Court File No. 03-CL-5145

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 IVACO INC. AND THE APPLICANTS LISTED IN SCHEDULE "A"

(Collectively, "Ivaco" or the "Company")

FIRST REPORT OF THE MONITOR SEPTEMBER 25, 2003

INTRODUCTION

Background

1. On September 16, 2003, Ivaco sought and obtained an Order (the "Initial Order") of the Honourable Mr. Justice Farley of the Ontario Superior Court of Justice providing, *inter alia*, protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* ("CCAA"). Ernst & Young Inc. (the "Monitor") was appointed Monitor pursuant to the Initial Order.

2. The purpose of this First Report of the Monitor (the "First Report") is solely to provide information and the Monitor's recommendation to the Court with respect to the Company's urgent application for the approval of the Blocked Accounts Agreements (the "Account Agreements") entered into or to be entered into among [Royal Bank of Canada/RBC] ("RBC") as Bank, GE Canada Finance Inc. ("GE") as Secured Party and Ifastgroupe Inc. in its capacity as general partner of Ifastgroupe and Company, Limited Partnership ("Ifastgroupe") and Ivaco Rolling Mills Inc. in its

capacity as general partner of Ivaco Rolling Mills, Limited Partnership ("IRM") as Borrowers.

3. The Monitor intends to file a comprehensive report addressing the status of these proceedings shortly; however, given the urgency of the matters discussed below, it is submitting this single purpose report to provide this Honourable Court with the Monitor's assessment of the banking situation facing the Company and the immediate steps the Company proposes to take to respond to the crisis.

Terms of Reference

4. In preparing this report, the Monitor has relied upon unaudited financial information, company records, company prepared financial information and discussions with management of the Company. The Monitor has not performed an audit or other verification of such information.

OVERVIEW

5. Ivaco produces steel, fabricated steel products and precision machined components from manufacturing facilities in Ingersoll, Mississauga and L'Orignal, Ontario and Marieville, Quebec. It employs approximately 2,700 employees and does regular business with over 2,000 suppliers. Based on the cash flow projections filed with its Initial Application in these proceedings, Ivaco disburses approximately $16 million per week to these suppliers and employees (excluding intercompany payments).

6. Prior to the commencement of these proceedings, Ivaco operated complex cash management systems supported by the National Bank of Canada ("NBC") and Bank of Nova Scotia ("BNS"). In total, these systems utilized over 50 active bank accounts.

7. In the period immediately preceding the Initial Application, Ivaco conducted a process to obtain debtor-in-possession ("DIP") financing. Several parties, including

NBC, BNS and GE, were invited to submit proposals. The Company entered into negotiations with two of the parties, NBC and GE. As set out in more detail in the Affidavit of Hugh W. Blakely, sworn September 15, 2003, these negotiations culminated in the selection of GE to act as Ivaco's DIP lender pursuant to the (GE) Dip Term Sheets, as defined (and approved) in the Initial Order.

POST-FILING BANKING ARRANGEMENTS

8. Upon the initiation of these proceedings, both NBC and BNS froze all of Ivaco's bank accounts. Since that time, the Company has had no access to the accounts for purposes of processing transactions. During this period, NBC and BNS have posted numerous adjustments to the accounts without authorization from the Company. As soon as operations have been stabilized and banking arrangements established, the Monitor will conduct a review of all such adjustments and will report to this Honourable Court as to its findings.

9. From and after the date of the Initial Order, customer payments totalling approximately $1.5 million and $800,000 were deposited directly by customers into the "old" accounts at BNS and NBC, respectively. BNS has transferred these deposits to Ivaco's "new" operating accounts. NBC has advised the Company and the Monitor that it is reviewing its position with respect to these funds and will not release them pending completion of this review.

10. Ivaco asked BNS and NBC to establish new, basic operating accounts for each of the legal entities that each respective bank had served prior to the Initial Order. In broad terms, both banks complied with these requests insofar as they took the preliminary steps of opening new accounts and, eventually, allowing limited processing of receipts and disbursements to the extent they were satisfied that there was no clearing risk to the bank with respect to the release of funds in the accounts. In practical terms, this has resulted in the only movement of cash since the date of filing, being limited processing of customer receipts by BNS and the processing of advances from

GE under the DIP loans to pay employee payroll and critical suppliers. These payments have totalled approximately $12 million since September 16, 2003.

