

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

MOTION RECORD
(Returnable July 15, 2009)

July 10, 2009

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS
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Applicants

NOTICE OF MOTION

The Applicants will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Wednesday, July 15, 2009 at 10:00 o'clock in the morning or as soon thereafter as this motion can be heard at 330 University Avenue, in the City of Toronto, Ontario.

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

THE MOTION IS FOR:

1. an Order abridging the time for, and validating the service of, the Notice of Motion and the materials filed in support of the Motion;

2. an Order extending to and including October 16, 2009, or such later date as this Court may order, the stay of proceedings granted under the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009 (the “**Initial Order**”);
3. an Order authorizing an amendment to the DIP financing term sheet between Brookfield Asset Management Inc. (“**Brookfield**”) and the Applicants;
4. an Order authorizing an amendment to the DIP financing term sheet between CIT Business Credit Canada Inc. (“**CIT**”) and the Applicants;
5. an Order authorizing the Applicants to amend an existing credit facility with the Province of New Brunswick as represented by the Minister of Business New Brunswick (“**GNB**”), including a super-priority (“**DIP**”) financing component and approving the amended terms;
6. an Order amending the Initial Order to reflect an agreed priority of charges with respect to the amended DIP term sheets of Brookfield and CIT, and the amended GNB credit facility;
7. an Order approving and establishing a claims process substantially in the form of the Claims Order annexed as Schedule “A” hereto, in which the Applicants will call for all claims against the Applicants and establishing a claims bar date so as to allow the Monitor, as herein defined, in conjunction with the Applicants, to conclusively determine the universe of claims against the Applicants;
8. an Order amending the Initial Order to increase the Administration Charge from CDN \$750,000 to CDN \$850,000 and to include the proposed claims officer under the Claims

Order, John D. Ground, a retired judge, as a person who shall be entitled to the benefit of the Administration Charge; and

9. such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Insolvency Proceedings

1. On June 18, 2009, the Applicants filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36 as amended (the "CCAA"), pursuant to the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009 (the "**Initial Order**");
2. Pursuant to the Initial Order, PricewaterhouseCoopers Inc. was appointed as monitor (the "**Monitor**") of the Applicants pursuant to the CCAA;
3. Certain of the Applicants that are direct or indirect subsidiaries of Fraser Papers Inc. and that are incorporated in the United States have filed for recognition of these proceedings as foreign main proceedings pursuant to Chapter 15 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "U.S. Court"). A Temporary Restraining Order dated June 19, 2009 and a Preliminary Injunction dated June 26, 2009 have already been granted by the U.S. Court, and a hearing before the U.S. Court for recognition of these proceedings is presently scheduled for July 13, 2009.

DIP Financing Amendments

4. The Initial Order authorized the Applicants to borrow up to \$22 million from Brookfield and GNB in accordance with the DIP Term Sheet, as defined in the Initial Order, and

other amounts from CIT in accordance with the CIT Term Sheet and the CIT Credit Agreement, both as defined in the Initial Order, with such loans effectively to be secured by an aggregate priority CIT DIP Charge and DIP Lenders' Charge of US \$20 million;

5. The Applicants, CIT, Brookfield and GNB have reached an agreement regarding additional DIP financing to be provided to the Applicants and they have agreed as to the relative priorities to be afforded to these DIP lenders over various classes of collateral;
6. The Applicants seek approval of the amendments to the DIP Term Sheet and the CIT Term Sheet and seek approval to enter into an amendment to the existing credit agreement with GNB such that GNB can also be a DIP lender, particularly with respect to the Plaster Rock mill facility in New Brunswick;
7. The Applicants also seek amendments to the Initial Order to incorporate these changes, including with respect to the agreed priorities among the Applicants' secured creditors, namely, Brookfield, CIT and GNB.

Claims Process Approval

8. The Applicants are seeking approval of a claims process that will solicit claims and establish a bar date of September 30, 2009, so that the Monitor, in conjunction with the Applicants, can determine all claims against and liabilities of the Applicants;
9. The Applicants are of the view that a conclusive determination of all claims and liabilities will facilitate a restructuring of the Applicants and is necessary in any event.
10. Starting the Claims Process as soon as possible will ensure such process does not unnecessarily delay the restructuring of the Applicants.

Stay Extension

11. The stay of proceedings provided by the Initial Order expires on July 18, 2009. The Applicants require an extension of the stay period in order to continue discussions with the stakeholders of the Applicants with a view to creating a viable restructuring plan and to give the Applicants time to attempt to achieve support among the stakeholders for such a plan;
12. The Applicants are proceeding in good faith and with due diligence;
13. Section 11(4) of the CCAA;
14. Rules 2.03, 3 and 37 of the *Rules of Civil Procedure*, R.R.O. 1994, Reg. 194, as amended; and
15. such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Affidavit of J. Peter Gordon, sworn July 10, 2009 and the exhibits thereto;
2. the Third Report of the Monitor, to be filed separately; and
3. such further and other materials as counsel may advise and this Honourable Court may permit.

July 10, 2009

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

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

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

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

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

Proceedings commenced at Toronto

NOTICE OF MOTION

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TAB 2

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

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

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PAPERS LIMITED and FRASER N.H. LLC

Applicants

**AFFIDAVIT OF J. PETER GORDON
(Sworn July 10, 2009)**

I, J. Peter Gordon, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am the Chief Executive Officer and a Director of Fraser Papers Inc. ("**Fraser Papers**" or the "**Company**"), and hold the office of Chairman of each of the other Applicants (collectively, with Fraser Papers, the "**Applicants**") and as such I have personal knowledge of the matters to which I herein depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true.
2. This Affidavit is made in support of a Motion by the Applicants for:

- (a) an Order abridging the time for, and validating the service of, the Notice of Motion and the materials filed in support of the Motion;
- (b) an Order extending to and including October 16, 2009, or such later date as this Court may order, the stay of proceedings granted under the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009 (the “**Initial Order**”);
- (c) an Order authorizing an amendment to the DIP financing term sheet between Brookfield Asset Management Inc. (“**Brookfield**”) and the Applicants;
- (d) an Order authorizing an amendment to the DIP financing term sheet between CIT Business Credit Canada Inc. (“**CIT**”) and the Applicants;
- (e) an Order authorizing the Applicants to amend an existing credit facility with GNB (as described herein) and approving the amended terms;
- (f) an Order amending the Initial Order to reflect an agreed priority of charges with respect to the amended DIP term sheets and the amended GNB credit facility;
- (g) an Order approving a claims process in which the Applicants will call for all claims against the Applicants and which will establish a claims bar date to allow the Monitor, in conjunction with the Applicants, to conclusively determine the universe of claims against the Applicants;
- (h) an Order amending the Initial Order to increase the Administration Charge from CDN \$750,000 to CDN \$850,000 and to include the claims officer, proposed to be John D. Ground, Q.C., a retired judge, as a person who shall be entitled to the benefit of the Administration Charge; and
- (i) such further and other relief as this Honourable Court may deem just.

Unless otherwise specified, all monetary amounts expressed herein are in U.S. dollars.

BACKGROUND

3. Pursuant to paragraph 2 of the Initial Order, this Honourable Court ordered that the Applicants were entitled to relief under the *Companies' Creditors Arrangement Act* (the "CCAA") and, pursuant to paragraph 17 of the Initial Order, granted a stay of proceedings to protect the Applicants until July 17, 2009. In addition, PricewaterhouseCoopers Inc. was appointed as monitor (the "**Monitor**").

4. The Applicants that are direct or indirect subsidiaries of Fraser Papers and that are incorporated in jurisdictions within the United States commenced proceedings pursuant to Chapter 15 of the U.S. *Bankruptcy Code* on June 18, 2009 (the "**Chapter 15 Proceedings**") seeking recognition of these proceedings as foreign main proceedings. A hearing on such recognition is scheduled for July 13, 2009 (the "**Recognition Hearing**") in accordance with appropriate U.S. procedure. In connection with the Chapter 15 Proceedings, Fraser Papers sought and obtained a "temporary restraining order" on June 19, 2009 granting provisional relief under the U.S. *Bankruptcy Code* enforcing certain of the terms of the Initial Order (the "**TRO**"). Attached hereto as Exhibit "A" is a copy of the TRO.

5. Fraser Papers also sought and obtained in the Chapter 15 Proceedings a preliminary injunction order (the "**U.S. Injunction Order**") on June 26, 2009 extending the relief granted in the TRO through to the conclusion of the Recognition Hearing. Attached hereto as Exhibit "B" is a copy of the U.S. Injunction Order.

INITIAL RESTRUCTURING EFFORTS

6. The Applicants have proceeded in good faith and are making progress in analyzing and developing their restructuring options, with a view to determining a means of restructuring their business and affairs for the benefit of all stakeholders. These efforts have been undertaken in consultation with the Monitor and have included preliminary discussions with most of the Applicants' key stakeholders.

7. The Applicants, working with the Monitor, have been in contact with their various constituents, including employees, customers, suppliers, Governments and regulators to advise such parties of the Initial Order, the Chapter 15 Proceedings and the overall restructuring efforts with a view to developing a strategy for the Applicants which will be in the best interests of, or acceptable to, a majority of all stakeholders.

8. To provide information to employees, members of the senior management of the Company and I attended employee meetings chaired by the Monitor at the Masardis lumber mill, the Edmundston pulp mill, the Madawaska paper mill and the Gorham paper mill during the week of July 6, 2009.

9. The Applicants, with the assistance of the Monitor, have also expended substantial resources to notify trade suppliers affected by the filing and to make arrangements for the continued supply of goods and services to the Applicants' operating mills on a timely basis so as to ensure continuous operation. To date, there has been no material disruption in the flow of goods or services.

10. The Applicants have informed substantially all of their customers regarding the Applicants' filing for creditor protection and other background information and have received broad support from this critical stakeholder group.

11. The Applicants have worked with the Monitor in establishing a website, administered by the Monitor, containing documents filed in connection with the CCAA proceedings and Orders made in the CCAA proceeding and the Chapter 15 proceeding.

12. The Applicants have worked with the Monitor to commence a fulsome review of material contracts and other commercial arrangements with a view to determining the ongoing viability of same in the context of the overall restructuring.

13. The Applicants have worked with the Monitor in preparing a cash flow forecast for the requested stay extension period, which forecast will be included in the Third Report of the Monitor to be filed in support of this motion.

14. This cash flow forecast demonstrates that the Applicants will have sufficient liquidity through the requested stay extension period to fund their anticipated operations.

15. The Applicants reached agreement with Her Majesty the Queen in Right of the Province of New Brunswick as represented by the Minister of Business New Brunswick ("GNB") with respect to terms upon which GNB is prepared to advance up to CDN\$9 million under a pre-existing term loan facility, but on a super-priority basis, with proceeds to be used exclusively for capital expenditures to complete the mill modernization project at the Plaster Rock lumber mill, as discussed in greater detail below.

16. The Applicants continued discussions with Her Majesty the Queen in Right of the Province of Quebec as represented by the Ministry of Economic Development (the “Quebec Government”) regarding a potential financing that would fund the re-start of operations at the Thurso pulp mill.

17. The Applicants negotiated the principal terms of a five year collective agreement with the unionized employees at the Thurso pulp mill, the terms of which are conditional upon receiving a financing commitment from the Quebec Government. The Applicants understand that the union intends to seek ratification of the terms of the new collective agreement from its members once a committed term sheet has been received from the Quebec Government.

18. The Applicants completed negotiations with respect to a four year collective agreement at the Edmundston pulp and energy operations. A final proposal has been presented by the Company and is expected to be voted on by unionized employees on Tuesday, July 14, 2009. If ratified by employees, the Edmundston sulphite pulp mill could be re-started before the end of July, 2009.

19. The Applicants have made inquiries and have confirmed that both the Thurso and Edmundston pulp mills are eligible to participate in the Federal Government’s \$1 billion Green Transformation Fund announced June 17, 2009. This program will provide funding towards environmental and energy-related projects at the Company’s pulp operations and the Applicants believe the program represents a significant source of long term capital to support their restructuring efforts. The amount of funding available to the Applicants is expected to be known in late August, 2009.

20. The Applicants have been developing the broad terms of a restructuring proposal that requires further analysis and refinement, but will focus principally on the Applicants' core specialty paper business in Edmunston, New Brunswick and Madawaska, Maine.

AMENDED DIP FINANCING TERMS

21. Pursuant to the terms of commitment letters and term sheets that comprised part of the initial application herein, the Applicants were successful in negotiating up to \$45 million in DIP financing from Brookfield and CIT (the "**Original DIP Term Sheets**").

22. The Original DIP Term Sheets contemplated the possibility of GNB participating in the Brookfield DIP facility for up to \$7 million to be advanced in order to complete a mill modernization project at the Plaster Rock lumber mill in New Brunswick. GNB had not provided its consent to the total priming charges of approximately \$45 million under the DIP Term Sheets for the benefit of Brookfield and CIT, as DIP lenders.

23. After consultation with GNB during the course of the initial hearing, GNB advised that it would not oppose a priming DIP charge in the aggregate amount of \$20 million and the relief sought by the Applicants was amended accordingly.

24. Since that time, the Applicants have been successful in concluding amended DIP financing terms that are satisfactory to the Applicants and Brookfield, CIT and GNB.

25. These agreements are reflected in a revised term sheet between Fraser Papers and Brookfield annexed as Exhibit "C" hereto (the "**Amended Brookfield Term Sheet**"), a revised term sheet with CIT annexed as Exhibit "D" hereto (the "**Amended CIT Term Sheet**") and an amendment to the existing credit facility between Fraser Papers and GNB annexed as Exhibit

“E” hereto (the “**GNB Amending Agreement**”). The terms of the GNB Amending Agreement have been agreed to by the parties, and an executed copy will be filed with the Court prior to the return of this motion. The Amended Brookfield Term Sheet, the Amended CIT Term Sheet and the GNB Amending Agreement are collectively referred to as the “**Amended DIP Facilities**”.

26. In substance, the Amended DIP Facilities:

- (a) contemplate that GNB will make advances of up to CDN\$9 million in respect of the completion of the modernization project at the Plaster Rock lumber mill; and
- (b) re-order the priorities of the DIP financing charges and certain pre-existing secured charges across various assets of the Applicants, all as described in detail in the schedules annexed to the Amended Brookfield Term Sheet and the Amended CIT Term Sheet.

27. The net effect of the Amended Credit Facilities will be to increase the total DIP financing available to the Applicants up to approximately US\$44 million plus CDN\$9 million on terms that are acceptable to the Applicants and all three secured creditor constituents of the Applicants, namely, Brookfield, CIT and GNB. Of the US\$44 million in total availability, US\$24 million under the CIT DIP facility is subject to the Applicants having a sufficient borrowing base from working capital assets to support such drawings. Availability under the Amended Credit Facilities is subject in all cases to the requested Order being obtained from the Court confirming the charges in favour of CIT, Brookfield and GNB.

28. In my opinion, achieving this level of support from this critical secured creditor group is an important and positive step for the Applicants and ensures that the Applicants will have access to sufficient liquidity to complete a successful restructuring.

29. The completion of the modernization project at the Plaster Rock lumber mill is a significant step in improving the competitive position of the Applicants' operations, for the benefit of all stakeholders.

CLAIMS PROCEDURE

30. The Applicants have prepared, in consultation with the Monitor, the proposed claims process (the "**Claims Process**") for which they now seek approval. The form of the proposed order (the "**Claims Order**") is attached as Schedule "A" to the Notice of Motion.

31. A claims process is an appropriate step in these proceedings as it is necessary to determine the universe the claims against the Applicants regardless of the outcome of the restructuring. It is necessary to commence a claims process as soon as possible so as to allow a conclusive determination of the claims against and liabilities of the Applicants in a timely manner so as to facilitate any vote or votes that may be necessary in respect of a plan of arrangement and, ultimately, to facilitate distributions to creditors.

32. The Applicants wish to proceed with the proposed Claims Process as quickly as possible on a parallel track to the stakeholder discussions and negotiations to ensure that the Claims Process does not unduly or unnecessarily delay the implementation of any restructuring.

33. The Claims Process has been designed in consultation with the Monitor to be an efficient means of providing fair and reasonable notice to the Applicants' various creditors of the requirement to file proofs of claim in respect of all potential claims against the Applicants. In particular, the proposed Claims Process entails the following:

- (a) *Call for all claims* – the Claims Process calls for and applies to all claims against the Applicants;

- (b) *Notice* – to ensure ample notice of the call for claims and the Claims Process, the Monitor will send proof of claim document packages (containing a proof of claim form and an instruction letter) to all known creditors of the Applicants within ten business days of the Claims Order being entered. In addition to any local newspapers that the Monitor may utilize in the locations where the Applicants facilities are situated, the Monitor will post copies of a comprehensive Notice to Creditors in *The Globe and Mail* (National Edition) and the *Wall Street Journal* (National Edition) and will post a copy of the Notice to Creditors and the proof of claim document package on the Monitor’s website for these proceedings;
- (c) *Bar Date* – a claims bar date of September 30, 2009, will be set in order to give creditors in both Canada and the United States sufficient time to file their claims, while also ensuring that the Claims Process is concluded on a timely basis;
- (d) *Disputed Claims* – the Monitor, in consultation with the Applicants, will address and attempt to resolve any disputes over asserted claims. Disputed claims that cannot be resolved by the Monitor, will be the subject of a disputed claim process as defined in detail in the Claims Order;
- (e) *Conclusiveness* – Creditors who do not file proofs of claim by the bar date or otherwise in accordance with the requirements of the Claims Order will be forever barred from making or enforcing claims against the Applicants.

STAY OF PROCEEDINGS

34. The Applicants request an extension of the stay to enable the Applicants to continue their restructuring efforts with a view to maximizing value for the benefit of all stakeholders.

35. The Applicants believe that it is reasonable to request an extension of the stay for approximately 90 days to and including October 16, 2009, with provision for further extension by Order of this Honourable Court.

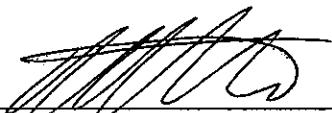
36. In particular, extending the stay to October 16, 2009, will allow the Applicants to:

- (a) continue the dissemination of information to, and discussions and negotiations with, key stakeholders;
- (b) continue to analyze the viability of the Applicants' contractual relationships such that decisions with respect to potential repudiations can be made;
- (c) commence the Claims Process;
- (d) continue to pursue discussions with the Quebec Government with respect to a transaction that would finance the re-start of the Thurso pulp mill; and
- (e) continue the development of a restructuring plan, including a possible plan of arrangement.

37. I am advised by J. McKenna of PricewaterhouseCoopers Inc. that the Monitor supports the requested extension of the stay and will file its Third Report containing the Monitor's recommendations in this regard.

38. I swear this affidavit in support of a motion by the Applicants for the relief set out in paragraph two of this Affidavit and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 10th day of July,
2009.



Commissioner for Taking Affidavits

R. THORNTON



J. PETER GORDON

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

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF J. PETER GORDON

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Tel: 416-304-1109
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Lawyers for the Applicants

EXHIBIT "A"

EXHIBIT "A"

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:) Chapter 15
FRASER PAPERS INC., et al.,¹) Case No. 09-12123(KJC)
Debtors in Foreign Proceedings.) Jointly Administered
RE: D.I. 7

TEMPORARY RESTRAINING ORDER

Upon the motion (the "Motion") of Fraser Papers Inc. ("Fraser") as foreign representative of Fraser and its affiliated captioned debtors and participants (collectively, with Fraser, the "Debtors") in a proceeding (the "Canadian Proceeding") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pending before the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"), pursuant to sections 105(a) and 1519 of title 11 of the United States Code (the "Bankruptcy Code"), for the entry of a temporary restraining order (the "TRQ"), *inter alia*, enforcing an order entered on June 18, 2009 (the "CCAA Order") by the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court") in connection with a proceeding (the "Canadian Proceeding") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "CCAA"), and, after notice and a hearing, a preliminary injunction granting the Debtors provisional relief under sections 105(a) and 1519(a)(1), (2), and (3) of the Bankruptcy Code and scheduling a hearing (the "Hearing") on Fraser's request for a preliminary injunction; and the Court having considered and reviewed the Motion, the petitions filed by the Debtors under chapter 15 of the Bankruptcy

¹ These jointly administered cases are those of the following debtors: Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Ltd., Fraser Papers Limited, and Fraser N.H. LLC.

