

Court File No. CV-12-9539-00CL

**Timminco Limited
Bécancour Silicon Inc.**

NINETEENTH REPORT OF THE MONITOR

March 4, 2013

**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 PLAN OF COMPROMISE OR ARRANGEMENT OF
TIMMINCO LIMITED AND BÉCANCOUR SILICON INC.

**NINETEENTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On January 3, 2012, Timminco Limited (“**Timminco**”) and its wholly owned subsidiary, Bécancour Silicon Inc. (“**BSI**”, together with Timminco, the “**Timminco Entities**”) made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and an initial order (the “**Initial Order**”) was made by the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), granting, *inter alia*, a stay of proceedings against the Timminco Entities until February 2, 2012, (the “**Stay Period**”) and appointing FTI Consulting Canada Inc. as monitor of the Timminco Entities (the “**Monitor**”). The proceedings commenced by the Timminco Entities under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
2. The Stay Period has been extended a number of times. Pursuant to the Order of the Honourable Mr. Justice Morawetz dated January 30, 2013, the Stay Period currently expires on March 15, 2013.

3. Pursuant to the Order of the Honourable Mr. Justice Morawetz dated March 9, 2012 (the “**Bidding Procedures Order**”), the Timminco Entities were authorized to enter into the Stalking Horse Agreement and the Bidding Procedures were approved, each as defined in the Monitor’s Fourth Report.
4. As described in the Monitor’s Seventh Report, the marketing process was completed and the Auction was conducted by the Timminco Entities, in consultation with the Monitor, on April 24 and 25, 2012, pursuant to the Bidding Procedures Order. At the conclusion of the Auction, the asset purchase agreement entered into between the Timminco Entities and QSI Partners Ltd. (the “**QSI APA**”) and the asset purchase agreement between the Timminco Entities and FerroAtlantica, S.A. (the “**Ferro APA**”) were collectively designated as the Successful Bid.
5. The Ferro APA was approved pursuant to an Order granted by the Court on May 22, 2012. The QSI APA was approved pursuant to an Order granted by the Court on June 1, 2012. Closing under the Ferro APA occurred on June 14, 2012. Closing under the QSI APA occurred on June 13, 2012.
6. On June 15, 2012, the Honourable Mr. Justice Morawetz granted an order approving a procedure for the submission, review and adjudication of claims against the Timminco Entities and of claims against the directors and officers of the Timminco Entities (the “**Claims Procedure Order**”). The Claims Bar Date was set at 5:00 p.m. Toronto time on July 23, 2012.
7. By Order of the Honourable Mr. Justice Newbould dated August 17, 2012, Russell Hill Advisory Services Inc. (“**Russell Hill**”) was appointed as Chief Restructuring Officer (the “**CRO**”) of the Timminco Entities and the engagement letter dated July 24, 2012, between Russell Hill and the Timminco Entities (the “**CRO Agreement**”) was approved.

8. The CRO Agreement was for an initial term of six months with any extension to be negotiated with the Monitor subject to approval of the Court. By Order of the Honourable Mr. Justice Morawetz dated January 30, 2013 (the “**CRO Extension Order**”), the CRO Agreement was extended to March 15, 2013, or such later date as may be agreed by the Monitor (the “**CRO Extension Agreement**”).
9. On August 28, 2012, the Honourable Mr. Justice Newbould granted an Order authorizing and directing an interim distribution to be made by the Monitor to Investissement Quebec (“**IQ**”), a secured creditor of BSI (the “**Interim Distribution Order**”). The Interim Distribution Order authorized an initial distribution of \$25,393,057.43. In accordance with the endorsement of the Honourable Justice Newbould dated August 31, 2012, the Monitor made a subsequent distribution to IQ of \$1,213,000. A final distribution in the amount of \$1,714,879,90 was made on January 31, 2013 following completion of the Working Capital Settlement Agreement as defined and described in the Monitor’s Eighteenth Report.
10. The Interim Distribution Order also provided for a process for other parties that had filed a secured claim against BSI in accordance with the Claims Procedure Order to assert priority over IQ and approved a reimbursement agreement dated August 28, 2012 between BSI, the Monitor and IQ (the “**Reimbursement Agreement**”) pursuant to which IQ is obliged to reimburse any portion of the Interim Distribution necessary to satisfy any Reimbursement Claim (as defined in the Reimbursement Agreement) that is proven to have priority over IQ’s security.
11. Pursuant to an Order of the Honourable Mr. Justice Morawetz granted October 18, 2012, the Priority Claim Adjudication Protocol was approved and two claims were designated as Reimbursement Claims, being:

- (a) A claim on behalf of Mercer Canada (“**Mercer**”), as administrator of the Haley Pension Plan, and on behalf of the beneficiaries of that plan (the “**Mercer Reimbursement Claim**”), which claim was supported by The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (“**USW**”); and
 - (b) A claim by Le Comité de retraite du Régime de rentes pour les employés nonsyndiqués de Silicium Bécancour Inc. and a claim by Le Comité de retraite du Régime de rentes pour les employés syndiqués de Silicium Bécancour Inc. (collectively, the “**BSI Pension Committees**”) (the “**BSI Pension Reimbursement Claims**”).
12. On October 24, 2012, both Mercer and the USW informed the Monitor and IQ that they would not be pursuing the Mercer Reimbursement Claim.
 13. Pursuant to the Priority Claim Adjudication Protocol, the adjudication of whether the BSI Pension Reimbursement Claims constitute Priority Claims (as defined in the Interim Distribution Order) is to be determined exclusively by the Superior Court of Québec (Commercial Division).
 14. The Monitor has filed reports on various matters relating to the CCAA Proceedings. The purpose of this, the Monitor’s Nineteenth Report, is to inform the Court on:

- (a) The Timminco Entities' motion returnable March 5, 2013 (the "**Redundant Assets Transfer Motion**") requesting approval of the Haley Agreement (defined below) providing for the transfer of the Haley Property (defined below), and approval of the Silica Fumes Deed (defined below), providing for the transfer of the Silica Fumes Property (defined below), and authorizing and directing the Timminco Entities and the Monitor to take such steps and execute such additional documents as may be necessary or desirable for the completion of the transaction contemplated by the Haley Agreement and the Silica Fumes Deed (collectively, the "**Redundant Assets Transactions**");
 - (b) The status of outstanding matters to be completed in the CCAA Proceedings;
 - (c) The Timminco Entities' request for an Order extending the appointment of the CRO and the Monitor's recommendation thereon; and
 - (d) The Timminco Entities' request for an Order extending the Stay Period and the Monitor's recommendation thereon.
15. In preparing this report, the Monitor has relied upon unaudited financial information of the Timminco Entities, the Timminco Entities' books and records, certain financial information prepared by the Timminco Entities and discussions with the Timminco Entities' management and others. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the previous reports of the Monitor, the Initial Order, the Interim Distribution Order or the Claims Procedure Order.

TRANSFER OF REDUNDANT ASSETS

17. Substantially all of the Timminco Entities' assets have been sold pursuant to sale transactions with Grupo FerroAtlantica, S.A. and QSI Partners Ltd (the "**FerroAtlantica and QSI Sale Transactions**"). However, the Timminco Entities continue to own real property located in Haley, Ontario (the "**Haley Property**") (including real property located at 962 Magnesium Road (the "**Haley Mining Property**") and real property located at 5355 Chemin De Fer in Bécancour, Québec (the "**Silica Fumes Property**", and, together with the Haley Property, the "**Redundant Assets**").

HALEY PROPERTY TRANSACTION

18. As previously reported, the Haley Property consists of approximately 678 acres of land, including the "main" site where dolomite mine activities and magnesium manufacturing and extrusion facilities primarily took place, and parcels of land that were used as part of the septic system which is still attached to the buildings on the main site.
19. The site has been closed since 2008, and the majority of the industrial mining related buildings have been demolished and the equipment has been sold.
20. The site has a number of known environmental issues. Timminco provided a deposit to the Ministry of Northern Development and Mines (the "**MNDM**") in an amount exceeding \$900,000 in respect of the environmental remediation associated with the Haley Mining Property, well before commencement of the CCAA Proceedings.¹ However, in 2012, expenses of \$295,000 were incurred in connection with the Haley Mining Property.

