

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

**Timminco Limited
Bécancour Silicon Inc.**

EIGHTEENTH REPORT OF THE MONITOR

January 29, 2012

**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.

**EIGHTEENTH 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 Applicants 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 December 4, 2012, the Stay Period currently expires on January 31, 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 PM Toronto time on July 23, 2012.
7. By Order of the Honourable Mr. Justice Newbould dated August 17, 2012 (the “**CRO Appointment Order**”), 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. 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.
9. 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.
10. 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**”).

11. On October 24, 2012, both Mercer and the USW informed the Monitor and IQ that they would not be pursuing the Mercer Reimbursement Claim.
12. The Monitor has filed reports on various matters relating to the CCAA Proceedings. The purpose of this, the Monitor's Eighteenth Report, is to inform the Court on:
 - (a) The progress of the Claims Procedure;
 - (b) The settlement reached between the Timminco Entities and QSI in respect of the Timminco Entities' motion for a determination of the BSI Working Capital, as defined in the QSI APA, in accordance with the provisions of the QSI APA;
 - (c) The settlement reached in respect of the of the legal claim known as the "**Applied Magnesium Litigation**" or "**Metrobank Claim**" (a US based litigation matter);
 - (d) The status of the outstanding matters to be completed in the CCAA Proceedings;
 - (e) The Timminco Entities request for an Order approving the settlement reached between the Timminco Entities and Quonta Holdings Ltd. ("**Quonta**") in respect of the Timminco Entities' motion for an Order disclaiming the Beauharnois Sale Agreement, as defined in the Monitor's Sixteenth Report, pursuant to section 32 of the CCAA (the "**Beauharnois Disclaimer Motion**");
 - (f) The Timminco Entities' request for an Order extending the appointment of the CRO and the Monitor's recommendation thereon; and
 - (g) The Timminco Entities' request for an Order extending the Stay Period and the Monitor's recommendation thereon.

13. 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.
14. 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 Claims Procedure Order or the Interim Distribution Order.

PROGRESS OF THE CLAIMS PROCEDURE

15. The current status of claims filed in respect of Timminco pursuant to the Claims Procedure Order is summarized as follows:

	Filed		Allowed		Unresolved	
	No.	\$	No.	\$	No.	\$
Claims filed as Secured	4	6,806,767	1	0	3	5,194,267
Claims filed as Unsecured ¹	43	42,153,294	37	6,741,664	10	20,370,509
Total Claims	47	48,960,061	38	6,741,664	13	25,564,776
D&O Claims filed as Secured	1	131,426	0	0	1	131,426
D&O Claims filed as Unsecured ¹	6	75,502	0	0	0	0
Total D&O Claims	7	206,928	0	0	1	131,426

¹Includes claims filed as D&O Claims reclassified as Unsecured following discussions with Claimants

16. Claims filed in respect of BSI pursuant to the Claims Procedure Order are summarized as follows:

	Filed		Allowed		Unresolved	
	No.	\$	No.	\$	No.	\$
Claims filed as Secured	10	21,535,757	0	0	5	470,512
Claims filed as Unsecured ¹	38	198,121,502	43	6,917,198	9	155,920,811
Total Claims	48	219,657,259	43	6,917,198	14	156,391,323
D&O Claims filed as Secured	1	306,957	0	0	1	306,957
D&O Claims filed as Unsecured ¹²	21	15,246,758	0	0	1	15,000,000
Total D&O Claims	22	15,553,715	0	0	2	15,306,957

¹Includes claims filed as D&O Claims reclassified as Unsecured following discussions with Claimants

17. The Monitor, in consultation with the Timminco Entities and D&O Counsel as appropriate, is in the process of reviewing and adjudicating the claims filed and has requested additional details as necessary from the claimants in order to complete this review.
18. As shown in the table above, six unsecured D&O Claims were filed in respect of Timminco. Following further investigation and discussions with the claimants, five of these claims have been reclassified as pre-filing unsecured claims, the remaining claim has been disallowed
19. As shown in the table above, 21 unsecured D&O claims were filed in respect of BSI. Following further investigation and discussions with the claimants, 18 of these claims have been reclassified as pre-filing unsecured claims and two have been disallowed.