11. Because of the banks' concerns with respect to assuming any clearing exposure to Ivaco, BNS and NBC advised the Company that any deposits made to the new operating accounts by way of customer cheque would be held and not available to the Company for a period deemed appropriate by each bank to eliminate any and all risk of clearing chargebacks or other debits to the accounts. BNS indicated to the Company that the periods it had established were up to six business days in the case of cheques drawn on Canadian bank accounts and 21 days in the case of cheques drawn on U.S. bank accounts. NBC advised that it believed there was an indefinite period of clearing risk and, accordingly, it would only allow funds to flow from Ivaco's accounts if it obtained an indemnity from GE to protect it from such risk.

12. As a result of the NBC position and policies outlined in paragraphs 9 and 11 above, the Company was effectively forced to stop depositing customer cheques into any of the new operating accounts established at NBC. This has resulted in a backlog of unprocessed post-filing customer cheques totalling approximately $10 million.

13. Ivaco has continued to deposit cheques into the BNS accounts on the basis that it was advisable to allow the "clearing clock" to begin ticking to minimize the opportunity for customers to take advantage of the Company's situation by placing stop payments on their cheques. At present, approximately $6.1 million is being held by BNS pending expiration of the clearing periods outlined above or satisfactory indemnity arrangements with GE. Because there is no apparent clearing risk associated with funds received by wire transfer, BNS has released approximately $4 million of funds received to IRM for use in operations.

14. In summary, the untenable banking situation facing the Company has resulted in Ivaco Inc., Ifastgroupe and Docap (1985) Corp having no access to operating cash

inflow whatsoever since September 16, 2003. IRM has had access to less than half of the post-filing receipts and payments from its customers.

15. Overall, approximately $16 million of Ivaco's post-filing cash receipts and customer payments remain inaccessible at this time. The Company has survived to date by funding critical employee and supplier payments primarily by drawing on the GE DIP loans. As a result, these loans are approaching the limits authorized by this Honourable Court in the Initial Order.

16. In aggregate, the DIP loans have been drawn to $12.8 million (excluding fees), compared to the limit established in the Initial Order of $14.0 million. The implementation of appropriate banking arrangements to facilitate the processing or release of the $16 million in currently inaccessible Company funds and cheques is essential to permit the Company to substantially reduce its DIP loan balances and maintain necessary liquidity to fund ongoing operations.

17. The extremely limited banking services that have been available to date have disrupted operations in that: (i) certain suppliers have cut the Company off until they could be satisfied that their payment terms can be met on a consistent basis; and (ii) substantial operating management resources have been redeployed from "running the business" and developing the restructuring plan to "playing for time" as suppliers grow increasingly frustrated with Ivaco's inability to make post-filing payments on a timely basis.

PROPOSED BANKING ARRANGEMENTS

18. Since September 16, 2003, the Company and the Monitor have devoted significant resources attempting to establish workable banking arrangements to permit timely payment to important suppliers, many of whom request special payment terms in light of these pending proceedings. Immediately upon the granting of the Initial Order, the Company entered into discussions with NBC to establish arrangements satisfactory to NBC to permit the operating accounts to function without any hold being placed on

receipts. NBC has advised the Company and the Monitor that it would only agree to not hold receipts if it received indemnification from GE. GE advised that it preferred to provide such indemnification through a blocked account agreement, which provided it with the ability to sweep cash receipts on a daily basis and revolve the DIP loans accordingly. GE, NBC and the Company have been in continuous negotiations with respect to this arrangement since September 19, 2003. At this time, there are several areas of material disagreement between NBC and GE, principally relating to the scope of the indemnity being demanded of GE by NBC and the nature of banking information NBC was prepared to provide to GE. Based on its participation in these discussions, the Monitor does not believe these disagreements will be resolved quickly.

19. Recognizing the complex issues that had arisen in its relationships with both BNS and NBC, Ivaco also approached RBC to provide comprehensive banking services to the entire Ivaco group. RBC is the principal banker for GE and, as such, is uniquely familiar and comfortable with GE's standard form of blocked account agreement. Discussions among RBC, GE and the Company have proceeded quickly, resulting in the finalization of the Account Agreements, which are attached as Exhibit 1.

20. The Account Agreements set out the terms of operation of the accounts, the daily cash sweep, GE's reimbursement of any chargebacks or other debits, lockbox services, fees and other ancillary matters.

21. The sole outstanding condition in favour of RBC is this Honourable Court's approval of the Account Agreements.

MONITOR'S CONCLUSIONS

22. Ivaco is being severely constrained by its continuing inability to access the substantial post-filing cash receipts and cheques it has collected. The Monitor believes that this issue has reached the critical stage and that the continued operation of the business cannot be maintained without immediate access to the $16.0 million in Company

receipts that remain just out of reach solely due to the lack of operational cash management services.