¹ The Timminco Entities have not had access to the deposit to pay environmental costs associated with the Haley Mining Property which have continued to be paid from cash on hand throughout the CCAA Proceedings.

21. The Monitor is satisfied that efforts to locate potential purchasers for the Haley Mining Property, both before and after the commencement of the CCAA Proceedings, have been undertaken, though without success. Further, the Monitor believes there is no reasonable prospect of locating an economic purchaser of the Haley Mining Property given the high carrying costs associated with ownership of this property, the lack of clear economic use for the property and the uncertain environmental exposure associated with ownership of the property.
22. There is some urgency to arriving at a final decision regarding the Haley Mining Property since the semi-annual pumping and treating of water from the quarry needs to be undertaken soon after the spring melt (March or April).
23. Apart from the Haley Mining Property, the rest of Haley Property has not been tested for environmental contamination from its years of operation, and Timminco does not presently have the resources to test these parcels. Given the geographic location and small size of this land, Timminco has concluded, and the Monitor agrees, that there is not sufficient economic value to warrant the risk of continuing to hold the lands in the event these lands were to be severed from the Haley Mining Property. Property taxes continue to accrue on this land.
24. The Monitor believes there is no reasonable prospect of the property having any current or future value for the creditors of Timminco, and therefore the only remaining option to deal with the property is through abandonment.
25. Timminco Silicon Holdings Limited (“TSHL”) is a wholly-owned subsidiary of Timminco incorporated under the *Canada Business Corporations Act*. It is the proposed purchaser of the Haley Property. TSHL does not carry and has never carried on operations and has no directors or officers.

26. The Haley Agreement contemplates the sale, on an “as-is, where-is” basis, of the Haley Property to TSHL. The purchase price under the Haley Agreement is \$20,000, which will be satisfied by the issuance of a non-interest bearing promissory note (the “**Haley Promissory Note**”) which includes the following features:
- (a) Amounts owing under the Haley Promissory Note shall be repaid out of proceeds of sale (if any) of the Haley Property, less the costs of such a sale;
 - (b) Recourse for any principal owed under the Haley Promissory Note shall be limited to Haley Property (or the sale proceeds) and shall be subordinate to:
 - (i) The costs of complying with any orders issued by the Ministry of the Environment (Ontario) in respect of the Haley Property, including any orders issued to date;
 - (ii) Any costs which would have priority pursuant to s. 11.8 of the CCAA or section 14.06(7) of the *Canada Bankruptcy and Insolvency Act*; and
 - (iii) The costs of any receiver or trustee in bankruptcy appointed in respect of TSHL or TSHL’s interest in the Haley Property.
27. Copies of the Haley Agreement and the Haley Promissory Note are attached hereto as Appendix A and Appendix B, respectively.

SILICA FUMES PROPERTY TRANSACTION

28. BSI owns the Silica Fumes Property, at which BSI formerly managed the disposal and extraction of silica fumes. BSI has ceased operations at the site.

29. BSI has incurred substantial remediation obligations with respect to the Silica Fumes Property. Pursuant to a Certificate of Authorization issued by the Québec Minister of Sustainable Development, Environment and Parks in February 2009, BSI is required to remediate the disposal site in accordance with the requirements set out in the Certificate of Authorization.
30. The Monitor understands from the CRO that the estimated remediation costs associated with the Silica Fumes property will be in excess of one million dollars.
31. The Monitor is satisfied that efforts to locate potential purchasers for the Silica Fumes Property have been undertaken, though without success. The uncertainty of potential future value combined with the certainty of significant remediation costs has deterred buyers from purchasing the property.
32. The Monitor believes there is no reasonable prospect of the Silica Fumes Property having any current or future value for the creditors of BSI, and therefore the only remaining option to deal with the property is through abandonment.
33. 2362896 Ontario Inc. is a wholly-owned subsidiary of Timminco incorporated under the Ontario *Business Corporations Act* (the “**Silica Fumes Purchaser**”). It is the proposed purchaser of the Silica Fumes Property. The Silica Fumes Purchaser does not carry and has never carried on operations and has no directors or officers. Timminco is the sole shareholder of the Silica Fumes Purchaser.
34. As a result of discussions with counsel representing the BSI pension committees following the service of the Timminco Entities’ motion, the Timminco Entities have agreed that the purchaser of the Silica Fumes Property will be a subsidiary of BSI, or that the shares of 2362896 Ontario Inc. will be transferred to BSI, in order that any proceeds from the Silica Fumes Property in excess of the secured claims of the environmental authorities, in the unlikely event that there are any such proceeds in the future, would be distributed to BSI through its ownership of the subsidiary.

35. The Silica Fumes Deed contemplates the sale, on an “as-is, where-is” basis, of the Silica Fumes Property to the Silica Fumes Purchaser. The purchase price under the Silica Fumes Deed is \$20,000, which will be satisfied by the issuance of a non-interest bearing promissory note (the “**Silica Fumes Promissory Note**”) which includes the following features:
- (a) Amounts owing under the Silica Fumes Promissory Note shall be repaid out of proceeds of sale (if any) of the Silica Fumes Property, less the costs of such a sale;
 - (b) Recourse for any principal owed under the Silica Fumes Promissory Note shall be limited to Silica Fumes Property (or the sale proceeds) and shall be subordinate to:
 - (i) The costs of complying with any orders issued by the Québec Minister of Sustainable Development, Environment and Parks in respect of the Redundant Assets, including any orders issued to date;
 - (ii) Any costs which would have priority pursuant to s. 11.8 of the CCAA or section 14.06(7) of the *Bankruptcy and Insolvency Act* (Canada); and
 - (iii) The costs of any receiver or trustee in bankruptcy appointed in respect of the Silica Fumes Purchaser or the Silica Fumes Purchaser’s interest in the Silica Fumes Property.
36. Copies of the Silica Fumes Deed and the Silica Fumes Promissory Note are attached hereto as Appendix C and Appendix D, respectively.

37. As a portion of the Silica Fumes Property appears to be located in an agricultural zone, approval of the Commission de protection du territoire agricole du Québec is required in order to transfer the Silica Fumes Property to a non-resident entity. The Timminco Entities, with the assistance of legal counsel, continue to evaluate the steps necessary to complete a valid transfer of the Silica Fumes Property.

BANKRUPTCY PROCEEDINGS

38. In order to deal with the Redundant Assets and associated environmental liabilities and to ensure maximization of amounts available to the Timminco Entities' creditors, the Timminco Entities are proposing to transfer the Redundant Assets to TSHL and the Silica Fumes Purchaser as detailed above, following which TSHL and the Silica Fumes Purchaser will each make an assignment into bankruptcy, at which time the Redundant Assets will be abandoned by the trustee in bankruptcy unless satisfactory arrangements can be made to the contrary.
39. The Monitor approves of the Redundant Assets Transactions and the abandonment of the Redundant Assets, for the following reasons:
- (a) There is no benefit to the Timminco Entities, or the general body of their creditors, in continuing to expend the Timminco Entities' finite resources on the environmental remediation costs associated with the Redundant Assets. To the contrary, continuing to incur environmental remediation costs associated with the Redundant Assets is detrimental to the general body of creditors of the Timminco Entities due to the limited amount of funds available for distribution and the fact that the Redundant Assets are not earning any revenue for the Timminco Entities;
 - (b) As the value of the Redundant Assets is considered to be effectively nil, or even to be of negative value, the Redundant Assets Transactions will have no adverse impact on the Timminco Entities' general body of creditors;

