

CANADA
PROVINCE OF SASKATCHEWAN }

IN THE QUEEN'S BENCH
JUDICIAL CENTRE OF REGINA

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT
R.S.C. 1985, c.C-36 (the "CCAA")

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT FOR THE
CREDITORS OF CIC PULP LTD. in its capacity as a general partner of MEADOW
LAKE

PULP LIMITED PARTNERSHIP and MEADOW LAKE PULP LTD.
in its own capacity and as agent and nominee for Meadow Lake Pulp Limited
Partnership

BETWEEN:

CIC PULP LTD., operating as MEADOW LAKE PULP LIMITED PARTNERSHIP
and MEADOW LAKE PULP LTD.

APPLICANTS

- and -

HSBC BANK CANADA, INVESTMENT SASKATCHEWAN INC.
101069101 SASKATCHEWAN INC., GUSCO HANDEL G. HANDEL G.
SCHARFELD & CO., MILLAR WESTERN INVESTMENTS (SASKATCHEWAN)
LTD., MILLAR WESTERN HOLDINGS (MEADOW LAKE) LTD.
and MILLAR WESTERN INDUSTRIES LTD.

RESPONDENTS

BEFORE THE HONOURABLE)
MR. JUSTICE D. P. BALL)
IN CHAMBERS)

ON FRIDAY, THE
13TH DAY OF MAY, 2011

ORDER

UPON THE EX PARTE APPLICATION of counsel on behalf of RSM Richter Inc., the receiver and manager (the "Receiver") of CIC Pulp Ltd. operating as Meadow Lake Pulp Limited Partnership and Meadow Lake Pulp Ltd. and upon hearing read the Memorandum for Use of Chambers Judge dated May 13, 2011, the Receiver's Fifth Report and draft Order, all filed:

IT IS HEREBY ORDERED, ADJUDGED AND DECLARED THAT:

1. The Receiver is hereby authorized to pay from the amounts held by it \$4,900,000 to CIC Asset Management Inc. ("CIC"), to be held by CIC in trust and distributed under and pursuant to a trust agreement substantially in the form attached as Schedule "A" to this Order.
2. This Order is not required to be served on any person other than:
 - (a) Fraser Milner Casgrain LLP (Attention: Mr. Ray C. Rutman), counsel for Millar Western Investments (Saskatchewan) Ltd., Millar Western Industries Ltd., Millar Western Holdings (Meadow Lake) Ltd. and Millar Western Forest Products Ltd.;
 - (b) Saskatchewan Justice (Attention: Leanne Lang) counsel to Saskatchewan Ministry of the Environment; and
 - (c) Angela Eiffert and Conrad Hadubiak, counsel to CIC.

ISSUED at Regina, Saskatchewan this 16th day of May, 2011.



D/ Local Registrar

TAKE NOTICE that every Order made without notice to the Respondent or a person affected by the Order except when such Order is consented to by the Respondent or a person affected by the Order, or is otherwise authorized by law, may be set aside or varied on application to the Court. You should consult your solicitor as to your rights.

This document was delivered by

McDougall Gauley LLP
Barristers and Solicitors
1500-1881 Scarth Street
Regina, Saskatchewan
S4P 4K9

Address for service: as above
Lawyer in charge of file: Michael W. Milani, Q.C.
Telephone: (306) 565-5117
Facsimile: (306) 359-0785

SCHEDULE "A"
TO THE ORDER MADE MAY 13, 2011

TRUST AGREEMENT

THIS AGREEMENT made _____, 2011

Between:

CIC ASSET MANAGEMENT INC. ("CIC")

and

101069101 SASKATCHEWAN INC. ("101")

and

THE GOVERNMENT OF SASKATCHEWAN as represented by the Minister of Environment (the "Minister")

WHEREAS:

- A. RSM Richter Ltd, the Receiver and Manager of Meadow Lake Pulp Limited Partnership, ("MLPLP") has been ordered by Mr. Justice Ball of the Court of Queen's Bench on _____, 2011 to pay out \$4.9 million to CIC to be held by CIC in trust for the purpose of addressing the SLR Consulting (Canada) Ltd. ("SLR") landfill closure plan for the Meadow Lake pulp mill site.
- B. CIC is considered one of the parties "responsible for a discharge" within the meaning of *The Environmental Management and Protection Act, 2002* and has an obligation to develop and implement a remedial action plan regarding any contamination at the landfill site. CIC also has the ability to hold these funds in a separate account for the purpose of addressing the landfill closure plan.
- C. CIC has agreed to create a separate fund for the sole purpose of ensuring that the Meadow Lake pulp mill landfill cell located at NW-01-060-16W3M (the "site") is monitored and the groundwater is monitored and tested for a period of at least 5 years.