Code, and required documents thereto (the "Chapter 15 Petitions"), and the Memorandum (as defined in the Motion) and the Gordon Declaration (as defined in the Motion), each in support of the Motion and the Chapter 15 Petitions (collectively, the "Supporting Documents"), and based on the foregoing, the Court finds and concludes as follows:

a) Fraser has demonstrated a substantial likelihood of success that the Debtors are subject to a pending foreign main proceeding in Canada and that Fraser is the foreign representative of the Debtors;

b) The commencement or continuation of any action or proceeding in the United States against the Debtors, any of their assets or proceeds thereof, or their former, current, and future directors and officers should be enjoined pursuant to sections 105(a) and 1519 of the Bankruptcy Code to permit the expeditious and economical administration of the foreign estates in the Canadian Proceeding, and the relief requested will cause neither an undue hardship nor create any hardship to any party in interest that is outweighed by the benefits of the TRO;

c) Unless a restraining order is issued, it appears to the Court that there is a material risk that the Debtors' assets located in the United States could be subject to attack by creditors, thereby potentially interfering with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code, and interfering with and causing harm to the Debtors' efforts to administer the Debtors' estates in the Canadian Proceeding, and undermining the Debtors' efforts to achieve an equitable distribution for the benefit of all of the Debtors' creditors; as a result, the Debtors will suffer immediate and irreparable injury for which they will have no adequate remedy at law, making it necessary that the Court grant the relief requested without prior notice to the parties in interest or their counsel;

d) Fraser has demonstrated that the incurrence of indebtedness as authorized by the CCAA Order is necessary to prevent irreparable harm to the Debtors because without such financing, the Debtors will be unable to continue operations, thereby significantly impairing the value of their assets;

e) Fraser has demonstrated that the terms of the financing are fair and reasonable and were entered into in good faith by CIT and the DIP Lender as defined in the CCAA Order and CIT and the DIP Lender would not extend financing without the protection provided by section 364(e) of the Bankruptcy Code as made applicable by section 1519 of the Bankruptcy Code;

f) The interest of the public will be served by this Court's granting of the relief requested by Fraser;

g) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334;

h) This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P); and

i) Venue is proper in this District pursuant to 28 U.S.C. § 1410.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. Except as otherwise expressly set forth in the CCAA Order, all persons and entities are hereby enjoined from (a) continuing any action or commencing any additional action, involving the Debtors, their assets or the proceeds thereof, or their former, current, and future directors and officers with respect to any claim against such directors or officers that arose before the date hereof and relates to any obligations of the Debtors whereby the directors or officers are alleged to be liable in their capacity as directors or officers until further order of this Court; (b) enforcing any judicial, quasi-judicial, administrative or regulatory judgment,

assessment, order or arbitration award against the Debtors, their assets, or their former, current, and future directors and officers with respect to any claim against such directors or officers that arose before the date hereof and relates to any obligations of the Debtors whereby the directors or officers are alleged to be liable in their capacity as directors or officers until further order of this Court; (c) commencing or continuing any action to create, perfect or enforce any lien, setoff or other claim against the Debtors or against any of their property; or (d) managing or exercising control over the Debtors' assets located within the United States except as expressly authorized by Fraser in writing; however, to the extent that any party in interest challenges the injunctive provisions of this paragraph, solely with respect to the former, current, and future officers and directors of the Debtors, then, after notice and at any hearing thereupon, the burden of proof regarding continuing the injunctive provisions of this paragraph shall rest with the Debtors and/or those parties-in-interest advocating the continued effect of said injunctive provisions.

2. Until further order of this Court, Fraser is hereby established as the exclusive representative of the Debtors in the United States with the exclusive authority to administer the Debtors' assets and affairs in the United States including, without limitation, any transfer of or withdrawals from any bank accounts maintained by the Debtors.

3. Until further order of this Court, Fraser is hereby authorized to operate the Debtors' businesses and to exercise the rights and powers of a trustee under and to the extent provided by sections 363 and 552 of the Bankruptcy Code.

4. The CCAA Order is hereby enforced on a interim basis and shall be given full force and effect in the United States until otherwise ordered by this Court.

5. The Debtors are hereby authorized to enter into an amendment to the CIT Credit Agreement substantially on the terms of the CIT Term Sheet, both as defined in the CCAA Order.

6. The Debtors are hereby authorized to borrow, repay and reborrow up to twenty-two million dollars (\$22,000,000) under and in accordance with the terms of the DIP Term Sheet and the DIP Facility, and to borrow, repay and reborrow under and in accordance with the terms of the CIT Term Sheet and the CIT Credit Agreement, each as defined in the CCAA Order, through and including the conclusion of the hearing on the request for a preliminary injunction.

7. CIT is hereby granted the CIT DIP Charge, as defined in the CCAA Order, on all of the Debtors' United States assets in the amount of \$20,000,000 minus the amount outstanding from time to time under the DIP Facility, subject to the priorities, terms and conditions of the CCAA Order, to secure current and future amounts outstanding under the CIT Term Sheet and the CIT Credit Agreement, both as defined in the CCAA Order.

8. The DIP Lender, as defined in the CCAA Order, is hereby granted the DIP Lender's Charge, as defined in the CCAA Order, on all of the Debtors' United States assets, subject to the priorities, terms and conditions set forth in the CCAA Order, to secure current and future amounts outstanding under the DIP Facility.

9. Pursuant to sections 105(a), 364(e), 1519(a)(3), and 1521(a)(7) of the Bankruptcy Code, the validity of the indebtedness and the priority of the lien authorized by the CCAA Order and made enforceable in the United States by this Order shall not be affected by any reversal or modification of this Order on appeal or the entry of an order denying recognition of the Canadian Proceeding pursuant to section 1517 of the Bankruptcy Code.

10. Pursuant to Federal Rule of Bankruptcy Procedure 7065(b), no notice to any person is required prior to entry and issuance of this Order.

11. Any party in interest may make a motion seeking relief from or modifying this Order by, on not less than ten (10) days' written notice to Fraser and to Fraser's counsel, Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, Wilmington, Delaware 19899-1347 (Attention: Derek C. Abbott) and Thornton Grout Finnigan LLP, Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7 (Attention: D.J. Miller), filing a motion seeking an order of this Court vacating or modifying the injunction entered in this proceeding, and any such request shall be the subject matter of a hearing as scheduled by the Court and, otherwise, any party in interest may file objections and be heard by the Court in accordance with the terms of any order of the Court providing for a hearing in the future on any subsequent relief sought by Fraser in this proceeding.

12. Pursuant to Federal Rule of Bankruptcy Procedure 7065, the security provisions of Federal Rule of Civil Procedure 65(c) are waived.

13. Copies of the Supporting Documents shall be served upon the Debtors, all administrators in foreign proceedings of the Debtors, all other parties (or their counsel) known by the Debtors against whom provisional relief is sought under section 1519 of the Bankruptcy Code (except the Debtors' employees), including any such parties (or counsel) that have addresses outside the United States, and all parties to any litigation in which any of the Debtors is a party and that is pending in the United States as of the Petition Date², in accordance with

² All capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

Bankruptcy Rule 2002(q), and any interested party that becomes known to Fraser by first class mail or overnight courier within five (5) business days of the Petition Date (or three (3) business days following the time a party is identified by Fraser, whichever is later).

14. Service in accordance with this Order shall constitute adequate and sufficient service and notice.

15. The Supporting Documents shall also be made available by Fraser upon request via electronic mail or at the offices of Morris Nichols Arsht & Tunnell LLP, 1201 North Market Street, Wilmington, Delaware 19899-1347 to the attention of Derek C. Abbott, (302) 351-9357, dabbott@mnat.com.

16. The Court shall hold a hearing on Fraser's request for a preliminary injunction granting substantially the same relief through entry of an order on recognition of the Canadian Proceeding before the Honorable Kevin J. Carey, United States Bankruptcy Judge, for the Hearing at 2:00 p.m Eastern time on June 26, 2009, at the United States Bankruptcy Court, 824 Market Street, Third Floor, Wilmington, Delaware 19801 or as soon thereafter as counsel may be heard.

17. Objections, if any, submitted for the purpose of opposing Fraser's request for a preliminary injunction on the terms described above must be made in writing describing the basis therefor and the nature and extent of the respondent's interests in the Debtors' estates and shall be filed with the Court and served upon Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, Wilmington, Delaware 19899-1347 (Attention: Derek C. Abbott) and Thornton Grout Finnigan LLP, Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7 (Attention: D.J. Miller), counsel for Fraser, so as to be received on or before June 25, 2009 at 4:00 p.m. Eastern time; except that the

foregoing is without prejudice to the right of any party-in-interest to seek, upon appropriate notice and hearing, to terminate or limit this temporary restraining order.

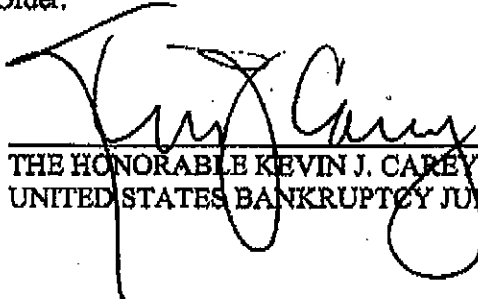
18. If no objection to the Debtors' request for a preliminary objection is timely filed and served in accordance with this Order, this Court will enter the proposed Order for Preliminary Injunction without further notice or hearing.

19. This Order will remain in effect until the earlier of the entry of an order granting or denying the preliminary injunction or the entry of an order recognizing the Canadian Proceeding as a foreign main proceeding in accordance with 11 U.S.C. § 1517.

20. Nothing contained herein shall enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding.

21. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

Dated: June 19, 2009
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

2916540.5

EXHIBIT "B"

EXHIBIT "B"

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:) Chapter 15
)
FRASER PAPERS INC., et al.,¹) Case No. 09-12123(KJC)
)
Debtors in Foreign Proceedings.) Jointly Administered
)
_____) RE: D.I. 7

ORDER FOR PRELIMINARY INJUNCTION

Upon the motion (the "Motion") of Fraser Papers Inc. ("Fraser") as foreign representative of Fraser and its affiliated captioned debtors and participants (collectively with Fraser, the "Debtors") in a proceeding (the "Canadian Proceeding") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pending before the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"), pursuant to sections 105(a) and 1519 of title 11 of the United States Code (the "Bankruptcy Code"), for the entry of, after notice and a hearing, a preliminary injunction granting the Debtors provisional relief under sections 105(a) and 1519(a)(1) and (2) of the Bankruptcy Code; and the Court having considered and reviewed the Motion, the petitions filed by the Debtors under chapter 15 of the Bankruptcy Code, and required documents thereto (the "Chapter 15 Petitions"), and the Memorandum (as defined in the Motion) and the Gordon Declaration (as defined in the Motion), each in support of the Motion and the Chapter 15 Petitions (collectively, the "Supporting Documents"), and based on the foregoing, the Court finds and concludes as follows:

¹ These jointly administered cases are those of the following debtors: Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Ltd., Fraser Papers Limited, and Fraser N.H. LLC.

a) Fraser has demonstrated a substantial likelihood of success that the Debtors are subject to a pending foreign main proceeding in Canada and that Fraser is the foreign representative of the Debtors;

b) The commencement or continuation of any action or proceeding in the United States against the Debtors, any of their assets or proceeds thereof, or their former, current, and future directors and officers with respect to any claim against such directors or officers that arose before the date hereof and relates to any obligations of the Debtors whereby the directors or officers are alleged to be liable in their capacity as directors or officers until further order of this Court, should be enjoined pursuant to sections 105(a) and 1519 of the Bankruptcy Code to permit the expeditious and economical administration of the foreign estates in the Canadian Proceeding, and the relief requested will not cause either an undue hardship or that any hardship to the parties in interest is outweighed by the benefits;

c) Unless a preliminary injunction is issued, it appears to the Court that there is a material risk that the Debtors' assets located in the United States could be subject to attack by creditors, thereby potentially interfering with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code, and interfering and causing harm to, the Debtors' efforts to administer the Debtors' estates in the Canadian Proceeding, and undermining the Debtors' efforts to achieve an equitable distribution for the benefit of all of the Debtors' creditors, and as a result, the Debtors will suffer immediate and irreparable injury for which they will have no adequate remedy at law, making it necessary that the Court grant the relief requested;

d) Fraser has demonstrated that the incurrence of indebtedness as authorized by the CCAA Order is necessary to prevent irreparable harm to the Debtors because without such

financing, the Debtors will be unable to continue operations which will significantly impair the value of their assets;

e) Fraser has demonstrated that the terms of the financing are fair and reasonable and were entered into in good faith by CIT and the DIP Lender (as defined in the CCAA Order) and that CIT and the DIP Lender would not extend financing without the protection provided by section 364(e) of the Bankruptcy Code, as made applicable by section 1519 of the Bankruptcy Code;

f) The interest of the public will be served by this Court's granting of the relief requested by Fraser;

g) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334;

h) This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P); and

i) Venue is proper in this District pursuant to 28 U.S.C. § 1410.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. Except as expressly set forth in the CCAA Order, all persons and entities are hereby enjoined from (a) continuing any action or commencing any additional action, involving the Debtors, their assets or the proceeds thereof, or their former, current, and future directors and officers with respect to any claim against such directors or officers that arose before the date hereof and relates to any obligations of the Debtors whereby the directors or officers are alleged to be liable in their capacity as directors or officers until further order of this Court; (b) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award against the Debtors, their assets, or their former, current, and future directors and officers with respect to any claim against such directors or officers that

arose before the date hereof and relates to any obligations of the Debtors whereby the directors or officers are alleged to be liable in their capacity as directors or officers until further order of this Court; (c) commencing or continuing any action to create, perfect or enforce any lien, setoff or other claim against the Debtors or against any of their property; or (d) managing or exercising control over the Debtors' assets located within the United States except as expressly authorized by Fraser in writing; however, to the extent that any party in interest challenges the injunctive provisions of this paragraph, solely with respect to the former, current, and future officers and directors of the Debtors, then, after notice and at any hearing thereupon, the burden of proof regarding continuing the injunctive provisions of this paragraph shall rest with the Debtors and/or those parties-in-interest advocating the continued effect of said injunctive provisions.

2. If a plaintiff brings an action in which any one of the Debtors or their former or current directors and officers is or was named as a party, or as a result of which liability against any one of the Debtors may be established, all persons and entities are required to place the Debtors' United States counsel on the master service list of any such action or proceeding and take such other steps as may be necessary to ensure that such counsel receives at the address set forth below in paragraph 3 of this Order (i) copies of any and all documents served by the parties to such action or proceeding or issued by the court, arbitrator, administrator, regulator or similar official having jurisdiction over such action or proceeding and (ii) any and all correspondence or other documents circulated to parties listed on the master service list.

3. With respect to any action in which any one of the Debtors may have an interest that may become known to the Debtors in the future (each a "Subsequent Claim") (i) when informed of a Subsequent Claim, United States counsel for the Debtors shall serve upon the holder of such claim a copy of the Supporting Documents and this Order or any extension

thereof; (ii) the holder of a Subsequent Claim will have twenty (20) days from service of the Supporting Documents in which to file a response thereto or otherwise be enjoined from commencing or continuing the action involving any one of the Debtors, or its assets or proceeds thereof; and (iii) on not less than ten (10) days' notice to Debtors' counsel, Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, Wilmington, Delaware 19899-1347 (Attention: Derek C. Abbott) and Thornton Grout Finnigan LLP, Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7 (Attention: D.J. Miller), the holder of a Subsequent Claim may file a motion seeking an order of the Court vacating or modifying the injunction entered in this proceeding with respect to such Subsequent Claim, and any such request shall be the subject matter of a hearing as scheduled by the Court and otherwise, the holder of a Subsequent Claim may file objections and be heard by the Court in accordance with the terms of any order of the Court providing for a hearing in the future on any subsequent relief sought by the Petitioners in this case.

4. Any party in interest may make a motion seeking relief from or modifying this Order by, on not less than ten (10) days' written notice to Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, Wilmington, Delaware 19899-1347 (Attention: Derek C. Abbott) and Thornton Grout Finnigan LLP, Suite 3200, Canadian Pacific Tower, 100 Wellington St. West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Canada M5K 1K7 (Attention: D.J. Miller), counsel for Fraser, filing a motion seeking an order of this Court vacating or modifying the injunction entered in this proceeding, and any such request shall be the subject matter of a hearing as scheduled by the Court and, otherwise, any party in interest may file objections and be heard by the Court in accordance with the terms of any order of the Court providing for a hearing in the future on any subsequent relief sought by the Debtors in this proceeding.

5. Until further order of this Court, Fraser is hereby established as the exclusive representative of the Debtors in the United States with the exclusive authority to administer the Debtors' assets and affairs in the United States including, without limitation, any transfer of or withdrawals from any bank accounts maintained by the Debtors.

6. Until further order of this Court, Fraser is hereby authorized to operate the Debtors' businesses and to exercise the rights and powers of a trustee under and to the extent provided by sections 363 and 552 of the Bankruptcy Code.

7. The Debtors are hereby authorized to enter into an amendment to the CIT Credit Agreement substantially on the terms of the CIT Term Sheet, both as defined in the CCAA Order.

8. The Debtors are hereby authorized to borrow, repay and reborrow up to twenty-two million dollars (\$22,000,000) under and in accordance with the terms of the DIP Term Sheet and the DIP Facility, and to borrow, repay and reborrow under and in accordance with the terms of the CIT Term Sheet and the CIT Credit Agreement, each as defined in the CCAA Order, through and including the conclusion of the hearing on the request for recognition of the Canadian Proceeding as a foreign main proceeding.

9. CIT is hereby granted the CIT DIP Charge, as defined in the CCAA Order, on all of the Debtors' United States assets in the amount of \$20,000,000 minus the amount outstanding from time to time under the DIP Facility, subject to the priorities, terms and conditions of the CCAA Order, to secure current and future amounts outstanding under the CIT Term Sheet and the CIT Credit Agreement, both as defined in the CCAA Order.

10. The DIP Lender, as defined in the CCAA Order, is hereby granted the DIP Lender's Charge, as defined in the CCAA Order, on all of the Debtors' United States assets,

subject to the priorities, terms and conditions set forth in the CCAA Order, to secure current and future amounts outstanding under the DIP Facility.

11. Pursuant to sections 105(a), 364(e), 1519(a)(3), and 1521(a)(7) of the Bankruptcy Code, the validity of the indebtedness and the priority of the lien authorized by the CCAA Order and made enforceable in the United States by this Order shall not be affected by any reversal or modification of this Order on appeal or the entry of an order denying recognition of the Canadian Proceeding pursuant to section 1517 of the Bankruptcy Code.

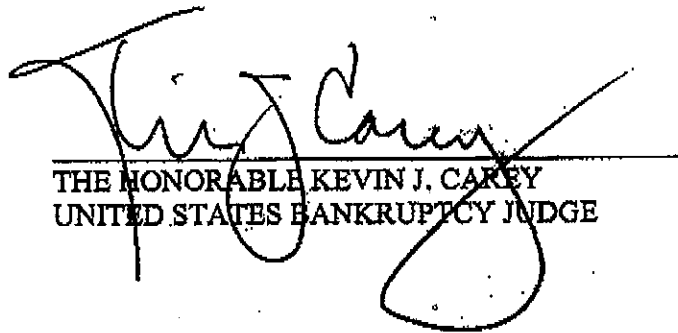
12. Pursuant to Federal Rule of Bankruptcy Procedure 7065, the security provisions of Federal Rule of Civil Procedure 65(c) are waived.

13. This Order will remain in effect until the entry of an order recognizing the Canadian Proceeding as a foreign main proceeding in accordance with 11 U.S.C. § 1517.

14. Nothing contained herein shall enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding.

15. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

Dated: June 26, 2009
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

2916540.6

EXHIBIT "C"

Fraser Papers Inc.

Amended DIP Facility Term Sheet

All capitalized terms used herein but not defined herein shall have the meanings set forth in Exhibit A hereto.