- (c) Any environmental claims of the relevant Ontario or Quebec ministries over and above the deposit held in respect of the Haley Mining Property, over which the environmental authorities would have a secured claim pursuant to the provisions of the CCAA, can continue to be proven in the Timminco Entities' court-approved Claims Procedure;
- (d) The relevant ministries have had notice since November 2012 at the latest that transfer of the Redundant Assets was an option under consideration, and such ministries received notice of the Timminco Entities' intention to seek approval of the Redundant Assets Transactions on February 4, 2013;
- (e) Pursuant to the Initial Order, the Timminco Entities were granted the right to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$1,000,000 in aggregate. The purchase price for the Redundant Assets falls below this threshold;
- (f) The Timminco Entities have insufficient funds to remediate the Redundant Assets and all such remediation will cease in the near term unless another party assumes the management of such remediation. Therefore, the Redundant Asset Transactions will have no negative impact on environmental remediation efforts;
- (g) The Redundant Assets were included in the court-approved sales process and failed to garner any offers from prospective purchasers, and the Timminco Entities and the CRO have attempted, without success, to sell the Redundant Assets and/or come to an acceptable solution regarding remediation efforts; and

- (h) Incurring costs for the benefit of one creditor, MNDM, which enjoys security in respect of the Haley Mining Property which it will be able to access in the event of abandonment of the Haley Mining Property, is detrimental to the general body of creditors and it is therefore appropriate to take steps to avoid that continued detriment by virtue of the abandonment of the Redundant Assets.
40. On or about February 27, 2013, the Timminco Entities received a letter from Ronald E. Carr, counsel at the Ontario Ministry of the Attorney General, Crown Law Office, indicating that his office has been asked to represent the MNDM in the Redundant Assets Transfer Motion (the “**MNDM Letter**”). A copy of the MNDM Letter is attached hereto as Appendix E.
41. The MNDM Letter indicates that the MNDM is considering issuing a regulatory order against Timminco in relation to the Haley Mining Property. If the MNDM decides to proceed with regulatory action, the MNDM may bring a motion seeking the Court’s declaration that such order would not be stayed or, alternatively, that the stay is lifted. For these reasons, the MNDM has requested an adjournment to the Redundant Assets Transfer Motion.
42. The Timminco Entities take the position that the MNDM has not demonstrated that its potential motion would have any effect on the order sought by the Timminco Entities at the Redundant Assets Motion. Further, as the spring thaw is looming, there is an urgency to complete the Redundant Assets Transactions as the costs of remediation will increase significantly in the spring. As such, the Timminco Entities oppose adjournment of the Redundant Assets Motion, and the Monitor supports this position.

STATUS OF OUTSTANDING MATTERS

43. Although the sale of the majority of the Timminco Entities’ assets has been completed, a number of matters are yet to be completed. In summary, those matters include the following:

- (a) Sale of the Tycos Property (an office building located in the Greater Toronto Area);
- (b) Sale of the Toronto Maple Leaf season ticket rights;
- (c) Realization of value, if any, from Memphis property owned by US subsidiary (the “**Memphis Property**”); and
- (d) Potential transactions to generate additional realizations in connection with the corporate attributes of the Timminco Entities.

TYCOS PROPERTY

44. The Timminco Entities listed the Tycos Property for sale in December, 2012 with Cushman Wakefield. On February 7, 2013, the CRO approved a sale agreement negotiated with a purchaser which is conditional upon the purchaser completing due diligence in respect of the property by March 25, 2013. Upon the purchaser waiving conditions, the Timminco Entities will seek court approval of the transaction prior to April 4, 2013. As the agreement remains conditional, the CRO has requested that the Monitor not disclose the economic terms and conditions of the proposed transaction prior to conditions being satisfied or waived in the event it is necessary to re-market the property.

TORONTO MAPLE LEAF TICKETS

45. The Timminco Entities have retained a broker to solicit bids. While a tentative agreement to purchase tickets and the seat license had been reached on acceptable terms, the broker advises that the purchaser has been transferred out of town by his employer and is not prepared to complete the transaction. In the result, the broker was able to find a buyer for the season tickets at cost and continues to search for a purchaser of the seat license. The CRO advises that the broker is optimistic that an agreement can be reached for the sale of the license (on substantially similar terms to the agreement that was not finalized) prior to the end of the regular season when interest amongst potential buyers will be most acute.

MEMPHIS PROPERTY

46. A US subsidiary of Timminco owns a “brownfield” site of approximately 95 acres near Memphis, Tennessee. A listing agreement has been entered into with a local broker who previously negotiated a purchase option transaction on behalf of the US subsidiary. The agent advises that a purchaser is in the process of finalizing an offer for approximately 30 of the 95 acres which the CRO expects to receive shortly. If acceptable, the CRO advises that it should be possible to complete the transaction using shareholder resolutions and appropriate amendments to the charter documents of the relevant subsidiaries. However, the process of upstreaming the resulting funds and the payment of potential claims to the proceeds will take time to analyze based on the advice of US legal counsel. The CRO further advises that it is making every effort to ensure that any such transaction is undertaken at no net cost to the Timminco Entities (i.e. all costs will be borne by the proceeds raised).

CORPORATE ATTRIBUTES

47. Non-disclosure agreements have been executed with parties interested in exploring a potential transaction to utilize the attributes of the Timminco Entities that could realize additional value for the estate. Discussions with such potential purchasers are on-going. In addition, the CRO sent a “teaser” to tax and insolvency professionals and has received a number of preliminary indications of interest. While four parties initially expressed interest and commenced due diligence, no workable proposals have yet to emerge. One party has indicated an intention to make a proposal before March 15, 2013.

EXTENSION OF THE CRO AGREEMENT

48. The Monitor and the CRO have negotiated an agreement for extension of the CRO Agreement to May 15, 2013 or such other later date as the Monitor may approve in writing (the “**Second CRO Extension Agreement**”). A copy of the Second CRO Extension Agreement is attached hereto as Appendix F.

49. Although the Monitor has the right pursuant to the CRO Extension Order to consent to an extension of the CRO Agreement, the Timminco Entities, with the support of the Monitor, request an Order approving the Second CRO Extension Agreement and extending the CRO Agreement to May 15, 2013.
50. The Monitor believes an extension of the CRO Agreement is appropriate to allow for the Redundant Assets Transactions to close and title to transfer to TSHL and the Silica Fumes Purchaser, although the Monitor expects that the duties of the CRO will diminish or be reduced significantly in the short term.
51. Pursuant to the Second CRO Extension Agreement, the CRO shall receive a fee of \$25,000 per month commencing March 15, 2013. If the term is extended beyond May 15, 2013 with the written approval of the Monitor, the fee shall be at such fraction of the monthly work fee as the Monitor and Russell Hill shall agree in advance prior to the commencement of the month until the engagement is terminated.

EXTENSION OF STAY PERIOD

52. The Stay Period currently expires on March 15, 2013. Additional time is required for the Timminco Entities to complete the matters described above. Accordingly, the Timminco Entities now seek an extension of the Stay Period to May 15, 2013.
53. As at the date of this report, the Timminco Entities have cash on hand, including amounts held by the Monitor, of \$4.5 million, giving an excess of \$3.1 million after reserving \$1 million in respect of the Administration Charge and \$400,000 in respect of the D&O Charge. The Timminco Entities have informed the Monitor that accrued post-filing liabilities are approximately \$0.1 million and on-going expenses are estimated to be approximately \$0.1 million per month during the proposed extension of the Stay Period. Accordingly, the Timminco Entities appear to have sufficient funding for the extension of the Stay Period.

54. Given the continued cash “burn” from on-going expenses, the Monitor believes it to be in the interests of stakeholders for the outstanding matters to be brought to a satisfactory conclusion as quickly as possible. However, some additional time is required to achieve that and, based on the information currently available, the Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period to May 15, 2013.
55. The Monitor also believes that the Timminco Entities have acted, and are acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.

The Monitor respectfully submits to the Court this, its Nineteenth Report.

Dated this 4th day of March, 2013.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Timminco Limited and Bécancour Silicon Inc.



Nigel D. Meakin
Senior Managing Director



Toni Vanderlaan
Managing Director

Appendix A

The Haley Agreement

AGREEMENT OF PURCHASE AND SALE

Agreement of Purchase and Sale dated February ●, 2013 between Timminco Limited (the "Vendor"), as vendor, and Timminco Silicon Holdings Limited (the "Purchaser"), as purchaser.

