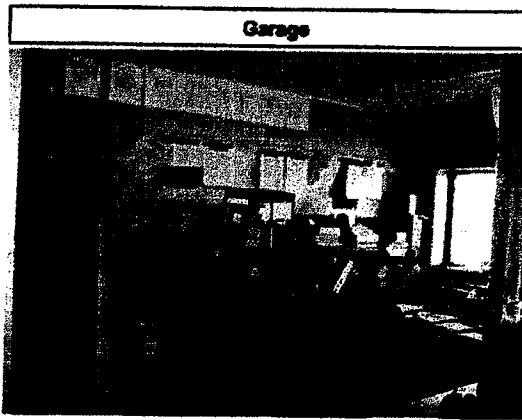
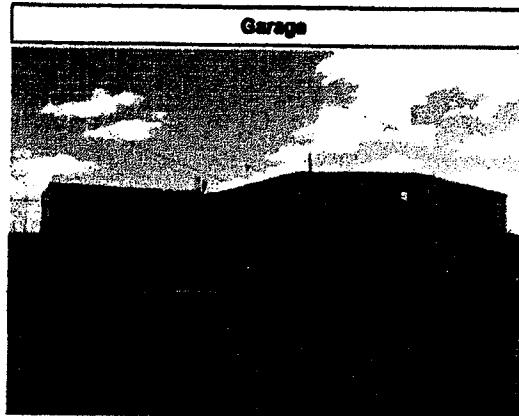
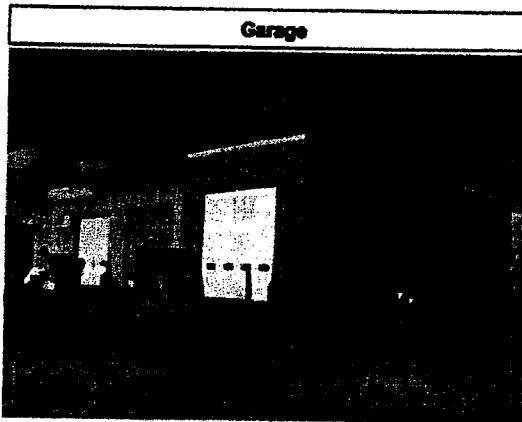
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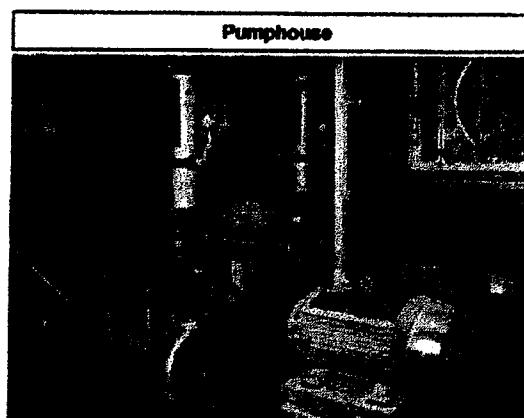
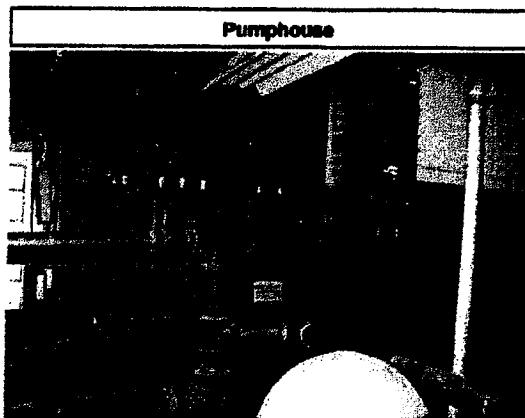
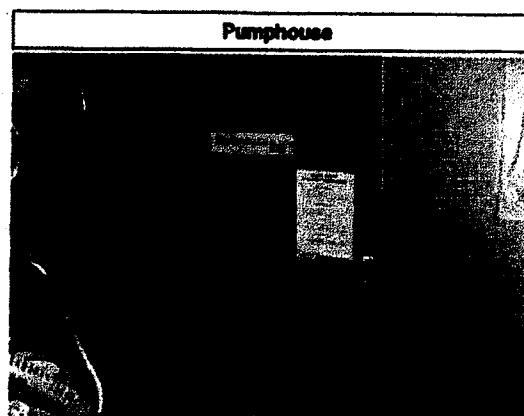
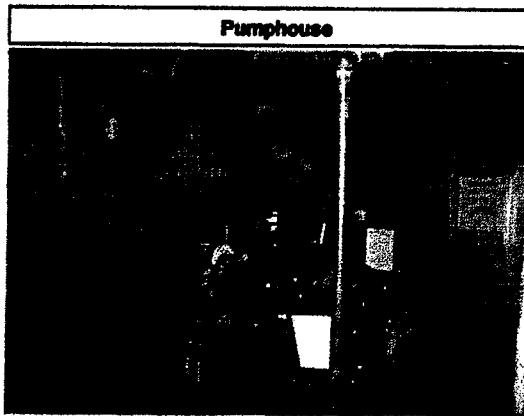
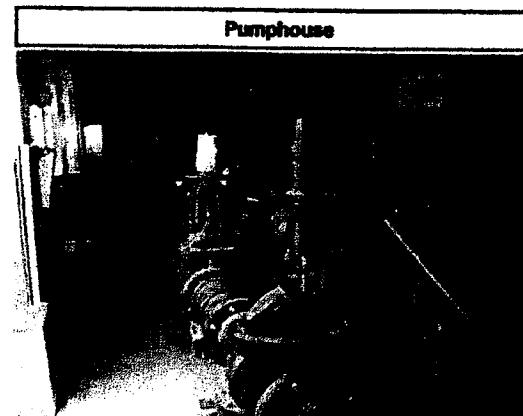
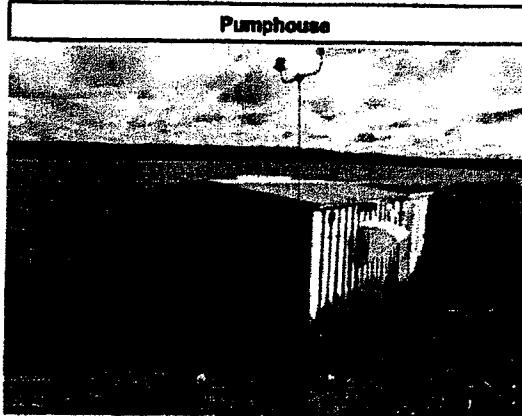
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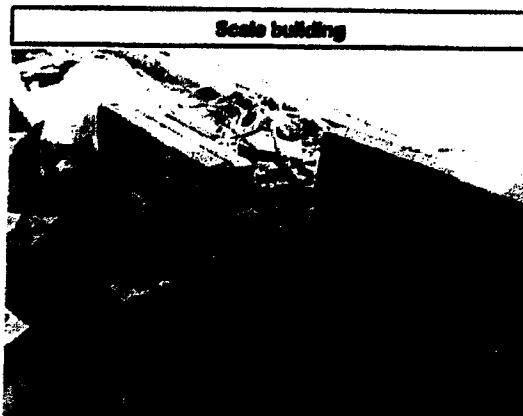
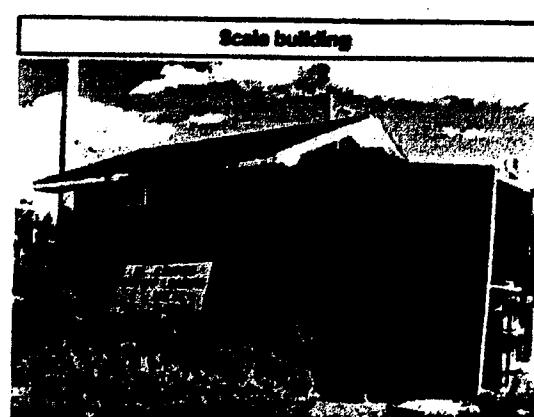
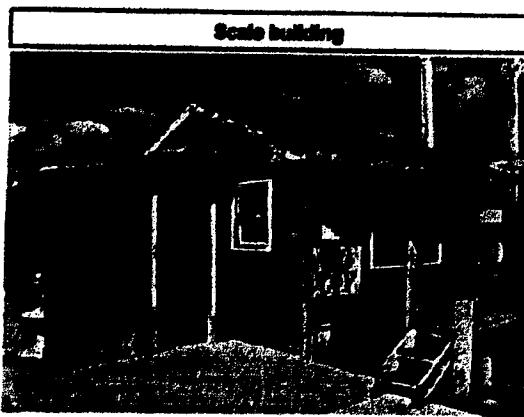
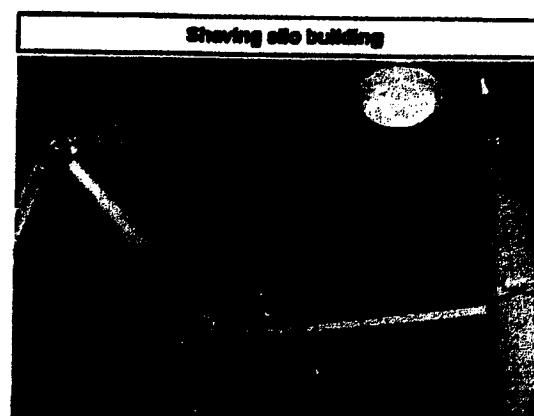
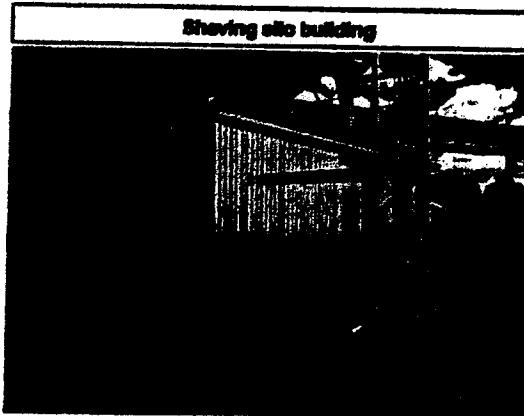
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File : 1008-163-EM



File : 1008-163-EM



File : 1008-163-EM

APPENDIX C - Listing of machinery & equipment



NORTHERN WOOD SAWMILL - ATIKOKAN

1005-103-EM

LOG ENTRY

ITEM # QTY DESCRIPTION

FAIR MARKET
VALUE INITIATED CREDITLY
LIQUIDATION
VALUE

P 1 1 LOG ENTRY

Description composed of:

P 1.01 1 LOG ENTRY DECK

Description - 16' x 75'
- on concrete base

P 1.02 1 STATIONARY LOG LOADER

Manufacturer BARKO
Model 585 ML
Description - stationary unit with ROTOBEC log grapple

P 1.03 1 SLASHER

Manufacturer HUOT
Description - blades; 72" dia

P 1.04 1 LOG INFEED CONVEYOR



P 1.05 1 OPERATOR STATION



P 2 1 DEBARKING LINE #1

Description composed of:

P 2.01 1 LOG LANDING CHUTE



LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 2,02	1	TRANSFER TABLE 6 CHAINS Description - 60' x 18'		
P 2,03	1	UNSCRAMBLER WITH SORTING ARM Description - 12' x 18'		
P 2,04	1	CONVEYOR TO DEBARKER A Description - 78'		
P 2,05	1	CONVEYOR TO DEBARKER B Description - 60'		
P 2,06	1	DEBARKER B Manufacturer: CARBOTECH Model: MARK III Year: 2004 Serial Number: FOX18-1004 Description: - 18" dia.		
P 2,07	1	DEBARKER A Manufacturer: CARBOTECH Model: MARK III Year: 2004 Serial Number: FOX18-1007 Description: - 18" dia.		



NORTHERN WOOD SAWMILL - ATIOKAN

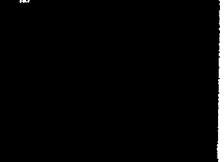
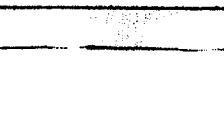
1008-163-EM

LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 2,08	1	OUTFEED CONVEYOR DEBARKER B Description - 90' - with log kikers		
P 2,09	1	OUTFEED CONVEYOR DEBARKER A Description - 72' - with log kikers		
P 2,10	1	DEBARKER OPERATOR BOOTH		
P 3	1	DEBARKING LINE #2 Description composed of:		
P 3,01	1	LOG LANDING CHUTE Description - 25' section with 8 rolls		
P 3,02	1	6 CHAINS LOG DECK Description - 18' x 20'		
P 3,03	1	LOG UNSCRAMBLER WITH SORTING ARM Description - 18' x 12' - with arm		



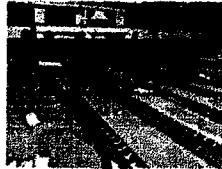
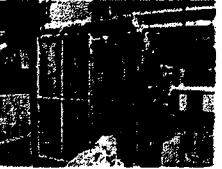
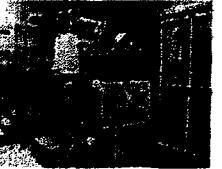
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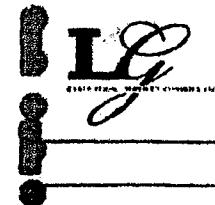
ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 3,04	1	CONVEYOR TO DEBARKER A Description - 72'		
P 3,05	1	CONVEYOR TO DEBARKER B Description - 50'		
P 3,06	1	DEBARKER B Manufacturer CARBOTECH Model MARK III Serial Number 1005		
P 3,07	1	DEBARKER A Manufacturer CARBOTECH Model MARK III Serial Number 1006		
P 3,08	1	CONVEYOR FROM DEBARKER A		
P 3,09	1	CONVEYOR FROM CONVEYOR B		
P 4	1	ONE PASS CURVE SAWING LINE Manufacturer COMACT Model DDM 12 Description composed of:		

NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 4,01	1	6 CHAINS LOG DECK		
		Description - 18' x 60'		
				
P 4,02	1	WAVE FEEDER		
				
P 4,03	1	CONVEYOR		
		Description - 130'		
				
P 4,04	1	V CHAIN CONVEYOR		
		Description - 60'		
				
P 4,05	1	SCANNER		
		Manufacturer COMACT OPTIMISATION		
P 4,06	1	LOG TURNER		
				
P 4,07	1	ONE PASS CURVE SAW		
		Manufacturer COMACT		
		Model DDM12		
				
P 4,08	1	EXIT CONVEYOR		
				



LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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P 4,09 1 LANDING TABLE 5 CHAINS

Description - 14' x 10'

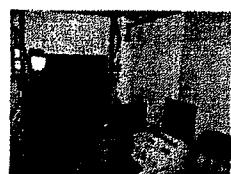


P 4,10 1 INCLINE CONVEYOR

Description - 30' x 14'



P 4,11 1 OPERATOR BOOTH



P 4,12 1 HYDRAULIC UNITS



P 5 1 1 ONE PASS CURVE SAWING LINE

Manufacturer COMACT

Model DDM 6

Year 2004

Description composed of:

P 5,01 1 6 CHAINS LOG TO DECK DDM 6

Description - 18' x 72'



P 5,02 1 WAVE FEEDER





LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 5,03	1	CONVEYOR TO DDM 6		
		Description composed of: - 1 section 60' x 24" - 1 section 36' x 24" - 1 section 45' x 24" + 30' x 24"		
P 5,04	1	V CHAIN CONVEYOR		
P 5,05	1	SCANNER		
		Manufacturer: COMACT OPTIMISATION		
P 5,06	1	LOG TURNER		
		Manufacturer: COMACT		
P 5,07	1	ONE PASS CURVE SAW		
		Manufacturer: COMACT Model: DDM6		
P 5,08	1	HYDRAULIC UNITS		



LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDINARY LIQUIDATION VALUE
P 5,09	1	OPERATOR BOOTH		
P 5,10	1	EXIT CONVEYOR		
P 5,11	1	4 CHAINS LANDING TABLE		
Description - 12' x 90'				
P 6	1	LUMBER SORTER		
Description: composed of:				
P 6,01	1	5 CHAINS DECK		
Description - 12' x 75'				
P 6,02	1	5 CHAINS TRANSFER		
Description - 12' x 96'				
P 6,03	1	DOUBLE DROP UNSCRAMBLER		



LOG ENTRY

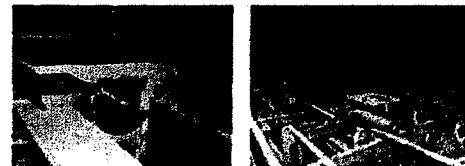
ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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P 6,04 1 GRADING STATION



P 6,05 1 CANADIAN TRIM SAW LINE

Description - 38' x 18'
- (1) 24" dia. blade trim saw on each side



P 6,06 1 CURVED CONVEYOR

Description - 36' x 12'



P 6,07 1 SCANNER SORTING SECTION

Manufacturer SCAN MEG



P 6,08 1 36 BAYS SLING SORTER



P 6,09 1 3 CHAINS CONVEYOR

Description - 270' x 11'





NORTHERN WOOD SAWMILL - ATIKOKAN

1005-163-EM

LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 6,10	1	4 CHAINS DECK WITH INCLINED SECTION Description - 12' x 32' - 12' x 12'		
P 6,11	1	ACCUMULATION DECK		
P 6,12	1	STICKER PLACER Description - with 3 arm stacking hoist		
P 6,13	1	2 CHAINS STICKER RACK CONVEYOR Description - 60'		
P 6,14	1	BUNDLE LIFT Description - for sticker placer		
P 6,15	1	3 CHAINS OUTFEED CONVEYOR		
TOTAL : LOG ENTRY				FAIR MARKET VALUE INSTALLED
				ORDERLY LIQUIDATION VALUE



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

SAW MILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 7	1	CHIPPER SYSTEM		
		Description composed of:		
P 7,01	1	CHIPPER		
		Description - 56" dia. - 150 HP		
P 7,02	1	VIBRATORY CONVEYOR		
P 7,03	1	VIBRATORY CHIP SCREEN		
		Manufacturer YATES		
P 7,04	1	CYCLONE		
P 7,05	1	BLOWER		
		Description - 150 HP		
P 7,06	1	BLOWER		
		Description - 150 HP		



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

SAW MILL

ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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P 7,07 1 CONVEYOR



P 7,08 1 CONVEYOR



P 7,09 1 CONVEYOR



P 8 1 OLD SAW MILL EQUIPMENT

Description - equipment is old and not used for production.