Borrower: Fraser Papers Inc. (the "**Borrower**"), as a debtor-in-possession in proceedings (the "**CCAA Proceedings**") commenced in the Superior Court of Ontario (the "**CCAA Court**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**").

Guarantors: All of Borrower's existing and subsequently organized or acquired subsidiaries (collectively, the "**Guarantors**", and together with the Borrower, the "**Credit Parties**" or the "**Debtors**") will guarantee (the "**Guarantees**") all obligations of the Borrower under the Brookfield DIP Facility (as defined below) on a joint and several basis.

The Borrower and the Guarantors will serve in such capacities as debtors-in-possession under Chapter 15 of the Bankruptcy Code in jointly administered cases ("**US Proceedings**", and together with the CCAA Proceeding, the "**Proceedings**") in the U.S. Court for the District of Delaware (the "**US Court**", and together with the CCAA Court, the "**Courts**"), and as debtor companies under the CCAA in the CCAA Proceedings in the CCAA Court.

Purpose/Use of Proceeds: The proceeds of any drawdown under the Brookfield DIP Facility will be used (i) to pay transaction costs, fees and expenses which are incurred in connection with the Brookfield DIP Facility, (ii) for working capital, and (iii) for other general corporate purposes (including the payment of process costs and, in the US Proceedings, adequate protection, but excluding the repayment of pre-petition indebtedness, except as allowed by the Initial Order).

Administrative Agent and Collateral Agent: Brookfield Asset Management Inc. or an affiliate (in such capacity, the "**Administrative Agent**").

Lenders: Brookfield Asset Management Inc. ("**Brookfield**") and/or any of its affiliates and managed funds or other vehicles

(collectively, the “**Initial Lenders**”), together with any other lenders (provided that such other lenders are reasonably acceptable to Brookfield and, prior to an Event of Default, to the Borrower) (each, a “**Lender**” and, collectively, the “**Lenders**”).

Amount:

The Brookfield DIP Facility up to the amount of US\$20 million, will be made available to the Debtors, subject to the Availability as defined below. Notwithstanding the foregoing, if either the US TRO Order or the US Preliminary Injunction Order shall limit the amount of the Brookfield DIP Charge under the Brookfield DIP Facility to a lesser amount than the Commitment, the maximum amount available for drawdown under the Brookfield DIP Facility shall be such lesser amount until such limitation is removed by the US Court.

Commitment:

Brookfield is committed to providing, through the Initial Lenders, the full US\$20 million amount of the Brookfield DIP Facility as set out in “Amount” above. A portion of the amount of the Commitment may be syndicated by the Initial Lenders to one or more other lenders reasonably acceptable to the Borrower (provided that following an Event of Default consultation with the Borrower shall not be required).

Availability:

Draws on the Brookfield DIP Facility may be made on a revolving basis on or after the Closing Date and prior to (i) the Maturity Date, or (ii) any default or Event of Default, up to the amount of the Commitment provided that if \$5 million or more in loans are outstanding under the Brookfield DIP Facility, the Borrower shall only be permitted to further draw under the Brookfield DIP Facility if it is not able to make any further draws under the CIT DIP Facility. The Borrower will notify each of CIT, Brookfield and the Monitor in the CCAA Proceedings of any requested extension of credit under the CIT DIP Facility or the Brookfield DIP Facility prior to such extension of credit (and the amounts outstanding under each of the CIT DIP Facility and the Brookfield DIP Facility after giving effect thereto), provided that the Borrower’s obligation to give such notice will cease from and after the date on which the Borrower has delivered to CIT and Brookfield an Order of the US Court, in form and substance satisfactory to Brookfield in its sole discretion, authorizing and approving the Amended DIP Order.

Other DIP Facilities:

Draws on the GNB Plaster Rock DIP Facility shall be permitted to be made on or after the date that the CCAA Court and the US Court issue or enter the Amended DIP Order providing for the GNB Plaster Rock DIP Facility, the relative ranking of the

Brookfield DIP Facility, the CIT DIP Facility and the GNB Plaster Rock DIP Facility, and increasing the allowable super-priority amount of the CIT DIP Facility and the Brookfield DIP Facility to the amounts provided for herein, all on terms and subject to documentation satisfactory to the Administrative Agent. Draws on the GNB Plaster Rock DIP Facility shall be used solely to finance the Debtors' facility in Plaster Rock, New Brunswick, in order to complete the modernization of the Plaster Rock Fixed Assets.

Maturity:

The earliest (the "**Maturity Date**") of: (i) the 3rd day following the date of the filing of the chapter 15 petitions in the US Proceedings (the "**Petition Date**") if the US TRO Order has not been issued, (ii) the 10th day following the Petition Date if the US Preliminary Injunction Order has not been issued, (iii) the 30th day following the Petition Date if the Recognition Order has not been issued, (iv) six months after the Closing Date if a plan of reorganization acceptable to the Required Lenders in their sole discretion has not been submitted to the CCAA Court, (v) nine months after the Closing Date if an approval order in form and substance satisfactory to the Required Lenders approving a plan of reorganization acceptable to the Required Lenders in their sole discretion has not been entered by the CCAA Court, (vi) 12 months following the Closing Date, (vii) the effective date of the plan of reorganization of the Debtors or the emergence of the Debtors from bankruptcy and/or insolvency proceeding, and (viii) the acceleration of the loans and termination of the commitments under the Brookfield DIP Facility.

Closing Date:

The date on which all conditions precedent to drawdown on the Brookfield DIP Facility have been satisfied or waived.

Amortization:

None.

Interest Rate:

All principal amounts outstanding under the Brookfield DIP Facility will bear interest, at the Borrower's option absent the occurrence or continuance of a default or Event of Default, as follows:

- (i) at the Base Rate (which shall in no event be less than 3.00%) plus 1.75% *per annum*; or
- (ii) at the LIBO Rate (which shall in no event be less than 3.00%) plus 1.75% *per annum*.

As used herein, the terms “**Base Rate**” and “**LIBO Rate**” will have meanings customary and appropriate for debtor-in-possession financings and the basis for calculating accrued interest and the interest periods for loans bearing interest at the LIBO Rate will be customary and appropriate for debtor-in-possession financings. Upon the occurrence and during the continuance of an Event of Default (as defined below), the obligations under the Brookfield DIP Facility will accrue interest at a rate equal to the rate on loans bearing interest at the rate determined by reference to clause (i) above plus an additional two percentage points (2.00%) *per annum* and will be payable on demand.

Interest Payments:

(i) monthly in arrears for loans bearing interest with reference to the Base Rate, (ii) on the last day of selected interest periods (which will be one, two and three months) for loans bearing interest with reference to the LIBO Rate (and at the end of every month), and (iii) upon prepayment, in each case payable in arrears and computed on the basis of a 360-day year with respect to loans bearing the LIBO Rate and 365/366 day year with respect to loans bearing interest with reference to the Base Rate. Each interest rate which is calculated hereunder on any basis other than the actual number of days in a calendar year (the "deemed interest period") is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366).

Funding Protection:

Customary for debtor-in-possession financings, including breakage costs, gross-up for withholding, compensation for increased costs and compliance with capital adequacy and other regulatory restrictions.

**Commitment,
Structuring
Fees and Expenses:**

The Borrower shall pay fees (the “**Commitment Fees**”) to each Initial Lender making a Commitment hereunder, as compensation for the making of such Initial Lender’s Commitment, in an amount equal to 1.00% of such Initial Lender’s Commitment under the Brookfield DIP Facility, earned and payable to such Initial Lender upon the execution and delivery by such Initial Lender and the Borrower of the commitment letter to which this term sheet is attached. The Commitment Fees are non-refundable once paid.

The Borrower shall pay fees (the “**Structuring Fees**”) to each Initial Lender making a Commitment, as compensation for the making of such Commitment, in an amount equal to 1.00% of such Initial Lender’s Commitment under the Brookfield DIP Facility, earned and payable to such Initial Lender on the Closing Date. The Structuring Fees are non-refundable once paid.

In addition, the Borrower shall pay fees (the “**Closing Fees**”) to each Initial Lender making a Commitment, as compensation for the making of such Commitment, in an amount equal to 1.75% of such Initial Lender’s Commitment under the Brookfield DIP Facility, earned and payable to such Initial Lender on the Closing Date. The Closing Fees are non-refundable once paid.

The Borrower shall pay fees (the “**Sponsor Upfront Fees**”) to each Initial Lender making a Commitment, as compensation for making of such Commitment, in an amount equal to 0.656% of such Initial Lender’s Commitment under the Brookfield DIP Facility, earned and payable to such Initial Lender upon the execution and delivery by such Initial Lender and the Borrower of the commitment letter to which this term sheet is attached. The Sponsor Upfront Fees are non-refundable once paid.

The Borrower shall pay standby fees (the “**Standby Fees**”) to each Lender making a Commitment on the unused portion of such Commitment. The standby fee will be calculated daily at the rate of 1.00% per annum and will be payable quarterly in arrears on the first Business Day of the following quarter.

The Borrower shall pay all professional and advisory fees and expenses (including legal fees and expenses) of the Lenders related to the Brookfield DIP Facility. To the extent such amounts are unpaid, such amounts will be deemed to be a draw under the Brookfield DIP Facility.

Exit Fees:

The Borrower shall pay fees (the “**Exit Fees**”) to each Lender in an amount equal to 1.00% of its Commitment under the Brookfield DIP Facility, earned on the Closing Date and payable to such Lender upon the earlier of (i) the Maturity Date and (ii) repayment in full of the Brookfield DIP Facility. The Exit Fees shall be non-refundable once paid.

Voluntary Prepayments:

The Brookfield DIP Facility may be prepaid in whole or in part without premium or penalty except as provided under “Exit Fees” above; *provided* that loans bearing interest with reference to the LIBO Rate are prepayable only on the last day of the

related interest period unless the Borrower pays any related breakage costs in accordance with the “Funding Protection” section above.

Mandatory Prepayments: The following mandatory prepayments of the Brookfield DIP Facility are required:

1. Asset Sales: Subject to exceptions to be agreed upon, and subject to the obligation to repay amounts owing to CIT or GNB with the proceeds of sale of any Property secured by the CIT DIP Charge or the GNB Plaster Rock DIP Charge, respectively, no later than the third business day following the date of receipt by any Debtor, prepayments in an amount equal to 100% of the cash proceeds (net of taxes payable in respect thereof, the repayment of any indebtedness secured by such assets and reasonable transaction-related expenses determined acceptable by the Required Lenders in their reasonable discretion) of the sale or other disposition of any property or assets of any Debtor (including their equity interests in any other Debtor), other than cash proceeds of (i) sales or other dispositions of inventory in the ordinary course of business and (ii) sales or other dispositions of equipment in the ordinary course of business to the extent such proceeds are used within the earlier of (i) the Maturity Date and (ii) 90 days following the date of receipt, to acquire replacement equipment.
2. Insurance Proceeds: No later than the third business day following the date of receipt by any Debtor, prepayments in an amount equal to 100% of the insurance and condemnation cash proceeds (net of reasonable transaction-related expenses determined acceptable by the Required Lenders in their reasonable discretion) received on account of any loss of or damage to any property or assets of any Debtor (and subject to the obligation to repay CIT or GNB with the proceeds of insurance in respect of Property secured by the CIT DIP Charge or the GNB Plaster Rock DIP Charge, respectively) to the extent such proceeds are not used or contractually committed to be used within the earlier of (i) the Maturity Date and (ii) 90 days following the date of receipt to repair, restore or replace the property or assets so lost or damaged.
3. Incurrence of Indebtedness: No later than the first business day following the date of receipt by any Debtor, and subject to the obligation to use such proceeds to

prepay amounts owing to CIT, prepayments in an amount equal to 100% of the net cash proceeds received from the incurrence of indebtedness for borrowed money by any Debtor in excess of a threshold to be agreed, other than indebtedness under the CIT DIP Facility or the GNB Plaster Rock DIP Facility.

All mandatory prepayments will be applied, without penalty or premium (except for breakage costs, if any, and the Exit Fee, if applicable), to the prepayment of the Brookfield DIP Facility and may not be reborrowed, unless otherwise agreed by the Required Lenders in their sole discretion.

Security and Claims:

The Brookfield Existing Debt will continue to be secured by the Existing Brookfield Security. The Brookfield DIP Facility will be secured by the Brookfield DIP Charge.

Amounts owing to, and Property of the Debtors secured in favour of: (i) CIT in respect of the CIT Existing Debt and the CIT DIP Facility pursuant to the Existing CIT Security and the CIT DIP Charge, (ii) Brookfield in respect of the Brookfield Existing Debt and the Brookfield DIP Facility pursuant to the Existing Brookfield Security and the Brookfield DIP Charge; and (iii) GNB in respect of the GNB Existing Debt and the GNB Plaster Rock DIP Facility pursuant to the Existing GNB Security and the GNB Plaster Rock DIP Charge, respectively, as among each other and in relation to all other charges granted by the CCAA Court pursuant to the Initial Order and the Amended DIP Order shall be as follows:

- (a) with respect to all Property charged in favour of CIT under the Existing CIT Security:

First – CIT in respect of the Existing CIT Security

Second – Administration Charge (to a maximum amount of CDN\$850,000)

Third – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000)

Fourth – Brookfield in respect of the Brookfield DIP Charge (to a maximum amount of US\$20,000,000)

Fifth – Directors' Charge (to a maximum amount of US\$30,000,000)

Sixth – GNB in respect of the Existing GNB Security (limited to such Property subject to the Existing CIT Security as may be located in the Province of New Brunswick)

Seventh – Brookfield in respect of the Existing Brookfield Security, after giving effect to the Sixth ranking charge above

Eighth – the Inter-Company Charge

(b) with respect to the Plaster Rock Fixed Assets:

First – GNB in respect of the GNB Plaster Rock DIP Charge (to a maximum amount of CDN\$9,000,000)

Second – Administration Charge (to a maximum amount of CDN\$850,000)

Third – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000)

Fourth – Brookfield in respect of the Brookfield DIP Charge (to a maximum amount of US\$20,000,000)

Fifth – Directors' Charge (to a maximum amount of US\$30,000,000)

Sixth – GNB in respect of the Existing GNB Security

Seventh – Brookfield in respect of the Existing Brookfield Security, after giving effect to the Sixth ranking charge above

Eighth – the Inter-Company Charge

(c) with respect to all Property other than the Plaster Rock Fixed Assets or Property subject to the Existing CIT Security:

First - Administration Charge (to a maximum amount of CDN\$850,000)

Second – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000)

Third – Brookfield in respect of the Brookfield DIP Charge (to a maximum amount of US\$20,000,000)

Fourth – Directors' Charge (to a maximum amount of US\$30,000,000)

Fifth – GNB in respect of the Existing GNB Security (limited to Fixed Assets in the Province of New Brunswick)

Sixth – Brookfield in respect of the Existing Brookfield Security, after giving effect to the Fifth ranking charge above

Seventh – the Inter-Company Charge

For greater certainty, where amounts are described as being secured up to a maximum amount, it shall be the maximum aggregate amount, taking into account all Property of the Debtors described in subparagraphs (a), (b) and (c) above.

Inter-creditor arrangements (which may comprise either the Amended DIP Order or an agreement, so long as such arrangement is satisfactory to the Initial Lenders in their sole discretion) shall be in effect between CIT, GNB and Brookfield providing for the lien subordination described in this paragraph (the “**Intercreditor Arrangements**”).

The Administrative Agent's and Lenders' claims and security interests in the Property will be granted in the Initial Order and the US Order and the Amended DIP Order, and shall be subject to the Carve-Out. Other than pursuant to the Initial Order, the Amended DIP Order and the US Order, the terms of (i) the CIT Financing Agreement and any agreements, instruments or documents issued pursuant thereto (including the documentation governing the Existing CIT Security and the CIT DIP Charge), (ii) the CIBC Facility, or (iii) the GNB Loan Agreement and any agreements, instruments or documents issued pursuant thereto, shall not be amended without the prior written consent of the Required Lenders, acting reasonably in the case of the CIT Financing Agreement and in their sole discretion in the case of the CIBC Facility and the GNB Loan Agreement.

Permitted Payments:

The following payments will be permitted during the Proceedings: (i) payment of all current monthly accrued and unpaid interest at the non-default rate under the CIT Financing Agreement, the Brookfield DIP Facility and the GNB Plaster Rock DIP Facility; (ii) current payment pursuant to the terms of the Initial Order and the US Order (as applicable) of all reasonable legal fees and expenses incurred by the administrative agent under the CIT DIP Facility, the Brookfield DIP Facility and the GNB Plaster Rock DIP Facility; (iii) all claims subject to the Carve-Out; (iv) for the period from the Closing Date to the date that is six months following the Closing Date, the payment by the Debtors of retiree benefits in the ordinary course and consistent with past practice in an aggregate amount during such period of up to US\$1.8 million, (v) payment of any amount required to be paid by the Initial Order or the US Order, (vi) current monthly cash payment of all accrued but unpaid interest at the non-default rate under the CIBC Facility, (viii) payment of any amount permitted, but not required, to be paid under the Initial Order or the US Order, to the extent such payment is provided for in an approved Budget, as provided for herein, and provided no default or Event of Default is then continuing.

Carve-Out:

All payments and security in respect of claims subject to the CCAA Administration Charge as such term is described in the Initial Order as amended by the Amended DIP Order.

Representations and Warranties:

Usual and customary for debtor-in-possession financings of this type (including certain customary and appropriate limitations and exceptions) with due regard to current market conditions, in each

case relating to the Debtors and satisfactory to the Initial Lenders in their reasonable discretion.

Affirmative Covenants: Usual and customary for debtor-in-possession financings of this type with due regard to current market conditions, in each case relating to the Debtors and satisfactory to the Initial Lenders in their reasonable discretion, including, without limitation, delivery of financial statements and other reports (including simultaneously providing copies of reports and other presentations relating to (i) any Proceeding, (ii) the Debtors, in each case when provided to any other Person); provision of notices of litigation, defaults and unmatured defaults and other information (including pleadings, motions, applications and other documents filed with the Courts or distributed to any stakeholder representative appointed in the Proceedings); maintenance of existence; payment of post-petition taxes and claims; maintenance of properties; maintenance of insurance; cooperation with syndication efforts; books and records; inspections subject to reasonable frequencies to be agreed upon; lender calls or meetings; material compliance with laws; environmental matters; additional collateral and guarantors; cash management acceptable to the Initial Lenders; and further assurances. In addition to the foregoing, the Borrower shall comply with all covenants set forth on Exhibit B attached hereto.

Negative Covenants: Usual and customary for debtor-in-possession financings of this type (including certain customary and appropriate limitations and exceptions) with due regard to current market conditions, in each case relating to the Debtors and satisfactory to the Required Lenders in their reasonable discretion, including, without limitation, limitations on (i) incurrence and repayment of indebtedness, (ii) liens, (iii) negative pledges, (iv) restricted payments, (v) investments (including restrictions on intercompany investments/indebtedness to affiliates of the Debtors that are not also Debtors), (vi) equity issuances, (vii) dispositions (including dispositions of equity interests in subsidiaries), (viii) acquisitions, (ix) fundamental changes, (x) transactions with affiliates, (xi) engaging in new businesses, (xii) modifications to organizational documents and other material indebtedness, (xiii) sales and lease-backs, (xiv) permitted activities of Borrower, (xv) changes to fiscal year and material accounting changes, including deconsolidation, and (xvi) capital expenditures. The negative covenants shall not restrict (except prior to the issuance of the US Order) (a) the flow of funds between the Debtors and (b) transactions among the Debtors that are in the ordinary course of business, consistent with past practice and on an arms-length basis or which consist of the payment of selling, general and administrative costs and the allocation of customer orders, in each case in the ordinary course

of business and in accordance with past practice, and (c) any other transactions that are pre-approved by the Required Lenders in their sole discretion.

Financial Reporting:

Financial reporting shall be provided for Borrower and all of its subsidiaries on a consolidated basis, and shall include: (i) annual audited financial statements, (ii) quarterly internally prepared financial statements, (iii) monthly internally prepared financial statements, (iv) a weekly updated Budget (as defined in Annex 1) satisfactory to the Required Lenders for the next succeeding 13-week period, as well as a reconciliation to prior Budgets, and (v) other reporting as reasonably requested by the Required Lenders.