THE WORKING CAPITAL SETTLEMENT

20. The Timminco Entities, with the concurrence of the Monitor, and QSI have now agreed terms of settlement agreement respect to the working capital asset adjustments under the QSI APA (the “**Working Capital Settlement Agreement**”). The key terms of the Working Capital Settlement Agreement, an unexecuted copy of which is attached hereto as Appendix A, are summarized as follows:

- (a) The Draft Statement of BSI Working Capital is revised to state that the total working capital assets as of closing are C\$5,850,000, and such revised Draft Statement of BSI Working Capital is deemed to be the Statement of BSI Working Capital, as defined in section 3.6(e) of the QSI Agreement;
- (b) QSI will pay to the Monitor, on behalf of the Timminco Entities, C\$1,341,000, being the purchase price adjustment provided for at section 3.7 of the QSI Agreement (the “**Purchase Price Adjustment**”) within two business days of execution of the Working Capital Settlement Agreement;
- (c) QSI consents to the release of the holdback of C\$787,000 directed by the endorsement of Justice Newbould dated August 31, 2012, and the Parties direct the Monitor to remit C\$787,000, plus any interest thereon, representing a distribution to be made to Investissement Quebec that was held back pending determination of the Working Capital Motion (the “**IQ Distribution**”);
- (d) On receipt of the Purchase Price Adjustment by the Monitor, the Timminco Entities shall pay to QSLP \$928,440.37, representing the true-up costs owing by BSI as of the date of the Settlement Agreement under the output and supply agreement between QSLP, BSI and Dow Corning Corporation dated as of October 1, 2010 (the “**True-Up Costs**”);
- (e) On receipt of the Purchase Price Adjustment by the Monitor, the Timminco Entities shall pay to QSLP \$185,322.68 representing the payment owing by BSI as of the date of the Settlement Agreement to QSLP in respect of certain terminated agreements; and

- (f) The Timminco Entities and QSI shall provide mutual releases in respect of the Released Matters, as defined in the Working Capital Settlement Agreement.

SETTLEMENT OF THE APPLIED MAGNESIUM LITIGATION

- 21. The settlement in respect of the Metrobank Claim described in the affidavit of Sean Dunphy sworn October 26, 2012 has now been finalized and settlement funds in the amount of US\$75,000 were received by the Timminco Entities in the week ending January 4, 2013.

STATUS OF OUTSTANDING MATTERS

- 22. 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, transfer or abandonment of the Haley Property (a dormant mine site in Ontario) and associated residual assets;
 - (b) Sale of the Tycos Property (an office building located in the Greater Toronto Area);
 - (c) Sale of Toronto Maple Leaf season ticket rights;
 - (d) Sale, transfer or abandonment of the Silica Fumes Site (located near Montreal, Quebec);
 - (e) Realization of value, if any, from Memphis property owned by US subsidiary (the "**Memphis Property**"); and
 - (f) Potential transactions to generate additional realizations in connection with the corporate attributes of Timminco and/or BSI.

23. The CRO has provided the Monitor with details in respect of the status of each of the open matters, as summarized below.

HALEY PROPERTY

24. The CRO continues to work with the various relevant government authorities to endeavour to agree to a mutually acceptable solution for the Haley Property. The CRO has informed the Monitor that it intends to bring a motion, returnable prior to March 15, 2013, to provide for the abandonment of the Haley Property if no consensual solution is agreed for the property prior to that time.

TYCOS PROPERTY

25. The Tycos Property was listed for sale with Cushman Wakefield on December 17, 2012. A number of parties have contacted the broker in connection with the property and two offers have been received. The CRO is in the process of evaluating these offers, both of which are subject to a number of conditions, including due diligence.

TORONTO MAPLE LEAF TICKETS

26. The Timminco Entities have sold the remaining 2013 tickets for \$8,454.80 and are awaiting the remaining refunds owing in respect of the cancelled portion of the season. A number of expressions of interest have been received in respect of the season ticket seat license, but no definitive agreement for sale has yet been reached.