RECITALS:

- (a) The Vendor is the legal and beneficial owner of the properties described in Schedule "A" hereto and located in Haley, Ontario; and
- (b) The Vendor wishes to sell and the Purchaser wishes to purchase the properties referred to above upon the terms and conditions contained in this Agreement.

In consideration of the foregoing and the mutual covenants contained in this Agreement (the receipt and adequacy of which are hereby acknowledged), the parties agree as follows:

Section 1 Defined Terms.

As used in this Agreement, the following terms shall have the following meanings:

"**Buildings**" mean all plants, buildings, structures, erections, improvements, appurtenances and fixtures including fixed machinery and fixed equipment situate on the Lands together with all other structures situate on the Lands, including all improvements thereto and to the Lands and all fixtures forming a part thereof.

"**Closing**" means the completion of the transaction of purchase and sale contemplated in this Agreement.

"**Closing Date**" means the first business day immediately following the date upon which the Approval Order is granted.

"**Environmental Claims**" means any administrative or judicial action, claim, suit, demand, cause of action, order, proceeding or written or oral notice of non-compliance by or from any person, including a governmental entity, alleging environmental liability.

"**Lands**" mean the lands described in Schedule "A" .

"**Properties**" means collectively, the Lands and the Buildings.

Section 2 Purchase.

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Vendor, the Properties on the Closing Date.

Section 3 Purchase Price and Payment.

The purchase price for the Properties shall be Twenty Thousand Dollars (\$20,000.00) in lawful money of Canada. The purchase price shall be paid by the delivery to the Vendor on the Closing Date of a non-interest bearing promissory note of the Purchaser in the form attached hereto as Schedule "C".

Section 4 Representations and Warranties.

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties for the purposes of entering into this Agreement:

- (a) the Vendor has the necessary power and authority to execute this Agreement and to perform its obligations hereunder. The execution and delivery of and performance by the Vendor of this Agreement and the transfer of the Properties by the Vendor to the Purchaser have been duly authorized by all necessary corporate action on the part of Vendor; and
- (b) this Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding agreement of the Vendor enforceable against it in accordance with its terms.

The Purchaser represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying on such representations and warranties for the purposes of entering into this Agreement:

- (a) this Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms.

Section 5 "As-Is" Purchase.

- (1) Except for the representations and warranties of the Vendor expressly set out herein, in entering into this Agreement and completing the transaction contemplated herein, the Purchaser has relied and will continue to rely entirely and solely upon its own inspections and investigations with respect to the Properties.
- (2) Except as otherwise expressly provided for in this Agreement, the Properties are being purchased and assumed by the Purchaser on an "as is, where is" basis as of the date of this Agreement and without any express or implied agreement or representation and warranty of any kind whatsoever or any liability or obligation of the Vendor as to the physical or financial condition, suitability for development, fitness for a particular purpose, merchantability, title, physical characteristics, profitability, use or zoning, environmental condition, existence of latent defects, quality, or any other aspect or characteristic thereof.

- (3) Except as otherwise expressly provided for in this Agreement, the Vendor makes no agreements or representations and warranties concerning any statements made or other information delivered or made available to the Purchaser (whether by the Vendor, the Vendor's solicitors or any other agents, or representatives or advisors of the Vendor or any of its affiliates, or any other person) with respect to the Properties.
- (4) The Purchaser agrees to assume all known and unknown liability with respect to hazardous substances, hazardous materials, hazardous waste, or waste associated in any way with the Properties, including but not limited to soil, groundwater or air contamination, or liability for on-site or off-site disposal or migration of hazardous substances, hazardous materials, hazardous waste, or waste.
- (5) Except as otherwise expressly provided for in this Agreement, the Vendor will have no obligations or responsibility to the Purchaser after Closing with respect to any matter relating to the Properties or the condition thereof.
- (6) The provisions of this Section 5 will survive Closing or the termination of this Agreement.

Section 6 Indemnity and Release.

- (1) The Purchaser shall indemnify, defend and hold the Vendor harmless from any and all losses, liabilities, damages or expenses (including legal and consulting fees and expenses), whether resulting from an Environmental Claim or not, that arise as a result of the environmental condition of the Properties, the presence of contamination and/or hazardous substances on, at or under the Properties, the migration of contamination and/or hazardous substances onto, under, across or from the Properties, or the actions or inactions of the Vendor or any previous owner, operator or third party on, at or with respect to the Properties.
- (2) The Purchaser hereby expressly releases the Vendor, and the Purchaser agrees to waive all rights that it may have to recover or seek contribution from the Vendor, for any costs incurred by the Purchaser or losses, liabilities, damages or expenses (including legal and consulting fees and expenses) suffered by the Purchaser as a result of any Environmental Claim, the environmental condition of the Properties, the presence of contamination and/or hazardous substances on, at or under the Properties, the migration of hazardous substances and/or contamination onto, under, across or from the Properties, or the actions or inactions of the Vendor or any previous owner, operator or third party on, at or with respect to the Properties.

Section 7 Land Transfer Tax.

The Purchaser shall be liable for and shall pay and remit to the relevant tax authorities all applicable land transfer taxes, if any, payable in connection with the conveyance of and transfer of the Properties by the Vendor to the Purchaser hereunder.

Section 8 Court Approval Condition.

This Agreement shall be conditional upon the Vendor obtaining, on or prior to Closing, a court order approving the terms of this Agreement (the "Approval Order"). If the Vendor is unable to obtain the Approval Order by April 30, 2013, then the Vendor may, in its sole discretion, terminate this Agreement and the parties will be released from their obligations hereunder.

Section 9 Planning Act Compliance.

All of the mutual covenants, conditions, agreements and payments contained in this Agreement shall be conditional upon compliance with the *Planning Act* (Ontario).

Section 10 Time of the Essence.

Time shall be of the essence of this Agreement.

Section 11 Enurement.

This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by any party hereto without the prior written consent of the other party.

Section 12 Entire Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated in this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to the subject matter of this Agreement. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 13 Waiver.

- (1) No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.
- (2) No failure on the part of the Vendor or the Purchaser to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

Section 14 Further Assurances.

Each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively transfer the Properties to, or as directed by, the Purchaser and carry out the terms and conditions of this Agreement in accordance with their true intent.

Section 15 Severability.

If any provision of this Agreement shall be determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force and effect.

Section 16 Governing Law.

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 17 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or other electronic transmission) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature Page Immediately Follows.]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date written above.

TIMMINCO LIMITED

By: _____

Name: ●

Title: ●

I have authority to bind the Corporation.

TIMMINCO SILICON HOLDINGS LIMITED

By: _____

Name: ●

Title: ●

I have authority to bind the Corporation.

Schedule "A"
LANDS

Schedule "B"
PERMITTED ENCUMBRANCES

Schedule "C"
PROMISSORY NOTE

Appendix B

The Haley Promissory Note

TIMMINCO SILICON HOLDINGS LIMITED

PROMISSORY NOTE

\$●

February ●, 2013

WHEREAS, the undersigned, TIMMINCO SILICON HOLDINGS LIMITED (the "Borrower"), has agreed to purchase certain assets (the "Assets") located in the Province of Ontario from Timminco Limited ("Timminco") for an aggregate amount of \$●, pursuant to the terms and conditions of an agreement of purchase and sale between Timminco and the Borrower dated ● (the "Purchase Agreement").

AND WHEREAS the purchase price for the Assets under the Purchase Agreement shall be satisfied by the issuance by the Borrower of this promissory note (the "Note").

ARTICLE 1 PRINCIPAL SUM AND REPAYMENT

Section 1.1 Principal Sum.

For value received the Borrower having its head office at ● shall pay to the order of Timminco the sum of \$● (the "Principal Amount") in the lawful money of Canada at the office of Timminco at ● or such other place as Timminco may designate. The Principal Amount remaining from time to time unpaid and outstanding shall not bear interest.

Section 1.2 Repayment.