Financial Covenants:

Financial covenants shall include: (i) minimum consolidated EBITDA (calculated on an last-twelve-months basis), (ii) senior secured leverage ratio, (iii) fixed charge coverage ratio and (iv) maximum capital expenditures, in each case with levels to be mutually agreed upon. In addition, (i) the Required Lenders shall have the right to approve (in their sole discretion) the Budget at the commencement of the first week of each calendar month and in advance of each submission of the Budget to any Court, and (ii) any proposed variance to, or derogation from, from the Budget shall require prior written approval by the Required Lenders in their sole discretion.

Events of Default:

Usual and customary for debtor-in-possession financings of this type with due regard to current market conditions, in each case relating to the Debtors and satisfactory to the Required Lenders in their reasonable discretion. Without limiting the foregoing, the Events of Default shall include (i) a customary change of control provision which shall include, among other things, specified management changes (subject to reasonably satisfactory replacements), (ii) any variance in excess of 15% from the most recently approved Budget, (iii) other than the US Proceedings, the commencement (whether voluntary or involuntary) of any proceedings or any case under any chapter of the Bankruptcy Code, or any insolvency proceedings under State or Federal laws, by or in respect of any of the Debtors, except with the prior written consent of the Required Lenders in their sole discretion, (iv) the entry of an order dismissing the Proceedings or the appointment of a receiver, interim receiver, trustee in bankruptcy or similar official or the making of a Canadian bankruptcy order against the Credit Parties, (v) any order of any of the Courts is made, varied, or vacated or otherwise entered the effect of which would be materially prejudicial to the interest of the Lenders, (vi) any payment in respect of retiree benefits is made beyond the time period, or in excess of the amount, provided for under "Permitted

Payments” above, (vii) any non-compliance or breach of any term or covenant in the Brookfield DIP Facility, (viii) US TRO Order not having been issued within 3 days of the Petition Date, (ix) the US Preliminary Injunction Order not having been issued within 10 days of the Petition Date, or (x) the Recognition Order not having been issued within 30 days of the Petition Date.

**Conditions Precedent to
Initial Drawdown:**

The several obligations of the Lenders to make, or cause one of their respective affiliates to make, the initial loans under the Brookfield DIP Facility will be subject to the closing conditions listed on Annex 1 attached hereto. In addition, the Administrative Agent and Initial Lenders shall have received a signed copy of (i) the Initial Order and the US TRO Order, each in form and substance satisfactory to the Required Lenders in their sole discretion, and each authorizing and approving the CIT DIP Facility and the Brookfield DIP Facility, the granting of superpriority claims and senior secured liens in favour of CIT and Brookfield in an amount not less than US\$20 million, which orders shall be in full force and effect at all times and shall not have been vacated, reversed or stayed without prior written consent of the Required Lenders in their sole discretion or modified or amended without the prior written consent of the Required Lenders in their sole discretion.

**Conditions Precedent to
Subsequent Drawdown**

In excess of US\$20 million: The several obligations of the Lenders: (A) to continue to make loans available under the Brookfield DIP Facility and (B) to make advances under the Brookfield DIP Facility where the aggregate amount outstanding under the CIT DIP Facility and the Brookfield DIP Facility is equal to or in excess of US\$20 million shall be subject to (i) receipt by Brookfield of a signed copy of the Amended DIP Order which order shall be in full force and effect at all times and shall not have been vacated, reversed or stayed without the prior written consent of Brookfield in its sole discretion; (ii) the Borrower being in compliance in all respects with the Initial Order and the US Order, including the Amended DIP Order, once obtained; (iii) no default or Event of Default shall then be existing in respect of the Brookfield DIP Facility or the CIT DIP Facility or would be caused by the making of such drawdown; (iv) the Maturity Date not having occurred; (v) no material adverse change having occurred since the date of the issuance of the Initial Order; and (vi) all representations and warranties provided for in this term sheet and the commitment letter to which this term sheet is attached, or, if applicable, any replacement term sheet or definitive commitment letter, being true

and correct in all material respects on the date of any such drawdown as if made on such date, except such representations and warranties specified to be made as of a specific date.

Assignments and Participations:

The Lenders may assign all or any part of their respective loans or commitments under the Brookfield DIP Facility to any of their affiliates or managed funds or other vehicles or one or more assignees which are acceptable to the Administrative Agent and, prior to an Event of Default, the Debtors, each such consent not to be unreasonably withheld or delayed. Upon such assignment, such affiliate or assignee will be a Lender for all purposes under the Brookfield DIP Facility; *provided* that assignments made to affiliates and managed funds or other vehicles of any Lender, or to other existing Lenders, will not be subject to the above described consent requirements. A US\$3,500 processing fee will be payable to the Administrative Agent by any assignee in connection with any such assignment (other than any assignments made to affiliates and managed funds or other vehicles of any Lender, or to other existing Lenders.) The Lenders also have the right to sell participations, subject to customary limitations on voting rights acceptable to the Required Lenders in their sole discretion, in their respective loans or commitments under the Brookfield DIP Facility.

Required Lenders:

Amendments and waivers under the Brookfield DIP Facility require the approval of (i) Lenders holding more than 50% of sum of the Commitment, and (ii) for so long as Brookfield, together with any of its affiliates and managed vehicles, hold not less than 20% of the Commitments, Brookfield, (collectively, the “**Required Lenders**”), provided that in addition thereto, the consent of each affected Lender shall be required with respect to (i) increases in the Commitment of such Lender, (ii) waivers, reductions or postponements of scheduled payment of principal, interest or fees payable to such Lender, (iii) extensions of final maturity of the loans or Commitments of such Lender, (iv) modifications to this paragraph or the definition of “Required Lenders” herein, and (v) releases of all or substantially all of the value of the Guarantees or all or a material portion of the Property.

Taxes, Expense Reimbursement, Indemnification and Judgment Currency:

Usual and customary for debtor-in-possession financings of this type with due regard to current market conditions, in each case satisfactory to the Required Lenders in their sole discretion.

**Governing Law and
Jurisdiction:**

The Debtors, the Lenders and other parties hereto submit to the exclusive jurisdiction and venue of (a) the CCAA Court and (b) to the extent applicable, the US Court (except to the extent the Administrative Agent requires submission to any other jurisdiction in connection with the enforcement of any judgment). In the event that the Courts do not have or do not exercise jurisdiction, the Debtors, the Lenders and other parties hereto submit to the exclusive jurisdiction and venue in any court of competent jurisdiction in the Province of Ontario. The Debtors, the Lenders and other parties hereto waive any right to trial by jury. Ontario law governs the Brookfield DIP Facility.

Counsel to the Lenders: Torys LLP.

Annex 1

Conditions Precedent to Initial Funding

1. The Initial Order shall have been entered and shall not have been reversed, modified, amended, stayed or vacated, in the case of any amendment or modification, without the prior written consent of the Initial Lenders (which consent shall be in the Initial Lenders' sole discretion).
2. The US TRO Order shall have been issued and shall not have been reversed, modified, amended, stayed or vacated, in the case of any amendment or modification, without the prior written consent of the Initial Lenders (which consent shall be in the Initial Lenders' sole discretion).
3. The Debtors shall be in compliance with both the Initial Order and the US TRO Order.
4. Execution by the Borrower and the other Credit Parties of a definitive credit agreement or a detailed term sheet reflecting the terms and conditions set forth herein, as determined by the Initial Lenders, acceptable to the Initial Lenders in their sole discretion.
5. The Administrative Agent and Initial Lender shall have received evidence, pursuant to the Initial Order and the US TRO Order or otherwise satisfactory to it, that Borrower and the other Credit Parties have created in favor of Administrative Agent, for the benefit of Lenders, valid, enforceable and perfected Liens on the Property in accordance with the "Security" section above, securing an aggregate amount of not less than US\$20,000,000 in favour of CIT and Brookfield.
6. All of the "first day orders" including the Initial Order entered by the CCAA Court and the US TRO Order in the US Court at the time of the commencement of the Proceedings, related orders, and motions and other documents to be filed with and submitted to the CCAA Court and the US Court in connection with the Brookfield DIP Facility shall be satisfactory in form and substance to the Initial Lenders in their sole discretion.
7. The Administrative Agent and Initial Lenders shall have received and approved a detailed weekly operations and cash flow bankruptcy budget for the 13-week period from the commencement of the Proceedings, prepared by the Credit Parties and in form and substance acceptable to the Required Lenders in their sole discretion (the "**Budget**").
8. No examiner with increased powers to operate the Debtors' material businesses or trustee, receiver, interim receiver or receiver and manager shall have been appointed with respect to any or all of the Debtors or their respective properties.
9. The Borrower and CIT shall have entered into a term sheet for the CIT DIP Facility satisfactory to the Initial Lenders in their sole discretion.
10. The Borrower and Brookfield shall have mutually agreed to terminate any further commitment of Brookfield to make any Future Purchases, as defined in, and pursuant to,

the Paper Supply Agreement (as defined below), which agreement shall specify that the Borrower shall continue to fulfill its obligations under the Paper Supply Agreement in respect of inventory purchased by Brookfield prior to the date of such agreement and any receivables owing to Brookfield in respect of inventory purchased thereunder.

Exhibit A

Definitions

“Amended DIP Order” means an Order to be obtained from the CCAA Court whereby all terms and conditions contained herein, including as it relates to the priority of all charges described herein, are authorized and approved by the CCAA Court, with such Order having been approved by the US Court.

“Brookfield DIP Charge” means a security interest and charge over all Property of the Debtors to secure any advances under the Brookfield DIP Facility, having the priority set out in the Amended DIP Order.

“Brookfield DIP Facility” means an amount of up to USD \$20,000,000 to be advanced by Brookfield to the Debtors as a debtor-in-possession revolving loan facility.

“Brookfield Existing Debt” means any indebtedness or liability of the Debtors to Brookfield existing as at the date of the Initial Order which, for greater certainty, includes any contingent liability existing as at that date.

“CCAA Administration Charge” shall mean the court ordered administration charge granted by the CCAA Court pursuant to the Initial Order, as amended by the Amended DIP Order, for the payment of (a) professional fees and disbursements incurred by professionals and advisors retained by the Debtors; (b) professional fees and disbursements of the monitor in the CCAA Proceeding, including legal fees and expenses of its counsel; and (c) professional fees and disbursements of the Claims Officer (as such term is to be defined in a Claims Order issued by the CCAA Court).

“CCAA Court” means the Ontario Superior Court of Justice (Commercial List) having carriage of the CCAA Proceedings involving the Debtors.

“CIBC Facility” means the revolving credit facility dated as of September 22, 2008 made among the Borrower, Canadian Imperial Bank of Commerce and the other parties thereto.

“CIT DIP Charge” means a security interest and charge in the amount of US\$24,000,000 over all Property of the Debtors to secure all amounts owing by the Debtors to CIT, including the CIT Existing Debt and the CIT DIP Facility, having the priority set out in the Amended DIP Order.

“CIT DIP Facility” means all advances made by CIT to the Debtors from and after the date of the Initial Order under the CIT Financing Agreement by way of a debtor-in-possession revolving loan facility, up to the amount of US\$24,000,000.

“CIT Existing Debt” means the principal amount of US\$56,000,000 owing by the Debtors to CIT as at the date of the Initial Order which, for greater certainty, is fully drawn and will not revolve.

“CIT Financing Agreement” means the Amended and Restated Financing Agreement dated as of May 2, 2008 between Fraser Papers Inc. and CIT, as amended from time to time.

“Existing Brookfield Security” means the charge and security interest held by Brookfield over the Property of the Debtors (or any portion thereof) existing immediately prior to the date of the Initial Order.

“Existing CIT Security” means the charge and security interest held by CIT over the Property of the Debtors (or any portion thereof) existing immediately prior to the date of the Initial Order.

“Existing GNB Security” means the charge and security interest held by GNB over the Property of the Debtors (or any portion thereof) existing immediately prior to the date of the Initial Order.

“GNB” means Her Majesty the Queen in Right of the Province of New Brunswick, as represented by the Minister of Business New Brunswick.

“GNB Existing Debt” means the principal amount of CDN\$29,343,805.00 advanced by GNB under the GNB Loan Agreement and owing by Fraser Papers Inc. as at the date of the Initial Order.

“GNB Loan Agreement” means a Loan Agreement dated of June 16, 2008 between Fraser Papers Inc. and GNB by which GNB agreed to make a term loan available in a principal amount of up to CDN\$40,000,000.

“GNB Plaster Rock DIP Charge” means a security interest and charge over the Plaster Rock Fixed Assets to secure amounts owing to GNB pursuant to the GNB Plaster Rock DIP Facility, having the priority set out in the Amended DIP Order.

“GNB Plaster Rock DIP Facility” means advances of up to CDN\$9,000,000 to be made by GNB under the GNB Loan Agreement after the date of the Initial Order, the proceeds of which will be used solely for the Debtors’ sawmill facility in Plaster Rock, New Brunswick for the purpose of completing the modernization of the lumbermill including the installation of a new saw line, new kilns and a new energy system.

“Initial Order” means an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice dated June 18, 2009 whereby the CCAA Proceeding was commenced.

“Paper Supply Agreement” means the Paper Supply Agreement dated as of January 29, 2009 between Brookfield and the Borrower.

“Plaster Rock Fixed Assets” means the Debtors’ fixed assets comprising the sawmill facility in Plaster Rock, New Brunswick.

“Property” means all of the Debtors’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof, as defined in the Initial Order.

“Recognition Order” shall mean the order of the US Court recognizing the CCAA Proceedings as foreign main proceedings, recognizing the Initial Order and granting relief under Chapter 15 of the US Bankruptcy Code, in form and substance satisfactory to CIT in its sole discretion, within 30 days of the Closing Date.

“US Order” shall mean (i) until the issuance of the US Preliminary Injunction Order, the US TRO Order, and (ii) after the issuance of the US Preliminary Injunction but prior to the issuance of the Recognition Order, collectively, the US TRO Order and the US Preliminary Injunction Order, and (iii) after the issuance of the Recognition Order, collectively, the US TRO Order, the US Preliminary Injunction Order and the Recognition Order, and (iv) after the issuance of an order by the US Court approving the Amended DIP Order issued by the CCAA Court, collectively, the US TRO Order, the US Preliminary Injunction Order, the Recognition Order and the order issued by the US Court approving the Amended DIP Order.

“US Preliminary Injunction Order” shall mean the order of the US Court, in form and substance satisfactory to CIT in its sole discretion, granting emergency authority to the Borrower to borrow under the CIT DIP Facility and granting the Lenders super-priority liens and claims securing such borrowings, and authorizing the stay of proceedings and actions against the Borrower and Guarantors.

“US TRO Order” means the order of the US Court, in form and substance satisfactory to CIT in its sole discretion, granting emergency authority to the Borrower to borrow under the CIT DIP Facility and granting CIT super-priority liens and claims securing such borrowings, and authorizing the stay of proceedings and actions against the Borrower and Guarantors.

“US Court” means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 15 proceedings involving the Debtors.

Exhibit B

Additional Covenants

1. On the same day the Initial Order is entered, the Borrower shall make motions in the US Court for the US TRO Order, the US Preliminary Injunction Order and the Recognition Order.

2. The Debtors shall remain at all times in compliance with all orders issued by the CCAA Court or the US Court and each of the Initial Order, Amended DIP Order and the US Order shall not have be reversed, modified, amended, stayed or vacated without the prior written consent of the Required Lenders in their sole discretion.

3. Within 45 days following the Closing Date, the Credit Parties shall execute and deliver a definitive credit agreement and the Intercreditor Agreement (if not required by the Initial Lenders at closing). If requested by the Required Lenders, the Credit Parties shall as soon as practicable following such request (and in any event within 30 days following such request) execute and deliver Guarantees, security agreements, pledge agreements, real property mortgages (and related title insurance and surveys), opinions of counsel and other related definitive documentation, in all cases acceptable to the Lenders in their sole discretion

4. Within 10 days following the Closing Date, the Administrative Agent shall receive a certificate from Borrower' insurance broker or other evidence satisfactory to it that all insurance required to be maintained is in full force and effect, together with endorsements naming Administrative Agent, for the benefit of Lenders, as additional insured and loss payee thereunder.

5. At any time during the term of the Brookfield DIP Facility, upon the request of the Required Lenders the Debtor will appoint (and thereafter, upon the request of the Required Lenders, at any time and from time to time, replace) a Chief Restructuring Officer of Debtors selected by the Borrower and acceptable to the Required Lenders in their sole discretion. The cost of any such Restructuring Officer shall be borne solely by the Debtors.

6. The Credit Parties shall provide prompt written notice to the Initial Lender in reasonable detail prior to (i) any purchase offer that any Credit Party or a subsidiary may receive with respect to any material asset, (ii) any plan or proposal to sell or otherwise dispose of any material asset of the Credit Parties or their material subsidiaries, and (iii) any plan or proposal for the issuance of indebtedness by any Credit Party or any subsidiary thereof , and, in each case, at the request of the Initial Lender, additional details with respect to any such offer, plan or proposal, to the extent not prohibited by bona fide confidentiality requirements.

7. The Debtors may not make payments to the following without the prior written approval of the Required Lenders (including such approval by way of approval of any Budget):

(a) any payments, including without limitation, payments of benefits, termination pay or severance pay, to non-active employees except as specifically permitted herein in respect of retiree benefits;

(b) payments to any pension plan administrator for past service or special payments (but, for greater certainty, current service contributions for active employees are permitted); and

(c) payment of municipal taxes for arrears owing as of the date of entry of the Initial Order.

8. The Borrower shall continue to fulfill its obligations under the Paper Supply Agreement in respect of inventory purchased by Brookfield prior to the date of entry of the Initial Order and any receivables owing to Brookfield in respect of inventory purchased by Brookfield thereunder.

EXHIBIT "D"

Fraser Papers Inc.**Amended DIP Facility Term Sheet**

All capitalized terms used herein but not defined herein shall have the meanings set forth in the CIT Financing Agreement (as defined below) or in Exhibit A hereto.

Existing Credit Agreement:

CIT Business Credit Canada Inc., in its capacity as agent and lender ("CIT"), currently extends credit to Fraser Papers Inc. (the "**Borrower**") under the second amended and restated financing agreement dated as of May 2, 2008 among the Borrower, the Guarantors (as defined below) and CIT (as amended from time to time, the "**CIT Financing Agreement**"). All of Borrower's subsidiaries (collectively, the "**Guarantors**", and together with the Borrower, the "**Credit Parties**" or the "**Debtors**") have guaranteed all obligations of the Borrower under the CIT Financing Agreement on a joint and several basis. The Debtors have granted security interests to CIT over all of its present and future inventory, accounts receivable and certain other assets and proceeds thereof to secure its obligations under the CIT Financing Agreement (or, in the case of the Guarantors, their guarantees thereof). The authorized principal amount of the credit facilities under the CIT Financing Agreement is U.S.\$115 million.

Proceedings:

The Borrower and the Guarantors commenced proceedings (the "**CCAA Proceedings**") in the Ontario Superior Court of Justice by Order of the Honourable Mr. Justice Morawetz dated June 18, 2009 seeking a compromise and arrangement under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and under Chapter 15 of the Bankruptcy Code in jointly administered cases ("**US Proceedings**", and together with the CCAA Proceeding, the "**Proceedings**") in the U.S. Bankruptcy Court for the District of Delaware.

Financing During Proceedings:

The Debtors will require financing during the Proceedings. This Term Sheet describes the manner in which the CIT Financing Agreement will be amended to provide certain of such financing.

Effective upon the commencement of the Proceedings, the authorized principal amount of the credit facilities under the CIT Financing Agreement will be limited to U.S.\$80,000,000. The Initial Order and the Amended DIP Order will provide that (i) the CIT Existing Debt will continue to be secured by the

Existing CIT Security, (ii) the CIT DIP Facility will also be secured by the Existing CIT Security, and (iii) the CIT DIP Charge will secure the CIT Existing Debt and the CIT DIP Facility in an amount of U.S.\$24,000,000 (being the difference between U.S.\$80,000,000 and the CIT Existing Debt). The Borrower acknowledges that the CIT Existing Debt of U.S.\$56,000,000 is fully drawn and will not revolve.