SILICA FUMES SITE

27. The CRO continues to work with the relevant government authorities to endeavour to agree to a mutually acceptable solution for the Silica Fumes Property. The CRO has informed the Monitor that it intends to bring a motion, returnable prior to March 15, 2013, to provide for the abandonment of the Silica Fumes Property if no consensual solution is agreed for the property prior to that time.

MEMPHIS PROPERTY

28. A US domiciled indirect subsidiary of Timminco owns a “brownfield” site near Memphis, Tennessee. A non-exclusive purchase option had been signed in respect of the Memphis Property, but the potential purchaser has now informed the Timminco Entities that it will not be proceeding with the purchase. A broker willing to list the Memphis Property has now been found and the CRO is in the process of negotiating a listing agreement.

CORPORATE ATTRIBUTES

29. A number of parties have signed non-disclosure agreements and are conducting due diligence in respect of the corporate attributes of the Timminco Entities.

THE BEAUHARNOIS SETTLEMENT AGREEMENT

30. Capitalized terms used in this section of this Report are as defined in the Beauharnois Sale Agreement dated December 31, 2004.
31. Pursuant to the Beauharnois Sale Agreement, Timminco agreed to the conditional sale to Quonta of certain property located in Beauharnois, Quebec, the facilities located thereon, and any Leases, Services and Contracts Quonta wished to assume (the “**Beauharnois Property**”) in consideration for, among other things, the payment of a purchase price of \$660,000 (the “**Beauharnois Purchase Price**”) and the assumption by Quonta of the obligation to perform certain remediation work to be performed in accordance with a Certificate of Authorization issued by the Quebec environmental authorities and described in the Beauharnois Sale Agreement (the “**Remediation Work**”). The Beauharnois Purchase Price was paid but the Remediation Work has not been completed.
32. If Quonta completed the Remediation Work within the timeframe required by the Beauharnois Sale Agreement, Quonta would be entitled to demand that Timminco complete the sale contemplated by the Purchase Agreement and that Timminco transfer title of the Property to Quonta.

33. Following the service and filing of the Beauharnois Disclaimer Motion, which has not yet been heard, Timminco and Quonta agreed to settle the Beauharnois Disclaimer Motion on the terms and conditions set out in the Settlement Agreement dated January 25, 2013, a copy of which is attached hereto as Appendix B (the “**Beauharnois Settlement Agreement**”).
34. The key terms of the Beauharnois Settlement Agreement are summarized as follows:
- (a) Quonta will pay to the Monitor \$500,000.00 in escrow (the “**Escrow Amount**”) in consideration for Timminco settling the Beauharnois Disclaimer Motion, which amount shall be released from escrow on the date on which a deed of sale with respect to the Property is registered in the applicable Land Registry Office, or if Quonta fails to present the Deed of Registration within two business days of its execution by Timminco;
 - (b) Quonta shall indemnify Timminco pursuant to an indemnity agreement, including indemnifying Timminco for any claims or loss suffered by Timminco as a result of Quonta’s failure to complete the Remediation Work;
 - (c) Quonta and Timminco shall execute a mutual release, including with respect to any and all claims arising from the Purchase Agreement;
 - (d) Timminco shall confirm its consent in writing to the proposed amendment to the Certificate of Authorization and generally assist Quonta in processing such an amendment; and
 - (e) Quonta shall accept an assignment by Timminco of the Certificate of Authorization, including any amended Certificate of Authorization.

35. The Beauharnois Settlement Agreement and the obligations of the parties thereunder are subject to and conditional upon an order of the Court approving the Beauharnois Settlement Agreement and vesting all of Timminco's right, title and interest in the Beauharnois Property in and to Quonta, effective upon the delivery of a certificate of the Monitor evidencing that the parties have confirmed to the Monitor that the conditions precedent to the effectiveness of the Beauharnois Settlement Agreement have been satisfied or waived.
36. Based on the information available to the Monitor in respect of the Beauharnois Sale Agreement, the Beauharnois Disclaimer Motion and the Beauharnois Settlement Agreement, the Monitor is of the view that the Beauharnois Settlement Agreement is reasonable in the circumstances and supports the Timminco Entities' motion for its approval.