23. Management's attention continues to be diverted to addressing supplier relationship difficulties caused by the absence of workable banking arrangements.

24. Without access to customer receipts on an immediate basis, the Company's borrowing requirements (and related costs) will soar well beyond necessary and supportable levels.

25. The RBC banking arrangement represents the only option available at this time on terms acceptable to both Ivaco and GE that facilitates the resumption of normal cash management processes on a timely basis. It is also the only arrangement being contemplated that addresses the banking needs of the entire Ivaco group.

26. For the reasons outlined above, the Monitor recommends that this Honourable Court approve the execution and implementation of the Account Agreements.

All of which is respectfully submitted this 25th day of September 2003.

ERNST & YOUNG INC.
Court-Appointed Monitor of
Ivaco Inc. and the other Applicants

Per:

Brian M. Denega
Senior Vice-President

Exhibit 1

BLOCKED ACCOUNTS AGREEMENT

Made as of September ___, 2003

Between

IVACO ROLLING MILLS INC., in its capacity as general partner of IVACO ROLLING MILLS LIMITED PARTNERSHIP

as the **Borrower**

and

GE CANADA FINANCE INC.

as the **Secured Party**

and

ROYAL BANK OF CANADA

as the **Bank**

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BLOCKED ACCOUNTS AGREEMENT

This Agreement is made as of September ___, 2003, between

IVACO ROLLING MILLS INC., in its capacity as general partner of IVACO ROLLING MILLS LIMITED PARTNERSHIP

as the **Borrower**

and

GE CANADA FINANCE INC.

as the **Secured Party**

and

ROYAL BANK OF CANADA

as the **Bank**

RECITALS

A. The Borrower and Secured Party and others are party to a DIP Commitment Letter dated as of September 15, 2003 (as amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**").

B. Pursuant to the terms of the Order of the Ontario Superior Court of Justice (Commercial List) issued and entered on September 16, 2003, 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 or Plans of Compromise or Arrangement of Ivaco Inc. and the Applicants listed in Schedule "A" of the aforementioned Order ("Ontario Court Order") the Secured Party has been granted a fixed charge, mortgage, hypothec, security interest and lien over all of the present and future property, assets and undertaking of the Borrower.

C. The Credit Agreement requires the implementation of the cash management arrangements satisfactory to the Secured Party in its sole discretion.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1
INTERPRETATION

1.1 Definitions

In this Agreement:

(a) ***Activation Date*** means the date of this Agreement.

(b) ***Branch of Account*** means the branch of the Bank located at

(c) *Business Day* means any day on which the Branch of Account is open for business to the public and, for the purposes of communications to Secured Party under Section 7.5, any day that is not a Saturday or Sunday or a day on which banks are required or permitted to be closed in the city of Toronto.

(d) "*Canadian Dollar*" means the lawful currency of Canada.

(e) *Receivables* means all present and future accounts, accounts receivable, debts and book debts of any nature or type of the Borrower.

(f) *Secured Party* means **GE Canada Finance Inc.** under the Credit Agreement.

(g) "*US Dollar*" means the lawful currency of the United States of America.

1.2 Interpretation

In interpreting this Agreement, the headings and the division of the Sections are inserted for convenience only and are to be ignored in construing this Agreement; all references to Sections, subsections, clauses and Schedules are to Sections, subsections, clauses and Schedules to this Agreement; the words "hereto," "herein," "hereof," "hereunder," "this Agreement" and similar expressions mean this Agreement as a whole and not any particular Section, subsection or Schedule unless expressly so stated; grammatical variations of any term defined herein shall have similar meanings and words importing the singular shall include the plural and vice versa; reference herein to any agreement or other document shall be deemed to include reference to such agreement or other document as the same may from time to time be amended, supplemented, restated or otherwise modified.

SECTION 2
ACKNOWLEDGEMENT OF SECURITY

2.1 Acknowledgement of Security

The Borrower acknowledges that Secured Party has a first priority perfected security interest in:

(a) its interest in all Cheques and other remittances received by the Borrower.

(b) the Canadian Dollar and US Dollar depository accounts in the name of the Borrower described in Schedule A hereto as blocked accounts (the "**Blocked Accounts**"), including all sums now on deposit in or payable to and any interest accrued or payable on the credit balances therein; and

(c) the Canadian Dollar and US Dollar disbursement accounts described in Schedule A hereto as disbursement accounts (the "**Disbursement Accounts**"), including all sums now on deposit in or payable to and any interest accrued or payable on the credit balances therein;

and the Bank consents to the granting of security interests described above to Secured Party in the Blocked Accounts, the Disbursement Accounts and the Lock Box referred to below, together with any and all additions and accretions thereto.