NOW THEREFORE the parties agree as follows:

1.1 This agreement constitutes a trust agreement between the parties as referenced in the documents filed by RSM Richter Ltd. and the court order dated _____, 2011 to address the funds held in trust by CIC for the purpose of executing the SLR Landfill closure plan.

2. TRUST ESTABLISHMENT

2.1. Trust Fund. CIC agrees to create a trust fund by setting aside \$4.9 million in an account administered by CIC for the sole purpose of executing the SLR Landfill Closure plan as outlined in the Receiver's fourth report filed with the court and SLR's landfill closure plan dated October 18, 2010.

2.2. Term. This Agreement shall remain in effect until all obligations to be carried out by CIC in relation to the SLR Landfill closure plan have been completed and the Minister has consented to any remaining proceeds being paid to 101.

3. PURPOSE OF FUND

3.1. Fund Purpose. The Fund will be held in trust for the following purposes:

- (a) for the continued monitoring and sampling of the landfill site until January, 2017; and
- (b) for a determination in 2017 whether a contingency plan is required to conduct a human health and ecological risk assessment; and
- (c) if the contingency plan recommends it, to pay for the installation of a clay and bentonite slurry cut-off wall to isolate any contaminated water.

3.2 Fund Beneficiary. The Minister is the beneficiary of the Fund.

4. UTILIZATION OF FUND

4.1. Authorization by the Minister. The Minister is:

- (a) entitled to authorize and direct CIC to disburse amounts in accordance with section 3.1 from the Fund for the purposes set out in Section 3.1, such disbursements to be made to the Minister, CIC, or to any third party specified by the Minister.

4.2. Closure plan addressed by CIC. Where the Minister is satisfied that the monitoring and sampling records indicate at the end of 2016 that no further actions are required to address any groundwater contamination issues at the landfill site, the Minister will consent to the remaining trust funds being paid to 101.

4.3 Reporting. CIC will provide an annual report by March 15 of each year to the Minister summarizing the landfill inspection and groundwater monitoring results. The report should also include an accounting of the value of the trust account.

4.4 Standards. Any reports, assessments and contingency plan reviews must be prepared by an environmental consulting firm approved by the Minister.

4.5 Any interest or return from investing the fund shall be paid directly to CIC.

5. GENERAL

5.1. Modifications. This Agreement may not be amended, modified or supplemented except by written agreement between the parties.

5.2. Notices. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and delivered by hand or facsimile transmission to the party to which it is to be given as follows:

To CIC:
400-2400 College Avenue
Regina, Saskatchewan
S4P 1C8
Fax: (306)787-6926
Email: rae.haverstock@gov.sk.ca
Attention: Rae Haverstock

To 101:
400-2400 College Avenue
Regina, Saskatchewan
S4P 1C8
Fax: (306)787-6926
Email: rae.haverstock@gov.sk.ca
Attention: Rae Haverstock

To the Minister:
Ministry of Environment
102 - 112 Research Drive
Saskatoon, Saskatchewan, Canada,
S7K 2H6
Fax: (306)933 8442
Email: wes.kotyk@gov.sk.ca
Attention: Wes Kotyk

or to such other address as may be specified by notice given in accordance with this Section. Any such notice or communication will be deemed to have been received when delivered.

5.3. Binding Effect. This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

CIC Asset Management Inc.

Per: _____

Per: _____

101069101 SASKATCHEWAN INC.

Per: _____

Per: _____

THE GOVERNMENT OF SASKATCHEWAN
as represented by the Minister of Environment

Minister of Environment