Purpose/Use of Proceeds:

The proceeds of any credit extended during the Proceedings will be used (i) to pay transaction costs, fees and expenses which are incurred in connection with the Proceedings, (ii) for working capital, and (iii) for other general corporate purposes (including the payment of process costs and, in the US Proceedings, for adequate protection, but excluding the payment of pre-filing indebtedness, except as allowed by the Initial Order).

Availability:

Borrowings under the CIT DIP Facility may be made on a revolving basis during the Proceedings up to an aggregate amount not exceeding U.S.\$24,000,000, provided that the aggregate amount of credit that may be obtained at any time (including, for greater certainty, the CIT Existing Debt and the CIT DIP Facility) shall not exceed an amount equal to Excess Availability. The Borrower will notify each of CIT, Brookfield and the Monitor in the CCAA Proceedings of any requested extension of credit under the CIT DIP Facility or the Brookfield DIP Facility prior to such extension of credit (and the amounts to be outstanding under each of the CIT DIP Facility and the Brookfield DIP Facility after giving effect thereto), provided that the Borrower's obligation to provide such notice will cease from and after the date on which the Borrower has delivered to CIT and Brookfield an order of the US Court, in form and substance satisfactory to CIT in its sole discretion, authorizing and approving the Amended DIP Order.

Maturities:

The maturity date under the CIT Financing Agreement shall be amended to be the earliest (the "**Maturity Date**") of: (i) the 3rd day following the date of the filing of the chapter 15 petitions in the US Proceedings (the "**Petition Date**") if the US TRO Order has not been issued, (ii) the 10th day following the Petition Date if the US Preliminary Injunction Order has not been issued, (iii) the 30th day following the Petition Date if the Recognition Order has not been issued, (iv) six months after the Closing Date if a plan of reorganization acceptable to CIT has not been submitted to the CCAA Court, (v) nine months after the Closing Date if an approval order in form and substance satisfactory to CIT approving a plan of reorganization acceptable to CIT in its sole discretion has not been entered by the CCAA Court, (vi)

twelve months following the Closing Date, (vii) the effective date of the plan of reorganization of the Debtors or the emergence of the Debtors from bankruptcy and/or insolvency proceedings, and (viii) the date of acceleration of the loans to the Borrower under, and termination of the commitments under, the CIT Financing Agreement.

Closing Date: The date on which all conditions precedent to drawdown on the CIT DIP Facility have been satisfied or waived.

Interest Rate; No LIBOR: Before and after the Closing Date, the CIT Existing Debt shall bear interest at the non-default rate amount specified in the CIT Financing Agreement, without amendment. From and after the Closing Date, all principal amounts outstanding under the CIT DIP Facility will bear interest at the Base Rate (which shall in no event be less than 3.00%) plus 2.00% per annum. As used herein, the term “**Base Rate**” has the meaning given to the term “**CIBC U.S. Base Rate**” in the CIT Financing Agreement. Upon the occurrence and during the continuance of an event of default, the obligations under the CIT DIP Facility will accrue interest at a rate set forth above plus an additional two percentage points (2.00%) per annum and will be payable on demand. No new LIBOR Loans and BA Borrowings shall be permitted from and after the Closing Date.

Interest Payments: For the CIT Existing Debt, in accordance with the CIT Financing Agreement, without amendment, at the non-default rate. For the CIT DIP Facility, monthly in arrears, and upon prepayment, payable in arrears and computed on the basis of a 365 day year.

Commitment, Standby Fees and Expenses: The Borrower shall pay fees (the “**Commitment Fees**”) to CIT in an amount equal to 1.00% of the amount of the CIT DIP Facility, earned and payable to CIT on the Closing Date. The Commitment Fees are non-refundable once paid.

The Unused Line Fees payable under the CIT Financing Agreement shall be increased to 1.00% per annum.

The Borrower shall pay all professional and advisory fees and expenses (including legal fees and expenses) of CIT related to the Proceedings and the CIT Financing Agreement. To the extent such amounts are unpaid, such amounts will be deemed to be a draw under the CIT DIP Facility.

Exit Fees:

The Borrower shall pay fees (the “Exit Fees”) to CIT in an amount equal to 1.00% of the CIT DIP Facility, earned on the Closing Date and payable to such Lender upon the earlier of (i) the Maturity Date and (ii) repayment in full of the amounts owing under the CIT Financing Agreement. The Exit Fees shall be non-refundable once paid.

Mandatory Prepayments:

As currently provided in the CIT Financing Agreement in respect of the CIT Existing Debt. The following mandatory prepayments of the CIT DIP Facility are required:

1. Asset Sales: Subject to exceptions to be agreed upon, and subject to the obligation to repay the GNB Plaster Rock DIP Facility with the proceeds of sale of the Plaster Rock Fixed Assets secured by the GNB Plaster Rock DIP Charge, no later than the third business day following the date of receipt by any Debtor, prepayments in an amount equal to 100% of the cash proceeds (net of taxes payable in respect thereof, the repayment of any indebtedness secured by such assets and reasonable transaction-related expenses determined acceptable by CIT in its reasonable discretion) of the sale or other disposition of any property or assets of any Debtor (including its equity interests in any other Debtor), other than cash proceeds of (i) sales or other dispositions of inventory in the ordinary course of business and (ii) sales or other dispositions of equipment in the ordinary course of business to the extent such proceeds are used within the earlier of (a) the Maturity Date and (b) 90 days following the date of receipt, to acquire replacement equipment.
2. Insurance Proceeds: No later than the third business day following the date of receipt by any Debtor, prepayments in an amount equal to 100% of the insurance and condemnation cash proceeds (net of reasonable transaction-related expenses determined acceptable by CIT in its reasonable discretion) received on account of any loss of or damage to any property or assets of any Debtor (and subject to the obligation to repay the GNB Plaster Rock DIP Facility with the proceeds of insurance in respect of the Plaster Rock Fixed Assets secured by the GNB Plaster Rock DIP Charge); provided that, in the case of any insurance or condemnation proceeds relating to fixed assets, only to the extent such proceeds are not used or contractually committed to be used within the earlier of (i) the Maturity Date and (ii) 90 days following the date of

receipt to repair, restore or replace the property or assets so lost or damaged.

3. Incurrence of Indebtedness: No later than the first business day following the date of receipt by any Debtor, prepayments in an amount equal to 100% of the cash proceeds received from the incurrence of indebtedness for borrowed money by any Debtor, other than indebtedness under the Brookfield DIP Facility and the GNB Plaster Rock DIP Facility.

All mandatory prepayments will be applied, without penalty or premium (except for the Exit Fee, if applicable), to the prepayment of the CIT DIP Facility and may not be re-borrowed, unless otherwise agreed by CIT in its sole discretion.

Brookfield DIP Facility: The Brookfield DIP Facility will be provided on terms and conditions satisfactory to CIT. If the principal amount outstanding under the Brookfield DIP Facility is equal to or greater than \$5 million, the Borrower will be permitted to make further borrowings under the Brookfield DIP Facility only if the Borrower is unable to borrow under the CIT DIP Facility. The terms of the Brookfield DIP Facility and any agreements, instruments or documents issued pursuant thereto (including the documentation governing the Existing Brookfield Security) shall not be amended without the prior written consent of CIT, acting reasonably. If the Brookfield DIP Facility includes any financial covenants (excluding budget approvals), the same financial covenants will be included in the CIT Financing Agreement. The Brookfield DIP Facility will be secured by the Brookfield DIP Charge, having the priority set out under the Security and Claims section herein.

GNB Facility: The GNB Loan Agreement will be amended to provide for the GNB Plaster Rock DIP Facility on terms and conditions satisfactory to CIT. The proceeds of the GNB Plaster Rock DIP Facility will be used solely for the Borrower's Plaster Rock sawmill facility for the purpose of completing the modernization of the Plaster Rock Fixed Assets. The GNB Plaster Rock DIP Facility will be secured by the GNB Plaster Rock DIP Charge, having the priority set out under the Security and Claims section herein.

Security and Claims: The CIT Existing Debt and the CIT DIP Facility will be secured as set forth under "Financing During Proceedings" above.

The priorities among CIT, Brookfield, GNB and in relation to the charges granted pursuant to the Initial Order and the Amended DIP Order shall be as follows:

Amounts owing to, and Property of the Debtors secured in favour of: (i) CIT in respect of the CIT Existing Debt and the CIT DIP Facility pursuant to the Existing CIT Security and the CIT DIP Charge, (ii) Brookfield in respect of the Brookfield Existing Debt and the Brookfield DIP Facility pursuant to the Existing Brookfield Security and the Brookfield DIP Charge; and (iii) GNB in respect of the GNB Existing Debt and the GNB Plaster Rock DIP Facility pursuant to the Existing GNB Security and the GNB Plaster Rock DIP Charge, respectively, as among each other and in relation to all other charges granted by the CCAA Court pursuant to the Initial Order and the Amended DIP Order shall be as follows:

(a) with respect to all Property charged in favour of CIT under the Existing CIT Security:

First – CIT in respect of the Existing CIT Security

Second – Administration Charge (to a maximum amount of CDN\$850,000)

Third – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000)

Fourth – Brookfield in respect of the Brookfield DIP Charge (to a maximum amount of US\$20,000,000)

Fifth – Directors' Charge (to a maximum amount of US\$30,000,000)

Sixth – GNB in respect of the Existing GNB Security (limited to such Property subject to the Existing CIT Security as may be located in the Province of New Brunswick)

Seventh – Brookfield in respect of the Existing Brookfield Security, after giving effect to the Sixth ranking charge above

Eighth – the Inter-Company Charge

(b) with respect to the Plaster Rock Fixed Assets:

First – GNB in respect of the GNB Plaster Rock DIP Charge (to a maximum amount of CDN\$9,000,000)

Second – Administration Charge (to a maximum amount of CDN\$850,000)

Third – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000)

Fourth – Brookfield in respect of the Brookfield DIP Charge (to a maximum amount of US\$20,000,000)

Fifth – Directors’ Charge (to a maximum amount of US\$30,000,000)
Sixth – GNB in respect of the Existing GNB Security
Seventh – Brookfield in respect of the Existing Brookfield Security, after giving effect to the Sixth ranking charge above
Eighth – the Inter-Company Charge

(c) with respect to all Property other than the Plaster Rock Fixed Assets or Property subject to the Existing CIT Security:

First - Administration Charge (to a maximum amount of CDN\$850,000)
Second – CIT in respect of the CIT DIP Charge (to a maximum amount of US\$24,000,000)
Third – Brookfield in respect of the Brookfield DIP Charge (to a maximum amount of US\$20,000,000)
Fourth – Directors’ Charge (to a maximum amount of US\$30,000,000)
Fifth – GNB in respect of the Existing GNB Security (limited to Fixed Assets in the Province of New Brunswick)
Sixth – Brookfield in respect of the Existing Brookfield Security, after giving effect to the Fifth ranking charge above
Seventh – the Inter-Company Charge
For greater certainty, where amounts are described as being secured up to a maximum amount, it shall be the maximum aggregate amount, taking into account all Property of the Debtors described in subparagraphs (a), (b) and (c) above.

Inter-creditor arrangements (which may comprise either the Amended DIP Order or an agreement, so long as such arrangement is satisfactory to CIT) shall be in effect between Brookfield, GNB and CIT providing for the arrangements described in this paragraph (the “**Intercreditor Arrangements**”).

CIT’s claims and security interests in the Property of the Debtors other than the Property subject to the Existing CIT Security will be granted in the Initial Order and the Amended DIP Order, and shall be subject to the Carve-Out. CIT’s claims and security interest in the Property of the Debtors subject to the Existing CIT Security will be confirmed in the Amended DIP Order, but will not be subject to the Carve-Out.

**Accounts Receivable
Collections:**

Accounts receivable collected after the Closing Date will be applied against outstanding loans under the CIT DIP Facility. Any excess amounts will be held in a cash collateral account. Subject to the CIT Financing Agreement, funds may be withdrawn by the

Borrower from the cash collateral account on request in accordance with the Budget, and advances will be made under the CIT DIP Facility only to the extent the amount requested exceeds the amount available in the cash collateral account.

Permitted Payments:

In addition to the arrangement set forth under “Accounts Receivable Collections” above, the following payments will be permitted during the Proceedings: (i) payment of all current monthly accrued but unpaid interest at the non-default rate under the CIT Financing Agreement, the Brookfield DIP Facility and the GNB Plaster Rock DIP Facility; (ii) payment of all reasonable legal fees and expenses of CIT under the CIT Financing Agreement, of Brookfield under the Brookfield DIP Facility and of GNB under the GNB Plaster Rock DIP Facility; (iii) all claims subject to the Carve-Out; (iv) for the period from the Closing Date to six months following the Closing Date, the payment by the Debtors of retiree benefits in the ordinary course and consistent with past practice in an aggregate amount during such period of up to US\$1,800,000; (v) payment of any amounts required to be paid in accordance with the Initial Order or the US Order; (vi) current monthly cash payment of all accrued but unpaid interest at the non-default rate under the CIBC Facility; (vii) payment of any amount permitted, but not required, to be paid under the Initial Order or US Order provided it is allowed pursuant to the terms of the CIT Financing Agreement, the GNB Plaster Rock DIP Facility and the Brookfield DIP Facility and provided no default or Event of Default is then continuing.

Carve-Out:

All payments and security in respect of claims subject to the CCAA Administration Charge as such term is described in the Initial Order, as amended by the Amended DIP Order.

Representations and Warranties:

As currently provided in the CIT Financing Agreement and such other usual and customary for debtor-in-possession financings of this type (including certain customary and appropriate limitations and exceptions) with due regard to current market conditions, in each case relating to the Debtors and satisfactory to CIT in its reasonable discretion.

Affirmative Covenants:

As currently provided in the CIT Financing Agreement and such other usual and customary for debtor-in-possession financings of this type with due regard to current market conditions, in each case relating to the Debtors and satisfactory to CIT in its reasonable discretion, including, without limitation, delivery of financial statements and other reports (including simultaneously providing copies of reports and other presentations relating to (i) any

Proceeding, (ii) the Debtors, in each case when provided to any other Person); provision of notices of litigation, defaults and unmatured defaults and other information (including pleadings, motions, applications and other documents filed with the CCAA Court or the US Court (collectively, the “Courts”) or distributed to any official committee appointed in the Proceedings); payment of post-filing taxes and claims; books and records; delivery of monthly borrowing base reports and weekly receivables and collections reports; delivery of weekly 13-week cash flow projections; delivery of weekly priority payable statements; delivery of weekly cumulative cash flow comparisons and variance analyses; copies of all reports issued by the Monitor in the Proceedings; inspections subject to reasonable frequencies to be agreed upon; lender calls or meetings. In addition to the foregoing, the Borrower shall comply with all covenants set forth on Exhibit B attached hereto.

Negative Covenants:

As currently provided in the CIT Financing Agreement and such other usual and customary for debtor-in-possession financings of this type (including certain customary and appropriate limitations and exceptions) with due regard to current market conditions, in each case relating to the Debtors and satisfactory to CIT in its reasonable discretion, including no filing of any plan of arrangement which has not been provided to CIT in advance; no granting of any further liens; no payment of any obligation which is stayed by the orders issued by the Courts; no filing of any plan which does not contemplate payment in full of all obligations under the CIT Financing Agreement; no KERP; limitations on borrowings; limitations on disbursements. The negative covenants shall not restrict (a) the flow of funds between the Debtors and (b) transactions among the Debtors that are in the ordinary course of business, consistent with past practice and on an arms-length basis or which consist of the payment of selling, general and administrative costs and the allocation of customer orders, in each case in the ordinary course of business and in accordance with past practice, and (c) any other transactions that are pre-approved by CIT in its sole discretion.

Financial Reporting:

As currently provided in the CIT Financing Agreement, plus a weekly updated Budget (as defined in Annex 1) in a form of budget satisfactory to CIT (but for greater certainty not subject to approval of CIT as to its content from week to week) for the next succeeding 13-week period, as well as a reconciliation to prior Budgets, and other reporting as reasonably requested by CIT.

Events of Default:

As currently provided in the CIT Financing Agreement, plus such other usual and customary events of default for debtor-in-

possession financings of this type with due regard to current market conditions, in each case relating to the Debtors and satisfactory to CIT in its reasonable discretion. Without limiting the foregoing, the Events of Default shall include (i) a customary change of control provision which shall include, among other things, specified management changes (subject to reasonably satisfactory replacements), (ii) any variance in excess of 15% from the most recently approved Budget, (iii) other than the US Proceedings, the commencement (whether voluntary or involuntary) of any proceedings or any case under any chapter of the Bankruptcy Code, or any insolvency proceedings under State or Federal laws, by or in respect of any of the Debtors, except with the prior written consent of CIT in its sole discretion, (iv) the entry of an order dismissing the Proceedings or the appointment of a receiver, interim receiver, trustee in bankruptcy or similar official or the making of a Canadian bankruptcy order against the Credit Parties, (v) any order of any of the Courts is made, varied, or vacated or otherwise entered the effect of which would be materially prejudicial to the interest of the Lenders, (vi) any payment in respect of retiree benefits is made beyond the time period, or in excess of the amount, provided for under "Permitted Payments" above, (vii) any non-compliance or breach of any term or covenant in the CIT Financing Agreement, (viii) US TRO Order not having been issued within 3 days of the Petition Date, (ix) the US Preliminary Injunction Order not having been issued within 10 days of the Petition Date, or (x) the Recognition Order not having been issued within 30 days of the Petition Date. The definitive amendment to the CIT Financing Agreement reflecting the terms and conditions contemplated by this Term Sheet and otherwise in form and substance satisfactory to CIT must be executed and delivered by the Debtors on or before August 21, 2009, failing which an Event of Default shall be deemed to have occurred under the CIT Financing Agreement.

**Conditions Precedent to
Initial Funding:**

The obligations of CIT to amend and restate the CIT Financing Agreement and to continue to extend credit during the Proceedings will be subject to the closing conditions listed on Annex 1 attached hereto. In addition, Brookfield, GNB and CIT shall have received a signed copy of (i) the Initial Order and the US TRO Order each in form and substance satisfactory to CIT in its sole discretion, and each authorizing and approving the arrangement contemplated by this Term Sheet, the making of the loans under the CIT Financing Agreement, the priority arrangements referred to in the "Financing During Proceedings" section above and the granting of the super-priority claims and senior secured liens in favour of CIT and Brookfield in an aggregate amount not less than U.S.\$20,000,000,

which orders shall be in full force and effect at all times and shall not have been vacated, reversed or stayed without the prior written consent of CIT in its sole discretion or modified or amended without the prior written consent of CIT.

**Conditions Precedent to
Subsequent Funding in
Excess of U.S.\$20,000,000:**

The obligations of CIT to continue to make loans available under the CIT DIP Facility at any time when the aggregate amount of credit extended under the CIT DIP Facility and the Brookfield DIP Facility is equal to or in excess of U.S.\$20,000,000 will be subject to the receipt by each of CIT, Brookfield and GNB of a signed copy of the Amended DIP Order, in form and substance satisfactory to CIT in its sole discretion, which order shall be in full force and effect at all times and shall not have been vacated, reversed or stayed without the prior written consent of CIT in its sole discretion or modified or amended without the prior written consent of CIT.

**Assignments and
Participations:**

As per the CIT Financing Agreement.

**Taxes, Expense
Reimbursement,
Indemnification and
Judgment Currency:**

Usual and customary for debtor-in-possession financings of this type with due regard to current market conditions, in each case satisfactory to CIT in its sole discretion.

**Governing Law and
Jurisdiction:**

The Debtors, CIT and other parties hereto submit to the exclusive jurisdiction and venue of (a) the CCAA Court and (b) to the extent applicable, the US Court (except to the extent CIT requires submission to any other jurisdiction in connection with the enforcement of any judgment). In the event that the Courts do not have or do not exercise jurisdiction, the Debtors, CIT and other parties hereto submit to the exclusive jurisdiction and venue of a court of competent jurisdiction in the Province of Ontario. The Debtors, CIT and other parties hereto waive any right to trial by jury. Ontario law governs the CIT Financing Agreement.