SECTION 3
COLLECTION OF RECEIVABLES

3.1 Lock Box

The Bank and the Borrower shall maintain the lock box in the name of the Borrower described in Schedule B hereto (the "**Lock Box**").

3.2 Direction to Lock Box

The Borrower shall direct the obligors in respect of its Receivables to send all Cheques to the Lock Box. If the Borrower receives any Cheque relating to a Receivable or other proceeds thereof, the Borrower shall send such item when received to a Blocked Account on the date received and until such item is deposited, it shall be held by the Borrower in trust for Secured Party, segregated from the other funds of the Borrower.

3.3 Operation of Lock Box.

(a) Except as otherwise provided in this Agreement, all of the rights of the Borrower pertaining to or in respect of the Lock Box shall be under the sole dominion and control of Secured Party and, subject only to the rights of the Bank in respect thereof, neither the Borrower nor any person or entity claiming by, through or under the Borrower shall have any access to, control over the use of, or any right to withdraw or obtain any cash or Cheque from the Lock Box. Subject to applicable law, the Bank shall take no action in connection with the Lock Box, except in accordance with its standard procedures, as expressly modified by this Agreement.

(b) Until Secured Party otherwise notifies the Bank, the Bank shall have exclusive and unrestricted access to the Lock Box and shall have complete and exclusive authority to receive, pick up and open all regular, registered, certified or insured mail received in the Lock Box (the "**Mail**").

(c) On each Business Day that access to any Lock Box is available to the Bank, the Bank shall remove all Mail from such Lock Box, open such Mail and inspect the enclosures. The Bank shall process all Cheques and deal with the accompanying correspondence in accordance with the Bank's usual banking practices and "lock box arrangements", subject to the provisions of this Agreement and any modifications expressly agreed to in writing among Secured Party, the Bank and the Borrower. Except as otherwise contemplated by this Agreement, the Bank shall deposit all cash and all Cheques received by it for deposit in the applicable Blocked Account, except those Cheques not acceptable for deposit in accordance with the Bank's usual banking practices, in such Blocked Account pursuant to the Bank's standard procedures.

SECTION 4
BLOCKED ACCOUNTS OPERATION

4.1 Blocked Account

From and including the Activation Date, the Bank shall transfer, prior to the end of each Business Day, all amounts on deposit in the Blocked Accounts to Secured Party's account or accounts or such other account or accounts with such depositories as Secured Party may from time to time designate in writing (each, a "**Collection Account**", and, collectively, the "**Collection Accounts**"); provided that, prior to the Bank transferring amounts on deposit in the Blocked Accounts to the Collection Account, the Bank shall convert all funds denominated in US Dollars in the Blocked Accounts into Canadian Dollars at the Bank's exchange rate then in effect for making such conversions of similar amounts of US Dollars into Canadian Dollars. As of the date hereof, the only Collection Accounts are the collection accounts described in Schedule A hereto. The transfers of amounts from the Blocked Accounts to the Collection Accounts shall be effected in accordance with the Bank's usual banking practices on each Business Day on which amounts are on deposit in the Blocked Accounts.

4.2 Instructions

After the Activation Date, the Blocked Accounts shall be subject to written instructions only from Secured Party which alone, as between the Borrower and Secured Party, shall have all authority and right in connection with the Blocked Accounts. The Bank shall be entitled to act upon the instructions of any person who the Bank believes, acting reasonably, is a person that Secured Party has identified in writing from time to time to the Bank as being a person authorized by Secured Party to give instructions to the Bank.

4.3 Payment Not Realization

The Borrower and Secured Party acknowledge and agree that:

(a) the actions and proceedings contemplated by this Section 4 are instrumental to the operation of the cash management system that is required by the Credit Agreement; and

(b) any action or proceeding pursuant to this Section 4 shall not be considered as a realization on, or enforcement of, security or a demand for payment under the Credit Agreement but rather, among other things, following the Activation Date, a standing irrevocable direction by the Borrower to the Bank to thereafter transfer daily to the appropriate Collection Account on the direction of Secured Party all credit balances in the Blocked Accounts as contemplated by Section 4.1.

4.4 Wire Transfers

The Bank shall apply and credit to the applicable Blocked Account all wire transfers directed to that Blocked Account in accordance with the Bank's standard procedures.

SECTION 5
RECORDS AND INFORMATION

5.1 Records

The Bank shall maintain a record of all money, Cheques and other remittance items deposited in and transfers to the Blocked Accounts and the Disbursement Accounts in accordance with the Bank's standard procedures.