P 8,01 1 CHIPPER



P 8,02 1 CONVEYOR





SAW MILL

ITEM # CQTY DESCRIPTION

P 8,03 2

Manufacturer FORANO

FAIR MARKET
VALUE INSTALLED ORDERLY
LIQUIDATION VALUE

P 9 1 STACKING SYSTEM

Description - used exclusively at exit of bay # 38 of the lumber sorter
- composed of:

P 9,01 1 3 CHAINS TRANSFER DECK

Description - 12' x 40'



P 9,02 1 UNSCRAMBLER



P 9,03 1 4 CHAIN DECK

Description 12' x 36'



P 9,04 1 STICKER PLACER



P 9,05 1 3 ARMS STACKING HOIST





NORTHERN WOOD SAWMILL - ATIOKAN

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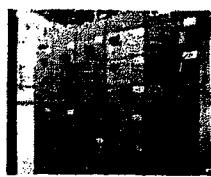
SAW MILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P	9,06	1 3 CHAINS EXIT CONVEYOR		



G	10	1 LOT OF MCC
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Manufacturer: ALLEN BRADLEY
 Description: - composed of all the MCC required to run the production equipment



FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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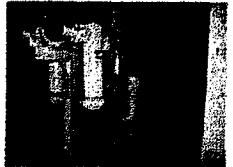
TOTAL: SAW MILL



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

AIR COMPRESSED ROOM

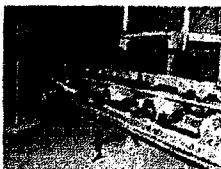
ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P	11	1 AIR COMPRESSED SYSTEM		
		Description composed of:		
P	11,01	1 ROTARY SCREW AIR COMPRESSOR		
		Manufacturer ATLAS COPCO Model GA709 Description - refurbished in 1998		
P	11,02	1 AIR COMPRESSOR		
		Manufacturer INGERSOLL RAND Model SSR-EPE 300 Serial Number E1928U05109 Description - 300 HP - 1360 CFM		
P	11,03	1 ROTARY SCREW COMPRESSOR		
		Manufacturer ATLAS COPCO Model GA 110 Year 1997 Serial Number A1F039891 Description - 120 KW		
P	11,04	1 AIR DRYER		
		Manufacturer INGERSOLL RAND Model HE2750 Year 2005 Serial Number 92452911		
P	11,05	4 AIR TANKS		
				



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

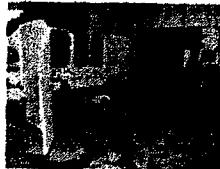
PLANER MILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 12	1	PLANER MILL		
		Description composed of:		
P 12,01	1	BUNDLE ENTRY CHAIN DECK		
				
P 12,02	1	BUNDLE BREAKER & UNSCRAMBLER		
P 12,03	1	4 CHAINS DECK		
		Description composed of:		
		- 2 sections 30' x 12'		
				
P 12,04	1	PLANER INFEED TABLE		
		Manufacturer STETSON		
		Description - with 5 chains deck 10' x 12'		
		- 7 rolls		
		- 2 pineaples		
				
P 12,05	1	PLANER INFEED TABLE		
		Manufacturer STETSON		
		Description - 28"		
		- 10" dia. x 12"		
		- top pressure rolls		
				
P 12,06	1	PLANER		
		Manufacturer STETSON-ROSS		
		Model 6-12CT		
		Description - 16 knives head		
P 12,07	1	OPERATOR BOOTH		
				

NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

PLANER MILL

ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 12,08	1	OUTFEED CONVEYOR		
		Description - 24"		
				
P 12,09	1	CONTINUOUS STRESS TESTER		
		Manufacturer IRVINGTON-MOORE		
P 12,10	1	BELT CONVEYOR		
		Description - 36" x 48"		
P 12,11	1	LANDING TABLE		
P 12,12	1	5 CHAINS TRANSFER		
		Description - 12' x 30' - with 5 live rolls		
P 12,13	1	MULTIBLADE TRIM SAW		
		Manufacturer IRVINGTON-MOORE Model 8672 Serial Number 201110 Description - 11 blades - 16' capacity		



NORTHERN WOOD SAWMILL - ATIOKAN

1008-163-EM

PLANER MILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE IN STATED	ORDINARY LIQUIDATION VALUE
P 12,14	1	GRADING STATION Description - with "lucidyne technologies" scanner		
P 12,15	1	8 CHAINS DECK Description - with 8 live rolls 12' long		
P 12,16	1	SLING SORTER 33 BAY		
P 12,17	1	4 CHAINS CONVEYOR Description - 175' long		
P 12,18	1	UNSCRAMBLER		
P 12,19	1	ACCUMULATION DECK		
P 12,20	1	STACKING HOIST Description - with 6 roll tilting table		



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

PLANER MILL

ITEM #	QTY	DESCRIPTION	Fair Market Value Installed	Orderly Liquidation Value
P 12,21	1	BUNDLE SQUARING		

P 12,22	1	STRAPPING MACHINE		
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P 12,23	1	EXIT ROLL CONVEYOR		
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P 13	1	OLD PLANER MILL	20 000\$	
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Description: equipment is very old, not used and not well maintained.



Fair Market Value Installed	Orderly Liquidation Value
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TOTAL: PLANER MILL



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

BASEMENT

ITEM # QTY DESCRIPTION

FAIR MARKET
VALUE INSTALLED ORDERLY
LIQUIDATION
VALUE

P 14 1 LOT OF CHIPS AND SAWDUST CONVEYORS

Description composed of:

P 14,01 8 BELTS CONVEYOR



P 14,02 4 CHAINS CONVEYOR

FAIR MARKET
VALUE INSTALLED ORDERLY
LIQUIDATION
VALUE

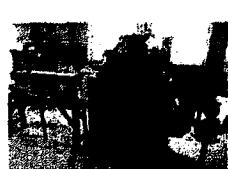
TOTAL : BASEMENT



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

FILING ROOM

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
G 15	1	LOT OF SHARPENING EQUIPMENT		
		Description composed of:		
G 15,01	1	IMMERGE GRINDER		
		Manufacturer SWECAN Model CB65L		
G 15,02	1	KNIFE GRINDER		
		Manufacturer SIMONDS Model MKC 8 C		
G 15,03	1	BAND SAW SHARPENER		
		Manufacturer ARMSTRONG Model 4LH Serial Number 15047		
G 15,04	1	GRINDER		
		Manufacturer HANCHETT Model A220 RH Serial Number 753		
G 15,05	1	STRETCHER ROLL		
		Manufacturer ARMSTRONG Serial Number 4		
G 15,06	1	BAND SAW RACKING		
				



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

FILING ROOM

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
G 15,07	1	KNIFE GRINDER		
		Manufacturer: NEWMAN Model: G-200		
G 15,08	1	DUAL SIDE GRINDER		
		Manufacturer: JACOBSEN Model: JM-2000		
G 15,09	1	CIRCULAR SAW BLADE SHARPENER		
		Manufacturer: VOLLMER Model: CHC 20H Year: 1989		
G 15,10	1	CIRCULAR SAW BLADE SHARPENER		
		Manufacturer: ARMSTRONG Model: 16		
TOTAL : FILING ROOM				



WELDING ROOM

ITEM # QTY DESCRIPTION

FAIR MARKET
VALUE INSTALLED ORDERLY
LIQUIDATION
VALUE

P 18 1 LOT OF MISCELLANEOUS EQUIPMENT

Description composed of:
 - 1 fume collector
 - 1 work bench
 - 1 welding table
 - 2 hose reel



P 18,01 1 H-PRESS

Description - 50 tons



P 18,02 1 WELDER



P 18,03 1 MONORAIL HANDLING SYSTEM

Description - 1 ton capacity chain hoist

FAIR MARKET
VALUE INSTALLED ORDERLY
LIQUIDATION
VALUE

TOTAL : WELDING ROOM



NORTHERN WOOD SAWMILL - ATIOKAN

1008-163-EM

MAINTENANCE SHOP

ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
G 17	1	LOT OF MISCELLANEOUS EQUIPMENT		
		Description composed of:		
G 17,01	1	H-PRESS		
		Description - 50 tons		
G 17,02	1	WELDER		
G 17,03	1	MONORAIL HANDLING SYSTEM		
		Description - 1 ton capacity chain hoist		
G 17,04	1	H-PRESS		
		Description - 50 tons		
G 17,05	1	WELDER		
G 17,06	1	MONORAIL HANDLING SYSTEM		
		Description - 1 ton capacity chain hoist		
G 17,07	1	H-PRESS		
		Description - 50 tons		



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

MAINTENANCE SHOP

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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G 17,08 1 WELDER



G 17,09 1 MONORAIL HANDLING SYSTEM

Description - 1 ton capacity chain hoist

G 17,10 1 H-PRESS

Description - 50 tons



G 17,11 1 WELDER



G 17,12 1 MONORAIL HANDLING SYSTEM

Description - 1 ton capacity chain hoist

G 17,13 1 WELDER

Manufacturer LINCOLN ELECTRIC
Model IDEALARC TM 300/300



G 17,14 1 SECTION OF SHELVING



G 17,15 1 WORK STATION





NORTHERN WOOD SAWMILL - ATIKOKAN

1008-163-EM

MAINTENANCE SHOP

ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
G 17,16	1	WELDER		
		Manufacturer: MILLER Model: GOLDSTAR 452		
				
G 18	1	LOT OF MISCELLANEOUS EQUIPMENT		
		Description: composed of:		
G 18,01	1	ENGINE LATHE		
		Manufacturer: M+CO Model: MII Description: -76" chucking		
G 18,02	1	MANUAL PRESS		
		Manufacturer: CINCINNATI		
G 18,03	1	HORIZONTAL BAND SAW		
		Manufacturer: ARFA Model: RF 812N		
G 18,04	1			
		Manufacturer: HANCHETT		
G 18,05	1			
		Manufacturer: BROWN & SHARPE		



NORTHERN WOOD SAWMILL - ATIKKOKAN

1008-163-EM

MAINTENANCE SHOP

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
G 18,06	1	Manufacturer BEROTECH Model EM60		
G 18,07	1	WELDER		
		Manufacturer LINCOLN ELECTRIC Model IDEALARC R3R-600		
G 18,08	1	FUME COLLECTOR		
G 18,09	1	COMPRESSOR		
		Manufacturer DEVILBLISS Description - 25 HP		
G 18,10	1	COMPRESSOR		
		Description - 15 HP		
TOTAL : MAINTENANCE SHOP				FAIR MARKET VALUE INSTALLED
				ORDERLY LIQUIDATION VALUE



NORTHERN WOOD SAWMILL - ATIKOKAN

1008-183-EM

YARD

ITEM # QTY DESCRIPTION

FAIR MARKET
VALUE INSTALLED ORDERLY
LIQUIDATION
VALUE

P 19 1 DEAL PROCESSOR

Manufacturer DINGWELL'S

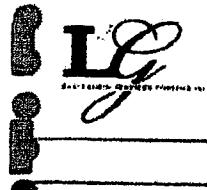


G 20 1 LOT OF CHIP BINS

Description - including conveyors and ducting

FAIR MARKET
VALUE INSTALLED ORDERLY
LIQUIDATION
VALUE

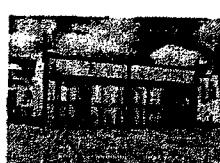
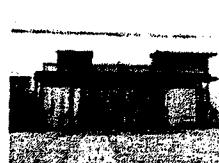
TOTAL : YARD



NORTHERN WOOD SAWMILL - ATTIKOKAN

1008-163-EM

DRY KILN

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P	21	1 DRY KILNS SYSTEM		
		Description - composed of:		
P	21,01	4 DRY KILN CELLS		
		Manufacturer MC CONNELL		
		Description - 100' x 20'		
P	21,02	4 DRY KILN CELLS		
		Manufacturer ENERGEX		
		Description - 100' x 20'		
P	21,03	1 HEATING SYSTEM		
		Manufacturer ENERGEX		
		Description - wood fired with shavings from the mills		
P	21,04	1 HEATING SYSTEM		
		Manufacturer MC CONNELL		
		Description - composed of 2 wood fired boilers		
P	21,05	1 WOOD SHAVING SILO		
				

ROLLING STOCK

UNIT #	SERIAL NUMBER
--------	---------------

Included in the report

C-7	D8 CAT	1972	46H12540
C-8	CARYLIFT PETTI	OLD	2096
C-9	CARYLIFT	1968	2353
C-11	CARYLIFT	1966	2673
C-14	CARYLIFT	1978	4058
C-15	CARYLIFT	1968	2649
C-18	CARYLIFT	1979	1186
C-19	980 LOADER CAT	1977	89P5652
C-28	CARYLIFT	OLD	2402
C-36	450 LOADER BARKO	1990	
Garage	GRADER CAT	OLD	
Garage	LOADER CAT IT-420 D		CAT0420DTBLN10866

In addition of the report

C-17	AUTOCAR WATER TRUCK	1975	
C-24	HOOD SLASHER	OLD	
	TANGUAY MOD14030		
	TANGUAY MOD14030		
	TIMBER JACK 350		
Pick-up	CHEV 1/2 TON	1990	2GCDC14H7J1234110
Pick-up	GMC 1/2 TON	1988	2GTDC14Z0J1526934
Pick-up	1 DODGE RAM 1/2 TON	1982	Scrap

- 2 -

EXHIBIT "B"

NORTHERN SAWMILLS INC. ASSETS

7.4 Building Description (offices)¹

Number of Storeys	:	2 storeys
Basement	:	---
Year of construction	:	1980

FLOOR AREA

Ground Floor	:	3 930 ft ²
2 nd Floor	:	<u>3 943 ft²</u>
Total	:	7 873 ft ²

- Foundations

Footing and Foundations	:	Reinforced concrete low wall foundations and footings
Slab on Grade	:	Reinforced concrete / granular base
Excavation and Backfill	:	Trench excavation

- Superstructure

Frame	:	Steel columns and beams
Structural Walls	:	Steel studs
Structural Floors	:	Concrete slab on steel deck and steel framing
Roof Construction	:	Steel deck on open web joists
Interior stairs	:	One steel stairway with vinyl tiles cover steps and railings; One steel stairway with ceramic cover steps and railings

- Exterior Walls

Exterior Walls	:	Brick, wood plank, enamelled steel
Average height	:	25,5 feet
Doors	:	Steel with glass, plain steel
Windows	:	Thermal fixed and casement aluminium windows
Openings	:	---

- Roofing

Roof covering	:	Tar and gravel
Insulation	:	Rigid type (Presuming)
Other	:	---

- Interior Construction

Partitions	:	Gypsum board, laminated wood, gypsum board/ceramic on steel studs, brick
Floor Finish	:	Carpet, vinyl tiles, ceramic, none
Ceiling Finish	:	Acoustic tiles, gypsum boards
Comments	:	Including: laminated wood kitchen cabinets and dressing tables, toilet partitions, doors and woodworks

¹ See appendix B – Sketches and photographs of buildings.

File : 1008-165-EM

• **Mechanical**

Plumbing

: Four washrooms for a total of 5-water closets, 6-lavatories, 2-urinals, 1-single stainless steel kitchen sink, 1-janitor' sink and one 40-gallons natural gas water-heater tank

Also included: faucets, fittings and piping for those above appliances and floor drainage

Heating, Venting, Cooling

: Hot water baseboards provided by two natural gas boilers "Galaxy".
A rooftop air conditioning unit using network conduits for the entire building;
Sanitary ventilator for the washrooms

• **Electrical**

Service and distribution
Low voltage transformers
Lighting
Security

: A main electrical entrance of 200 amperes, 480/600 volts
: One 75 kva
: Fluorescent
: Emergency lights

• **Protections**

Fire Protection

: 100% automatic sprinklers
Fire detectors

Thief protection

: Burglar alarm composed of keypads, magnetic contacts, glass break detector and motion detectors

All the above protections are connected to supervision central.

• **Miscellaneous**

: Steel marquee (32 ft²)

7.5 Building Description (new sawmill)²

Number of Storeys	:	1 and 2 storeys
Basement	:	---
Year of construction	:	1998

FLOOR AREA

Ground Floor	:	38 883 ft ²
2 nd Floor and mezzanines (±)	:	24 090 ft ²
Total	:	62 973 ft ²

BREAKDOWN

Offices / employees	:	2 218 ft ²	206,05 m ²
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² See appendix B – Sketches and photographs of buildings.