Counsel to CIT:

Blake, Cassels & Graydon LLP.

Annex 1

Conditions Precedent to Initial Funding

1. The Initial Order and the US TRO Order shall have been entered and shall not have been reversed, modified, amended, stayed or vacated without the prior written consent of CIT.
2. The Debtors shall be in compliance with each of the Initial Order and the US TRO Order.
3. CIT shall have received evidence, pursuant to the Initial Order and the US TRO Order or otherwise satisfactory to it, that Borrower and the other Credit Parties have created in favor of CIT valid, enforceable and perfected Liens on the Property in accordance with the "Financing During Proceedings" section above, which Liens shall secure an aggregate amount of not less than U.S.\$20,000,000 in favour of CIT and Brookfield.
4. All of the "first day orders" (including the Initial Order entered by the CCAA Court and the US TRO Order in the US Court at the time of the commencement of the Proceedings) and all related orders, motions and other documents to be filed with and submitted to the Courts in connection with the CIT Existing Debt and the CIT DIP Facility, shall be satisfactory in form and substance to CIT.
5. CIT shall have received and approved a detailed weekly operations and cash flow bankruptcy budget for the 13-week period from the commencement of the Proceedings, prepared by the Credit Parties and in form and substance acceptable to CIT in its sole discretion (the "**Budget**").
6. No examiner with increased powers to operate the Debtors' material businesses or trustee, receiver, interim receiver or receiver and manager shall have been appointed with respect to any or all of the Debtors or their respective properties.
7. The Brookfield DIP Facility shall have been established on terms and conditions satisfactory to CIT and the Intercreditor Arrangements satisfactory to Brookfield, GNB and CIT shall have been established.

Exhibit A

Definitions

“Amended DIP Order” means an Order to be obtained from the CCAA Court whereby all terms and conditions contained herein, including as it relates to the priority of all charges described herein, are authorized and approved by the CCAA Court, with such Order having been approved by the US Court.

“Brookfield” means Brookfield Asset Management Inc.

“Brookfield DIP Charge” means a security interest and charge over all Property of the Debtors to secure any advances under the Brookfield DIP Facility, having the priority set out in the Amended DIP Order.

“Brookfield DIP Facility” means a principal amount of up to USD \$20,000,000 to be advanced by Brookfield to the Debtors as a debtor-in-possession revolving loan facility.

“Brookfield Existing Debt” means any indebtedness or liability of the Debtors to Brookfield existing as at the date of the Initial Order which, for greater certainty, includes any contingent liability existing as at that date.

“CCAA Administration Charge” shall mean the court ordered administration charge granted by the CCAA Court pursuant to the Initial Order, as amended by the Amended DIP Order, for the payment of (a) professional fees and disbursements incurred by professionals and advisors retained by the Debtors; (b) professional fees and disbursements of the monitor in the CCAA Proceeding, including legal fees and expenses of its counsel; and (c) professional fees and disbursements of the Claims Officer (as such term is to be defined in a Claims Order issued by the CCAA Court).

“CCAA Court” means the Ontario Superior Court of Justice (Commercial List) having carriage of the CCAA Proceedings involving the Debtors.

“CIT DIP Charge” means a security interest and charge in the amount of US\$24,000,000 over all Property of the Debtors to secure all amounts owing by the Debtors to CIT, including the CIT Existing Debt and the CIT DIP Facility, having the priority set out in the Amended DIP Order.

“CIT DIP Facility” means all advances made by CIT to the Debtors from and after the date of the Initial Order under the CIT Financing Agreement by way of a debtor-in-possession revolving loan facility, up to a principal amount of US\$24,000,000.

“CIT Existing Debt” means the principal amount of US\$56,000,000 owing by the Debtors to CIT as at the date of the Initial Order which, for greater certainty, is fully drawn and will not revolve.

“Existing Brookfield Security” means the charge and security interest held by Brookfield over the Property of the Debtors (or any portion thereof) existing immediately prior to the date of the Initial Order.

“Existing CIT Security” means the charge and security interest held by CIT over the Property of the Debtors (or any portion thereof) existing immediately prior to the date of the Initial Order.

“Existing GNB Security” means the charge and security interest held by GNB over the Property of the Borrower (or any portion thereof) existing immediately prior to the date of the Initial Order.

“GNB” means Her Majesty the Queen in Right of the Province of New Brunswick, as represented by the Minister of Business New Brunswick.

“GNB Existing Debt” means the principal amount of CDN\$29,343,805.00 advanced by GNB under the GNB Loan Agreement and owing by Fraser Papers Inc. as at the date of the Initial Order.

“GNB Loan Agreement” means a Loan Agreement dated of June 16, 2008 between Fraser Papers Inc. and GNB by which GNB agreed to make a term loan available in a principal amount of up to CDN\$40,000,000.

“GNB Plaster Rock DIP Charge” means a security interest and charge over the Plaster Rock Fixed Assets to secure amounts owing to GNB pursuant to the GNB Plaster Rock DIP Facility, having the priority set out in the Amended DIP Order.

“GNB Plaster Rock DIP Facility” means advances of up to CDN\$9,000,000 to be made by GNB under the GNB Loan Agreement after the date of the Initial Order, the proceeds of which will be used solely for the Debtors’ sawmill facility in Plaster Rock, New Brunswick for the purpose of completing the modernization of the lumbermill including the installation of a new saw line, new kilns and a new energy system.

“Initial Order” means an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice dated June 18, 2009 whereby the CCAA Proceeding was commenced.

“Plaster Rock Fixed Assets” means the Borrower’s fixed assets comprising the sawmill facility in Plaster Rock, New Brunswick.

“Property” means all of the Debtors’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof, as defined in the Initial Order.

“Recognition Order” shall mean the order of the US Court recognizing the CCAA Proceedings as foreign main proceedings, recognizing the Initial Order and granting relief under Chapter 15 of the US Bankruptcy Code, in form and substance satisfactory to CIT in its sole discretion, within 30 days of the Closing Date.

“US Order” shall mean (i) until the issuance of the US Preliminary Injunction Order, the US TRO Order, and (ii) after the issuance of the US Preliminary Injunction but prior to the issuance of the Recognition Order, collectively, the US TRO Order and the US Preliminary Injunction Order, and (iii) after the issuance of the Recognition Order, collectively, the US TRO Order, the US Preliminary Injunction Order and the Recognition Order, and (iv) after the issuance of an order by the US Court approving the Amended DIP Order, collectively, the US TRO Order, the US Preliminary Injunction Order, the Recognition Order and the order issued by the US Court approving the Amended DIP Order.

“US Preliminary Injunction Order” shall mean the order of the US Court, in form and substance satisfactory to CIT in its sole discretion, granting emergency authority to the Borrower to borrow under the CIT DIP Facility and granting the Lenders super-priority liens and claims securing such borrowings, and authorizing the stay of proceedings and actions against the Borrower and Guarantors.

“US TRO Order” means the order of the US Court, in form and substance satisfactory to CIT in its sole discretion, granting emergency authority to the Borrower to borrow under the CIT DIP Facility and granting CIT super-priority liens and claims securing such borrowings, and authorizing the stay of proceedings and actions against the Borrower and Guarantors.

“US Court” means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 15 proceedings involving the Debtors.

EXHIBIT B

Additional Covenants

1. On the same day the Initial Order is entered, the Borrower shall make motions in the US Court for the US TRO Order, the US Preliminary Injunction Order and the Recognition Order.
2. The Debtors shall be in compliance with all orders issued by the CCAA Court or the US Court and each of the Initial Order, the Amended DIP Order and the US Order shall not have been reversed, modified, amended, stayed or vacated without the prior written consent of CIT.
3. The Credit Parties shall execute and deliver a definitive amended and restated CIT Financing Agreement (if not required by CIT at closing), Guarantees, security agreements, pledge agreements, real property mortgages (and related title insurance and surveys), the Intercreditor Arrangement, opinions of counsel and other related definitive documentation, in all Proceedings acceptable to CIT in its sole discretion.
4. Within 10 days following the Initial Funding, CIT shall receive a certificate from Borrower's insurance broker or other evidence satisfactory to it that all insurance required to be maintained is in full force and effect, together with endorsements naming CIT as additional insured and loss payee thereunder.
5. The Credit Parties shall provide prompt written notice to CIT in reasonable detail prior to (i) any purchase offer that any Credit Party or a subsidiary may receive with respect to any material asset, (ii) any plan or proposal to sell or otherwise dispose of any material asset of the Credit Parties or their material subsidiaries, and (iii) any plan or proposal for the issuance of indebtedness by any Credit Party or any subsidiary thereof, and, in each case, at the request of CIT, additional details with respect to any such offer, plan or proposal, to the extent not prohibited by bona fide confidentiality requirements.
6. The Credit Parties shall not make any payments prohibited by the Brookfield DIP Facility or the GNB Loan Agreement (as amended to provide for the GNB Plaster Rock DIP Facility).

EXHIBIT "E"

AMENDING AGREEMENT made as of July 10, 2009.

EXHIBIT "E"

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEW BRUNSWICK, as represented by the Minister of Business New Brunswick (the "Minister")

and

FRASER PAPERS INC., a body corporate, duly incorporated under and by virtue of the laws of Canada (the "Corporation")

WHEREAS the Minister and the Corporation are parties to a Loan Agreement (the "Loan Agreement") made as of June 16, 2008 pursuant to which advances in the principal amount of CDN\$29,343,805.00 (the "Existing Advances") were outstanding as at June 18, 2009; and

WHEREAS on June 18, 2009 the Corporation and its subsidiaries were granted protection under the *Companies' Creditors Arrangement Act* (the "CCAA") by Order of the Ontario Superior Court of Justice on that date (the "Initial Order") and pursuant to Chapter 15 of the U.S. *Bankruptcy Code*;

WHEREAS the Initial Order contains a stay of proceedings in favour of the Applicants (as defined in the Initial Order) and includes terms authorizing the Applicants to obtain additional loans and advances from CIT Business Credit Canada Inc. ("CIT"), Brookfield Asset Management Inc. ("BAM") and the Minister, with a charge granted over the assets of the Applicants in favour of such lenders;

WHEREAS the Minister has: (i) agreed to make additional advances to the Corporation under the Loan Agreement up to the principal amount of CDN\$9,000,000 (the "New Advances") to allow the Applicants to complete the Plaster Rock modernization project, and (ii) consented to advances made or to be made by CIT and BAM from and after the date of the Initial Order, subject to the terms hereof and the terms of an Order to be obtained by the Applicants confirming the priority of certain charges as among CIT, Brookfield and the Minister (the "Amended DIP Approval Order");

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

1. Definitions

All words defined in the Loan Agreement have the same meaning in this agreement. To the extent any capitalized term is used and not defined, it is as defined in the Loan Agreement.

2. Amendments to the Loan Agreement

The Loan Agreement is hereby specifically amended:

- (a) by deleting the sum “Five Million Dollars (\$5,000,000)” from section 5 a) and substituting therefor the sum “One Million Dollars (\$1,000,000) or such lesser amounts as may be determined by the Minister from time to time”;
- (b) by adding to the end of section 9:

“provided that, in all cases, any moneys received by the Minister in respect of security held by the Minister over the Plaster Rock facility shall be applied firstly in repayment of the New Advances”;
- (c) by adding as sections 10 d), e) and f) the following:
 - “d) an Acknowledgement from each of CIT and BAM confirming that the New Advances shall have a first-priority charge on the Plaster Rock facility of the Corporation ahead of all other charges and security interests, including those granted to CIT and BAM pursuant to the Initial Order;
 - e) an amendment to the Inter-creditor Agreement to reflect the terms and priority of the New Advances in relation to the security interests and charges held by CIT and BAM; and
 - f) the Amended DIP Approval Order.”
- (d) by adding to section 12 the following:

“provided that the proceeds of the New Advances will be used solely for the purpose of capital expenditures at the Corporation’s Plaster Rock facility”; and
- (e) by deleting or modifying as necessary any covenant, term, condition, representation, warranty, right or provision that is inconsistent with the terms of the Initial Order or the Amended DIP Approval Order to be obtained by the Applicants, arising by virtue of or in connection with the Applicants’ insolvency or the proceedings commenced on June 18, 2009.

3. Conditions Precedent to New Advances

The New Advances shall be available to the Corporation in accordance with the terms for Advances set out the Loan Agreement, as amended hereby, upon the following Conditions Precedent being satisfied:

- (a) the Applicants obtain an Acknowledgement from CIT and BAM on the terms described in paragraph 2, above;
- (b) the Inter-creditor Agreement is amended, as may be required, to reflect the priority of charges in favour of CIT, BAM and the Minister in accordance with the Amended DIP Approval Order; and
- (b) the Applicants obtain the Amended DIP Approval Order on terms acceptable to the Minister.

4. Waiver of Default

To the extent the insolvency of the Corporation or the court proceedings commenced by the Applicants constitutes an Event of Default under the Loan Agreement, such default is hereby waived by the Minister.

5. Payment of Interest on the new advances

The Minister shall be entitled to receive, and the Borrower shall pay interest on the New Advances at the rate and at the times specified under the Loan Agreement, based on the amount outstanding under the New Advances at any given time.

6. Confirmation

Except as amended by the provisions of section 2 above, the parties confirm all other terms of the Loan Agreement. To the extent that any provision of the Loan Agreement, as amended, or the Inter-Creditor Agreement among the Minister, CIT, BAM and the Corporation is inconsistent with any aspect of the Initial Order, including as amended by the Amended DIP Order with respect to relative priority among the Minister, CIT and BAM, or as it relates to any other term, condition or covenant, the terms of the court Orders shall govern in all respects.

7. Governing Law

This agreement will be governed by and construed in accordance with the laws of the Province of New Brunswick and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties have duly executed this Agreement.

**HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF NEW BRUNSWICK, AS
REPRESENTED BY THE MINISTER OF
BUSINESS NEW BRUNSWICK**

Per: _____
Name:
Title:

FRASER PAPERS INC.

Per: _____
Name:
Title:

TAB 3

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

THE HONOURABLE MADAM) WEDNESDAY, the 15th
)
JUSTICE PEPALL) DAY OF JULY, 2009

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

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

Applicants

CLAIMS ORDER

THIS MOTION, made by Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC (the "Applicants"), for an Order establishing a claims process for the identification and determination of all Claims (as defined herein) against any of the Applicants was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Applicants' Notice of Motion dated July 10, 2009, the Affidavits of J. Peter Gordon sworn June 17 and July 10, 2009, the Third Report of PricewaterhouseCoopers Inc. in its capacity as Court-appointed monitor of the Applicants (the "Monitor") and on hearing from counsel for the Applicants, the Monitor and such other counsel as were present and on

being advised that the Service List as of July 10, 2009 was served electronically with the Applicants' Notice of Motion dated July 10, 2009 herein,

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and that the motion is properly returnable today and further that service upon any interested party other than those parties served is hereby dispensed with.

Definitions and Interpretations

2. **THIS COURT ORDERS** that, for the purposes of this Order (the "**Claims Order**"), in addition to the terms defined elsewhere in this Claims Order, the following terms shall have the following meanings:
 - (a) "**Applicants**" means Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc., Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC;
 - (b) "**Business Day**" means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario;
 - (c) "**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
 - (d) "**Chapter 15 Claims Order**" means a supplemental Order issued by the U.S. Court within the Chapter 15 Proceedings, recognizing this Claims Order as issued by the Court;
 - (e) "**Chapter 15 Proceedings**" means the proceedings commenced by the Applicants on June 18, 2009 in the Delaware Court under Chapter 15 of the United States Bankruptcy Code Case No. 09-12123 (KJC) in which these proceedings were

recognized as a foreign main proceeding in the United States of America (the “United States”);

(f) **“Claim”** means:

(i) a Restructuring Claim;

(ii) a Secured Claim; and/or

(iii) the rights of any Person whatsoever, including any Secured Creditor, against one or more of the Applicants and/or Directors, whether or not asserted and however acquired, in connection with any indebtedness, liability or obligation of any kind of one or more of the Applicants and/or Directors in existence on the Claim Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, direct or indirect, by guarantee, surety, insurance deductible or otherwise, and whether or not such claim or right arises out of a contract that is executory or anticipatory in nature or any other claims that would have been claims provable in bankruptcy had the applicable Applicant become bankrupt on the Claim Date;

provided however, that in all cases “Claim” shall not include an Excluded Claim;

(g) **“Claims Bar Date”** means 5:00 p.m. (Eastern Standard Time) on September 30, 2009, or such later date as may be ordered by this Court;

(h) **“Claim Date”** means June 18, 2009, which shall be the date for determining all Claims under this Claims Order;

- (i) **“Claims Officer”** means the individual(s) designated by the Court pursuant to paragraph 11 of this Claims Order and such other Persons as may be designated by the Applicants, acceptable to the Monitor and approved by the Court;
- (j) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (k) **“Creditor”** means any Person having a Claim and includes without limitation the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person;
- (l) **“Creditor's Dispute Package”** means a copy of the Notice of Revision or Disallowance associated with the Creditor's Proof of Claim and the Dispute Notice;
- (m) **“Directors”** means those individuals who are or were previously directors or officers of any one or more of the Applicants;
- (n) **“Disputed Claim”** means a Claim in respect of which the Monitor has received a Dispute Notice;
- (o) **“Dispute Notice”** means the notice delivered by a Creditor to the Monitor with respect to a Claim pursuant to paragraph 33 which shall be substantially in the form attached as Schedule ‘E’ hereto;
- (p) **“Excluded Claim”** means, without prejudice to the Applicants’ right to seek amendments to this Claims Order and to propose a treatment of claims under the Plan and subject to further order of this Court, and only for the purposes of the claims process described herein:

- (i) Claims secured by the Directors' Charge or the Administration Charge, each as defined in the Initial Order, and any further charge as may be ordered by this Court;
 - (ii) Claims of the Directors pursuant to an indemnity from any Applicant which are not otherwise covered by the Directors' Charge; and
 - (iii) Claims imposed by statute and referred to in Section 18.2 of the CCAA.
- (q) **"Filing Date"** means June 18, 2009;
- (r) **"Initial Order"** means the Order of the Honourable Mr. Justice Morawetz dated June 18, 2009, as amended, extended, restated or varied from time to time;
- (s) **"Instruction Letter"** means the instruction letter to Creditors, in substantially the form attached as Schedule 'B' hereto, regarding the completion of a Proof of Claim by a Creditor and the claims process described herein;
- (t) **"Known Creditor"** means:
- (i) any Person that the financial or other records of an Applicant as of the Claim Date disclose had, or may be entitled to assert, a Claim, where monies in respect of such Claim remain unpaid in full or in part, without acknowledging in any respect the validity or existence of any such Claim; and
 - (ii) Secured Creditors;
- (u) **"Monitor"** means PricewaterhouseCoopers Inc.;

- (v) **“Notice of Revision or Disallowance”** means the notice delivered by the Monitor to a Creditor in accordance with paragraph 31 hereof which forms part of the Creditor’s Dispute Package, which shall be substantially in the form attached as Schedule ‘D’ hereto;
- (w) **“Notice to Creditors”** means the notice to Creditors for publication in accordance with paragraph 16 hereof, which shall be substantially in the form attached as Schedule ‘A’ hereto;
- (x) **“Other Insolvency Proceeding”** means any voluntary or involuntary bankruptcy, receivership, liquidation, winding up or other realization process or proceeding involving the Applicants at any time and in any jurisdiction, including but limited to any proceedings under the *Bankruptcy and Insolvency Act* (Canada) and the *United States Bankruptcy Code*, whereby the claims of creditors are determined and the assets of the Applicants are distributed for the benefit of their creditors;
- (y) **“Person”** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, regulatory body or instrumentality thereof, legal personal representative or litigation guardian, or any other entity howsoever designated or constituted;
- (z) **“Plan”** means the proposed plan(s) of compromise or arrangement to be filed by the Applicants pursuant to the CCAA, as same may be amended, supplemented or restated from time to time;

- (aa) **“Proof of Claim”** means the form to be completed and filed by a Creditor setting forth its purported Claim, which shall be substantially in the form attached as Schedule ‘C’ hereto and which shall include all supporting documentation in respect of such Claim;
- (bb) **“Proof of Claim Document Package”** means a document package which shall include a copy of the Instruction Letter, a Proof of Claim and such other materials as the Monitor or Applicants may consider appropriate or desirable;
- (cc) **“Proven Claim”** means a Claim filed by the Claims Bar Date or the Restructuring Claims Bar Date, as the case may be, in respect of which the Monitor has not sent a Dispute Package to the Creditor asserting the Claim and which the Monitor accepts for voting and distribution purposes;
- (dd) **“Restructuring Claim”** means any right of any Person against one or more of the Applicants in connection with any indebtedness, liability or obligation of any kind owed to such Person arising out of the restructuring, repudiation or termination after the Filing Date of any contract, lease or other agreement whether written or oral provided, however a “Restructuring Claim” shall not include Excluded Claims;
- (ee) **“Restructuring Claims Bar Date”** means 5:00 p.m. (Eastern Standard Time) on the date which is the earlier of thirty (30) calendar days after the event giving rise to the Restructuring Claim or seven (7) calendar days prior to the date fixed by the Court for voting upon a Plan;

- (ff) **“Secured Creditor”** means any Creditor holding a Claim, any portion of which is, or was at the Claim Date, a Secured Claim;
- (gg) **“Secured Claim”** means that portion of a Claim of a Secured Creditor that is: (i) secured by security validly charging or encumbering property or assets of any of the Applicants (including statutory and possessory liens that create security interests) up to the value of such collateral; and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction as of the Claim Date;
- (hh) **“Supervising Judge”** means the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List);
- (ii) **“U.S. Court”** means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 15 Proceedings;
- (jj) **“Valuation Date”** means June 18, 2009;
- (kk) **“Website”** means the website of the Monitor, www.pwc.com/car-fraserpapers.