5.2 Provision of Information

The Bank shall provide to the Borrower and Secured Party, at the Borrower's expense, monthly statements summarizing the daily activity in each Blocked Account and Disbursement Account. The Bank shall also provide to Secured Party, at the Borrower's expense, such information compiled by the Bank in accordance with the activity, on a daily, weekly or monthly basis, in each Blocked Account and Disbursement Account, as may be reasonably requested by Secured Party in writing.

SECTION 6
FEES, EXPENSES, CHARGEBACKS AND INDEMNITY

6.1 Waiver of The Bank's Rights

Except as expressly provided in Sections 6.2 and 6.3, the Bank agrees with Secured Party not to assert, and hereby waives, with respect to all of its existing and future claims against the Borrower, all existing and future rights of set-off, compensation, banker's liens, rights of reimbursement or retention or any security against funds on deposit in each Blocked Account or Disbursement Account and all Cheques (and proceeds thereof) that come into its possession in connection with each Blocked Account or Disbursement Account.

6.2 Borrower's Fee Obligations

The Borrower hereby agrees that it is responsible for all normal and customary fees and expenses established by the Bank from time to time for the services provided hereunder (all such amounts, the "**fees and expenses**"). If any of the fees and expenses are not paid by the Borrower when due, the Bank shall be entitled to automatically debit, by mechanical, electronic or manual means, any of the Disbursement Accounts for such fees and expenses. If there are insufficient funds in the Disbursement Accounts for the Bank to recover the fees and expenses, the Bank may automatically debit, by mechanical, electronic or manual means, any of the Blocked Accounts in an amount equal to the deficiency of funds in the Disbursement Accounts. If there are insufficient funds in the Disbursement Accounts and the Blocked Accounts for the Bank to recover the fees and expenses, Secured Party shall pay to the Bank the amount of the deficiency in the funds in the Disbursement Accounts and the Blocked Accounts, subject to a cap such that the Bank may not recover from Secured Party in any event an amount greater than six months of Bank's fees and expenses.

6.3 Chargebacks

Notwithstanding Section 6.1, the Bank shall be entitled to automatically debit, by mechanical, electronic or manual means, any one or more of the Blocked Accounts and the Disbursement Accounts at any time and from time to time solely for:

(a) the amount of any Cheque deposited in a Blocked Account after the date hereof which is subsequently returned to the Bank unpaid or is otherwise unpaid for any reason whatsoever;

(b) the amount of any required adjustments due to clerical errors or calculation errors directly related to any Blocked Account or Disbursement Account.

(all such amounts in clauses (a) and (b) being collectively, the "**Chargebacks**"); and provided, further, that if the Bank has transferred to a Collection Account the funds on deposit in a Blocked Account in respect of which the Bank is entitled to a Chargeback and the funds in the Blocked Accounts and the Disbursement Accounts are insufficient to cover the amount of the relevant Chargeback, Secured Party shall pay to the Bank the lesser of (i) the amount of the deficiency in funds in the Blocked Accounts and the Disbursement Accounts, and (ii) the amount transferred to a Collection Account or otherwise paid to or to the order of Secured Party, within three (3) Business Days of receipt of a statement signed by the Bank confirming the details of such Chargeback and the Bank's entitlement to it under this Section 6.3 in form satisfactory to Secured Party; provided however, Secured Party shall only be required to make any such payment if the Bank has made such request for payment, in a case of a Cheque that is returned to the Bank unpaid or for any other reason whatsoever, within ninety-five (95) days after the date that such Cheque is so returned to the Bank or, within forty-five (45) Business Days after the date the error forming the basis for the Chargeback is made, as applicable.

6.4 Indemnity

The Borrower hereby agrees to pay, indemnify and hold harmless the Bank and Secured Party from and against any and all loss, liability, cost, claim and expense incurred by either of them with respect to the performance of this Agreement by the Bank or any of the Bank's or Secured Party's directors, officers, or employees, unless arising from its or their own violation of law, gross negligence or willful misconduct, including, without limitation, any claims that the Bank was not properly authorized to transfer credit balances to a Collection Account.

SECTION 7
GENERAL PROVISIONS

7.1 Power of Attorney

The Borrower constitutes and irrevocably appoints Secured Party its true and lawful attorney, with full power of substitution, without limitation, to demand, collect, receive and, following an Event of Default (as defined in the Credit Agreement) that is continuing, sue for all amounts which may become due or payable in respect of any lock box, any Blocked Account or any Disbursement Account, and, before or after an Event of Default, to execute all withdrawal receipts or other orders for the Borrower, in its own name or in the Borrower's name or otherwise, which Secured Party deems necessary or appropriate to protect and preserve its right, title and interest in each lock box, any Blocked Account or any Disbursement Account, and, otherwise, to carry out the provisions and purposes of this Agreement.