EXTENSION OF THE CRO AGREEMENT

37. 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. The Monitor and the CRO have negotiated an agreement, subject to Court approval, for the extension of the CRO Agreement to March 15, 2013, or such later date as may be agreed by the Monitor (the "**CRO Extension Agreement**"). A copy of the CRO Extension Agreement is attached to the affidavit of Sean Dunphy sworn January 25, 2013 and filed in support of the Timminco Entities' motion.

38. As noted earlier in this report, the CRO has informed the Monitor that the Timminco Entities intend to bring a motion, returnable prior to March 15, 2013, that will provide for the abandonment of the Haley Property and the Silica Fumes Property in the event that alternate arrangements are not agreed with the relevant regulatory authorities by that date. During the extension of the CRO Agreement, the Monitor will work with the CRO to determine the appropriate terms of any further extension of the CRO Agreement or alternate arrangements for the supervision of the completion of the CCAA Proceedings following the resolution of matters relating to the Haley Property and the Silica Fumes Property.

REQUEST FOR EXTENSION OF STAY PERIOD

39. The Stay Period currently expires on January 31, 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 March 15, 2013.
40. As noted earlier in this report, the Interim Distribution in the aggregate amount of \$26,606,057.43 has been made to IQ. As at the date of this report, the Timminco Entities have cash on hand, including amounts held by the Monitor, of approximately \$4.5 million, giving an excess of approximately \$3.1 million after reserving \$1 million in respect of the Administration Charge and \$400,000 in respect of the D&O Charge but before further distributions to IQ. The Timminco Entities have informed the Monitor that accrued post-filing liabilities are approximately \$100,000 and on-going expenses are estimated to be approximately \$75,000 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.

41. 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 March 15, 2013.
42. 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 Eighteenth Report.

Dated this 29th day of January, 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 Working Capital Settlement Agreement (Unexecuted)

SETTLEMENT AGREEMENT

Made as at January 17, 2013

BETWEEN

TIMMINCO LIMITED

AND

BÉCANCOUR SILICON INC.

AND

QSI PARTNERS LTD.

WHEREAS Timminco Limited and Bécancour Silicon Inc. ("**BSI**" and, together with Timminco Limited, the "**Timminco Entities**") sought and received protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA Proceedings**"), by order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 3, 2012, with FTI Consulting Canada Inc. appointed as Monitor of the Timminco Entities (the "**Monitor**");

AND WHEREAS by an agreement of purchase and sale dated April 25, 2012, as amended (the "**QSI Agreement**"), between the Timminco Entities and QSI Partners Ltd. ("**QSI**" and, together with the Timminco Entities, the "**Parties**"), as approved by the Court on June 1, 2012, QSI purchased substantially all of BSI's silicon metal business;

AND WHEREAS per the QSI Agreement, the aggregate purchase price for BSI's silicon metal business was approximately \$32 million, subject to an adjustment based on the value of the working capital assets of BSI;

AND WHEREAS on July 12, 2012, QSI delivered to the Timminco Entities a working capital adjustment statement (the “**Draft Statement of BSI Working Capital**”) which calculated the working capital assets of BSI to be C\$4,937,000;

AND WHEREAS, by letter dated July 19, 2012, the Timminco Entities objected to the amount of the Draft Statement of BSI Working Capital, and stated that the correct total working capital assets is C\$6,873,944;

AND WHEREAS QSI subsequently revised its calculation of the correct total working capital assets of BSI to be C\$4,189,000.

AND WHEREAS the Parties were unable to resolve the Draft Statement of BSI Working Capital on a consensual basis and sought a determination of this issue by the Court pursuant to a motion which was heard on December 4, 2012 (the “**Working Capital Motion**”), which motion has not been decided as of the date hereof;

AND WHEREAS the Timminco Entities, on the one hand, and QSI, on the second hand, have certain other outstanding Claims (as defined below) as between them and the Parties wish to fully and finally resolve these further Claims, as more particularly set out hereinafter;

NOW THEREFORE THIS AGREEMENT WITNESSES the Parties have agreed, in full and final resolution of those Claims identified herein, to settle their disputes on the terms set forth herein;

1. The Draft Statement of BSI Working Capital is hereby revised to state that the total working capital assets as of closing are C\$5,850,000, and such revised Draft Statement of BSI Working Capital is hereby deemed to be the Statement of BSI Working Capital, as defined in section 3.6(e) of the QSI Agreement.