3. **THIS COURT ORDERS** that all reference to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day in Toronto unless otherwise indicated herein.

4. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.

5. **THIS COURT ORDERS** that references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

General Provisions

6. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to use reasonable discretion as to the adequacy of compliance with this Claims Order, including, without limitation, with respect to the manner and timing in which Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices are completed executed and delivered and may, where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Order as to completion execution and delivery of Proofs of Claim, Notices of Revision or Disallowance and Dispute Notices and request any further documentation the Monitor may require in order to enable it to determine the validity of a Claim.
7. **THIS COURT ORDERS** that any Claim denominated in any currency other than United States dollars shall, for the purposes of this Claims Order only (and without prejudice to the terms of any Plan which may be filed by the Applicants pursuant to the CCAA), be converted to and shall constitute obligations in United States dollars, such calculation to be effected using the Bank of Canada noon spot rate on the Valuation Date (exchange rate conversion on such date was: US\$1.00 = CAD\$1.1371).

Monitor's Role in Claims Process

8. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, shall implement and oversee the claims process provided for herein, including the determination of Claims of Creditors as provided for herein, and is hereby directed and

empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Order.

9. **THIS COURT ORDERS** that the Monitor may apply to this Court for directions regarding its obligations in respect of the claims process provided for in this Claims Order.

10. **THIS COURT ORDERS** that the Monitor shall not have any responsibility or liability with respect to any information, confidential or otherwise, including without limitation, a Proof of Claim Document Package, a Creditor's Dispute Package or otherwise, distributed, circulated or released, whether intentional or unintentional, by the Monitor relating to the exercise of its powers and discharge of its obligations under this Claims Order. The Monitor shall be entitled to rely on the Applicants' advice and the Applicants' books and records for all purposes including establishing the names and addresses of Known Creditors. In addition to the rights and protections afforded to the Monitor under the CCAA and the Initial Order or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the fulfillment of its duties in the carrying out of the provisions of this Claims Order, save and except for any gross negligence or willful misconduct on its part.

Claims Officer

11. **THIS COURT ORDERS** that (retired) Justice John D. Ground and such other Persons as may be designated by the Applicants, acceptable to the Monitor and approved by the Court, be and are hereby appointed as Claims Officers for the purpose of resolving any Disputed Claims in accordance with the claims process described herein.

12. **THIS COURT ORDERS** that, subject to the discretion of the Court, the Claims Officer shall determine the validity and amount of Disputed Claims in accordance with this Claims Order and, to the extent necessary, may determine whether any Claim or part thereof constitutes an Excluded Claim. The Claims Officer shall determine all procedural matters that may arise in respect of its determination, including the manner in which any evidence may be adduced. The Claims Officer shall have the discretion to determine by whom and to what extent the costs of any hearing before the Claims Officer shall be paid.
13. **THIS COURT ORDERS** that the Claims Officer shall be entitled to reasonable compensation for the performance of its obligations set out in this Claims Order on the basis of the hourly rate customarily charged by the Claims Officer in performing comparable functions to those set out in this Claims Order and any disbursements incurred in connection therewith. The fees and expenses of the Claims Officer shall be borne by the Applicants and shall be paid by the Applicants forthwith upon receipt of each invoice tendered by the Claims Officer.
14. **THIS COURT ORDERS** that the Administrative Charge (as defined in the Initial Order) is hereby amended and extended to include and to secure the fees and expenses of the Claims Officer provided for in this paragraph 14, and is hereby increased to the aggregate principal amount of \$850,000. The Administrative Charge as amended by this Claims Order shall continue to secure any claims in favour of the beneficiaries referred to in the Initial Order up to the aggregate amount of \$750,000, and shall also secure any claims of the Claims Officer up to the amount of \$100,000.

15. **THIS COURT ORDERS** that the Claims Officer shall incur no liability or obligation as a result of its appointment or the fulfilling of its duties in carrying out of the provisions of this Claims Order, save and except for any gross negligence or wilful misconduct on its part. The Applicants shall indemnify and hold harmless the Claims Officer with respect to any liability or obligation as a result of its appointment or the fulfilling of its duties in carrying out the provisions of this Claims Order, save and except for any gross negligence or wilful misconduct on its part. No action, application or other proceeding shall be commenced against the Claims Officer as a result of, or relating in any way to its appointment as the Claims Officer, the fulfillment of its duties as the Claims Officer or the carrying out of any Order of this Court except with leave of this Court being obtained, and notice of any such motion seeking leave of this Court shall be served upon the Applicants, the Monitor and the Claims Officer at least seven (7) days prior to the return date of any such motion for leave.

Publication of Notice to Creditors

16. **THIS COURT ORDERS** that the Monitor shall cause the Notice to Creditors to be published on or before August 12, 2009 in each of (i) The Globe and Mail (National Edition) and (ii) The Wall Street Journal (U.S. Edition).
17. **THIS COURT ORDERS** that electronic copies of the Claims Order, the Notice to Creditors and the Proof of Claim Document Package shall be posted on the Website.

Notice to Known Creditors

18. **THIS COURT ORDERS** that the Applicants shall advise the Monitor of all Known Creditors, including the amounts owed to all Known Creditors and their last known address pursuant to the Applicants' books and records, and that the Monitor shall be

entitled to rely on the accuracy and completeness of the information provided by the Applicants regarding the Known Creditors. For greater certainty, the Monitor shall have no liability in respect of the information provided to it regarding the Known Creditors and shall not be required to conduct any independent inquiry and/or investigation with respect to such information.

19. **THIS COURT ORDERS** that:

- (a) The Monitor shall send a copy of the Proof of Claim Document Package to each Known Creditor as soon as practicable to the last known address for such Creditor on the Applicants' books and records, but in no event later than 5:00 p.m. on August 14, 2009. The delivery of the Proof of Claim Document Package to a Creditor shall not constitute an admission by the Applicants or the Monitor of any liability of the Applicants to any Person;
- (b) The Monitor shall send a copy of the Proof of Claim Document Package to each Creditor with a Restructuring Claim that arose after the Filing Date but prior to the Restructuring Claims Bar Date as soon as practicable, but in any event, no later than twenty-one (21) days prior to the date fixed by this Court for voting upon a Plan; and
- (c) The Monitor shall send as soon as practicable following receipt of a request therefore and provided such request is received prior to the Claims Bar Date or Restructuring Claims Bar Date, a copy of the Proof of Claim Document Package to any Person claiming to be a Creditor and requesting such material, or in the

alternative, notify the purported Creditor that it may obtain an electronic copy of the Proof of Claim Document Package on the Website.

Any such service and delivery by the Monitor for all purposes under the Order shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario), and the tenth Business Day after mailing internationally; (ii) if sent by fax, on the date on which the Monitor receives a successful facsimile transmission report or, if sent on a day that is not a Business Day or after 5:00 (Eastern Standard Time) on a Business Day, the following Business Day; (iii) if by courier, on the next following Business Day for courier deliveries within Canada, and on the third following Business Day for courier deliveries outside of Canada.

20. **THIS COURT ORDERS** that the Claims Bar Date shall be 5:00 p.m. (Eastern Standard Time) on September 30, 2009, or such later date as may be ordered by this Court.
21. **THIS COURT ORDERS** that the Restructuring Claims Bar Date shall be 5:00 p.m. (Eastern Standard Time) on the date which is the earlier of thirty (30) calendar days after the event giving rise to the Restructuring Claim or seven (7) calendar days prior to the date fixed by the Court for voting upon a Plan.
22. **THIS COURT ORDERS** that service by the Monitor of the Proof of Claim Document Package on Creditors and publication of the Notice to Creditors in the manner set forth herein shall constitute good and sufficient service upon the Creditors of notice of these proceedings, this Claims Order, the Claims Bar Date, the Restructuring Claims Bar Date and the related deadlines and procedures set forth herein, and that no other form of

service or notice need be made by the Applicants or the Monitor to any Person, and no other document or material need be served on any Person in respect of the claims process detailed herein.

23. **THIS COURT ORDERS** that the form and substance of each of the Notice to Creditors, Instruction Letter, Proof of Claim, Notice of Revision or Disallowance and Dispute Notice substantially in the forms attached as Schedules 'A', 'B', 'C', 'D' and 'E' respectively to this Claims Order, are hereby approved. Despite the foregoing, the Applicants and the Monitor may, from time to time, make minor changes to such forms as the Applicants and the Monitor consider necessary or desirable.

Filing of Proofs of Claim

24. **THIS COURT ORDERS** that any Person asserting a Claim against one or more of the Applicants or the Directors shall file a Proof of Claim (including all supporting documentation) with the Monitor on or before the Claims Bar Date.
25. **THIS COURT ORDERS** that any Person asserting a Restructuring Claim against one or more Applicants or Directors shall file a Proof of Claim with the Monitor on or before the Restructuring Claims Bar Date.
26. **THIS COURT ORDERS** that, each Creditor shall file a Proof of Claim for each individual Applicant and/or Director against whom it asserts a Claim and shall include any and all Claims it asserts against an individual Applicant and/or Director in a single Proof of Claim.
27. **THIS COURT ORDERS** that any Creditor that does not file a Proof of Claim as provided for in paragraphs 24, 25 and 26 hereof so that such Proof of Claim is actually

received by the Monitor on or before the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, or such later date as the Monitor and the Applicants may agree in writing or this Court may otherwise order:

- (a) shall be and is hereby forever barred from making or enforcing any Claim as against any Applicant and the Directors, and all such Claims shall be forever extinguished;
- (b) shall be and is hereby forever barred from making or enforcing any Claim as against any other Person who could claim contribution or indemnity from an Applicant;
- (c) shall not be entitled to any further notice of any Orders made or steps taken in these proceedings; and
- (d) shall not be entitled to participate as a Creditor in these proceedings and shall not be entitled to vote at any meetings of Creditors or to receive any distribution in respect of a Plan.

28. **THIS COURT ORDERS** that Creditors with Excluded Claims shall not be required to file a Proof of Claim in this process, unless required to do so by further order of this Court.

Determination of Claims

29. **THIS COURT ORDERS** that the Monitor shall review each Proof of Claim received by the Claims Bar Date or Restructuring Claims Bar Date, as applicable, and shall either accept, revise or disallow the amount claimed for voting and/or distribution purposes under a Plan which may be filed by the Applicants. For greater certainty, and without

limiting the foregoing, notwithstanding that the validity and quantum of a Claim as set out in a Proof of Claim may be accepted, in whole or in part, for voting purposes, the Monitor may dispute the validity or quantum of such Claim, in whole or in part, for distribution purposes in respect of a Plan.

30. **THIS COURT ORDERS** that the acceptance of any Claim by the Monitor or other determination of same in accordance with this Order, in full or in part, and whether for voting and/or distribution purposes, shall not constitute an admission of any fact, thing, liability, or quantum of any claim by any party, save and except in the context of the within proceedings and for the sole purposes of a Plan.

Notices of Revision or Disallowance

31. **THIS COURT ORDERS** that if the Monitor disputes the validity and/or amount of a Claim set forth in a Proof of Claim, in whole or in part, the Monitor:
- (a) may attempt to consensually resolve the validity and/or amount of the Claim with the Creditor; and/or failing such resolution
 - (b) shall send a Creditor's Dispute Package to the Creditor by no later than October 23, 2009.
32. **THIS COURT ORDERS** that any Claim received by the Claims Bar Date or the Restructuring Claims Bar Date, as the case may be, in respect of which the Monitor does not send a Creditor's Dispute Package shall be deemed a Proven Claim.

Dispute Notices

33. **THIS COURT ORDERS** that any Creditor who receives a Creditor's Dispute Package and who does not agree with the amount of the Claim set out in the Notice of Revision or Disallowance, shall file a Dispute Notice with the Monitor by no later than November 6, 2009.

34. **THIS COURT ORDERS** that if a Creditor who receives a Creditor's Dispute Package does not file a Dispute Notice in accordance with paragraph 33 hereof, then the value of such Creditor's Claim, as described by the Monitor in the Notice of Revision or Disallowance, for all purposes, including but not limited to voting on any Plan and any distribution to Creditors, shall be deemed to be accepted as final and binding in all respects.

35. **THIS COURT ORDERS** that, upon receipt of a Dispute Notice, the Monitor may attempt to consensually resolve the amount of the Claim for voting and/or distribution purposes with the Creditor and/or deliver a copy of the Creditor's Dispute Package and the Creditor's Proof of Claim to the Claims Officer for determination.

36. **THIS COURT ORDERS** that if the Monitor is unable to resolve the dispute in respect of a Claim, such Claim may be accepted by the Monitor and the Applicants for voting purposes only, in which case the Claim shall be determined for all other purposes, including but not limited to distribution, by a Claims Officer in accordance with paragraph 39 hereof.

37. **THIS COURT ORDERS** that, notwithstanding any other provisions of this Order, prior to a hearing date being set by the Claims Officer, (i) the Monitor or (ii) any Applicant may apply to this Court to seek leave to have a Claim determined by the Supervising Judge for voting and/or distribution purposes, rather than having the Claim first determined by the Monitor or secondly by the Claims Officer as provided herein.
38. **THIS COURT ORDERS** that, notwithstanding anything herein to the contrary, the Monitor or the Applicants may move before this Court to resolve or seek directions in respect of the validity, effect and/or quantum of any Claim or any other aspect of the claims process outlined in this Claims Order.

Claims Officer's Hearing for Claims

39. **THIS COURT ORDERS** that upon receipt of a Creditor's Dispute Package and the Creditor's Proof of Claim, the Claims Officer determining the dispute shall determine the Creditor's Claim for voting purposes. The Claims Officer reviewing the Disputed Claim shall notify the Applicants, the Monitor and the Creditor of the Claims Officer's determination of the Creditor's Claim for voting purposes as soon as practicable after such determination. Notwithstanding anything contained in this Claims Order, subject to further order of the Court, nothing shall prejudice or delay the ability of the Applicants to hold a meeting of creditors.
40. **THIS COURT ORDERS** that upon receipt of a Creditor's Dispute Package and the Creditor's Proof of Claim the Claims Officer hearing the dispute shall schedule and conduct a hearing in Toronto to determine the value of the Creditor's Claim for distribution purposes. The Claims Officer hearing the dispute shall notify the Applicants, the Monitor and the Creditor of the Claims Officer's determination of the value of the

Creditor's Claim for distribution purposes as soon as practicable thereafter, but in no event later than thirty (30) calendar days after the conclusion of the hearing of the Disputed Claim.

41. **THIS COURT ORDERS** that, in the discretion of the Claims Officer, the determination of a Disputed Claim for voting and distribution purposes may be made at a single hearing.
42. **THIS COURT ORDERS** that, subject to paragraph 12 hereof, the parties to the Disputed Claim may offer evidence in support of or in opposition to the Disputed Claim, and the Claims Officer shall determine the manner in which any such evidence may be brought before him by the parties, as well as any other procedural or evidentiary matters that may arise in respect of the hearing of a Disputed Claim, including, without limitation, the production of documents by any of the parties involved in the hearing of a Disputed Claim; provided, for greater certainty, that the hearing on the Disputed Claim and all such determinations made therein and in connection therewith, including procedural or evidentiary matters, shall be made in accordance with applicable common law in the Province of Ontario.
43. **THIS COURT ORDERS** that the Claims Officer may, at any time, engage such advisors as it deems necessary or appropriate to inquire into and report on any questions of fact, opinion or law relating to the hearing of a Disputed Claim.

Appeal of Claims Officer Determination

44. **THIS COURT ORDERS** that the Applicants, the Monitor or the Creditor may, at his/her/its/their own expense, appeal the Claims Officer's determination of a Disputed

Claim to this Court within ten (10) calendar days of notification of the Claims Officer's determination of such Creditor's Claim by serving upon the Applicants or the Creditor, as applicable, and the Monitor and filing with this Court a notice of motion returnable on a date to be fixed by this Court as soon as practicable. If an appeal is not filed within such period in strict accordance with this Order, then the Claims Officer's determination shall, subject to further order of this Court, be final and binding in all respects, with no further right of appeal.

45. **THIS COURT ORDERS** that any appeal of the Claims Officer's determination of a Disputed Claim shall be limited to an appeal for distribution purposes only.
46. **THIS COURT ORDERS** that, notwithstanding paragraph 45 and 46 hereof, findings of fact made by a Claims Officer in respect of a Disputed Claim shall be final and binding and shall not be subject to review on appeal to this Court, unless the Court determines that said findings of fact made by the Claims Officer constitute a palpable and overriding error.

Set-Off

47. **THIS COURT ORDERS** that the Applicants may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to a Plan to any Creditor, any claims of any nature whatsoever that any of the Applicants may have against such Creditor, however, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Applicants of any such claim that the Applicants may have against such Creditor.

Transfer of Claims

48. **THIS COURT ORDERS** that if, after filing a Proof of Claim, the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Applicants shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Monitor in writing and thereafter such transferee or assignee shall for the purposes hereof constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Order prior to receipt and acknowledgment by the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any defences and rights of set-off to which an Applicant may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claim assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to any of the Applicants. No transfer or assignment shall be received for voting purposes unless such transfer shall have been received by the Monitor at least ten (10) Business Days prior to the date fixed by the Court for voting upon a Plan.

49. **THIS COURT ORDERS** that if, after filing a Proof of Claim, the holder or subsequent holder of the whole of a Claim who has been acknowledged by the Monitor as the Creditor in respect of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or

assignment shall not create separate Claims and such Claim shall continue to constitute and be dealt with as a single Claim. Notwithstanding such transfer or assignment, the Applicants and the Monitor shall, in each such case, not be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim, provided that such Creditor may, by notice in writing to the Monitor in accordance with paragraph 50, direct the subsequent dealings in respect of such Claim, but only as a whole. In such event, such transferee or assignee of the Claim shall be bound by any notices given or steps taken in respect of the whole of such Claim in accordance with this Claims Order.

Service and Notice

50. **THIS COURT ORDERS** that any notice or other communication (including, without limitation, Proofs of Claim and Dispute Notices) to be given under this Claims Order by a Creditor to the Monitor shall be in writing in the form provided for in this Claims Order and will be sufficiently given only if delivered by regular mail, prepaid registered mail, courier, personal delivery, electronic communication or facsimile transmission addressed to:

By Registered Mail or Courier:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc.
Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC
77 King Street West
P.O. Box 82, Suite 3000
Royal Trust Tower, TD Centre
Toronto, ON M5K 1G7

Attention: Ms. Mona Law
Telephone: (416) 941-8383 ext. 14294
Fax: (416) 814-3219

Email: mona.law@ca.pwc.com

Any such notice or other communication delivered by a Creditor shall be deemed to be received upon actual receipt by the Monitor thereof during normal business hours on a Business Day or, if delivered outside of normal business hours, on the next Business Day.