The Borrower shall immediately advise Timminco upon receipt by it of any proceeds from the sale of the Assets (the "Proceeds"). The Borrower shall pay to Timminco on the date that is five (5) days after the receipt of such Proceeds, an amount equal to the Proceeds less any costs associated with the sale of the applicable Assets (the "Net Proceeds"). The recording by Timminco in its accounts of the Principal Amount owing by the Borrower, and any repayment made in accordance with this Section 1.2 shall, in the absence of manifest mathematical error, be *prima facie* evidence of the same; provided that the failure of Timminco to record the same shall not affect the obligation of the Borrower to pay such amounts to Timminco.

ARTICLE 2 INTERPRETATION

Section 2.1 Defined Terms.

As used herein the following expressions shall have the following meanings:

"Obligations" means all monies and all obligations now or at any time and from time to time hereafter owing or payable by the Borrower to Timminco under this

Note (whether now existing, presently arising or created in the future), and whether direct or indirect, absolute or contingent, matured or not.

“**Priority Payment**” means the following: (i) any costs of complying with any orders issued by the Ministry of the Environment (Ontario) in respect of the Assets, included any orders issued as of the date of this Note, (ii) any costs which would have priority pursuant to section 118 of the *Companies Creditors Arrangement Act* or section 14.06(7) of the *Bankruptcy and Insolvency Act*, and (iii) the costs of any receiver or trustee in bankruptcy appointed in respect of Timminco or Timminco’s interest in the Assets.

Section 2.2 Governing Law

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

ARTICLE 3 RECOURSE

Section 3.1 Limited Recourse.

Notwithstanding the foregoing, Timminco will be limited in recourse under this Note to the amount of any Net Proceeds received by the Borrower less any Priority Payments at any time outstanding. Timminco shall not under any circumstances have any right to any other payment from the Borrower, and no assets of the Borrower, other than the Net Proceeds (less any Priority Payments), shall be subject to any claims of Timminco with respect to this Note.

ARTICLE 4 SUBORDINATION

Section 4.1 Subordination.

- (1) Notwithstanding the foregoing, the Obligations shall for all purposes be, and at all times remain, inferior, junior, postponed and subordinated to the prior indefeasible repayment in full in cash of the Priority Payments and the termination of the obligations of the holders of the Priority Payments, in the manner and to the extent provided in this Note.
- (2) No payments shall be made by the Borrower or received by Timminco on account of, or in respect of, the Obligations (whether as principal, fees or otherwise) prior to indefeasible payment in full in cash of any outstanding Priority Payments and the termination of the obligations of the holders of such Priority Payments.
- (3) All payments or distributions on account of, or in respect of, the Obligations which are received by Timminco contrary to this Article 4 shall be received in trust for the benefit of the holders of any then outstanding Priority Payment, shall be segregated from other funds and property held by Timminco and shall be immediately paid over to the holders of such Priority Payments in the same form as received (with any

necessary endorsement) to be applied to the payment or repayment of such Priority Payments.

**ARTICLE 5
GENERAL**

Section 5.1 Waiver of Presentment.

The Borrower waives presentment for payment and notice of non-payment.

Section 5.2 Invalidity of any Provisions.

Any provision of this Note which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining terms and provisions hereof or thereof and no such invalidity shall affect the obligation of the Borrower to repay the Obligations.

Section 5.3 Successors and Assigns, etc.

This Note may be assigned by Timminco. This Note and all its provisions shall enure to the benefit of Timminco, its successors and assigns and shall be binding upon the Borrower, its successors and assigns. Timminco is the person entitled to receive the money payable hereunder and to give a discharge hereof.

IN WITNESS WHEREOF the Borrower has executed this Note.

**TIMMINCO SILICON HOLDINGS
LIMITED**

By: _____

Authorized Signing Officer

Appendix C

The Silica Fumes Deed

DEED OF SALE entered into in _____, on this _____
_____ (_____) day of _____, 2013.

BETWEEN:

BÉCANCOUR SILICON INC. (French version: SILICIUM BÉCANCOUR INC.), (formerly known as SKW Canada Inc., as hereinafter set forth) a corporation duly constituted in virtue of the laws of the Province of Québec, having its registered office at 6500, Yvon-Trudeau Street, Bécancour, Québec, G9H 2V8, herein acting and represented by Sean Dunphy, President of Russell Hill Advisory Services Inc., in its capacity as Chief Restructuring Officer of, *inter alia*, Bécancour Silicon Inc., duly authorized for the purposes hereof pursuant to: (i) an Order (CRO Appointment) rendered by the Superior Court of Justice of the Province of Ontario, on August 17, 2012, Court file number: CV-12-9539-00CL, appointing Russell Hill Advisory Services Inc. as Chief Restructuring Officer of Bécancour Silicon Inc. (the "**CRO Appointment Order**"); (ii) an Approval Order rendered by the Superior Court of Justice of the Province of Ontario, on February ●, 2013, Court file number: CV-12-9539-00CL, authorizing the transfer contemplated herein (the "**Approval Order**"); and (iii) a Transfer Order rendered by the Superior Court of Justice of the Province of Ontario, on ●, 2013, Court file number: CV-12-9539-00CL (the "**Transfer Order**"); certified copies of which remain annexed hereto (the CRO Appointment Order, the Approval Order and the Transfer Order are hereinafter collectively called the "**Orders**"),(Hereinafter called the "**VENDOR**")

AND

●, a corporation duly constituted pursuant to ● and incorporated on ●, ●, having its head office at ●, herein acting and represented by ●, ●, duly authorized for the purposes hereof pursuant to a resolution of its Board of Directors dated February ●, Two thousand and thirteen (February ●, 2013), a copy thereof remains annexed hereto,

(Hereinafter called the "**PURCHASER**")

WHO AGREED AS FOLLOWS:

OBJECT OF THE CONTRACT

The VENDOR hereby sells to the PURCHASER, hereto present and accepting, all of the VENDOR's right, title and interest in and to the Immovable Property described herein below:

DESCRIPTION

An immovable situated in the City of Bécancour, Province of Québec, known and designated as lot THREE MILLION FIVE HUNDRED THIRTY-NINE THOUSAND FIVE HUNDRED AND THREE (3 539 503), of the Cadastre of Québec, Registration Division of Nicolet (Nicolet 2).

With the buildings and all other structures, fixtures, equipment and ancillary improvements located thereon, including the buildings bearing the civic address 5355, du Chemin-de-Fer Street, City of Bécancour, Province of Québec, G9H 2X7.

As the said Immovable Property above described now subsists, with all its rights, members and appurtenances, without exception or reserve of any kind, and together with and subject to all servitudes, continuous or discontinuous, apparent or unapparent, and to all other rights, road permissions or other similar rights, agreements or deeds attached thereto, and also together with any and all of the VENDOR's right, title and interest in and to all (and any portions thereof) buildings, and other improvements, circumstances and dependencies erected in connection with said servitudes and/or lease, and/or other rights, owned by the VENDOR, which are hereby conveyed and transferred by the VENDOR to the PURCHASER, hereto present and accepting.

All the movables located on the premises above-described are included in the sale and in the sale price and are hereby transferred by the VENDOR to the PURCHASER, hereto present and accepting. ("**MOVABLES**")

POSSESSION

The PURCHASER shall become owner of the Immovable Property and of the Movables from this day (the "**Effective Date**"), with immediate possession and

occupancy of the Immovable Property and of the MOVABLES from and as of the Effective Date.

TRANSFER OF THE RISK

Notwithstanding paragraph 2 of article 1456 of the *Civil Code of Québec*, the PURCHASER shall assume the risks attached to the Immovable Property and the MOVABLES, in accordance with article 950 of the *Civil Code of Québec*, as of the Effective Date.