2. QSI will pay to the Monitor, on behalf of the Timminco Entities, C\$1,341,000, being the purchase price adjustment provided for at section 3.7 of the QSI Agreement (the "**Purchase Price Adjustment**"), by wire transfer within two (2) business days of the execution of this Settlement Agreement.
3. QSI hereby consents to the release of the holdback of C\$787,000 directed by the endorsement of Justice Newbould dated August 31, 2012, and the Parties hereby direct the Monitor to remit C\$787,000, plus any interest thereon, representing a distribution to be made to Investissement Quebec that was the full amount held back pending determination of the Working Capital Motion (the "**IQ Distribution**").
4. On receipt of the Purchase Price Adjustment by the Monitor, the Timminco Entities shall pay to Québec Silicon Limited Partnership ("**QSLP**") C\$928,440.37, representing the true-up costs owing by BSI as of the date of this Settlement Agreement under the output and supply agreement between QSLP, BSI and Dow Corning Corporation dated as of October 1, 2010 (the "**True-Up Costs**").
5. On receipt of the Purchase Price Adjustment by the Monitor, the Timminco Entities shall pay to QSLP C\$185,322.68 (being \$204,093.47 less \$18,770.79 paid on account in December, 2012), representing the payment owing by BSI as of the date of this Settlement Agreement to QSLP in respect of Terminated Agreements (as defined in the letter dated October 31, 2012 from Sean Dunphy on behalf of BSI to Maria Spensieri on behalf of QSLP) (the "**Terminated Agreements Payment**").
6. Each of the Timminco Entities hereby forever releases, acquits and discharges QSI from any and all actions, causes of action, suits, debts, covenants,

contracts, claims, obligations and demands whatsoever (collectively, the “**Claims**”) in relation to the Released Matters (as defined below). QSI forever releases, acquits and discharges each of the Timminco Entities from any and all Claims in relation to the Released Matters. Each releaser herein, for the purpose of the full and final release contained herein, includes and is acting on behalf of such Party, together with its successors and assigns. The benefit of each release granted herein extends to each releasee so identified herein, together with its successors, assigns, agents, directors, officers, employees, partners, and legal advisors. For greater certainty, and notwithstanding the foregoing, nothing herein releases any Party from its obligations under the Settlement Agreement.

7. For the purpose of this Agreement, “Released Matters” means:
 - a. the substance, commencement and prosecution of the Working Capital Motion and the Claims in respect thereof or asserted therein (including, without limitation, in respect of the Draft Statement of BSI Working Capital); and
 - b. all Claims in respect of: (i) the Purchase Price Adjustment, excluding the obligations set out in paragraph 2 herein; (ii) the IQ Distribution, excluding the obligations set out in paragraph 3 herein; (iii) the True-Up Costs, excluding the obligations set out in paragraph 4 herein; and (iv) the Terminated Agreements Payment, excluding the obligations set out in paragraph 5 above.
8. Each Party will bear its own costs on the Working Capital Motion and in the negotiation and execution of this Settlement Agreement.

9. This Settlement Agreement, including any schedules hereto, constitutes the entire agreement among the Parties, and supersedes all prior and contemporaneous understandings, negotiations, and agreements in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the Release Matters. This Settlement Agreement may not be modified or amended except in writing and on consent of all Parties hereto.
10. This Settlement Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario. In the event of any dispute between any of the parties hereto in regard to any of the provisions of this Settlement Agreement or of the documents referenced herein, the Court shall have exclusive jurisdiction to resolve such disputes.
11. From and after the date hereof, each of the Parties covenants and agrees to execute such further documents and do any and all such further things as may be necessary or advisable to implement and carry out the intent and purposes of this Settlement Agreement, and to consummate the transactions and complete the payments contemplated herein.
12. This Settlement Agreement is binding on and inures to the benefit of the successors and assigns of the Parties hereto, including any trustee in bankruptcy of the Timminco Entities. Time is of the essence with respect to all provisions of this Settlement Agreement.
13. This Settlement Agreement may be executed in counterparts and delivered by PDF or similar electronic document format.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

The Parties have executed this Settlement Agreement as of the dates written below, but the Settlement Agreement has effect as of the date written above.