File : 1008-165-EM

Mechanical / control rooms	:	6 387 ft ²	593,35 m ²
Production (Sawmill)	:	<u>54 368 ft²</u>	<u>5 050,79 m²</u>
Total	:	62 973 ft ²	5 850,19 m ²

- **Foundations**

- Footing and Foundations
- Slab on Grade
- Excavation and Backfill

- :
- Reinforced concrete low wall foundations and footings
- Reinforced concrete / granular base
- Trench excavation

- **Superstructure**

- Frame
- Structural Walls
- Structural Floors
- 2nd Floor and mezzanines
- Roof Construction
- Interior stairs

- :
- Pre-engineered steel columns and beams, concrete block bearing walls
- Steel studs, concrete block
- Mill type floor composed of 2" x 4" planks on the side
Concrete slab on steel deck and structure (1 344 ft²)
- Long span open web steel joists
Open web steel joists
- Steel with railings

- **Exterior Walls**

- Exterior Walls
- Average height
- Doors
- Windows

- :
- Corrugated enamelled steel, concrete block
- 34 feet
- Plain steel;
Insulated aluminium panels for the overhead doors;
Steel roll-up door
- Aluminium frame Industrial type

- **Roofing**

- Roof covering
- Insulation
- Other

- :
- Galvanized steel
- Mineral fiber with vapour barrier
-

- **Interior Construction**

- Partitions
- Floor Finish
- Ceiling Finish
- Comments

- :
- Concrete blocks, gypsum boards, wood planks, aluminium sheet, plywood
- Vinyl tiles, plywood
- Gypsum boards
- Including: laminated wood kitchen cabinets and dressing table, toilet partitions, doors and woodworks

- **Mechanical**

- Plumbing
- Heating, Venting, Cooling

- :
- Two washrooms for a total of 3-water closets, 3-lavatories, 2-urinals, 1-kitchen sink and a group of electric water-heater tanks
- Also included: faucets, fittings and piping for those above appliances and floor drainage

File : 1008-165-EM

- Offices : Fixed electric baseboards;
Air conditioning units for the offices and one electrical room for a total of 2 389 ft²;
Sanitary ventilator for the washrooms
- Plant : Natural gas spaceheaters
- **Electrical**
 - Service and distribution : A main electrical entrance of 4000 amperes, 347/600 volts
 - Lighting : Fluorescent for the offices, workshop and mechanical rooms, high intensity lamps for the production areas
 - Comment : The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
- **Protections**
 - Fire Protection : 100% automatic sprinklers
Fire detectors; pull stations, fire hose reels
 - Thief protection : Burglar alarm composed of keypads, magnetic contacts and motion detectors

All the above protections are connected to supervision central.
- **Miscellaneous**
 - : Bridge crane rails only:
 - 38 feet for a 5-ton singled bridge crane;
 - 158 feet for a 5-ton (80' span) doubled bridge crane
 - Steam House at ±5 feet from the New Sawmill building:
 - Concrete block load bearing walls on low walls;
 - 30 feet of height;
 - Dimension 79' x 64' = 5056 ft²;
 - Comments : See Equipment report for the bridge crane cost.

7.6 Building Description (old sawmill)³

Number of Storeys : 1
Basement : —
Year of construction : ±1960

FLOOR AREA

Ground Floor	: 32 443 ft ²	3 013,95 m ²
Total	: 32 443 ft ²	3 013,95 m ²

- **Foundations**

Footing and Foundations	: Reinforced concrete low wall foundations and footings
Slab on Grade	: Reinforced concrete / granular base
Excavation and Backfill	: Trench excavation

³ See appendix B – Sketches and photographs of buildings.

- **Superstructure**
 - : Frame
 - : Structural Walls
 - : Roof Construction
 - : Pre-engineered steel columns and beams
 - : Steel studs
 - : Pre-engineered open web steel joists
- **Exterior Walls**
 - : Exterior Walls
 - : Average height
 - : Doors
 - : Windows
 - : Galvanized steel, enamelled steel, wood plank
 - : 23,5 feet
 - : Plain steel, wood
 - : Sliding PVC, fixed wood windows
- **Roofing**
 - : Roof covering
 - : Insulation
 - : Other
 - : Galvanized steel
 - : Mineral fiber with vapour barrier
 - : ---
- **Interior Construction**
 - : Partitions
 - : Floor Finish
 - : Ceiling Finish
 - : Concrete blocks, steel, wood
 - : ---
 - : ---
 - : Comments
 - : Including: doors and woodworks
- **Mechanical**
 - : Plumbing
 - : Necessary accessories for this type of occupancy including faucets, fittings, piping and floor drainage
 - : Heating, Venting, Cooling
 - : Natural gas spaceheaters, fixed electric baseboards; Sanitary ventilator for the washrooms
- **Electrical**
 - : Service and distribution
 - : Lighting
 - : Main electrical entrance provided by the Sawmill building
 - : High Intensity lamps and fluorescent
 - : Comment
 - : The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
- **Protections**
 - : Fire Protection
 - : 100% automatic sprinklers
 - : Fire detectors; pull stations
 - : Thief protection
 - : Burglar alarm composed of keypads, magnetic contacts and motion detectors
 - : All the above protections are connected to supervision central.

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- **Miscellaneous** : ---

7.7 Building Description (sorting)⁴

Number of Storeys : 1
 Basement : ---
 Year of construction : ±1960

FLOOR AREA

Ground Floor	: 27 575 ft ²	2 561,71 m ²
Mezzanine	: 1 649 ft ²	153,19 m ²
Total	: 29 224 ft ²	2 714,90 m ²

- **Foundations**

Footing and Foundations : Reinforced concrete low wall foundations and footings
 Slab on Grade : Reinforced concrete / granular base
 Excavation and Backfill : Trench excavation

- **Superstructure**

Frame : Pre-engineered steel columns and beams, concrete block bearing walls
 Structural Walls : Steel and wood studs, concrete block
 Structural Floors : Mill type floor composed of 2" x 4" planks on the side
 Roof Construction : Pre-engineered open web steel joists

- **Exterior Walls**

Exterior Walls : Galvanized steel, wood plank
 Average height : 24 feet
 Doors : Plain steel, wood
 Windows : Fixed wood windows
 Openings : Glass blocks

- **Roofing**

Roof covering : Galvanized steel
 Insulation : Mineral fiber with vapour barrier
 Other : ---

- **Interior Construction**

Partitions : Concrete blocks, steel, wood
 Floor Finish : ---
 Ceiling Finish : Plywood (784 ft²)

⁴ See appendix B – Sketches and photographs of buildings.

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Comments	: Including: doors and woodworks
• Mechanical	
Plumbing	: Necessary accessories for this type of occupancy including faucets, fittings, piping and floor drainage
Heating, Venting, Cooling	: Natural gas spaceheaters, fixed electric baseboards; Sanitary ventilator for the washrooms
• Electrical	
Service and distribution	: Main electrical entrance provided by the Sawmill building
Lighting	: High Intensity lamps and fluorescent
Comment	: The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
• Protections	
Fire Protection	: 100% automatic sprinklers Fire detectors; pull stations
Thief protection	: Burglar alarm composed of keypads, magnetic contacts and motion detectors
	All the above protections are connected to supervision central.
Miscellaneous	: ---

7.8 Building Description (planer mill)⁵

Number of Storeys	: 1 storey
Basement	: ---
Year of construction	: 1999

FLOOR AREA

Ground Floor	: <u>36 011 ft²</u>
Total	: <u>36 011 ft²</u>

BREAKDOWN

Offices / employees	: 1 436 ft ²	133,40 m ²
Mechanical / control rooms	: 1 708 ft ²	158,67 m ²
Test room	: 300 ft ²	27,87 m ²
Production (planing)	: <u>32 587 ft²</u>	<u>3 025,47 m²</u>
Total	: <u>36 011 ft²</u>	<u>3 345,41 m²</u>

⁵ See appendix B – Sketches and photographs of buildings.

File : 1008-165-EM

- Foundations

Footing and Foundations
Slab on Grade
Excavation and Backfill

- : Reinforced concrete low wall foundations and footings
- : Reinforced concrete / granular base
- : Trench excavation

- Superstructure

Frame
Structural Walls
Roof Construction
Interior stairs

- : Pre-engineered steel columns and beams, concrete block bearing walls
- : Steel studs, concrete block
- : Wood truss, wood joists
- : Steel with railings

- Exterior Walls

Exterior Walls
Average height
Doors
Windows
Openings

- : Wood plank, corrugated enamelled steel, concrete block
- : 20 feet
- : Plain steel, wood;
- : Insulated aluminium panels for the overhead doors
- : Fixed wood and PVC windows
- : Aluminium automatic louvers

- Roofing

Roof covering
Insulation
Other

- : Galvanized steel
- : Mineral fiber with vapour barrier, foil
- : --

- Interior Construction

Partitions
Floor Finish
Ceiling Finish

- : Concrete blocks, gypsum boards, wood planks, plywood, galvanized steel
- : Paint
- : Gypsum boards

Comments

- : Including: laminated wood dressing table, toilet partitions, doors and woodworks

- Mechanical

Plumbing

- : Two washrooms for a total of 3-water closets, 3-lavatories, 2-urinals, 1-refrigerated drinking fountain and one electric water-heater tank

Also included: faucets, fittings and piping for those above appliances and floor drainage

Heating, Venting, Cooling

- : Natural gas spaceheaters;
A ceiling combined unit (air conditioning / heating) using short ductworks for the workshop and employees areas;
Fixed electric baseboards inside the test room;
Sanitary ventilator for the washrooms

- Electrical

Service and distribution
Lighting

- : A main electrical entrance of 4000 amperes, 600 volts
- : Fluorescent and high intensity lamps

File : 1008-165-EM

Security	: Emergency lights
Comment	: The electrical installations used for the production equipments are not considered and found in the "Equipment Report"
• Protections	
Fire Protection	: 100% automatic sprinklers Fire detectors; pull stations, fire hose reels
Thief protection	: Burglar alarm composed of keypads, magnetic contacts and motion detectors
	All the above protections are connected to supervision central.
• Miscellaneous	
	: One fixed hoist trolleyway, 1-ton, 36 feet; Two fixed hoist trolleyways, 1/4-ton, 26 feet each; Two electric garage door openers

7.9 Building Description (CCA plant)⁶

Number of Storeys	: 1 storey
Basement	: --
Year of construction	: ±1960

FLOOR AREA

Ground Floor	: 17 600 ft ²
Total	: 17 600 ft ²

• Foundations

Footing and Foundations	: Reinforced concrete low wall foundations and footings
Slab on Grade	: Reinforced concrete / granular base
Excavation and Backfill	: Trench excavation

• Superstructure

Frame	: Pre-engineered steel columns and beams
Structural Walls	: Steel studs
Roof Construction	: Steel purlins
Interior stairs	: --

• Exterior Walls

Exterior Walls	: Enamelled steel
Average height	: 23 feet
Doors	: Plain steel with glass
	: Insulated aluminium panels for the overhead doors
Windows	: Fixed wood and PVC windows
Openings	: Aluminium automatic louvers

⁶ See appendix B – Sketches and photographs of buildings.

File : 1008-165-EM

- **Roofing**

Roof covering	:	Galvanized steel
Insulation	:	Mineral fiber with vapour barrier, foil
Other	:	---

- **Interior Construction**

Partitions (Offices 1032 ft ²)	:	Gypsum board, wood plank/cedar shingles on wood studs
Floor Finish (Offices 1032 ft ²)	:	Vinyl tiles
Ceiling Finish (Offices 1032 ft ²)	:	Gypsum boards on wood structure inside the plant
Comments	:	Including: laminated wood kitchen cabinets and dressing tables, toilet partitions, doors and woodworks
Other	:	---

- **Mechanical**

Plumbing	:	Two washrooms for a total of 2-water closets, 3-lavatories, 1-single stainless steel kitchen sink one 40-gallons electric water-heater tank
		Also included: faucets, fittings and piping for those above appliances and floor drainage

Heating, Venting, Cooling	:	Natural gas spaceheaters; One window air conditioning unit Sanitary ventilator for the washrooms
---------------------------	---	--

- **Electrical**

Service and distribution	:	A main electrical entrance of 400 amperes, 600 volts
Low voltage transformers	:	One 25 kVA
Lighting	:	High intensity lamps, fluorescent
Security	:	Emergency lights

- **Protections**

Fire Protection	:	100% automatic sprinklers
Thief protection	:	Burglar alarm composed of keypads, magnetic contacts and motion detectors
		All the above protections are connected to supervision central.

- **Miscellaneous**

	:	Railroad spurs ± 700 feet; Steel shelter on concrete wall foundation (128 ft ²)
--	---	---

File : 1008-165-EM

7.10 Building Description (others)⁷

TIE MILL, A.C.V. (not in use since 2000)



- Wood construction, 8828 ft² on concrete low walls foundation, average height 17.5 feet, 736 feet of perimeter
- Aluminium roof covering
- Wood plank and concrete block exterior siding
- Detached wood office building, 890 ft² on log and ground floor

TIE INCISOR (not in use since 1995)

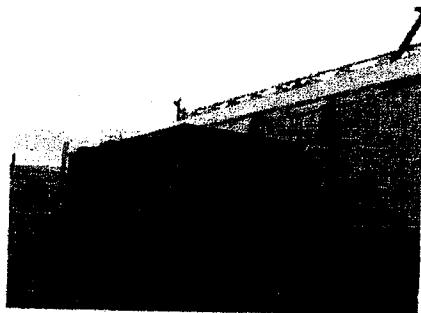


- Wood construction, 9218 ft² on concrete low walls foundation, average height 15 feet, 480 feet of perimeter
- Tar and gravel and aluminium roof covering
- Wood plank exterior siding

CONTROL ROOM (KILN)

⁷ See appendix B – Sketches and photographs of buildings.

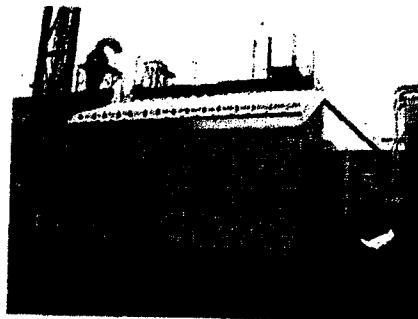
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- Concrete block bearing walls construction, 629 ft² on concrete low walls foundation, average height 12 feet, 111 feet of perimeter

- Tar and gravel roof coverings on steel deck and steel beam structure
- Heated by electric spaceheaters
- All equipments are considered with the "Equipment Report".

SUBSTATION



- Reinforced concrete and concrete block bearing walls construction, 1118 ft² on concrete low walls foundation, average height 12 feet, 134 feet of perimeter

- Galvanized steel roof covering on steel structure
- Heated by electric spaceheaters
- The electrical installations used for the production equipments are not considered and found in the "Equipment Report"

LUNCH BUILDING



- Wood construction, 1176 ft² on concrete low walls foundation, average height 8 feet, 148 feet of perimeter

- Aluminium roof covering on wood structure
- Heated by electric baseboards, one thru-wall air conditioning unit

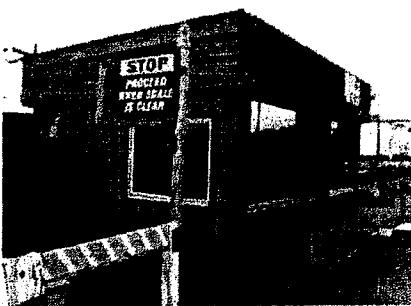
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SCALE HOUSE



- Wood construction, one storey of 320 ft² with storage basement on concrete low walls foundation, average height 8 feet, 72 feet of perimeter
- Asphalt shingles roof covering on wood structure, aluminium gutters
- Heated by electric baseboard, one thru-wall air conditioning unit
- Vinyl tiles floor covering, wood plank wall and ceiling with gypsum board
- The scale equipment with installation are considered with the "Equipment Report".

GUARD HOUSE



- Wood construction, 180 ft², concrete slab floor, average height 8 feet, 54 feet of perimeter
- Tar and gravel roof covering on wood structure
- Heated by electric baseboard, one thru-wall air conditioning unit

File : 1008-165-EM

7.11 Machinery and Equipment

7.11.1 Assets included

- **Machinery and equipment;**
- **Small equipments;**
- **Handling equipment;**
- **Power feed wiring, production piping, general plant equipment;**
- **Office furniture, office equipment, computer hardware and software;**

7.11.2 Assets excluded

Within this section of report, we have not evaluated:

- **The land, the building, the yard and outside improvements;**
- **Raw materials inventory, work in progress, finish good.**

7.11.3 Assets use

Sawmill wood operation with planer & kilns

7.11.4 Comments (equipment under review)

Sawmill

In a hypothetical economic revival scenario, the sawmill will remain productive and competitive on the market because the production layout is very efficient and the core equipment is composed of high-performance machines manufactured in 2001 consisting of:

- (6) CARBOTECH debarkers
- (2) COMACT DDM single pass curve sawing machine
- (1) COMACT Optimized board edger

This group of equipment required a 6 000 000\$ investment in 2001.

If a piecemeal sale is forecasted, the previous assets will bring the highest dollar value of all the equipment found onsite although piecemeal sales are the least desirable alternative because they provide the lowest values.

Lumber sorting line

There are two lumber sorting lines at the exit of the sawmill production line. One is an old 40 bay "sling type" sorter that has no resale value on the used equipment market because this is old technology and that newer lumber sorting line are available on the used machinery market and are not finding any buyers.

The other is a 40 bay "J Bar" sorter with little to no value if dismantle.

File : 1008-185-EM

In a production re-starting scenario, these two sorters are still valuable for the company.

Planer mill

It is equipped with two planer lines. Overall we can state that the equipment offers a satisfying level of performance and that in a production re-starting scenario, these two planer lines are still valuable for the company. Both planers are STETSON-ROSS with 16 knives cutterheads allowing them to run at 1000 to 1200 FPM. Lumber conveyors and multi-blade trim saw are 10 to 15 years old and are equipped with minimal Optimization Scanner System. The CARBOTECH 50 bin lumber sorter is equipped with Autolog controls.

We can also state that the market is very soft for that type and age of equipment and that there is a huge possibility of not finding any buyer in a liquidation sale over a 4 to 6 months period.

Dry kiln system

It is composed of four kilns. Three are wood fire heated with shavings from the mill and one is natural gas heated. All burners are between 15 to 20 years old with 1.5 to 8 million BTU/H output. Resale value is not optimum but still might find buyers.

The kilns by themselves have no resale value if dismantle.

Old sawmill equipment

Northern Wood kept in other buildings all the equipment that was used in previous sawmill set-up. Idled for more than 10 years, this equipment brings no resale opportunity and has only scrap or metal weight value.