"AS IS, WHERE IS" SALE

The Immovable Property and the MOVABLES are being purchased and assumed by the PURCHASER, and the transactions contemplated herein are being completed, on an "as is, where is" basis, at the PURCHASER's own risk, and without any express or implied agreement or representation and warranty of any kind whatsoever, legal or conventional, as to, without limitation, the physical or financial condition, suitability for development, fitness for a particular purpose, merchantability, title, physical characteristics, profitability, use or zoning, environmental condition, existences of latent defects, quality, or any other aspect or characteristic thereof. For certainty, and without limiting the generality of the foregoing, the Parties hereby agree to exclude altogether the effect of legal warranty provided for by Article 1716 of the *Civil Code of Québec* and that the PURCHASER is purchasing the rights in and to the Immovable Property and the constructions erected on, under and/or over the Immovable Property and the MOVABLES at its own risk within the meaning of Article 1733 of the *Civil Code of Québec*, the PURCHASER hereby recognizing for the purposes hereof that the VENDOR is not a "professional seller" pursuant to Article 1733 of the *Civil Code of Québec*.

Without limiting the generality of the foregoing, it is expressly agreed that the sale of the Immovable Property, and any use or enjoyment of such Immovable Property, as well as the sale of the MOVABLES, shall be at the entire risk of the PURCHASER and its successors and assigns from and after the Effective Date, and the PURCHASER for itself and its successors and assigns agrees to assume and hereby assumes all known and unknown liability with respect to hazardous substances, hazardous materials, hazardous waste, or waste associated in any way with the Immovable Property, including but not limited to soil, groundwater or air contamination, or liability for on-site or off-site disposal or migration of hazardous

substances, hazardous materials, hazardous waste, or waste, any and all responsibilities and liabilities, whether of an environmental nature or otherwise, in any way arising out of or in connection with title (ownership), the state, quality or condition of the Immovable Property and the constructions thereon erected and every part thereof, and the MOVABLES, existing as of or prior to the Effective Date and thereafter, and whether such liabilities or responsibilities arise or are in any manner imposed by law, statute, regulations and/or by any regulatory authorities or parties or official entity in any manner whatsoever.

The PURCHASER agrees and hereby undertakes to indemnify and save the VENDOR completely harmless from any and all losses, injuries, actions, suits, proceedings, responsibilities, liabilities, claims, demands, costs, fines, penalties, judgments, damages or expenses whatsoever (including, without limitation, court costs, legal and consulting fees and disbursements), whether resulting from an environmental claim or not, or relating to, directly or indirectly, the environmental state, quality or condition of the Immovable Property and MOVABLES or of the constructions thereon erected, or of any part thereof, including, without limitation, the presence of contamination and/or hazardous substances on, at or under the Immovable Property, the migration of contamination and/or hazardous substances onto, under, across or from the Immovable Property, or the actions or inactions of the Vendor or any previous owner, operator or third party on, at or with respect to the Immovable Property, as a consequence of any event, fact, accident, occurrence, act, omission, circumstances or established facts having occurred or existing either before or after the Effective Date.

HYPOTHECS

The following hypothecs are currently registered against the Immovable Property, namely:

1. Hypothec on a universality of immovables granted by Silicium Bécancour Inc. in favour of Investissement Québec, registered at the Registry Office for the Registration Division of Nicolet (Nicolet 2), on July 14, 2009, under number 16 368 865; and
2. Legal hypothec against Silicium Bécancour Inc. in favour of Les Excavations Marchand & Fils Inc., registered at the Registry Office for the Registration Division of Nicolet (Nicolet 2), on January 27, 2012, under number 18 799 369;

which shall be radiated/cancelled forthwith by way of the registration, for radiation purposes, of the Orders, together with an original of the Monitor's Certificate and Certificate of Non-Appeal at the Land Register, for the Registration Division of Nicolet (Nicolet 2); in application of Article 3073 of the *Civil Code of Québec*.

VENDOR'S RESIDENCY AND CORPORATE STATUS

The VENDOR is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and of the *Taxation Act* (Québec).

Furthermore, the VENDOR declares that it was referred to in its titles of acquisition as "S.K.W. Canada Inc." which corporate name should have read "SKW Canada Inc." and that it is now known as "Bécancour Silicon Inc./Silicium Bécancour Inc.", pursuant to the following corporate name changes, namely:

- (i) On May twentieth (20th), Nineteen hundred and ninety-nine (1999), SKW Canada Inc. changed its corporate name to become known as Industries Chimiques Bécancour Inc./Bécancour Silicon Inc.; and
- (ii) On August twenty-seventh (27th), Nineteen hundred and ninety-nine (1999), Industries Chimiques Bécancour Inc./Bécancour Silicon Inc. changed its corporate name to become known as the Appearer, Silicium Bécancour Inc./Bécancour Silicon Inc.

Notwithstanding the foregoing declarations, the VENDOR makes no representation nor warranty as to its title to the Immovable Property, the Immovable Property, together with the MOVABLES, being hereby sold, conveyed, assigned, ceded and transferred to the PURCHASER without warranty as to its right of ownership, as set forth in and subject to the hereinabove Section " AS IS, WHERE IS" SALE". The foregoing declarations are not to be considered a representation or warranty of accuracy thereof nor as to validity of title to the Immovable Property.

OBLIGATIONS

The PURCHASER undertakes to:

1. Take the Immovable Property and the MOVABLES in the state and condition in which they are now found, declaring to have seen and examined same to its satisfaction and to have itself verified with the competent authorities that the destination which it wishes to give to the Immovable Property and the MOVABLES conforms to the laws and regulations in force.
2. Pay all real estate taxes due and to become due, including the proportion of those as and from the Effective Date and also to pay, from the same date, all instalments in capital and interest to become due on all special taxes imposed before the Effective Date of which the payment is spread over several years.
3. Pay the fees and expenses of this deed, its publication, and copies for all parties.

ADJUSTMENTS

The Parties hereby declared to have made no adjustment between themselves.

CONSIDERATION

This sale is made for the consideration of **TWENTY THOUSAND DOLLARS (\$20,000.00), which will be satisfied by the issuance by the PURCHASER of a non-interest bearing promissory note (the "Promissory Note")**.

DECLARATIONS OF THE PARTIES CONCERNING THE GOODS AND SERVICES TAX (GST) AND QUEBEC SALE TAX (QST)

The VENDOR and the PURCHASER declare that the present sale of the Immovable Property and of the MOVABLES above described is a "taxable supply" subject to the payment of the tax commonly referred to as the "Goods and Services

Tax" (the "GST") under the *Excise Tax Act* R.S.C. 1985, c. E-15, as amended, (the "ETA") and the "Québec Sales Tax" (the "QST") under an *Act respecting the Québec Sales Tax* R.S.Q., c.T-0.1, as amended, (the "QSTA"). Moreover, the VENDOR and the PURCHASER declare that the sale price hereinabove referred to does not include any amount in respect of such taxes.

The PURCHASER shall be liable for and shall pay all transfer, sales, use, GST, QST, value added, documentary, stamp duty, gross receipts, excise and conveyance taxes and other similar taxes, duties, registration and other fees or charge.

Notwithstanding the foregoing, each of the VENDOR and the PURCHASER declares that: the Immovable Property is not a residential complex; the GST and QST payable in respect of the present sale of the Immovable Property is subject to subsections 221(2), 228(4) and 228(6) of the ETA and to sections 423, 438 and 441 of the QSTA; and, consequently, the VENDOR is not required to collect the GST and QST payable in respect thereof.

The PURCHASER declares that it is registered under subdivision d of Division V of Part IX of the ETA, and that its registration number thereunder is RT●, and that it is registered under Division I of Chapter VIII of Title I of the QSTA and that its registration number thereunder is ● TQ●.

Accordingly, responsibility for collection of the GST and the QST with respect to the taxable portion of this sale is assumed by the PURCHASER at the VENDOR's exoneration. The PURCHASER shall file returns and remit such GST and QST to the applicable government when and to the extent required by the Acts.

The PURCHASER hereby agrees to indemnify the VENDOR and hold the VENDOR harmless from any liability under the Acts arising because of breach of the obligations of the PURCHASER set out in this section or arising under the Acts, together with all loss, costs and expenses resulting from such breach.