7.2 Limitation of Bank's Liability

The Bank undertakes to perform only such duties as are expressly set forth in this Agreement and to deal with the Blocked Accounts and Disbursement Accounts with the degree of skill and care that the Bank accords to all accounts and funds maintained and held by it on behalf of its customers. Notwithstanding any other provision of this Agreement, it is agreed by the parties hereto that the Bank shall not be liable for any action taken by it or any of its directors, officers or employees in accordance with this Agreement except for its or their own violation of law, negligence or wilful misconduct. In no event shall the Bank be liable for losses or delays resulting from computer malfunctions or interruption of communication facilities which are beyond the Bank's control or from other causes which are beyond the Bank's control or from force majeure or for indirect, special or consequential damages.

7.3 Collection of Accounts

Anything in this Agreement to the contrary notwithstanding, the Borrower shall remain liable under each Receivable to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Receivable. Neither Secured Party nor the Bank shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of any of this Agreement or any other agreement or the receipt by Secured Party or the Bank of any payment relating to such Receivable nor shall Secured Party or the Bank be obligated in any manner to perform any of the obligations of the Borrower under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Receivable (or any agreement giving rise thereto) to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been hypothecated to it, or in which a security interest may have been created in its favour, or to which it may be entitled at any time or times.

7.4 Termination.

Subject to the other provisions of this Section 7.4, this Agreement shall remain in full force and effect and be binding in accordance with and to the extent of its terms until the obligations of the Borrower to Secured Party under the **Credit Agreement** have been paid and performed in full and Secured Party has no further obligation to make any further advances to the Borrower under the **Credit Agreement**. Either of one Borrower (with the prior written consent of the Secured Party) or the Secured Party may terminate this Agreement at any time upon 7 days prior written notice to the Bank and the Borrower. The Bank may terminate this Agreement only upon 60 days' prior written notice to the other parties hereto. Upon termination of this Agreement, the Bank shall, at the written direction of Secured Party and without liability to the Bank, deliver all Cheques received by it to Secured Party or as Secured Party may direct in writing. Until such Cheques are so delivered, the Bank shall hold such Cheques as agent, and for the benefit of Secured Party.

7.5 Notices

Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration or other communication to be served, given or delivered by one party to the other in connection with or under this Agreement shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon transmission, when transmission occurs at or before 5:00 p.m. on any Business Day, or, if transmission occurs after such time on such Business Day, on the Business Day immediately following such Business Day, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery as otherwise provided in this Section 7.5), (b) one Business Day after deposit with a reputable overnight courier with all charges prepaid, or (c) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number indicated below or to such other address (or facsimile number) as may be substituted by notice given as herein provided.

(a) Communications with the Borrower shall be addressed as follows:

IVACO INC.
20th Floor
Place Mercantile
770 Sherbrooke Street West
Montreal (Quebec)
H3A 1G1

Attention: Hugh Blakely

Telephone No.: 514 288 4545
Telecopier No.: 514 288 7814

With a copy to:

Davies Ward Phillips & Vineberg LLP
1 First Canadian Place
44th Floor
Toronto (Ontario)
M5X 1B1

Attention: I. Berl Nadler

Telephone No.: 416 863 5512
Telecopier No.: 416 863 0871

(b) Communications with the Bank shall be addressed as follows:

Royal Bank of Canada
6880 Financial Drive
2nd Floor, Mezzanine
Misissauga, Ontario
L5N 7Y5

Attention:	Nancy Lee
Telephone No.:	(905) 286-7269
Telecopier No.:	(905) 286-7262

With a copy to:

Aylesworth Thompson Phelan O'Brien LLP
Ernst & Young Tower, Toronto-Dominion Centre
P.O. Box 124, 18th Floor
222 Bay Street
Toronto, Ontario M5K 1H1

Attention:	James M. McKeon
Telephone No.:	(416) 777-4019
Telecopier No.:	(416) 865-1398

(c) Communications with Secured Party shall be addressed as follows:

GE Canada Finance Inc.
c/o General Electric Commercial Finance, Inc.
500 West Monroe Street
12th Floor
Chicago, IL 60661

Attention: Thomas Sullivan

Telecopier No.:	(312) 463-3840
Telephone No.:	(312) 463-2300

(d) with copies to:

GE Canada Finance Inc.
c/o General Electric Capital Corporation
500 West Monroe Street
12th Floor
Chicago, IL 60661

Attention: Corporate Counsel-Commercial Finance

Telecopier No.:	(312) 441-6876
Telephone No.:	(312) 463-2451

and

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada
M5X 1B8

Attention: Robin Schwill

Telecopier No.: (416) 862-6666
Telephone No.: (416) 862-4208

7.6 Governing Law

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters pertaining to this Agreement.