8.4 Machinery and equipment appraisal

8.4.1 Comments (equipment under review)

- 1) The method used for this evaluation complies with FAS 157 requirements.
- 2) Most production equipment came from well-known supplier in the woodworking machinery industry. An estimated average remaining life expectancy of approximately 10 to 15 years is to be considered for the machines mainly due to the fact that the core equipment is late technology with high production capacity.
- 3) The exit market (as defined and confirmed by GE) being considered is the in-place liquidation sale to an end user. In the context of liquidation value-installed, an allowance was made to establish the installation cost and it is also assumed that there is a market and that sufficient profit is being generated from the appraised assets.
- 4) The liquidation in-place retail sale to an end user is the most probable and advantageous market. We have also considered individual asset sale on a liquidation basis but this is clearly not the best exit market. The woodworking industry is currently undergoing a critical phase in North America. Prices for this type of equipment have gone down drastically and this is very significant in liquidation values.
- 5) Due to a lack of recent comparable sales within the marketplace we had to mainly use the Cost Approach Valuation Method with the historical acquisition cost of the equipment as base. We also considered the Market Comparison Method when applicable. The income method has not been applied in this mandate.
- 6) The data sources used for this evaluation were Dataref, CIA Auction results, ExFactory, Machine King, Yankee Equipment, Machpro GS and more. Combining use of our specialized contact network with the wide experience of our senior appraisers provided the expertise to carry out the necessary value adjustments.
- 7) A percentage for physical deterioration (15%), functional obsolescence (15%) and economic factors (35%) was deducted from the replacement cost new.
- 8) Fair Value Hierarchy is of level 3 (unobservable data) based on conversations with manufacturers, and used equipment dealers.
- 9) We did not include any transaction, transportation and or/ transformation cost in the valuation.
- 10) There is a relatively large amount of surplus equipment available at present. This has negative implications for equipment values. We are quantifying a 30% to 40% negative adjustment.

APPENDIX A - Harbour industrial zone

SECTION 36 HARBOUR INDUSTRIAL ZONE (HRI)

36.1

Amended by
B/L 2-1986

PERMITTED USES

Any use identified hereunder is permitted in the Harbour Industrial Zone (HRI) provided that access to the Harbour or navigable waters in the Harbour is essential to the operation of the use:

- automotive wrecking establishment
-
- fish processing plant
- heavy industrial use including but not limited to facilities for the underground and surface storage of petroleum and other gaseous products, grain elevators, pulp and paper mills, and coal storage facilities
- lighthouse
- light industrial use
- marina or marine facility
- office accessory to a use permitted in the HRI Zone
- office legally existing on the effective date of this By-law which may include extensions or additions made thereto hereafter
- public utility
- use permitted in the Railway Zone (RR)
- salvage yard
- seaplane base
- shipyard
- warehouse
- buildings, structures, or uses accessory to the permitted uses

36.2

REGULATIONS

In addition to the regulations of Section 5, the following regulations shall apply to the Harbour Industrial Zone (HRI):

36.2.1

Minimum Lot Frontage or Water Frontage:

15.0 metres

36.2.2

Minimum Front Yard:

6.0 metres

36.2.3

Minimum Exterior Side Yard:

6.0 metres unless the exterior side yard abuts the water, then no exterior side yard shall be required

36.2.4

Minimum Interior Side Yard:

3.0 metres unless the interior side yard abuts the water, then no interior side yard shall be required

36.2.5

Minimum Rear Yard:

7.5 metres unless the rear yard abuts the water, then no rear yard shall be required. Where the rear lot line abuts a street allowance then a minimum rear yard of 6.0 metres shall be required.

36.2.6**Number of Main Uses and Main Buildings Per Lot:****a) Uses:**

no maximum

b) Buildings:

No maximum, provided that a minimum distance of 6.0 metres separates each main building.

36.2.7

Amended by
B/L 2-1986
Amended by
B/L 7-2005

Buffering

A privacy fence and/or a buffer strip with a minimum height of 2.5 metres shall be provided and maintained along each lot line that is not a street line, abutting any zone and along each lot line abutting a lane which abuts any zone other than an Industrial or Railway Zone, provided however, that no part of the privacy fence and/or buffer strip shall be located along the Harbour Line.

36.2.8

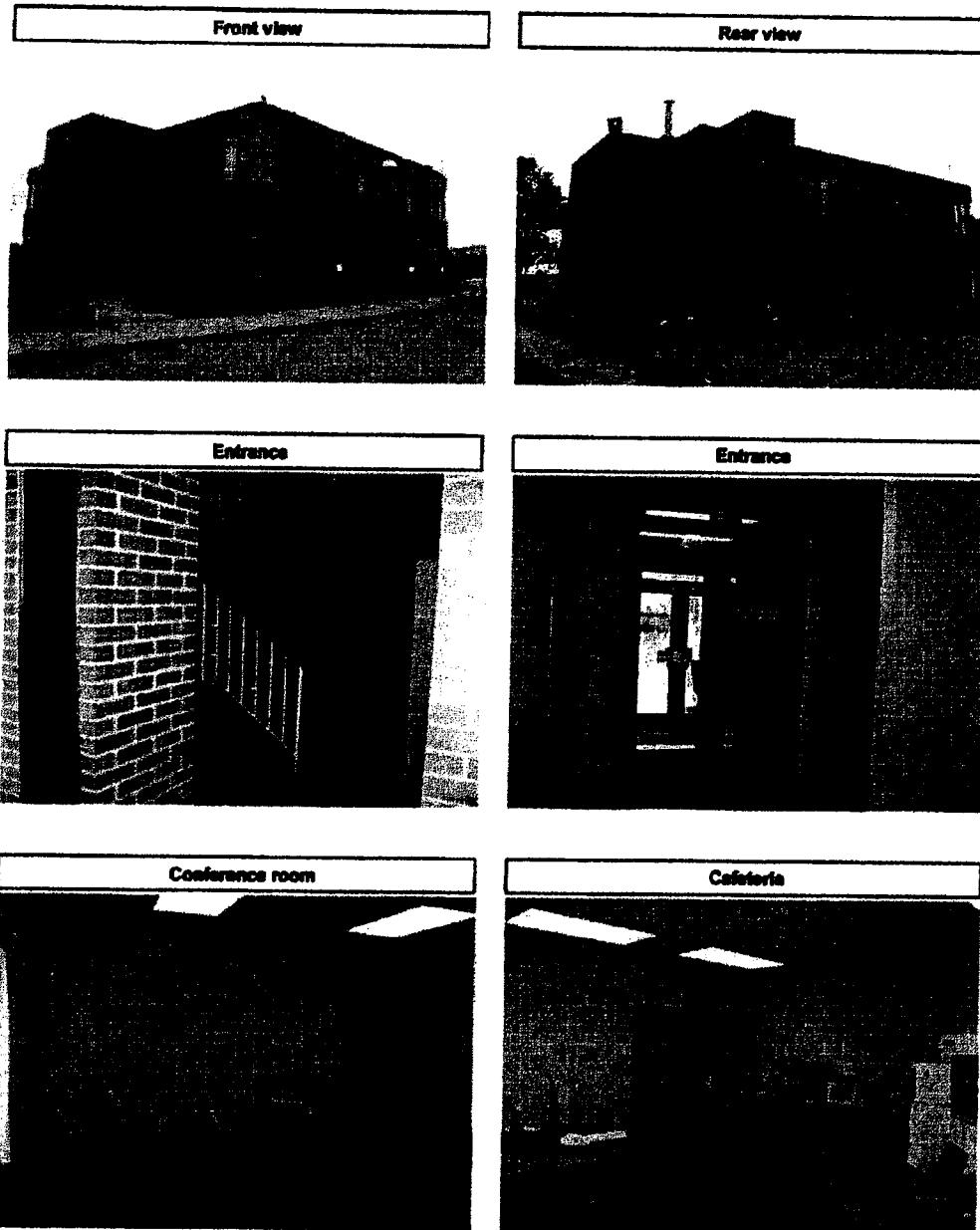
Amended by
B/L 2-1986

Separation Distance from a Dwelling Unit:

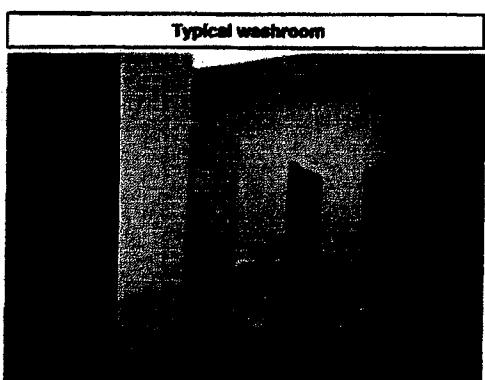
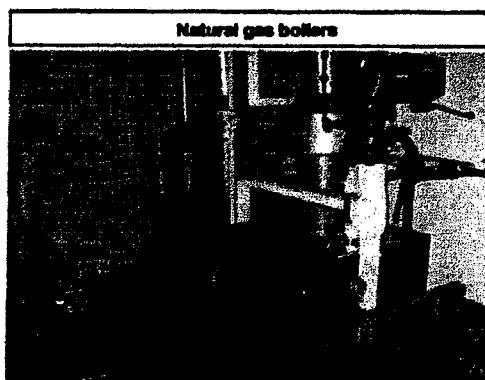
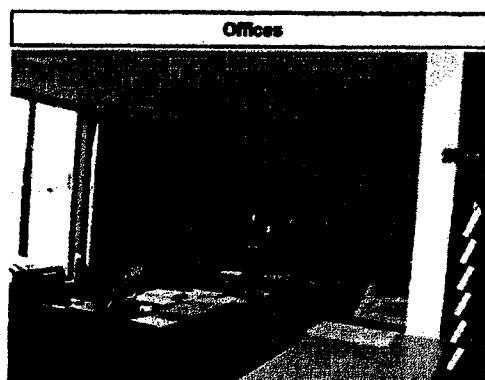
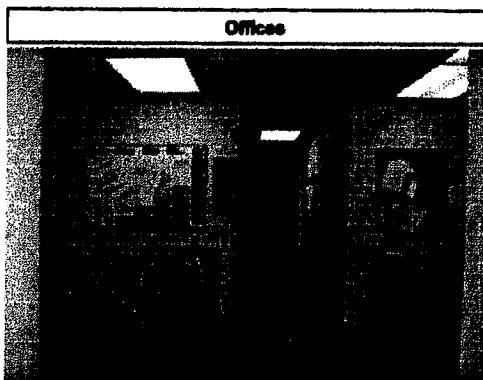
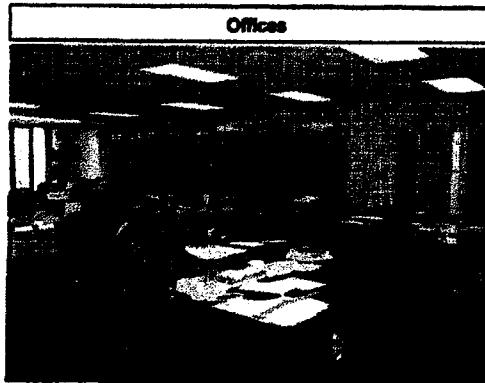
No building or structure used for heavy industrial purposes or petroleum or gaseous storage facilities shall be located closer than 7.5 metres from a dwelling unit or from any Residential Zone.

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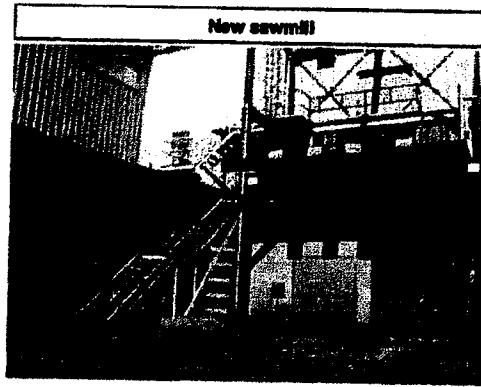
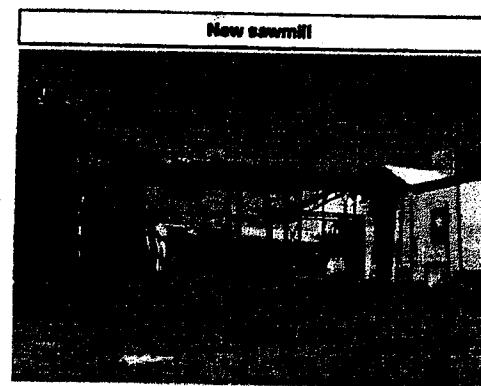
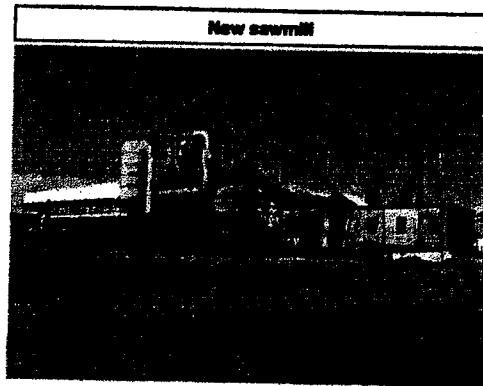
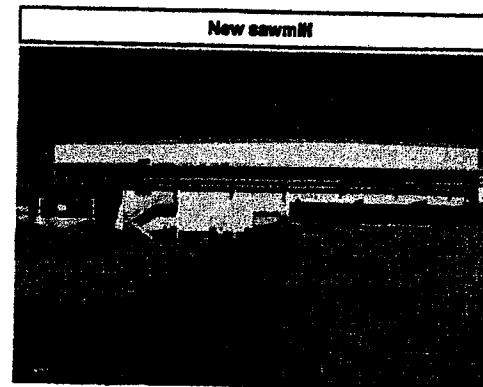
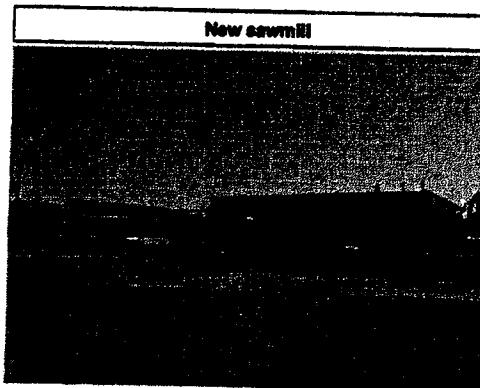
APPENDIX B - Sketches and photographs of buildings