TIMMINCO LIMITED, BY RUSSELL HILL ADVISORY SERVICES INC., IN ITS SOLE CAPACITY AS CHIEF RESTRUCTURING OFFICER OF TIMMINCO LIMITED

By:

Name: Sean Dunphy

Title: President, Russell Hill Advisory Services Inc.

Date:

BÉCANCOUR SILICON INC., BY RUSSELL HILL ADVISORY SERVICES INC., IN ITS SOLE CAPACITY AS CHIEF RESTRUCTURING OFFICER OF BECANCOUR SILICON INC.

By:

Name: Sean Dunphy

Title: President, Russell Hill Advisory Services Inc.

Date:

QSI PARTNERS LTD.

By:

Name:

Title:

Date:

The foregoing Settlement Agreement is hereby acknowledged by the Undersigned.

**FTI CONSULTING CANADA INC. in its
capacity as court-appointed Monitor of the
Timminco Entities**

By: _____

Name:

Title:

Date:

Appendix B

The Beauharnois Settlement Agreement

THIS SETTLEMENT AGREEMENT made on January 25, 2013

BETWEEN:

QUONTA HOLDINGS LTD. ("Quonta")

-and-

TIMMINCO LTD. ("Timminco")

WHEREAS Quonta and Timminco are parties to an Agreement of Purchase and Sale dated December 31, 2004 (the "**Purchase Agreement**") (all terms not specifically defined herein have the meaning given to them in the Purchase Agreement);

AND WHEREAS Timminco and its wholly owned subsidiary were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, RSC 1985 c C-36 (the "**CCA**") pursuant to an initial order of the Ontario Superior Court of Justice (the "**Court**") dated January 3, 2012 and FTI Consulting Canada Limited was appointed monitor (the "**Monitor**").

AND WHEREAS Timminco brought a motion within the course of its CCA proceedings seeking an order of the Court disclaiming and/or resiliating the Purchase Agreement (the "**Disclaimer Motion**");

AND WHEREAS the Disclaimer Motion has not yet been heard or adjudicated by the Court;

AND WHEREAS Timminco and Quonta wish to settle the Disclaimer Motion on the terms and conditions set out herein;

NOW THEREFORE FOR GOOD AND VALUABLE CONSIDERATION, the adequacy and sufficiency of which is hereby acknowledged and confirmed, **THIS AGREEMENT WITNESSES** that the parties have agreed to settle their disputes, including the Disclaimer Motion, on the terms set forth herein;

1. **Court Approval.** This Settlement Agreement and the obligations of the parties hereunder are subject to and conditional upon an order of the Court approving this Settlement Agreement (the "**Approval Order**"). Promptly after execution and delivery of this Settlement Agreement, Timminco shall apply to the Court, on notice to the Service List in the CCA proceedings for the issuance of the Approval Order and an order vesting all of Timminco's right, title and interest in the Property in and to Quonta (the "**Vesting Order**"), effective upon the delivery of a certificate of the Monitor evidencing that the parties have confirmed to the Monitor that the conditions precedent to the effectiveness of this Agreement have been satisfied or waived. The Approval Order and the Vesting Order shall be substantially in the form of the "Commercial List Users Committee Model Precedent" together with such amendments and modifications as may be necessary to reflect the transactions contemplated herein and as agreed upon by the parties acting reasonably.