7.7 Amendments

This Agreement may only be amended or modified by written instrument signed by Secured Party, the Borrower and the Bank.

7.8 Severability

Any provision of this Agreement that is or becomes unenforceable shall be unenforceable to the extent of such unenforceability without invalidating the remaining provisions hereof. To the extent permitted by Applicable Law, each of the parties hereby waives any provision of law that renders any provision hereof unenforceable in any respect.

7.9 Authorization

For the purposes of this Agreement, any attorney, officer, employee or agent of Secured Party shall be authorized to act, and to give instructions and notice, on behalf of Secured Party hereunder, and any attorney, officer, manager or agent of the Bank shall be authorized to act and give instructions and notice on behalf of the Bank hereunder.

7.10 Remedies Cumulative

The rights enumerated in this Agreement are in addition to and not in substitution for any other rights of Secured Party pursuant to any security held by Secured Party and except as otherwise contemplated in this Agreement, nothing in this Agreement is to be interpreted as restricting the rights of Secured Party pursuant to any security held by Secured Party.

7.11 Further Assurances

The parties shall at all times do, execute, acknowledge and deliver such acts, deeds and agreements as may be reasonably necessary or desirable to give effect to the terms of this Agreement.

7.12 No Fiduciary Obligations

Nothing in this Agreement shall constitute any party to this Agreement a fiduciary in relation to any other party to this Agreement.

7.13 Counterparts

This Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[INTENTIONALLY LEFT BLANK]

The parties have executed this Agreement.

ROYAL BANK OF CANADA

By: ______________________________

Name:
Title:

GE CANADA FINANCE INC.

By: ______________________________

Name:
Title:

IVACO ROLLING MILLS INC., in its capacity as general partner for IVACO ROLLING MILLS LIMITED PARTNERSHIP

By: ______________________________

Name:
Title:

SCHEDULE A

ACCOUNTS

Part 1 – Blocked Accounts

Part 2 – Disbursement Accounts

Part 3 – Collection Accounts

SCHEDULE B

LOCK BOX

BLOCKED ACCOUNTS AGREEMENT

Made as of September ___, 2003

Between

IFASTGROUPE INC., in its capacity as general partner of IFASTGROUPE AND COMPANY, LIMITED PARTNERSHIP

as the **Borrower**

and

GE CANADA FINANCE INC.

as the **Secured Party**

and

ROYAL BANK OF CANADA

as the **Bank**

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BLOCKED ACCOUNTS AGREEMENT

This Agreement is made as of September ___, 2003, between

IFASTGROUPE INC., in its capacity as general partner of IFASTGROUPE AND COMPANY, LIMITED PARTNERSHIP

as the **Borrower**

and

GE CANADA FINANCE INC.

as the **Secured Party**

and

ROYAL BANK OF CANADA

as the **Bank**

RECITALS

A. The Borrower and Secured Party and others are party to a DIP Commitment Letter dated as of September 15, 2003 (as amended, supplemented, restated or otherwise modified from time to time, the "**Credit Agreement**").

B. Pursuant to the terms of the Order of the Ontario Superior Court of Justice (Commercial List) issued and entered on September 16, 2003, 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 or Plans of Compromise or Arrangement of Ivaco Inc. and the Applicants listed in Schedule "A" of the aforementioned Order ("Ontario Court Order") the Secured Party has been granted a fixed charge, mortgage, hypothec, security interest and lien over all of the present and future property, assets and undertaking of the Borrower.

C. The Credit Agreement requires the implementation of the cash management arrangements satisfactory to the Secured Party in its sole discretion.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 INTERPRETATION

1.1 Definitions

In this Agreement:

(a) ***Activation Date*** means the date of this Agreement.

(b) ***Branch of Account*** means the branch of the Bank located at

(c) *Business Day* means any day on which the Branch of Account is open for business to the public and, for the purposes of communications to Secured Party under Section 7.5, any day that is not a Saturday or Sunday or a day on which banks are required or permitted to be closed in the city of Toronto.

(d) "*Canadian Dollar*" means the lawful currency of Canada.