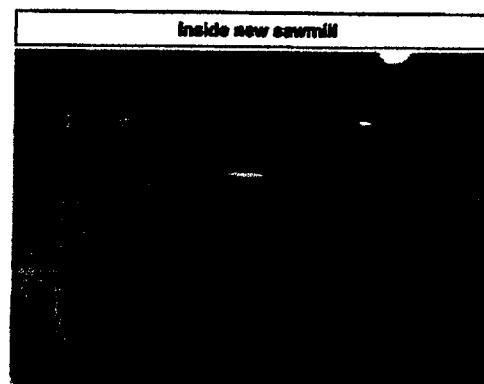
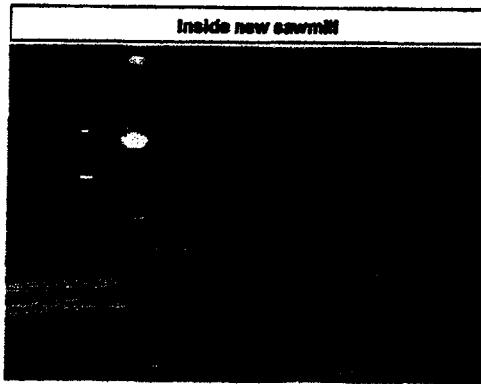
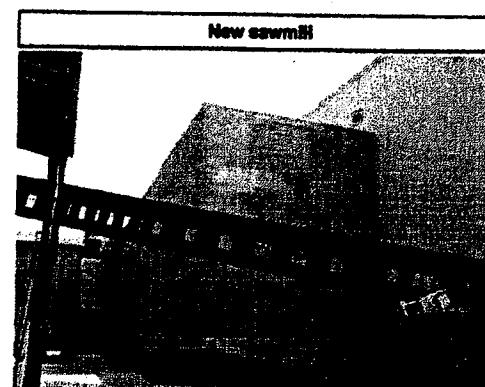
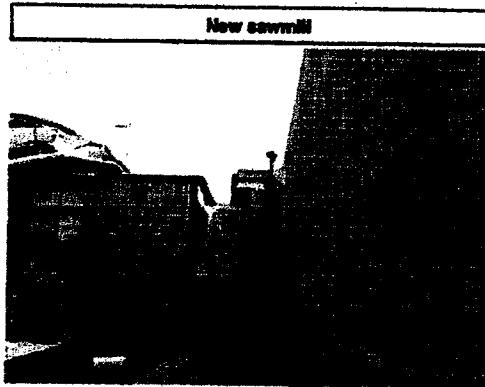
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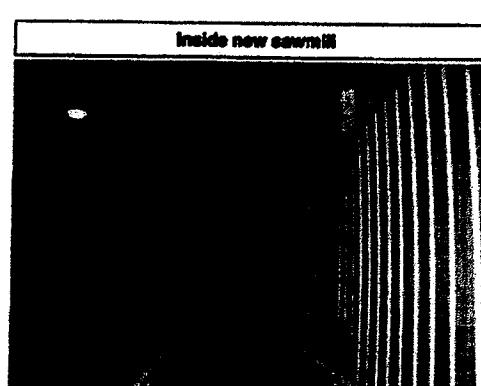
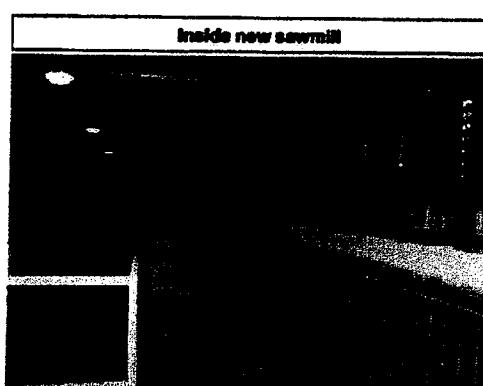
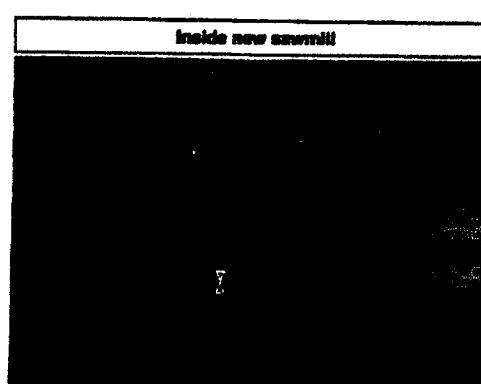
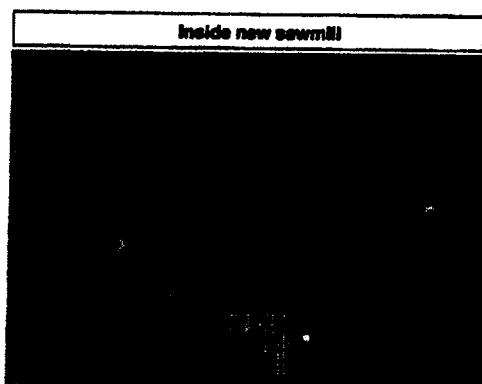
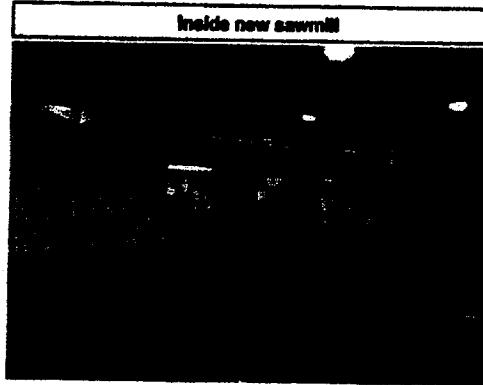
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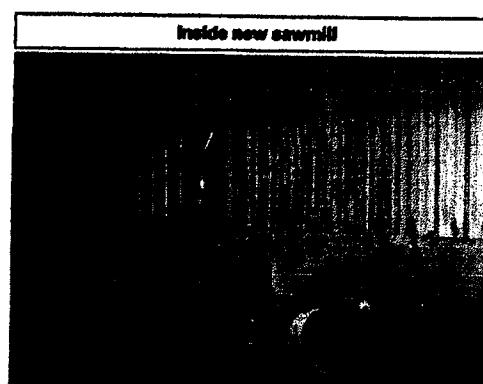
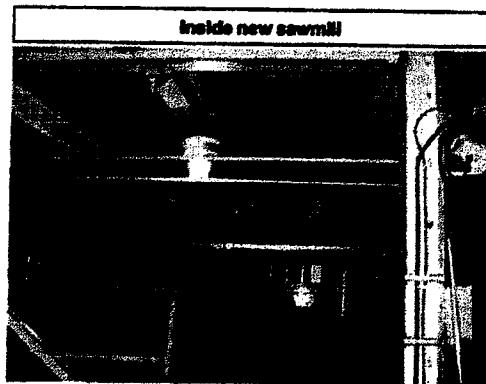
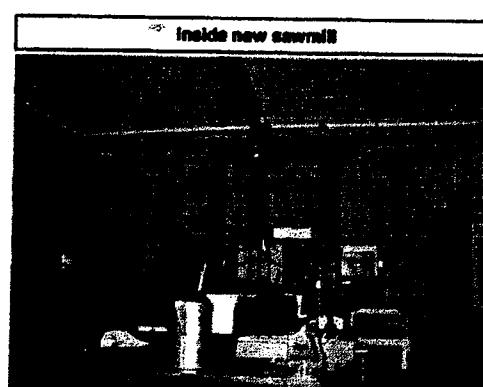
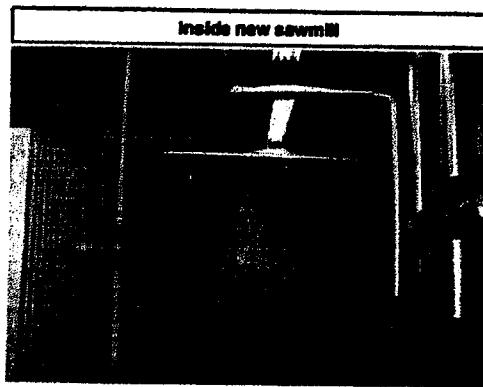
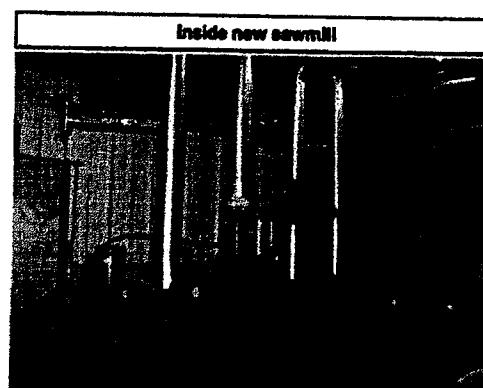
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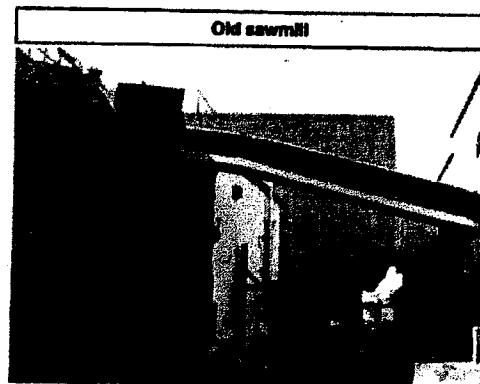
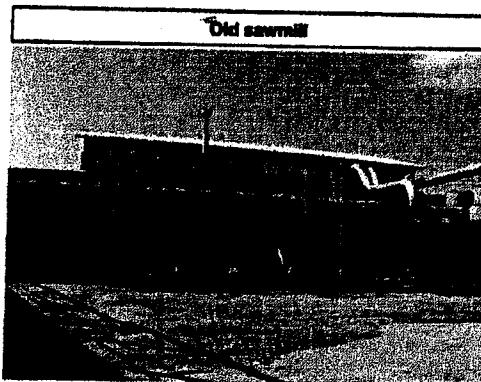
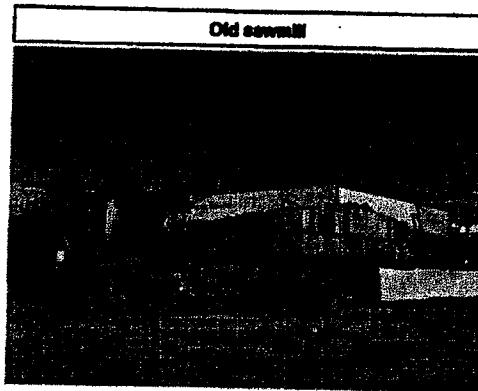
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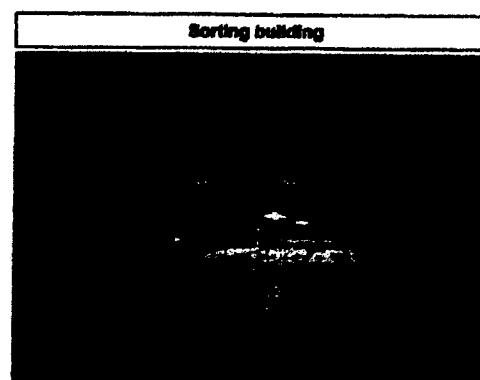
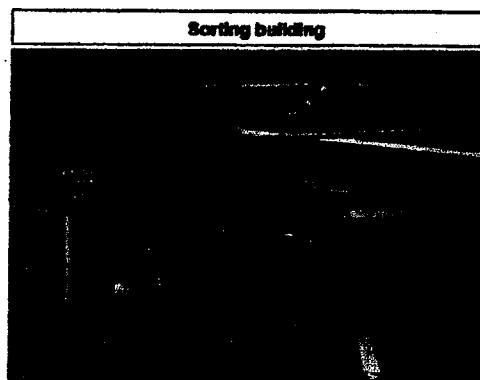
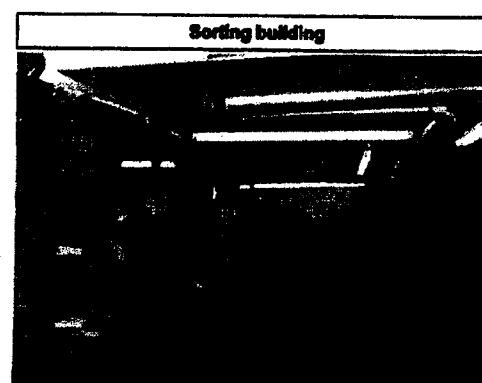
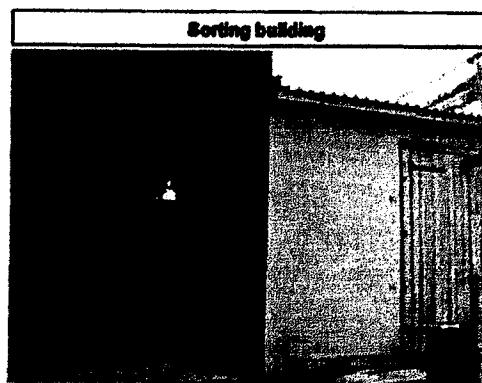
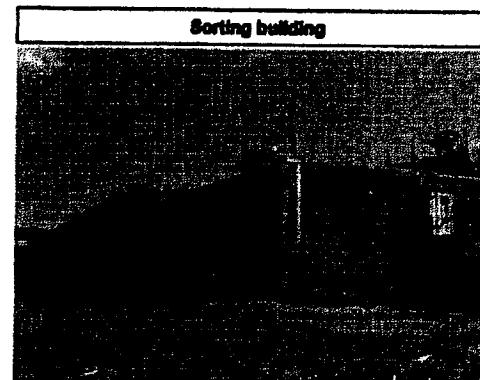
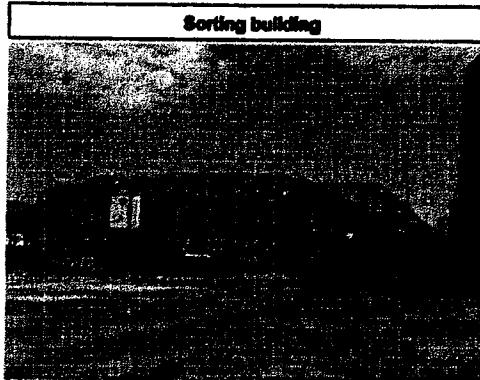
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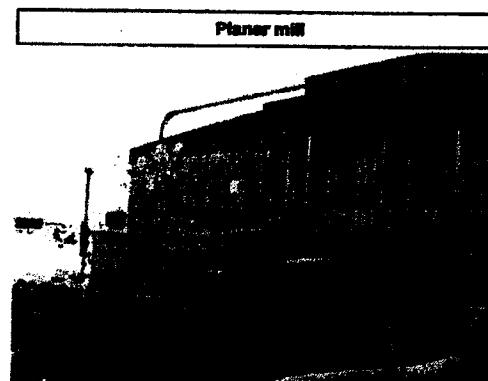
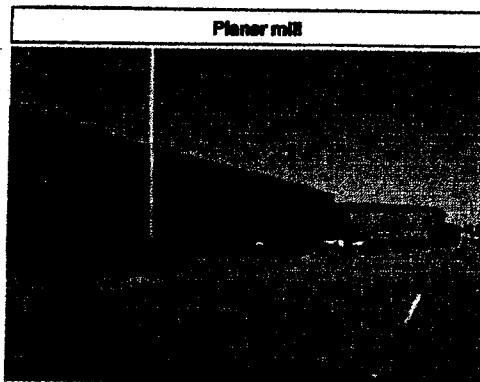
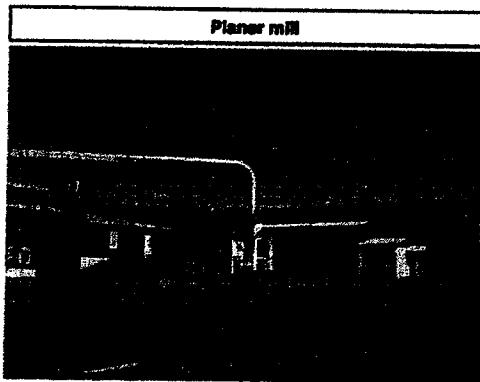
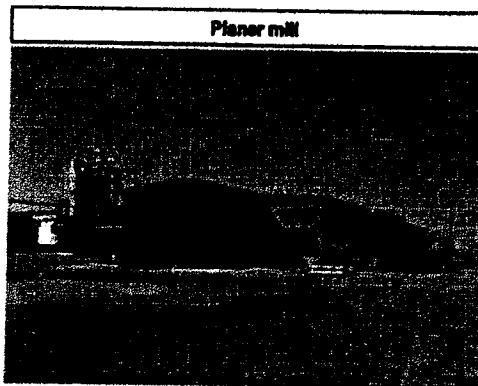
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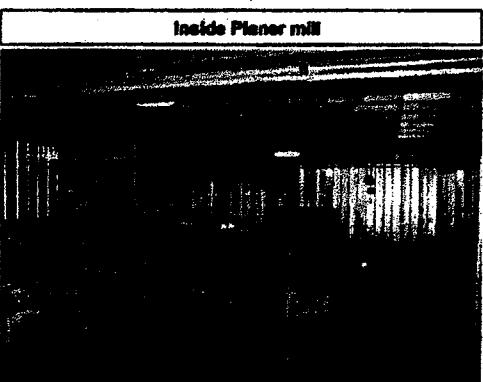
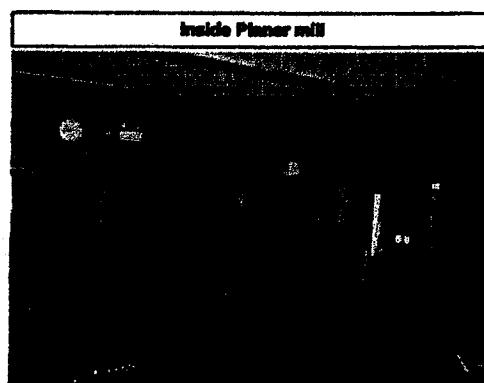
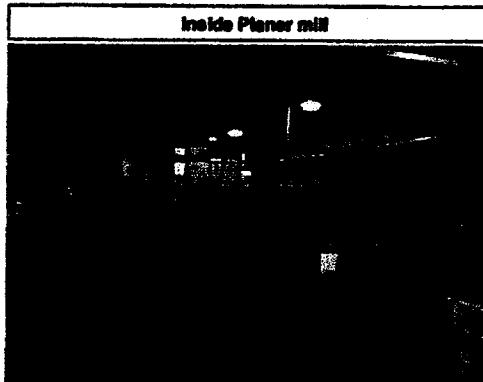
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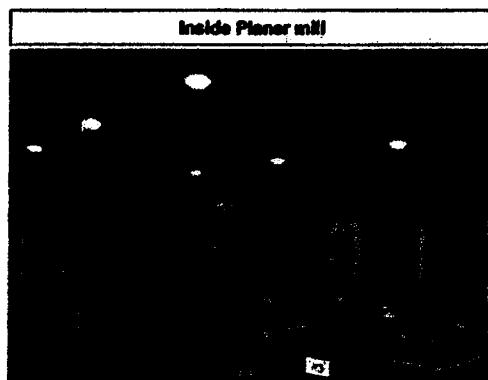
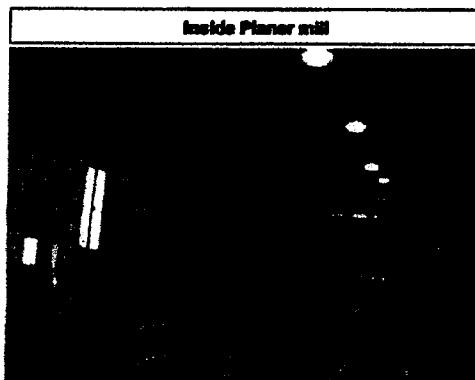