2. Obligations of Quonta. Timminco's obligations under this Settlement Agreement shall be conditional upon Quonta completing, fulfilling and discharging the following obligations in the timeframe set out below:
- a. Settlement Payment. Quonta shall pay to the Monitor \$500,000, in escrow, (the "Escrow Amount") in consideration for Timminco's abandonment of the Discharge Motion by no later than 3 business days following the date on which the Approval and Vesting Order is issued by the Court (the "Closing Date") unless the Closing Date is extended by Timminco with the written consent of the Monitor;
 - b. Indemnity Agreement. Quonta shall execute and deliver an indemnity agreement to Timminco substantially in the form attached hereto as Schedule "A" by no later than the Closing Date unless the Closing Date is extended by Timminco with the written consent of the Monitor;
 - c. Mutual Releases. Quonta shall execute and deliver the mutual release in form attached hereto as Schedule "B" by no later than the Closing Date unless the Closing Date is extended by Timminco with the written consent of the Monitor;
 - d. Assignment of Certificate of Authorization. Quonta shall accept an assignment by Timminco of the Certificate of Authorization, including any amended Certificate of Authorization as provided for herein (including executing and delivering any documents that may be reasonably required to evidence such assignment) by no later than the Closing Date unless the Closing Date is extended by Timminco with the written consent of the Monitor; and
 - e. Approval of Assignment of Certificate of Authorization. Quonta shall initiate all commercially reasonable efforts to obtain approval by the Ministère du Développement durable, de l'Environnement et des Parcs ("DDEP") of the assignment to it of such Certificate of Authorization or amended Certificate of Authorization (as the case may be) at its own expense and as soon as possible.
3. Obligations of Timminco. In consideration for and upon receipt by the Monitor and Timminco, as applicable, of the deliverables contemplated above, Timminco shall no later than the Closing Date fulfill and discharge the following obligations:
- a. Discharge Motion. Timminco shall abandon the Discharge Motion on a without costs basis.
 - b. Confirmation of Consent. Timminco shall in writing confirm the consent previously granted by it to the proposed amended Certificate of Authorization and shall generally

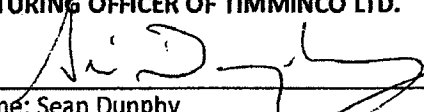
assist Quonta in processing such amendment and the assignment of the Certificate of Authorization to Quonta by DDEP, provided that no additional material expense is required by Timminco in connection therewith.

- c. Mutual Releases. Timminco shall execute and deliver the mutual release in form attached hereto as Schedule "B".
 - d. Deed of Sale. Timminco shall execute, in Montreal, a notarized Deed of Sale of the Property (as defined in the Vesting Order) and therein confirm receipt of the purchase price of \$660,000 which was payable under the Purchase Agreement; the Deed of Sale shall be in the form attached hereto as Schedule "C". All costs associated with the Deed of Sale, including the registration of the Deed of Sale and transfer taxes (if any), shall be entirely borne by Quonta.
4. Escrow Conditions. The deliverables contemplated by this Settlement Agreement may be delivered in accordance with the escrow conditions, which terms include the release of the Escrow Amount from escrow upon the registration of the Deed of Sale, without any new adverse registrations after January 22, 2013. If Quonta fails to present the Deed of Sale for registration within two Business Days of execution thereof by Timminco in accordance with Clause 6, the escrow amount will be released from escrow.
 5. Confirmation to Monitor. Upon delivery of the various deliverables contemplated by Sections 2 and 3 above, the parties shall confirm in writing to the Monitor that the conditions precedent to the effectiveness of this Settlement Agreement have been satisfied or waived by the parties by delivery of the certificate attached hereto as Schedule "E".
 6. Registration of Title. Quonta shall be obligated to present the Deed of Sale for registration in the Land Registry Office for the Registration Division of Beauharnois within two Business Days of the execution thereof by Timminco; failure to do so will entitle the Monitor to release the escrow funds.
 7. Governing Law. This Settlement Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario except for the sale of the Property which shall be governed by the laws of the Province of Quebec. In the event of any dispute between any of the parties hereto in regard to any of the provisions of this Settlement Agreement or of the documents referenced herein, the Court shall have exclusive jurisdiction to resolve such disputes.
 8. Entire Agreement. This Settlement Agreement and the agreements referenced herein constitute the entire agreement between the parties hereto respecting the subject matter hereof and can only be amended by written instrument executed by each of the parties.

The parties have executed this Settlement Agreement as of the dates written below.

TIMMINCO LTD., BY RUSSELL HILL ADVISORY SERVICES INC., SOLELY IN ITS CAPACITY AS CHIEF RESTRUCTURING OFFICER OF TIMMINCO LTD.

By:



Name: Sean Dunphy

Title: President, Russell Hill Advisory Services Inc.

Date:

QUONTA HOLDINGS LTD.

By:



Name: STEVEN QUON

Title: VP.

Date: JAN/29/2013 .