**DECLARATIONS CONCERNING AN ACT RESPECTING THE PRESERVATION OF AGRICULTURAL LAND AND AGRICULTURAL ACTIVITIES
(R.S.Q., c. P-41.1)**

1. Without limiting the generality of the exclusion of warranty set forth in and subject to the hereinabove Section " AS IS, WHERE IS SALE", the VENDOR

declares and the PURCHASER acknowledges that a portion of the Immovable Property, corresponding to former lots 233-1 and 235-1 of the Cadastre of the Parish of Saint-Édouard-de-Gentilly, Registration Division of Nicolet (Nicolet 2) are located within an agricultural zone established by the *Act Respecting the Preservation of Agricultural Land and Agricultural Activities*;

2. The remainder of the Immovable Property, namely former lots 252-1 and 253-1, of the Cadastre of the Parish of Notre-Dame-de-la-Nativité-de-Bécancour, Registration Division of Nicolet (Nicolet 2) are not located within an agricultural zone established by the said Act;

3. The VENDOR does not retain any right of alienation on a contiguous lot within the meaning of the Act; consequently, the present sale does not constitute a derogation to Section 29 of the Act;

4. a) The buildings erected on the portion of the Immovable Property located within an agricultural zone, were erected and said use for a purpose other than agriculture (commercial, industrial) were already existing prior to the application of the Act and said use for industrial purposes was pursued on a continuous and uninterrupted basis since; consequently, the VENDOR and its predecessors in title may take advantage of its acquired rights provided in Articles 101 and 103 of the Act;

OR

b) The buildings erected on the portion of the Immovable Property located within an agricultural zone, were erected and said use for a purpose other than agriculture (commercial, industrial) were permitted/authorized pursuant to an authorization granted by the "Commission de Protection du Territoire Agricole du Québec", as appears by a decision dated April 24, 1978 (record number ●) annexed hereto after having been acknowledged true and signed for identification by the Parties hereto in the presence of the undersigned Notary and said use for industrial purpose was pursued on a continuous and uninterrupted basis since;

5. The PURCHASER acknowledges that a part of the Immovable Property herein sold is situated within a designated agricultural region/zone, that this portion of the Immovable Property, corresponding to former lots 233-1 and 235-1 of the Cadastre of the Parish of Saint-Édouard-de-Gentilly, Registration Division of Nicolet (Nicolet 2), is subject to certain provisions of the Act, that it may not be used for a purpose other than agriculture, unless it obtains the authorization of the

"Commission de Protection du Territoire Agricole du Québec" or unless it can avail itself of the rights provided for in the Act;

6. Moreover, the PURCHASER acknowledges that it is considered a "non-resident" within the meaning of *An Act Respecting the Acquisition of Farm Land by Non-Residents*, R.S.Q., c. A-4.1. Consequently, the present sale of the Immovable Property, insofar as it concerns the portion thereof situated within a designated agricultural region/zone has been duly authorized by the "Commission de Protection du Territoire Agricole du Québec", as appears by a decision dated ●, 2013 (record number ●) annexed hereto after having been acknowledged true and signed for identification by the Parties hereto in the presence of the undersigned Notary.

PARTICULARS REQUIRED UNDER SECTION 9 OF AN ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES (THE "ACT")

The Transferor and Transferee hereto do hereby declare that:-

- 1) The names, and principal residences of the transferor and transferee are mentioned in the appearances hereto;
- 2) The immovable herein transferred is situated in the City of Bécancour;
- 3) The total value of the consideration for the transfer of the Immovable Property is the amount of TWENTY THOUSAND DOLLARS (\$20,000.00);
- 4) The municipal evaluation of the Immovable Property at the time of the transfer of the Immovable Property is an amount of THREE HUNDRED FIFTY-SIX THOUSAND AND ONE HUNDRED DOLLARS (\$356,100.00);
- 5) The value of the basis of imposition is the amount of THREE HUNDRED FIFTY-SIX THOUSAND AND ONE HUNDRED DOLLARS (\$356,100.00) and the transfer duties are the sum of THREE THOUSAND EIGHT HUNDRED FORTY-ONE DOLLARS AND FIFTY-CENTS (\$3,841.50);
- 6) The present transfer of the Immovable Property is exempt from the payment of transfer duties pursuant to Section 19(d) of the Act, the transfer of the Immovable Property is between two (2) closely related legal persons, within the meaning of said Section 19(d) of the Act.

7) According to the VENDOR and the PURCHASER, there is a transfer, at the same time, of corporeal immovables and movables as provided for at Section 1.0.1 of the Act, the consideration and basis of imposition with respect to said MOVABLES are being included in the consideration and basis of imposition respectively specified at the above paragraphs 3 and 5, the transfer duties applicable to said MOVABLES are being included in the amount of transfer duties indicated at the above paragraph 5 and the exemption of transfer duties applicable to said MOVABLES are being included in the exemption referred to at the above paragraph 6.

[Signature and attestation page for Vendor follows]

Signature and attestation of the Vendor to this Deed of Sale executed between **BÉCANCOUR SILICON INC.**, as Vendor, and ●, as Purchaser, at the place and on the date above mentioned.

BÉCANCOUR SILICON INC.

By: _____
Name: Sean Dunphy
Title: Authorized Representative

ATTESTATION

I, the undersigned, ●, Advocate, practicing at 1155 René-Lévesque Blvd. West, 40th Floor, City of Montréal (Québec) H3B 3V2, certify that:

1. I have verified the identity, quality and capacity of the Vendor to the present Deed of Sale;
2. The document is valid as to its form; and
3. The present Deed of Sale represents the will expressed by the Vendor.

CERTIFIED at the City of Montréal, Province of Québec, this _____ day of _____, 2013.

●, Advocate

[Signature and attestation page for Purchaser follows]

Signature and attestation of the Purchaser to this Deed of Sale executed between **BÉCANCOUR SILICON INC.**, as Vendor, and ●, as Purchaser, at the place and on the date above mentioned.

●

By: _____

Name: ●

Title: ●

ATTESTATION

I, the undersigned, _____, Advocate, practicing at 1155 René-Lévesque Blvd. West, 40th Floor, City of Montréal (Québec) H3B 3V2, certify that:

1. I have verified the identity, quality and capacity of the Purchaser to the present Deed of Sale;
2. The document is valid as to its form; and
3. The present Deed of Sale represents the will expressed by the Purchaser thereto.

CERTIFIED at the City of Montréal, Province of Québec, this _____ day of _____, 2013.

●, Advocate

Appendix D

The Silica Fumes Promissory Note

●

PROMISSORY NOTE

\$●

February ●, 2013

WHEREAS, the undersigned, ● (the "Borrower"), has agreed to purchase certain assets located in the Province of Québec (the "Assets") from Bécancour Silicon Inc. ("BSI") for an aggregate amount of \$●, pursuant to the terms and conditions of a deed of sale between BSI and the Borrower dated ● (the "Deed of Sale").

AND WHEREAS the purchase price for the Assets under the Purchase Agreement shall be satisfied by the issuance by the Borrower of this promissory note (the "Note").

ARTICLE 1 PRINCIPAL SUM AND REPAYMENT

Section 1.1 Principal Sum.

For value received the Borrower having its head office at ● shall pay to the order of BSI the sum of \$● (the "Principal Amount") in the lawful money of Canada at the office of BSI at ● or such other place as BSI may designate. The Principal Amount remaining from time to time unpaid and outstanding shall not bear interest.

Section 1.2 Repayment.

The Borrower shall immediately advise BSI upon receipt by it of any proceeds from the sale of the Assets (the "Proceeds"). The Borrower shall pay to BSI on the date that is five (5) days after the receipt of such Proceeds, an amount equal to the Proceeds less any costs associated with the sale of the applicable Assets (the "Net Proceeds"). The recording by BSI in its accounts of the Principal Amount owing by the Borrower, and any repayment made in accordance with this Section 1.2 shall, in the absence of manifest mathematical error, be *prima facie* evidence of the same; provided that the failure of BSI to record the same shall not affect the obligation of the Borrower to pay such amounts to BSI.

ARTICLE 2 INTERPRETATION

Section 2.1 Defined Terms.