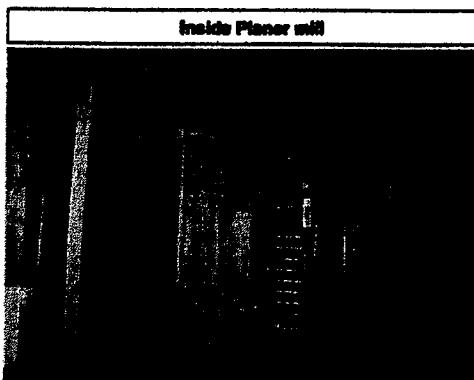
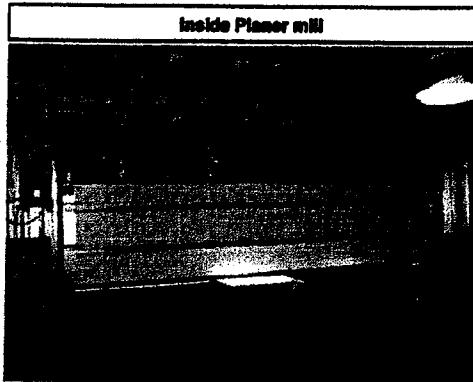
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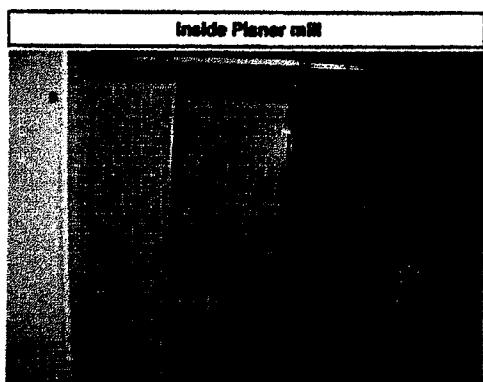
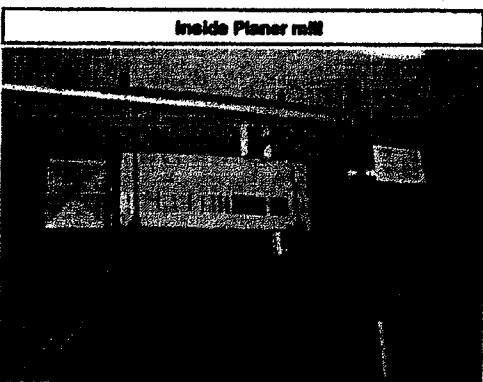
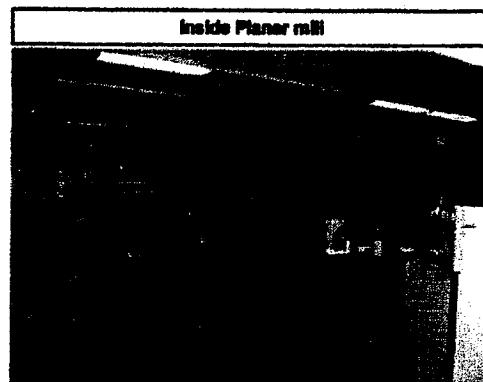
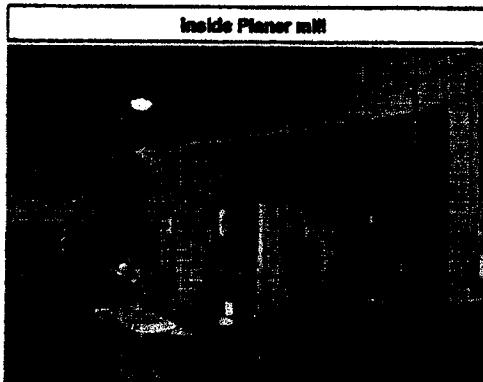
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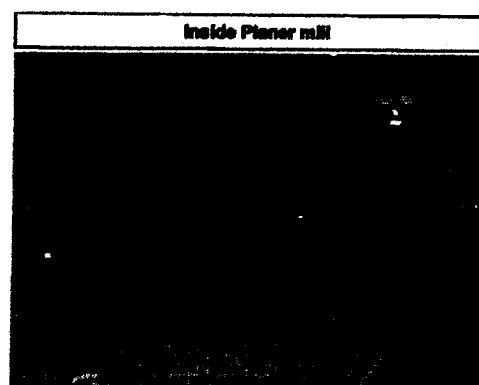
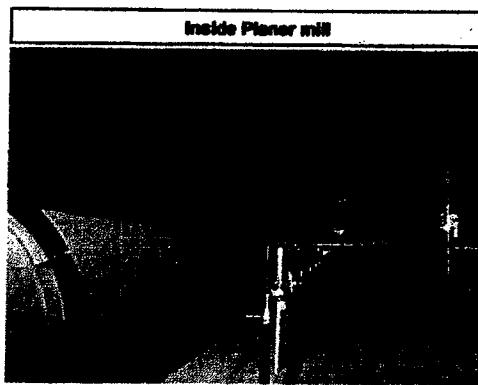
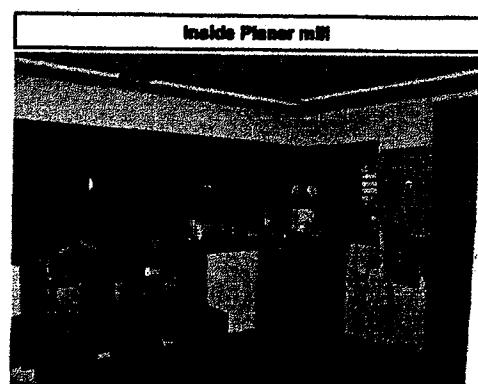
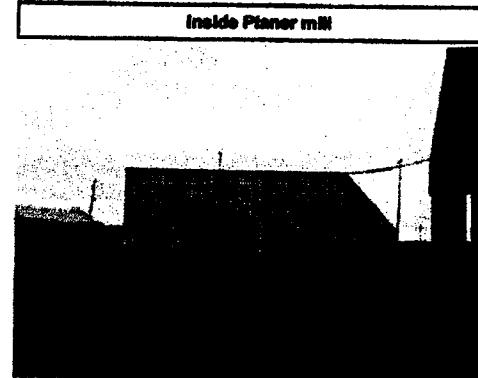
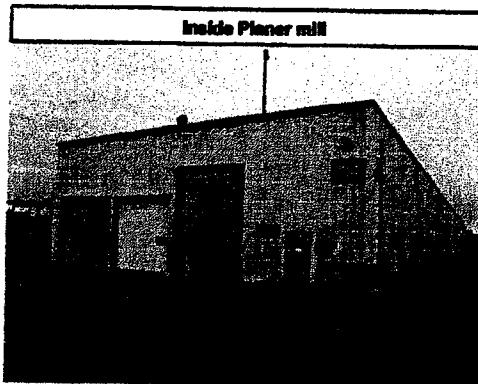
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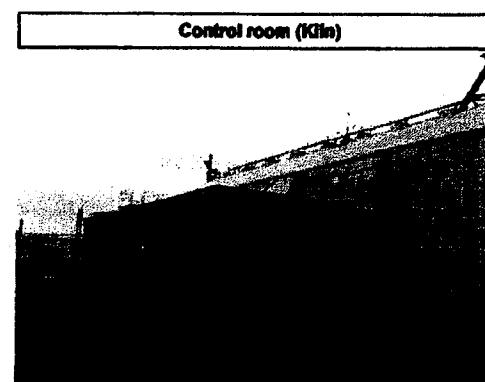
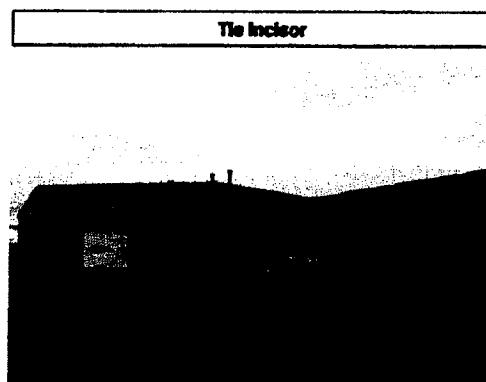
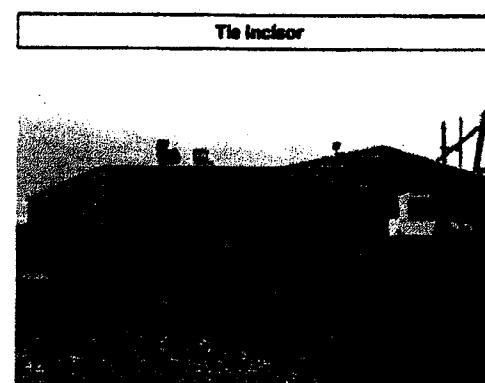
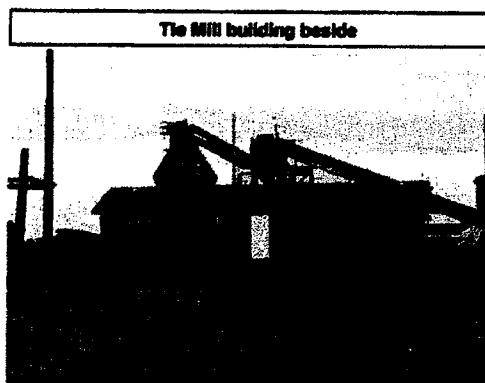
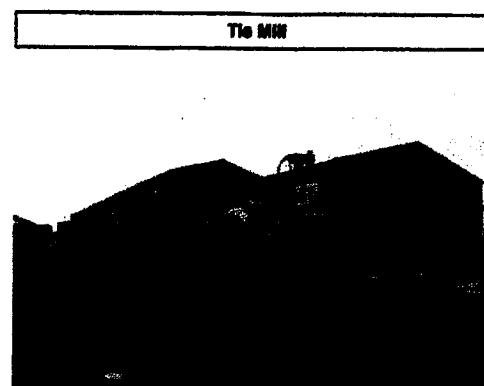
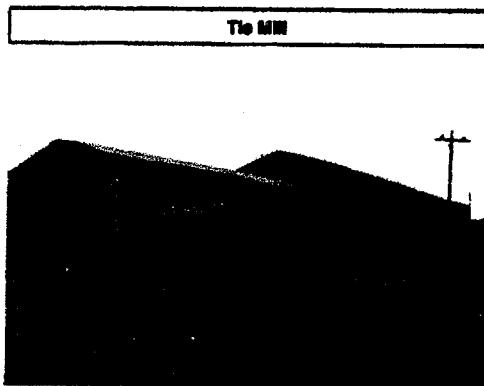
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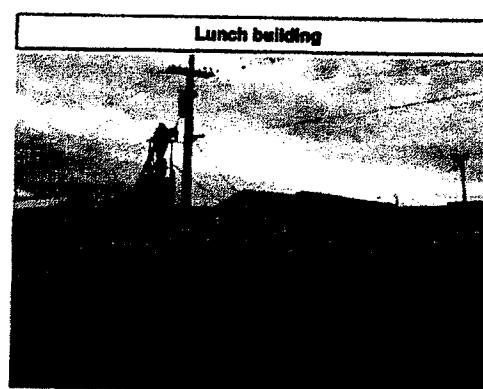
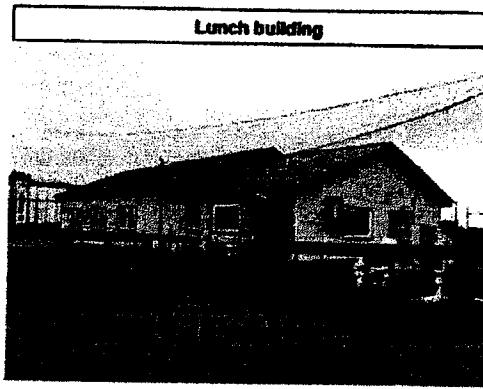
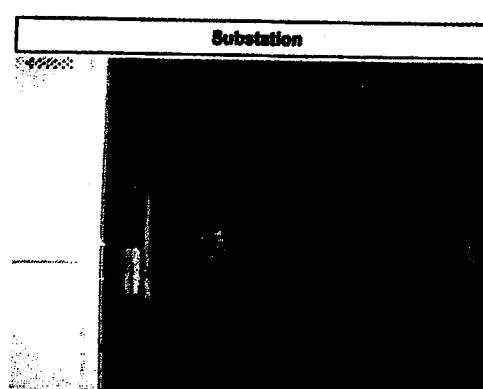
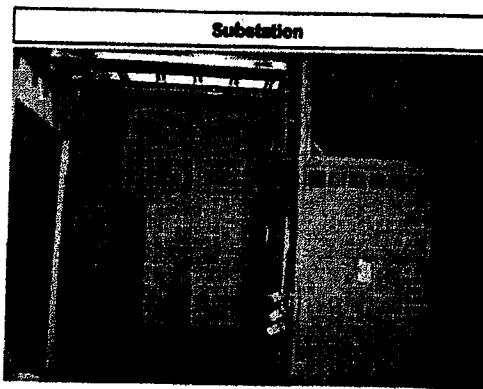
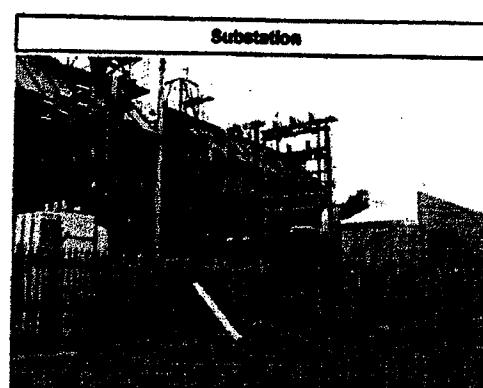
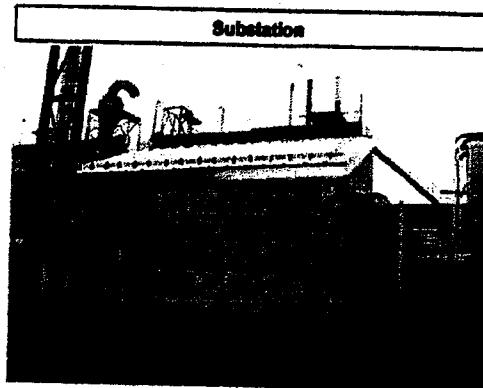
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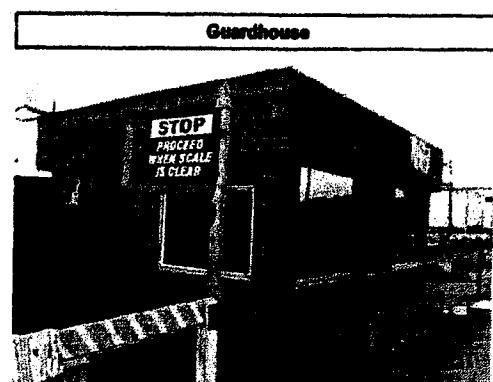
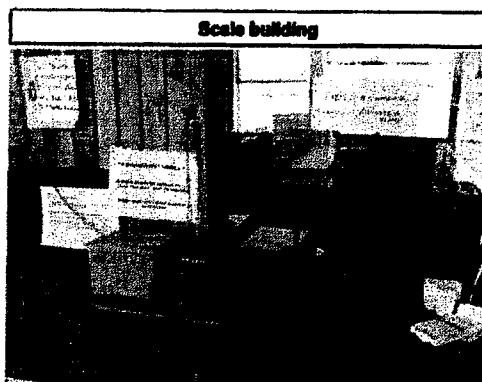
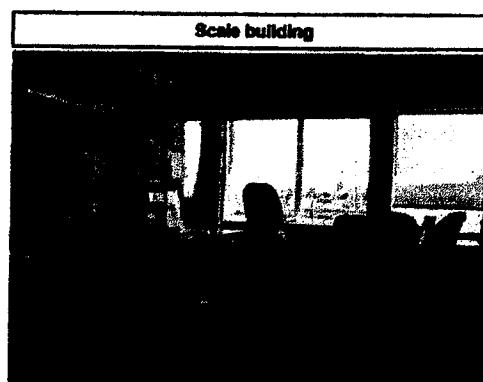
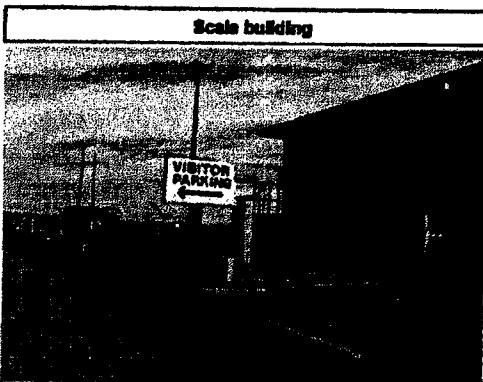
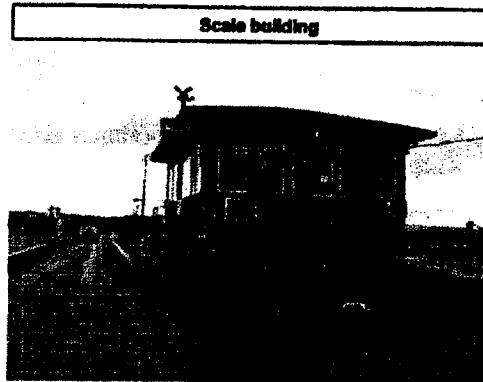
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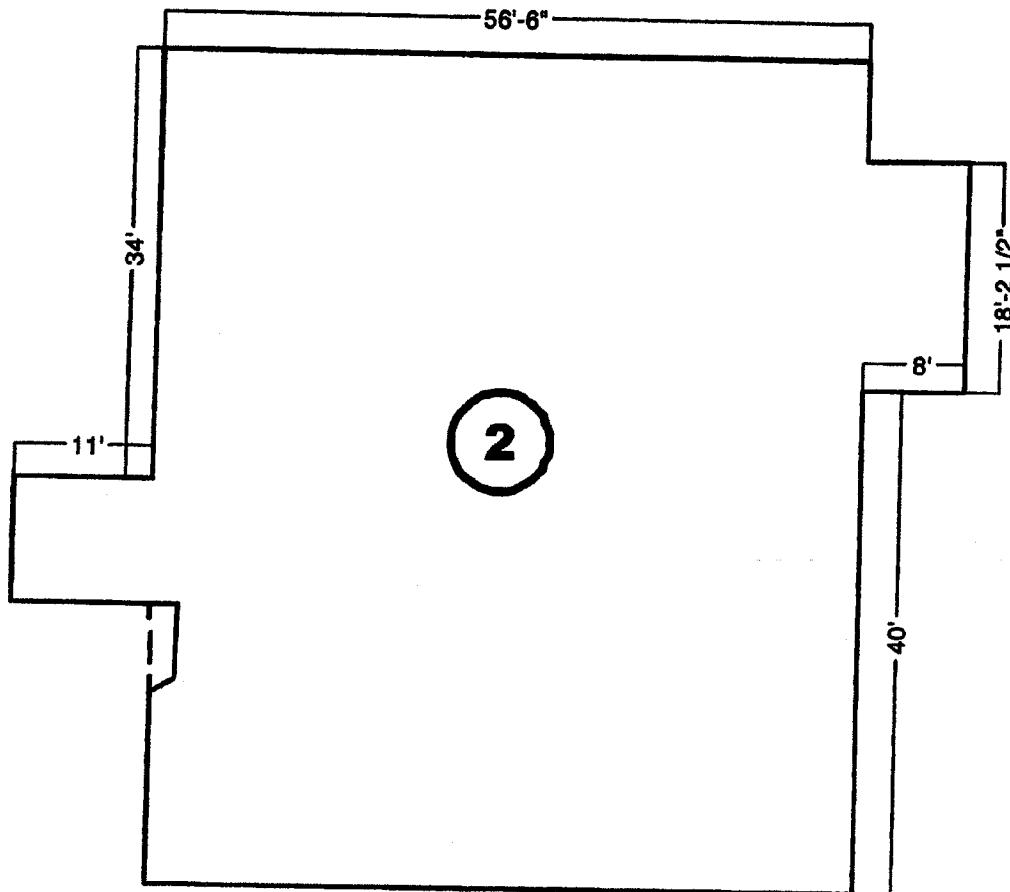
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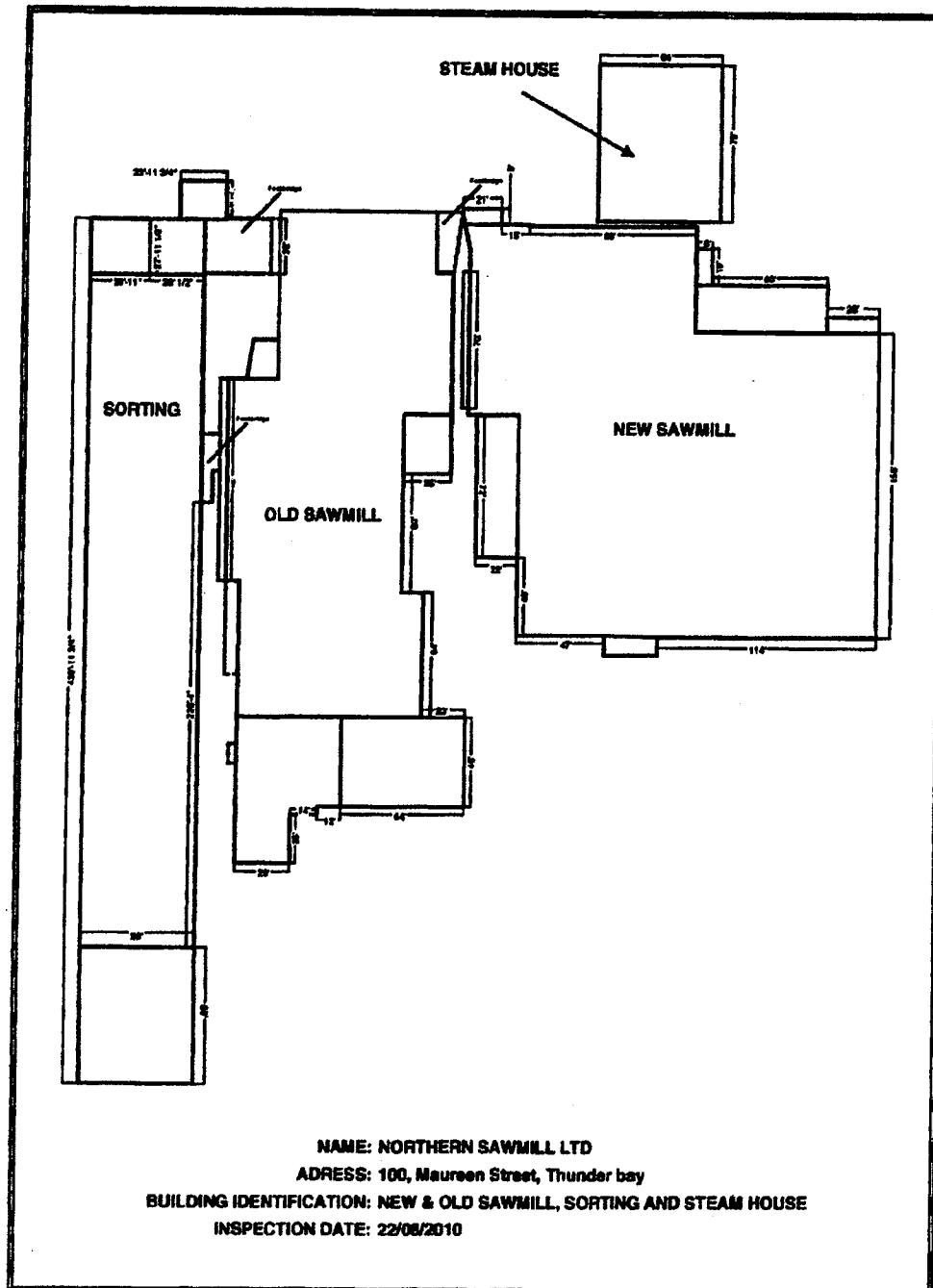
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NORTHERN SAWMILL LTD