51. **THIS COURT ORDERS** that if, during any period in which notices or other communications are being given pursuant to this Claims Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary mail and then not received shall not, absent further order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, or facsimile transmission in accordance with this Claims Order.

Miscellaneous

52. **THIS COURT ORDERS** that notwithstanding any other provision of this Claims Order, the solicitation by the Monitor or the Applicants of Proofs of Claim, and the filing by any Person of any Proof of Claim shall not, for that reason only, grant any Person any standing or rights under any proposed Plan or constitute that Person as a Creditor for any purposes whatsoever.
53. **THIS COURT ORDERS** that nothing in this Claims Order shall constitute or be deemed to constitute an allocation or assignment of Claims or Excluded Claims by the Applicants into particular classes for the purposes of a Plan and, for greater certainty, the treatment of Claims and the classes of creditors for voting and distribution purposes shall be subject to the terms of any proposed Plan or further order of this Court.

54. **THIS COURT ORDERS** that if any Plan filed by the Applicants is not approved and the Applicants enter into any Other Insolvency Proceeding, the claims process established by this Claims Order may, at the option of the Applicants, constitute and be deemed to be the complete and final claims process for any such Other Insolvency Proceedings; subject to approval of this Claims Order and the claims process established herein and conducted hereunder by further Order of this Court and supplemental Order of the U.S. Court entered in connection with those Other Insolvency Proceedings.

Effect, Recognition, Assistance

55. **THIS COURT ORDERS** that the Applicants, the Monitor and the Claims Officer may, from time to time, apply to this Court for advice and directions in connection with any matter or thing relating to this Claims Order.

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

57. **THIS COURT ORDERS AND REQUESTS** the aid, recognition and assistance of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States, including the U.S. court presiding over the Chapter 15 Proceedings, and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this order. Each

of the Applicants and the Monitor shall be at liberty, and are hereby authorized and empowered, to make such further applications, motions or proceedings to or before such other courts and judicial, regulatory and administrative bodies, and take such other steps, in Canada or in the United States, as may be necessary or advisable to give effect to this Order and any other Order granted by this Court.

SCHEDULE 'A'

NOTICE TO CREDITORS AND OTHERS OF FILING CLAIMS AS AGAINST:

**FRASER PAPERS INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC.,
FRASER TIMBER LTD., FRASER PAPERS LIMITED and FRASER N.H. LLC
(collectively, the "CCAA Parties")**

RE: NOTICE OF CLAIMS PROCESS AND CLAIMS BAR DATE

PLEASE TAKE NOTICE that this notice is being published pursuant to an Order of the Superior Court of Justice of Ontario made July 15, 2009 (the "Claims Process Order"). The Court has ordered that the Court-appointed Monitor of the CCAA Parties, PricewaterhouseCoopers Inc. (the "Monitor"), send Proof of Claim Document Packages to the Known Creditors of the CCAA Parties. All capitalized terms shall have the meaning given to those terms in the Claims Process Order.

The Claims Process Order, the Proof of Claim Document Package, additional Proofs of Claim and related materials may be accessed from the Monitor's web site at www.pwc.com/car-fraserpapers.

Please take notice that any person who believes that they have a Claim against any of the CCAA Parties that existed as at the date of the Initial Order must send a Proof of Claim to the Monitor to be received **before 5:00 p.m. (Eastern Standard Time) on September 30, 2009 (the "Claims Bar Date")**.

PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE OR THE APPLICABLE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED.

Reference should be made to the enclosed material for the complete definition of "Claim" to which the claims process applies.

The Monitor can be contacted at the following address to request a Proof of Claim Document Package for any other notices or enquiries with respect to the Claims Process:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc.
Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC
77 King Street West
P.O. Box 82, Suite 3000
Royal Trust Tower, TD Centre
Toronto, ON M5K 1G7

Attention: Ms. Mona Law

Telephone: (416) 941-8383 ext. 14294
Fax: (416) 814-3219
Email: mona.law@ca.pwc.com

SCHEDULE 'B'

**INSTRUCTION LETTER
FOR THE CLAIMS PROCEDURE FOR
FRASER PAPERS INC., FPS CANADA INC., FRASER PAPERS HOLDINGS INC.,
FRASER TIMBER LTD., FRASER PAPERS LIMITED and FRASER N.H. LLC
(collectively, the "Applicants")**

CLAIMS PROCESS

By Order of the Honourable Madam Justice Pepall dated July 15, 2009 (as may be amended from time to time, the "Claims Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA"), PricewaterhouseCoopers Inc., in its capacity as Court-appointed Monitor of the Applicants, has been authorized to conduct a claims process (the "Claims Process"). A copy of the Claims Order can be obtained from the Monitor's website at www.pwc.com/car-fraserpapers.

This letter provides general instructions for completing the Proof of Claim form. As of the date of this instruction letter, there have been no proposed plans of arrangement or compromise pursuant to the CCAA. Capitalized terms not defined within this instruction letter shall have the meaning set out in the Claims Order. You should review the Claims Order carefully for all terms defined therein.

The Claims Process is intended for any Person with a Claim of any kind or nature whatsoever, including a Restructuring Claim, other than an Excluded Claim, against any or all of the Applicants and/or Directors arising on or prior to June 18, 2009, whether unliquidated, contingent or otherwise.

All notices and inquiries with respect to the Claims Process should be directed to the Monitor by regular mail, prepaid registered mail, courier, personal delivery, electronic communication or facsimile transmission at the address below:

PricewaterhouseCoopers Inc., the Court-appointed Monitor of the Applicants

By Registered Mail or Courier:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc.
Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC
77 King Street West
P.O. Box 82, Suite 3000

Royal Trust Tower, TD Centre
Toronto, ON M5K 1G7

Attention: Ms. Mona Law
Telephone: (416) 941-8383 ext. 14294
Fax: (416) 814-3219
Email: mona.law@ca.pwc.com

FOR CREDITORS SUBMITTING A PROOF OF CLAIM FORM

If you believe that you have a Claim against any or all of the Applicants and/or Directors you must file a Proof of Claim form with the Monitor. All Proofs of Claim for Claims arising prior to June 18, 2009 must be received by the Monitor on or before 5:00 pm (Eastern Standard Time) on September 30, 2009 (the "Claims Bar Date"), unless the Monitor and the Applicants agree in writing or the Court orders that the Proof of Claim be accepted after that date. All Proofs of Claim for Restructuring Claims arising out of the restructuring, repudiation or termination after June 18, 2009 of any contract, lease or other agreement, whether oral or written, by any of the Applicants must be received by the Monitor on or before 5:00 p.m. (Eastern Standard Time) on the date which is the earlier of thirty (30) calendar days after the event giving rise to the Restructuring Claim or seven (7) calendar days prior to the date fixed by the Court for voting upon a Plan (the "Restructuring Claims Bar Date"). If your claim is not received by the Claims Bar Date or Restructuring Claims Bar Date, it will be forever barred and extinguished and you will not be entitled to participate in any Plan.

All Claims are to be filed in the currency of the transactions. For the purposes of the Claims Process only (and without prejudice to the terms of any plan of arrangement or compromise) Claims in foreign currency will be converted to United States dollars at the Bank of Canada noon spot rate as at the Valuation Date (exchange rate conversion on such date was US\$1.00 = CAD\$1.1371).

Additional Proof of Claim forms can be obtained from the Monitor's website at www.pwc.com/car-fraserpapers or by contacting the Monitor at 1-877-332-1688 or fpmonitor@ca.pwc.com and by providing the particulars as to your name, address, facsimile number, email address and contact person. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Claim forms.

DATED this _____ day of _____, 2009.

SCHEDULE 'C'

PROOF OF CLAIM

**FOR CREDITORS OF FRASER PAPERS INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER TIMBER LTD., FRASER
PAPERS LIMITED and FRASER N.H. LLC (EACH AN "APPLICANT"
AND COLLECTIVELY, THE "APPLICANTS") AND ANY DIRECTOR(S)**

Please read carefully the enclosed Instruction Letter for completing this Proof of Claim form. Capitalized terms not defined within this Proof of Claim form shall have the meaning ascribed thereto in the Order of the Superior Court of Justice (Commercial List) dated July 15, 2009, as may be amended from time to time (the "Claims Order"). A separate Proof of Claim should be submitted for each Applicant against which you assert a Claim.

1. COMPANY AGAINST WHICH YOU ASSERT A CLAIM:

Check only one company for each Proof of Claim. If you have Claims against more than one company you must file a separate Proof of Claim for each.

<u>Applicant</u>	<u>Amount of Claim</u>	<input type="checkbox"/> Check here for claim(s) against director(s)
<input type="checkbox"/> Fraser Papers Inc.	\$ _____	Name of Director(s):
<input type="checkbox"/> FPS Canada Inc.	\$ _____	(i)
<input type="checkbox"/> Fraser Papers Holdings Inc.	\$ _____	(ii)
<input type="checkbox"/> Fraser Timber Ltd.	\$ _____	(iii)
<input type="checkbox"/> Fraser Papers Limited	\$ _____	
<input type="checkbox"/> Fraser N.H. LLC	\$ _____	

(the "Applicants").

2. PARTICULARS OF CREDITOR:

(a) Full Legal Name of Creditor (include trade name, if different):

(the "Creditor"). The full legal name should be the name of the Creditor of the Applicant(s), notwithstanding whether an assignment of a Claim, or a portion thereof, has occurred prior to or following June 18, 2009.

(b) Full Mailing Address of the Creditor:

The mailing address should be the mailing address of the Creditor and not any assignee.

(c) Other Contact Information of the Creditor:

Telephone Number: _____

Email Address: _____

Facsimile Number: _____

Attention (Contact Person): _____

(d) Has the claim set out herein been sold, transferred or assigned by the Creditor to another party?

Yes No

3. PARTICULARS OF ASSIGNEE(S) (IF APPLICABLE)

If the Claim set out herein has been sold, transferred or assigned, complete the required information set out below. If there is more than one assignee, please attach a separate sheet that contains all of the required information set out below for each assignee.

(a) Full Legal Name of Assignee:

(b) Full Mailing Address of the Assignee:

Other Contact Information of the Assignee:

Telephone Number: _____

Email Address: _____

Facsimile Number: _____

Attention (Contact Person): _____

4. **PROOF OF CLAIM**

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

(a) That I:

am a Creditor of one or more of the Applicants; **OR**

am

(state position or title)

of

(name of Creditor)

(b) That I have knowledge of all the circumstances connected with the Claim described and set out below;

(c) The Applicant(s) was and still is indebted to the Creditor as follows (include all Claims that you assert against the Applicant(s). Claims should be filed in the currency of the transactions, with reference to the contractual rate of interest, if any, and such currency should be indicated as provided below) in respect of a Claim arising on or prior to June 18, 2009:

_____ \$ _____
(Original Currency)

- (d) The Applicant(s) was and still is indebted to the Creditor as follows in respect of a Restructuring Claim arising on or after June 18, 2009:

_____ \$ _____

For the purposes of the Claims Order only (and without prejudice to the terms of any plan of arrangement or compromise), Claims will be converted to United States dollars at the Bank of Canada noon spot rate as at the Valuation Date. (The exchange rate conversion on such date was: US\$1.00 = CAD\$1.1371).

5. NATURE OF CLAIM

(CHECK AND COMPLETE APPROPRIATE CATEGORY)

Unsecured Claim of _____ \$ _____
(Original Currency and amount)

Secured Claim of _____ \$ _____
(Original Currency and amount)

In respect of this debt, I hold security over the assets of the Applicant(s) valued at
\$ _____,
(Original Currency and amount)

the particulars of which security and value are attached to this Proof of Claim form.

(Give full particulars of the security, including the date on which the security was given the value which you ascribe to the assets charged by your security, the basis for such valuation and attach a copy of the security documents evidencing the security.)

6. PARTICULARS OF CLAIM

Other than as already set out herein, the particulars of the undersigned's total Claim against the Applicant(s) are attached on a separate sheet.

Provide all particulars of the Claim and supporting documentation that you feel will assist in the determination of your Claim. At a minimum, you are required to provide the invoice date, invoice number, the amount of each outstanding invoice and the related purchase order number. Further particulars may include the following if applicable: a description of the transaction(s) or agreement(s) giving rise to the Claim; contractual rate of interest (if applicable); name of any guarantor which has guaranteed the Claim; details of all credits, discounts, etc. claimed; description of the security if any,

granted by the affected Applicant(s) to the Creditor, the estimated value of such security and the basis for such valuation; and the particulars of any Restructuring Claim.

7. FILING OF CLAIM

This Proof of Claim form must be received by the Monitor by no later than **5:00 pm (Eastern Standard Time) on September 30, 2009**, by either regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile transmission at the following address:

PricewaterhouseCoopers Inc., the Court-appointed Monitor of the Applicants

By Registered Mail or Courier:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc.
Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC
77 King Street West
P.O. Box 82, Suite 3000
Royal Trust Tower, TD Centre
Toronto, ON M5K 1G7

Attention: Ms. Mona Law
Telephone: (416) 941-8383 ext. 14294
Fax: (416) 814-3219
Email: mona.law@ca.pwc.com

DATED this _____ day of _____, 2009.

Name of Creditor:

(Name)

Per: _____

Name:
Title:
(please print)

SCHEDULE 'D'

**NOTICE OF REVISION OR DISALLOWANCE FOR VOTING
AND/OR DISTRIBUTION PURPOSES**

**FOR CREDITORS OF FRASER PAPERS INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER TIMBER LTD., FRASER
PAPERS LIMITED and FRASER N.H. LLC (EACH AN "APPLICANT"
AND COLLECTIVELY, THE "APPLICANTS")**

Claim Reference Number: _____

Name of Applicant: _____

TO: _____
(Name of Creditor)

Capitalized terms not defined within this Notice of Revision or Disallowance shall have the meaning ascribed thereto in the order of the Ontario Superior Court of Justice (Commercial List) dated July 15, 2009 (the "Claims Order"). **All dollar values contained herein are in United States dollars unless otherwise noted.**

Pursuant to paragraph 33 of the Claims Order, PricewaterhouseCoopers Inc., in its capacity as Court-appointed Monitor of the Applicants, hereby gives you notice that the Monitor, with the assistance of the Applicants, has reviewed your Proof of Claim and has revised or disallowed your Claim. Subject to further dispute by you in accordance with the Claims Order your Claim will be allowed or disallowed as follows:

	<u>Proof of Claim Amount</u>	<u>Amount Allowed by Monitor for:</u>	
		<u>Voting</u>	<u>Distribution</u>
Unsecured Claim	\$ _____	\$ _____	\$ _____
Secured Claim	\$ _____	\$ _____	\$ _____
Restructuring Claim	\$ _____	\$ _____	\$ _____

REASON(S) FOR THE REVISION OR DISALLOWANCE

SERVICE OF DISPUTE NOTICES

If you intend to dispute this Notice of Revision or Disallowance, you must **within twenty (20) Business Days after receipt of this Notice of Revision or Disallowance** deliver to the Monitor a Dispute Notice (in the form enclosed) either by regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile to the following address. In accordance with the Claims Order, notices are deemed to have been received on the date of actual receipt thereof during normal business hours on a Business Day or if delivered outside of normal business hours, on the next Business Day.

PricewaterhouseCoopers Inc., the Court-appointed Monitor of the Applicants

By Registered Mail or Courier:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc.
Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC
77 King Street West
P.O. Box 82, Suite 3000

Royal Trust Tower, TD Centre
Toronto, ON M5K 1G7

Attention: Ms. Mona Law
Telephone: (416) 941-8383 ext. 14294
Fax: (416) 814-3219
Email: mona.law@ca.pwc.com

IF YOU FAIL TO FILE YOUR DISPUTE NOTICE WITHIN TWENTY (20) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE OF REVISION OR DISALLOWANCE, THE VALUE OF YOUR CLAIM WILL BE DEEMED TO BE ACCEPTED AS FINAL AND BINDING AS SET OUT IN THIS NOTICE OF REVISION OR DISALLOWANCE.

DATED this _____ day of _____, 2009.

SCHEDULE 'E'

DISPUTE NOTICE

**FOR VOTING AND/OR DISTRIBUTION PURPOSES
FOR CREDITORS OF FRASER PAPERS INC., FPS CANADA INC.,
FRASER PAPERS HOLDINGS INC., FRASER TIMBER LTD., FRASER
PAPERS LIMITED and FRASER N.H. LLC (EACH AN "APPLICANT"
AND COLLECTIVELY, THE "APPLICANTS")**

Claim Reference Number: _____

Name of Company against which a Claim is asserted:

1. Particulars of Creditor

(a) Full Legal Name of Creditor (include trade name, if different):

(the "Creditor").

(b) Full Mailing Address of the Creditor:

(c) Other Contact Information of the Creditor:

Telephone Number: _____

Email Address: _____

Facsimile Number: _____

Attention (Contact Person): _____

2. Particulars of original Creditor from whom you acquired the Claim, if applicable:

(a) Have you acquired this Claim by assignment? If yes, if not already provided, attach documents evidencing assignment.

Yes No

(b) Full Legal Name of original creditor(s): _____

3. Dispute of Revision or Disallowance of Claim for Voting and/or Distribution Purposes

For the purposes of the Claims Order only (and without prejudice to the terms of any plan of arrangement or compromise) claims in a foreign currency will be converted to United States dollars at the Bank of Canada noon spot rate as at the Valuation Date (exchange rate conversion on such date was: US\$1.00 = CAD\$1.1371).

The Creditor hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance and asserts a Claim as follows:

	Amount Allowed by Monitor for			Amount Claimed by Creditor for:	
	<u>Voting</u>	<u>Distribution</u>		<u>Voting</u>	<u>Distribution</u>
Unsecured Claim	\$ _____	\$ _____	Unsecured Claim	\$ _____	\$ _____
Secured Claim	\$ _____	\$ _____	Secured Claim	\$ _____	\$ _____
Restructuring Claim	\$ _____	\$ _____	Restructuring Claim	\$ _____	\$ _____

REASON(S) FOR THE DISPUTE

(You must include a list of reasons as to why you are disputing your Claim as set out in the Notice of Revision or Disallowance.)

SERVICE OF DISPUTE NOTICES

If you intend to dispute the Notice of Revision or Disallowance, you must **within twenty (20) Business Days after receipt of the Notice of Revision or Disallowance** deliver to the Monitor this Dispute Notice either by regular mail, prepaid registered mail, personal service, courier, electronic communication or facsimile transmission to the following address. In accordance with the Claims Order, notices shall be deemed to be received upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day.

PricewaterhouseCoopers Inc., the Court-appointed Monitor of the Applicants

By Registered Mail or Courier:

PricewaterhouseCoopers Inc.
Monitor of Fraser Papers Inc., FPS Canada Inc., Fraser Papers Holdings Inc.
Fraser Timber Ltd., Fraser Papers Limited and Fraser N.H. LLC
77 King Street West
P.O. Box 82, Suite 3000
Royal Trust Tower, TD Centre
Toronto, ON M5K 1G7

Attention: Ms. Mona Law
Telephone: (416) 941-8383 ext. 14294
Fax: (416) 814-3219
Email: mona.law@ca.pwc.com

DATED this _____ day of _____, 2009.

Name of Creditor:

(Name)

Witness

Per: Name:
Title:
(please print)

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

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

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

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

Proceedings commenced at Toronto

CLAIMS ORDER

ThorntonGroutFinnigan LLP
Barristers and Solicitors
Suite 3200, P.O. Box 329
Canadian Pacific Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1K7

Michael Barrack (LSUC# 21941W)
Robert I. Thornton (LSUC# 24266B)
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Fax: 416-304-1313

Lawyers for the Applicants

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

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

Applicant(s)

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

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

Proceedings commenced at Toronto

MOTION RECORD
(Returnable July 15, 2009)

ThorntonGrouthFinnigan LLP
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