As used herein the following expressions shall have the following meanings:

"Obligations" means all monies and all obligations now or at any time and from time to time hereafter owing or payable by the Borrower to BSI under this Note (whether now existing, presently arising or created in the future), and whether direct or indirect, absolute or contingent, matured or not.

"Priority Payment" means the following: (i) any costs of complying with any orders issued by the Québec Minister of Sustainable Development, Environment and Parks in respect of the Assets, included any orders issued as of the date of this Note, (ii) any costs which would have priority pursuant to section 118 of the *Companies Creditors Arrangement Act* or section 14.06(7) of the *Bankruptcy and Insolvency Act*, and (iii) the costs of any receiver or trustee in bankruptcy appointed in respect of BSI or BSI's interest in the Assets.

Section 2.2 Governing Law

This Note shall be governed by and interpreted and enforced in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein.

ARTICLE 3 RECOURSE

Section 3.1 Limited Recourse.

Notwithstanding the foregoing, BSI will be limited in recourse under this Note to the amount of any Net Proceeds received by the Borrower less any Priority Payments at any time outstanding. BSI shall not under any circumstances have any right to any other payment from the Borrower, and no assets of the Borrower, other than the Net Proceeds (less any Priority Payments), shall be subject to any claims of BSI with respect to this Note.

ARTICLE 4 SUBORDINATION

Section 4.1 Subordination.

- (1) Notwithstanding the foregoing, the Obligations shall for all purposes be, and at all times remain, inferior, junior, postponed and subordinated to the prior indefeasible repayment in full in cash of the Priority Payments and the termination of the obligations of the holders of the Priority Payments, in the manner and to the extent provided in this Note.
- (2) No payments shall be made by the Borrower or received by BSI on account of, or in respect of, the Obligations (whether as principal, fees or otherwise) prior to indefeasible payment in full in cash of any outstanding Priority Payments and the termination of the obligations of the holders of such Priority Payments.
- (3) All payments or distributions on account of, or in respect of, the Obligations which are received by BSI contrary to this Article 4 shall be received in trust for the benefit of the holders of any then outstanding Priority Payment, shall be segregated from other funds and property held by BSI and shall be immediately paid over to the holders of such Priority Payments in the same form as received (with any necessary endorsement) to be applied to the payment or repayment of such Priority Payments.

**ARTICLE 5
GENERAL**

Section 5.1 Waiver of Presentment.

The Borrower waives presentment for payment and notice of non-payment.

Section 5.2 Invalidity of any Provisions.

Any provision of this Note which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining terms and provisions hereof or thereof and no such invalidity shall affect the obligation of the Borrower to repay the Obligations.

Section 5.3 Successors and Assigns, etc.

This Note may be assigned by BSI. This Note and all its provisions shall enure to the benefit of BSI, its successors and assigns and shall be binding upon the Borrower, its successors and assigns. BSI is the person entitled to receive the money payable hereunder and to give a discharge hereof.

IN WITNESS WHEREOF the Borrower has executed this Note.

●

By: _____

Authorized Signing Officer

Appendix E

The MNDM Letter

**Ministry of the
Attorney General**Crown Law Office
Civil Law720 Bay Street
8th Floor
Toronto ON M5G 2K1Tel/Tél: (416) 326-2704
Fax/Télé.: (416) 326-4181
Email:ronald.carr@ontario.ca**Ministère du
Procureur général**Bureau des avocats
de la Couronne Droit civil720 rue Bay
8^e étage
Toronto ON M5G 2K1Please refer to File
S.V.P. Se référer au dossier
No.0040-000046158

February 27, 2013

By electronic mailAshley John Taylor
Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Canada
M5L 1B9**Re: Transfer of Redundant Assets re: Timminco Limited et al.
Court File No. CV-12-9539-00CL**

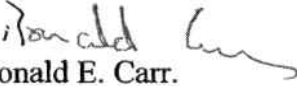
This office has been asked to represent the Ontario Ministry of Northern Development and Mines (the Ministry) in regard to motion returnable March 5, 2013. Please be advised that the Ministry objects to the Timminco Entities' Motion seeking an order allowing the transfer of the former Haley Mine Property on the terms proposed in the materials recently received by the Ministry.

Timminco Limited provided financial assurance as required under the *Mining Act* R.S.O. 1990, c. M.14. However, the amount is wholly inadequate to cover the cost of outstanding rehabilitation required for the Haley Mine Property, including recently discovered hydrocarbon associated with former buildings and potential off-site ground water contamination from mine tailings.

The Ministry's Director of Mine Rehabilitation is considering issuing a regulatory Order under subsection 143(2) of the *Mining Act* requiring Timminco Limited to amend its filed Closure Plan to indicate how it will rehabilitate these additional hazards, and if so, the Ministry is also giving consideration to bringing a Motion seeking the Court's declaration that such an Order would not be stayed or, in the alternative, lifting the stay. Time is required to prepare these materials and, in our view, such motion should be heard together with the motion now scheduled for March 5, 2013.

In light of this, I would request that the proposed Motion not proceed on March 5, 2013. If the Motion will proceed, I will attend in court to seek an adjournment.

Yours very truly,


Ronald E. Carr.
Counsel

Cc: C. Wyatt

Appendix F

The Second CRO Extension Agreement

February 28, 2013

VIA EMAIL: nigel.meakin@fticonsulting.com

Timminco Limited
Suite 1800, 130 King Street West
Toronto, ON
M5X 1E3

Dear Sirs,

Re: Engagement of Russell Hill Advisory Services Inc. re Timminco Ltd. et al.

I refer to the Engagement Letter dated July 24, 2012 in respect of Russell Hill Advisory Services Inc. ("RHAS") as Chief Restructuring Officer ("CRO") of the Timminco Entities which was approved by the Court on August 17, 2012 (as subsequently extended by order of the Court on January 30, 2013). It appears that the necessity for the continuation of the engagement of the CRO remains at the present time although it is expected that such necessity will diminish or be reduced significantly fairly shortly.

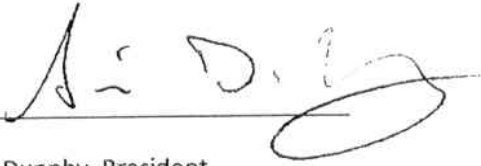
Accordingly, it is proposed that the Engagement shall continue and be extended on the same terms subject to the following amendments:

1. Term – shall be extended from March 15 until May 15, 2013 (i.e. 2 months) or such other later date as the Monitor may approve in writing;
2. Fees – the work fee shall be \$25,000 per month commencing March 15, 2013. If the term is extended beyond May 15, 2013 with the written approval of the Monitor, the work fee shall be at such fraction of the monthly work fee as the Monitor and RHAS shall agree in advance prior to the commencement of the month until the engagement is terminated.

I believe that the foregoing reflects our discussion. If you are in agreement with the extension on these terms, kindly sign in the place indicated below and return a copy of the letter to me in due course.

Yours very truly,

Russell Hill Advisory Services Inc.

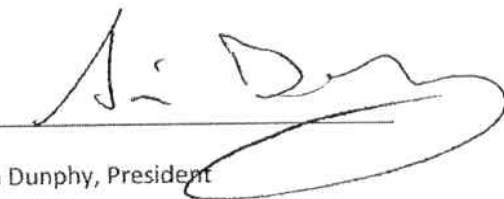
Per 

Sean Dunphy, President

Approved by FTI Consulting Canada Inc. as Monitor
of the Timminco Entities and subject to Court approval

Per 
Nigel Meakin

Agreed for Timminco Limited and Bécancour Silicon Inc. by their
Chief Restructuring Officer, Russell Hill Advisory Services Inc.

Per 

Sean Dunphy, President

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TIMMINCO LIMITED AND BÉCANCOUR SILICON INC.
Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

NINETEENTH REPORT OF THE MONITOR
DATED MARCH 4, 2013

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Box 40, Commerce Court West
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

Steven J. Weisz LSUC #3102C
Tel: 416-863-2616

Linc Rogers LSUC#: 43562N
Tel: (416) 863-4168
Fax: (416) 863-2653

Lawyers for the Monitor, FTI Consulting Canada Inc.