Offices

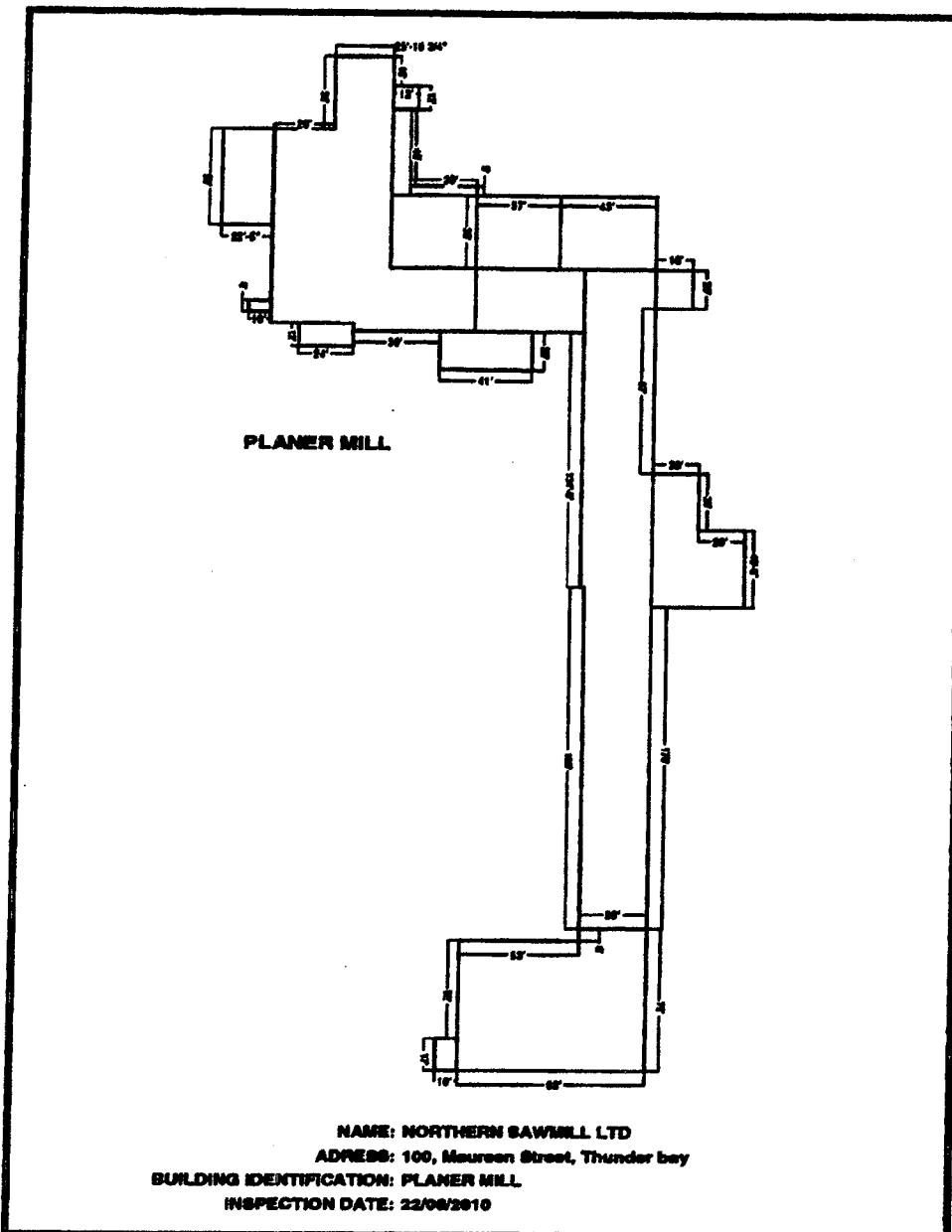
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File : 1008-165-EM



Measurements in feet.

File : 1008-165-EM



Measurements in feet.

File : 1008-186-EM

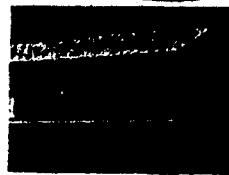
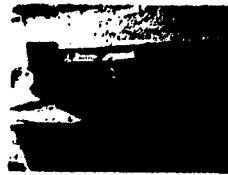
APPENDIX D – Listing of machinery & equipment

NORTHERN SAWMILL INC. - THUNDER BAY

1000-100-000

LOG ENTRY**ITEM # CITY DESCRIPTION****P 1 1 LOG INFEED DECK**

Description - (3) 6 chains deck 18' x 40'

**P 2 1 DEBARLING LINE #1**

Description composed of:

P 2,01 1 5 CHAINS LOG TRANSFER DECK

Description - 18' x 50'

**P 2,02 1 6 CHAINS LOG UNSCRAMBLER**

Description - 18' x 20'

**P 2,03 1 SORTING ARM****P 2,04 1 BELT CONVEYOR**

Description - 48' x 24"

**P 2,05 1 LOG DEBARKER**

Manufacturer CARBOTECH

Model MARK III

Description - 18" dia.



NORTHERN SAWMILL INC. - THUNDER BAY

1008-166-EM

LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDINARY LIQUIDATION VALUE
P 2,06	1	BELT CONVEYOR		
		Description - (1) 24' x 24" - (1) 35' x 24"		
				
P 2,07	1	LOG DEBARKER		
		Manufacturer CARBOTECH Model MECANIQUE 24 Description - 24" dia.		
P 2,08	1	BELT CONVEYOR DEBARKER		
		Description - 90' x 24" - with idlers		
P 2,09	1	BELT CONVEYOR DEBARKER		
		Description - 70' x 24"		
P 2,10	1	OPERATOR STATION		
P 3	1	DEBARKING LINE #2		
		Description composed of:		
P 3,01	1	5 CHAINS LOG TRANSFER DECK		
		Description - 18' x 30'		

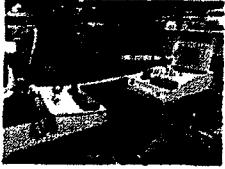


LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 3,02	1	6 CHAINS LOG UNSCRAMBLER Description - 18' x 20'		
P 3,03	1	LOG SORTING ARM		
P 3,04	1	BELT CONVEYOR Description - 24" x 24"		
P 3,05	1	LOG DEBARKER Manufacturer CARBOTECH Model MARCK III Description - 18" dia. - with log kokers 24" x 90"		
P 3,06	1	BELT CONVEYOR EXIT		
P 3,07	1	BELT CONVEYOR INFEED Description - (1) 24" x 24" - (1) 18" x 24"		



LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDINARY LIQUIDATION VALUE
P 3,08	1	LOG DEBARKER		
		Manufacturer CARBOTECH Model MECANIQUE 24 Description - 24" dia.		
P 3,09	1	BELT CONVEYOR		
		Description - 24" x 70' - with log kokers		
P 3,10	1	OPERATOR STATION		
P 4	1	DEBARKING LINE #3		
		Description composed of:		
P 4,01	1	LOG UNSCRAMBLER		
		Description - 18' x 20'		
P 4,02	1	LOG SORTING ARM		
P 4,03	1	BELT CONVEYOR		
		Description - (1) 24" x 18' - (1) 24" x 24'		



LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 4,04	1	DEBARKER Manufacturer CARBOTECH Model MARCK III Description - 18" dia.		
P 4,05	1	BELT CONVEYOR Description - 24" x 24"		
P 4,06	1	DEBARKER Manufacturer CARBOTECH Model MECANIQUE 24 Description - 24" dia.		
P 4,07	1	DEBARKER RING		
P 4,08	1	BELT CONVEYOR Description - 24" x 75' - with kikers		
P 4,09	1	BELT CONVEYOR Description - 24" x 50' - with kikers		

NORTHERN SAWMILL INC. - THUNDER BAY

1008-166-EM

LOG ENTRY

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P	4,10	1 OPERATOR STATION		



FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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TOTAL : LOG ENTRY



SAWMILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 5	1	ONE PASS CURVE SAWING SYSTEM		
		Manufacturer: COMACT Year: 2001 Description: composed of:		
P 5,01	1	5 CHAINS LOG DECK		
		Description: - 28' x 18' (inside portion) - 24' x 18' (outside portion)		
P 5,02	1	5 CHAINS LOG TRANSFER DECK		
		Description: - 100' x 18'		
P 5,03	1	WAVE STEP FEEDER		
P 5,04	1	BELT CONVEYOR		
		Description: - 24" x 25'		
P 5,05	1	V CHAIN CONVEYOR		
		Description: - 60' long		
P 5,06	1	SCANNER		
		Manufacturer: COMACT Model: C1-SCAN		

NORTHERN SAWMILL INC. - THUNDER BAY

1008-166-EM

SAWMILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 5,07	1	REJECT 5 CHAIN TRANSFER TABLE		
		Description - 20' x 10'		
				
P 5,08	1	LOG TURNER		
		Model 660		
		Year 2001		
		Serial Number 66000101010901643		
				
P 5,09	1	CANTER QUAD		
		Description - 50 line layout		
				
P 5,10	1	LOG CENTERING		
		Model 660		
		Year 2001		
		Serial Number 66000105010901547		
				
				
P 5,11	1	ONE PASS CURVE SAW		
		Manufacturer COMACT		
		Model DDM 12		
		Year 2001		
		Serial Number 66000108010901648		
		Description composed of:		
		- top chipping head		
		- bott chipping head		
		- top edging		
		- left circular saw		
		- right circular saw		
				
				
P 5,12	1	HYDRAULIC UNITS		
				

SAWMILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 5,13	1	CONTROL PANEL		
P 5,14	1	REJECT BELT CONVEYOR		
P 5,15	1	OPERATOR STATION		
P 6	1	ONE PASS CURVE SAWING SYSTEM		
		Manufacturer COMACT Year 2001 Description composed of:		
P 6,01	1	5 CHAINS LOG TRANSFER DECK		
		Description - 75' x 100'		
P 6,02	1	WAVE STEP FEEDER		
P 6,03	1	V CHAIN CONVEYOR		
		Description - 60' long		

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NORTHERN SAWMILL INC. - THUNDER BAY

1008-165-EM

SAWMILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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P 6,04	1	SCANNER		
Manufacturer COMACT OPTIMISATION				
P 6,05	1	LOG TURNER		
P 6,06	1	ONE PASS CURVE SAW		
Manufacturer COMACT Model DDM8				
P 6,07	1	SAW EXIT CONVEYOR		
P 6,08	1	HYDRAULIC UNITS		
P 6,09	1	4 CHAINS LANDING TABLE		
Description - 90' x 12'				



NORTHERN SAWMILL INC. - THUNDER BAY

1008-165-EM

SAWMILL

ITEM #	QTY	DESCRIPTION	FAR MARKET	ORDINARY
			VALUE INSTALLED	LIQUIDATION VALUE
P 6,10	1	OPERATOR STATION		
P 7	1	BOARD EDGER LINE		
		Year 2002 Description composed of:		
P 7,01	1	5 STRANDS CHAIN DECK		
		Description - 20' x 24'		
P 7,02	1	4 TWIN CHAINS BOARD UNSCRAMBLER		
		Description 20' x 8'		
P 7,03	1	CONVEYOR		
		Description - 1 section 14' x 6' (5) chains with 6 live rolls - 1 section 12' x 10' (6) chains - 1 section 12' x 10' (7) chains		
P 7,04	1	SCANNER		
		Manufacturer COMACT OPTIMISATION		
P 7,05	1	BOARD EDGER		
		Manufacturer COMACT Model 948 Year 2002 Serial Number 948001A020501728 Description - with infeed table		



NORTHERN SAWMILL INC. - THUNDER BAY

1008-165-EM

SAWMILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P	7,06	1 CHAIN TRANSFER CONVEYOR		
		Description - with (4) pressure rolls		
P	7,07	1 BELT CONVEYOR		
		Description - 30" x 20'		
G	8	1 HOT AIR HEATING SYSTEM		
		Manufacturer VOLCANO		
		Model C5-G-30C		
		Serial Number 110101950		
		Description - natural gas heated		
		- max 8 400 MBTUH		
		- tank with pump		
P	9	1 STATIONARY LIFT		
		Manufacturer BLUE GIANT		
		Model P-130-15		
		Serial Number 0320027		
		Description - 1 500 lbs capacity		
		- 130" elevation		
P	10	1 LOT OF WELDING EQUIPEMENTS		
		Description composed of:		
P	10,01	2 WELDERS		
		Manufacturer LINCOLN ELECTRIC		
		Model IDEALARC R3R-500		

TOTAL : SAWMILL

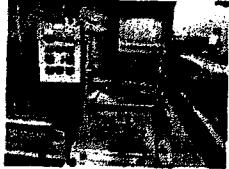
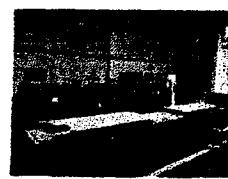
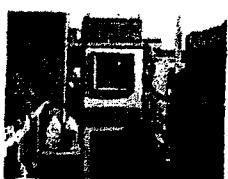


PLANER MILL

ITEM #	QTY	DESCRIPTION	ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATE VALUE
P 11	1	PLANER LINE #1					
		Description composed of:					
P 11,01	1	4 CHAINS BUNDLE INFEED DECK					
		Description - 40' x 14"					
P 11,02	1	5 ARMS TILTING HOIST					
		Description - 14' x 16'					
P 11,03	1	2 ARMS BUNDLE BREAKER					
P 11,04	1	6 CHAINS CONVEYOR					
		Description composed of:					
		- 1 section 13' x 20'					
		- 3 sections 13' x 12'					
		- 1 section 13' x 5'					
P 11,05	1	PLANER INFEED TABLE					
		Description - 8 metal roll 10" dia. x 46"					
P 11,06	1	PLANER CENTERING INFEED TABLE					
		Description - 25' long					
		- (12) 10" dia. x 12" metal roll					
		- top pressur roll					



PLANER MILL

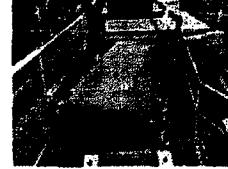
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P 11,07	1	CONTROL STATION CONVEYOR		
		Description - Bundle and chain deck control		
				
P 11,08	1	PLANER		
		Manufacturer STETSON ROSS		
		Description - 4 sided planer		
		- 1" to 6" thickness x up to 14" width cap.		
		- 16 knives cutterhead		
				
P 11,09	1	CONTROL PANEL		
				
P 11,10	1	PLANER EXIT BELT CONVEYOR		
		Description - 18" x 20'		
				
P 11,11	1	LUMBER STRESS TESTOR		
		Manufacturer METRIGUARD		
		Serial Number 89130		
		Description - 10' x 18"		
				
P 11,12	1	BELT CONVEYOR		
		Description - 18" x 25'		
				



NORTHERN SAWMILL INC. - THUNDER BAY

1008-165-EM

PLANER MILL

ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE	
P 11,13	1	BELT CONVEYOR Description - 48" x 12'			
P 11,14	1	5 CHAINS LANDING TABLE 			
P 11,15	1	5 CHAINS ACCUMULATION CONVEYOR Description - 30'			
P 12	1	PLANER LINE #2 Description composed of:			
P 12,01	1	4 CHAINS UNFEED DECK BUNDLE Manufacturer CARBOTEC Description - 14' x 20'			
P 12,02	1	5 ARMS TITLING HOIST Description - 16' x 10'			
P 12,03	1	2 ARMS BUNDLE BREAKER 			



PLANER MILL

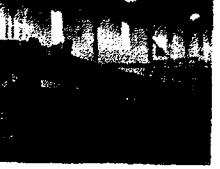
ITEM #	QTY	DESCRIPTION	FARM MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 12,04	1	6 CHAINS CONVEYOR		
		Description composed of: - 1 section 13' x 20' - 3 sections 13' x 10'		
				
P 12,05	1	PLANER INFEED TABLE		
		Manufacturer STETSON ROSS Description composed of: - (6) 10" x 30' metal roll		
				
P 12,06	1	CONTROL PANEL		
		Description - bundle and chain deck control		
				
P 12,07	1	PLANER CENTERING INFEED TABLE		
		Manufacturer STETSON ROSS Description - 16' - (6) 10" x 12' metal roll		
				
P 12,08	1	PLANER		
		Manufacturer STETSON ROSS Description - 4 sided planer - 1" to 6" thickness x up to 14" width cap. - 16 knives cutterhead		
				
P 12,09	1	PLANER CONTROL PANEL		
				
P 12,10	1	PLANER EXIT BELT CONVEYOR		
		Description - 16" x 60'		
				



NORTHERN SAWMILL INC. - THUNDER BAY

1008-165-EM

PLANER MILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 12,11	1	BELT CONVEYOR Description - 36" x 12'		
P 12,12	1	4 CHAINS LANDING TABLE Description - 20' x 12'		
P 12,13	1	5 CHAINS CONVEYOR Description - 18' x 12'		
P 12,14	1	9 CHAINS UNSCRAMBLER		
P 12,15	1	5 CHAINS CONVEYOR Description - 16' long - 6 live roll		
P 12,16	1	5 CHAINS INCLINE CONVEYOR Description - 30'		
P 13	1	LUMBER SORTER LINE Description composed of:		

NORTHERN SAWMILL INC. - THUNDER BAY

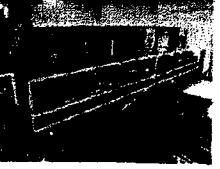
1008-165-EM

PLANER MILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 13,01	1	ACCUMULATION DECK		
		Description composed of: - 1 section 10' x 12' - 1 section 8' x 12' - 1 section 5' x 12' - 18 kickers		
P 13,02	1	8 LIVE ROLLS WITH DOGS		
		Description - 15' x 12'		
P 13,03	1	4 CHAINS INCLINE CONVEYOR		
P 13,04	1	GRADING STATION		
P 13,05	1	6 CHAINS INCLINE CONVEYOR UNDER GRADING		
P 13,06	1	SECOND GRADING STATION		



PLANER MILL

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 13,07	1	MULTIBLADE TRIM SAW		
		Manufacturer CARBOTECH Description - 9 blades		
				
P 13,08	1	CONVEYOR		
				
P 13,09	1	50 BINS SORTER		
		Manufacturer CARBOTECH Description - with autolog controls		
				
P 13,10	2	DROP UNSCRAMBLER 9 CHAINS		
		Description - 16' inclined 5 chains conveyor		
				
P 13,11	1	CONVEYOR		
				
P 13,12	1	STICKER PLACER		
		Manufacturer CARBOTECH Description - 16'		
				



NORTHERN SAWMILL INC. - THUNDER BAY

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PLANER MILL

ITEM #	QTY	DESCRIPTION	FARM MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 13,13	1	5 ARM HOIST		



P 14 1 CHIPPER SYSTEM

Description composed of:

P 14,01 1 CHIPPER

Manufacturer EMS

Description - 100 HP



P 14,02 1 CHIP SCREEN



P 14,03 1 VIBRATORY CONVEYOR

Description - 20' x 14"



P 14,04 1 HIGH PRESSURE BLOWER

Description - 125 HP



P 14,05 1 BELT CONVEYOR

Description - 12' x 12"





NORTHERN SAWMILL INC. - THUNDER BAY

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PLANER MILL



CHIPS & SAWDUST RECUPERATION SYSTEM

ITEM #	QTY	DESCRIPTION	FARM MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 17	1	LOT OF CHIPS AND SAWDUST CONVEYOR		
		Description composed of:		
P 17,01	1	BARK CHAIN CONVEYOR		
		Description - 150'		
P 17,02	1	BARK CHAIN CONVEYOR		
		Description - 150'		
P 17,03	1	BARK CHAIN CONVEYOR		
		Description - 120'		
P 17,04	1	2 CHAINS BARK CONVEYOR		
		Description - 32" x 180'		
P 17,05	1	BELT CONVEYOR		
		Description - 32" x 180' (2) DDM		
P 17,06	1	SCRAPER CONVEYOR IN FLOOR		
		Manufacturer PATZ Description - 180'		



NORTHERN SAWMILL INC. - THUNDER BAY

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CHIPS & SAWDUST RECUPERATION SYSTEM

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 17,07	1	BELT CONVEYOR Description 12" x 60"		
P 17,08	1	BETL CONVEYOR Description 48" x 45"		
P 18	1	CHIPPER SYSTEM Description composed of:		
P 18,01	1	BELT CONVEYOR Description - 20' x 24"		
P 18,02	1	BELT CONVEYOR TO CHIPPER Description - 12" x 50"		
P 18,03	1	ALLIED BLOWER		
P 18,04	1	VIBRATORY CONVEYOR Manufacturer BM&M Description - 40' x 24"		
P 18,05	1	BELT CONVEYOR Description - 30' x 24"		



NORTHERN SAWMILL INC. - THUNDER BAY

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CHIPS & SAWDUST RECUPERATION SYSTEM

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 18,06	1	CHIP SCREEN		
		Manufacturer BM&M		
 				
P 18,07	1	WOOD CHIPPER		
		Manufacturer CAE		
		Description - 200 HP motor		
				
TOTAL: CHIPS & SAWDUST RECUPERATION SYSTEM				



DRY KILN

ITEM #	QTY	DESCRIPTION	FAR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 19	1	DRY KILN		
		Manufacturer: MOORE Description: - (3) section 110' x 50' - (1) section 150' x 50'		
P 19,01	1	NATURAL GAS HEATED		
		Manufacturer: MOORE Description: - 8 000 1000 BTU		
P 19,02	1	WOOD BURNERS		
		Manufacturer: ENERGEX Description: - 1 500 000 BTUH		
P 19,03	2	HAMMERMILLS		
		Manufacturer: CHAMPION Description: - 100 HP		
P 19,04	1	BLOWER		
		Manufacturer: CHAMPION Description: - 25 HP - with metering bin		
P 19,05	1	BURNER		
		Manufacturer: ENERGEX Description: - 1 500 000 BTUH		



NORTHERN SAWMILL INC. - THUNDER BAY

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DRY KILN

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 19.06	1	BURNER		
		Manufacturer MC CONNELL TECHNOLOGIES Year 1997 Description - material feed 50 HP - fan blower 150 HP		
				
TOTAL : DRY KILN				



YARD

ITEM #	QTY	DESCRIPTION	FARM MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 20	1	CHIP BIN		
		Description - 48 unit chip bin		
P 20,01	1	CHIP CONVEYOR		
		Description - 150' x 36" belt		
G 21	1	DUST COLLECTING SYSTEM		
G 21,01	1	DUST COLLECTOR		
		Description - 200 HP blower motor		
G 21,02	1	DUST COLLECTOR		
		Description - 100 HP blower motor - Bag house - chip bin - ducting		
G 21,03	1	HIGH PRESSURE BLOWER		
P 22	1	CHIP PROCESSING SYSTEM		
		Manufacturer EMS		
		Description - 100 HP chipper motor - vibratory conveyor - 150 HP high pressure blower		



NORTHERN SAWMILL INC. - THUNDER BAY

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YARD

ITEM #	QTY	DESCRIPTION	FAIR MARKET	ORDERLY
			VALUE INSTALLED	LIQUIDATION VALUE
			FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
TOTAL: YARD				



NORTHERN SAWMILL INC. - THUNDER BAY

1008-168-EM

SORTER BUILDING

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 23	1	LUMBER SORTER LINE		
P 23,01	1	J-BAR LUMBER SORTER		

Description - 40 bay J-Bar lumber sorter



P 23,02 1 SLING TYPE SORTER

Description - 40 bay sling type lumber sorter



P 23,03 1 MULTIBLADE TRIMSAW



P 23,04 1 CANADIAN TYPE END TRIM SAW



P 23,05 1 LOT OF CONVEYOR



P 23,06 1 STICKER PLACER

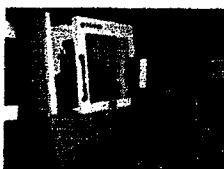
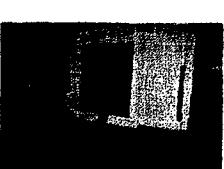
Manufacturer NEWNES

FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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TOTAL: SORTER BUILDING



FILING ROOM

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 24	1	FILING ROOM		
		Description composed of:		
P 24,01	1	POLISHER		
		Manufacturer YGE Model 301 Serial Number 301-02-01 Description - mitutoyo control		
P 24,02	1	AUTOMATIC SIDE GRINDER		
		Manufacturer VOLLMER Model FS 2A Year 2002 Serial Number 513		
P 24,03	1	SHARPENER		
		Manufacturer ARMSTRONG Model 54C Serial Number 18423		
P 24,04	1	BLADE SHARPENER		
		Manufacturer VOLLMER Model CHC 250 Year 2002		
TOTAL : FILING ROOM				FAIR MARKET VALUE INSTALLED ORDERLY LIQUIDATION VALUE



COMPRESSOR ROOM

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
G 25	1	AIR COMPRESSED SYSTEM		
		Description composed of:		
G 25,01	1	AIR COMPRESSOR		
		Manufacturer SULLAIR Model LS25-200L Serial Number 003-126810 Description - 200 HP		
G 25,02	1	AIR COMPRESSOR		
		Manufacturer SULLAIR Model LS25-200L Serial Number 003-126811 Description - 200 HP		
G 25,03	1	AIR DRYER		
		Manufacturer PIONEER Model PHL 2000 Year 2001 Serial Number 66262-L01E07 Description - 2 000 SCFM		
G 25,04	1	AIR TANK		
		Manufacturer STEEL FAB Year 2004		
TOTAL : COMPRESSOR ROOM				FAIR MARKET VALUE INSTALLED
				ORDERLY LIQUIDATION VALUE



NORTHERN SAWMILL INC. - THUNDER BAY

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MCC

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P 28	1	LOT OF MCC		

Year 2002
Description composed of:

FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
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TOTAL : MCC



NORTHERN SAWMILL INC. - THUNDER BAY

1008-166-EM

ITEM #	QTY	DESCRIPTION	FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
P	27	1 WELDING SHOP		
		Description: composed of: - 2 work benches - 1 press drill - lot of hand tools - 2 fume collectors - 1 storage cabinet - 3 tool boxes		
			FAIR MARKET VALUE INSTALLED	ORDERLY LIQUIDATION VALUE
			TOTAL:	

PricewaterhouseCoopers Inc., Receiver of
 Northern Sawmills Inc.
 Asset listing - Rolling Stock

Picture	Lucky	Buchanan	Ref #	Star Ref #	Ref #	Make	Model	VIN	Description
DSC02708			20	77	Cat	980C		#63X08078	
DSC02709			23	75	Cat	980C		#63X05706	
DSC02710			21	76	Cat	980F		#8JN00783	
DSC02711			25	78	Cat	980F		#8CJ01371	
DSC02712			22	79	Volvo	L180C		#L180CV2085	
DSC02719			13	121	Case	Cruz Air 40			Clamp, Not running
DSC02726			2	11	Cat	SV225		#21V460	Forklift
DSC02728			6	102	Hough	100			Loader
DSC02730			3	24	Cat	V180		#17V00901	Forklift
DSC02732			7	13	Cat	V180			Forklift
DSC02734			4	20	Cat	V180			Forklift
DSC02743			5	41	Cat	930		#41K2364	
DSC02744			8	42	Intl / Hough	H100		#387683 CHBF	
DSC02750			19	29	Genie	Z-45/22			
DSC02758			10	100	Cat	980F		#8CJ00577	
DSC02761			12	105	Champion	600		#EN 12936984	Grader
DSC02763			16	12	Forano	E225			Forklift
DSC02765			18	25	Vallee			#20JD6068D2142JA-1	Forklift
DSC02766			19	26	Vallee			#20JD60868D214ZMS-4	Forklift
DSC02769			15	9	Eaves	E22S		#CE130z40019804	Forklift
DSC02770			14	120	Eaves	E22S		#CE130170018708	Forklift

Picture	Buchanan	Ref #	Make	Model	VIN	Description
DSC02713		107	Cat	518		Skidder
DSC02714,17		45		EAE 400		Skidder & Lincoln Arc Welder
DSC02718		1	Western Star			Water truck, Not running
DSC02720		60	Case	Cruz Air 1285		Clamp, Not running
DSC02721		112	Case	Cruz Air 40		Clamp, Not running
DSC02723		97	1997 Ford	F350		Electricians Truck
DSC02724		69	Cat	D7F	34H5580	Not running
DSC02725		80	Volvo	480C	#480CV2172	
DSC02727		98	GMC	3500	#IGDJC34K4SE503492	Flat deck
DSC02729		27	Valee	4DA20TL	#99JD6068D214ZJL1	Forklift
DSC02731		54	Clark		#502A 201CAC	Skidder
DSC02733		39	Clark	50ZA Z06CAC		Skidder
DSC02735		53	Tree Farmer	C7BP	#1504 PG7000-4	Skidder
DSC02736		23	Ford	F2000		Not running
DSC02737			Ford	F800		Not running
DSC02738						Scrap
DSC02739		115				Trailer
DSC02740						Scrap
DSC02741		19	1985 Ford	F150		
DSC02742						
DSC02747		2	Blu-chip	1624	#3179	
DSC02745		7	Blu-chip	1624	#3068	
DSC02746		113	Bobcat	843	#5026M 20427	
DSC02748						Oil containers
DSC02749			Magikist	HWG-40	#41628	Pressure washer
DSC02751			Band saw	C916M	#52796172	Doall
DSC02752			Lincoln			Welder
DSC02753			Airco	300 AMP	#CJ 24580	Welder
DSC02754						Scrap
DSC02755						Scrap
DSC02756						Scrap
DSC02757		37	cat		#3U3278	Scrap
DSC02759		91	Mack			Grader
DSC02760						
DSC02762						Scrap
DSC02764		10	Bluchip	1624		Oil drums
DSC02767		21	Bluchip	1624		Forklift
DSC02768		18	Bluchip	1624		Forklift
DSC02771		16	1981 Ford	F550		Fuel truck
DSC02772		14	1986 Ford	F350		4x2 flat deck
DSC02781						
DSC02782			American			Rail crane
DSC02836		66	Tree-Farmer			Welder attached on back
DSC02847		37				Locamotive
DSC02849						
DSC02850	DSC02					
851		74	Cat	80 propane	#A827650	Forklift
n/a		93	Bobcat		#5019M27835	Located under new sawmill
n/a		95	1988 Ford	F350		Parked at front gate to block entry
n/a		30	1988 Ford	F350		Parked at front gate to block entry

G.E. Canada Equipment Financing G.P. - and - Northern Sawmills Inc. Court File No: CV10-9042-00CL
Applicant 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.**

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

Proceeding commenced at Toronto

MOTION RECORD

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