(e) *Receivables* means all present and future accounts, accounts receivable, debts and book debts of any nature or type of the Borrower.

(f) *Secured Party* means **GE Canada Finance Inc.** under the Credit Agreement.

(g) "*US Dollar*" means the lawful currency of the United States of America.

1.2 Interpretation

In interpreting this Agreement, the headings and the division of the Sections are inserted for convenience only and are to be ignored in construing this Agreement; all references to Sections, subsections, clauses and Schedules are to Sections, subsections, clauses and Schedules to this Agreement; the words "hereto," "herein," "hereof," "hereunder," "this Agreement" and similar expressions mean this Agreement as a whole and not any particular Section, subsection or Schedule unless expressly so stated; grammatical variations of any term defined herein shall have similar meanings and words importing the singular shall include the plural and vice versa; reference herein to any agreement or other document shall be deemed to include reference to such agreement or other document as the same may from time to time be amended, supplemented, restated or otherwise modified.

SECTION 2
ACKNOWLEDGEMENT OF SECURITY

2.1 Acknowledgement of Security

The Borrower acknowledges that Secured Party has a first priority perfected security interest in:

(a) its interest in all Cheques and other remittances received by the Borrower.

(b) the Canadian Dollar and US Dollar depository accounts in the name of the Borrower described in Schedule A hereto as blocked accounts (the "**Blocked Accounts**"), including all sums now on deposit in or payable to and any interest accrued or payable on the credit balances therein; and

(c) the Canadian Dollar and US Dollar disbursement accounts described in Schedule A hereto as disbursement accounts (the "**Disbursement Accounts**"), including all sums now on deposit in or payable to and any interest accrued or payable on the credit balances therein;

and the Bank consents to the granting of security interests described above to Secured Party in the Blocked Accounts, the Disbursement Accounts and the Lock Box referred to below, together with any and all additions and accretions thereto.

SECTION 3
COLLECTION OF RECEIVABLES

3.1 Lock Box

The Bank and the Borrower shall maintain the lock box in the name of the Borrower described in Schedule B hereto (the "**Lock Box**").

3.2 Direction to Lock Box

The Borrower shall direct the obligors in respect of its Receivables to send all Cheques to the Lock Box. If the Borrower receives any Cheque relating to a Receivable or other proceeds thereof, the Borrower shall send such item when received to a Blocked Account on the date received and until such item is deposited, it shall be held by the Borrower in trust for Secured Party, segregated from the other funds of the Borrower.

3.3 Operation of Lock Box.

(a) Except as otherwise provided in this Agreement, all of the rights of the Borrower pertaining to or in respect of the Lock Box shall be under the sole dominion and control of Secured Party and, subject only to the rights of the Bank in respect thereof, neither the Borrower nor any person or entity claiming by, through or under the Borrower shall have any access to, control over the use of, or any right to withdraw or obtain any cash or Cheque from the Lock Box. Subject to applicable law, the Bank shall take no action in connection with the Lock Box, except in accordance with its standard procedures, as expressly modified by this Agreement.

(b) Until Secured Party otherwise notifies the Bank, the Bank shall have exclusive and unrestricted access to the Lock Box and shall have complete and exclusive authority to receive, pick up and open all regular, registered, certified or insured mail received in the Lock Box (the "**Mail**").

(c) On each Business Day that access to any Lock Box is available to the Bank, the Bank shall remove all Mail from such Lock Box, open such Mail and inspect the enclosures. The Bank shall process all Cheques and deal with the accompanying correspondence in accordance with the Bank's usual banking practices and "lock box arrangements", subject to the provisions of this Agreement and any modifications expressly agreed to in writing among Secured Party, the Bank and the Borrower. Except as otherwise contemplated by this Agreement, the Bank shall deposit all cash and all Cheques received by it for deposit in the applicable Blocked Account, except those Cheques not acceptable for deposit in accordance with the Bank's usual banking practices, in such Blocked Account pursuant to the Bank's standard procedures.

SECTION 4
BLOCKED ACCOUNTS OPERATION

4.1 Blocked Account

From and including the Activation Date, the Bank shall transfer, prior to the end of each Business Day, all amounts on deposit in the Blocked Accounts to Secured Party's account or accounts or such other account or accounts with such depositories as Secured Party may from time to time designate in writing (each, a "**Collection Account**", and, collectively, the "**Collection Accounts**"); provided that, prior to the Bank transferring amounts on deposit in the Blocked Accounts to the Collection Account, the Bank shall convert all funds denominated in US Dollars in the Blocked Accounts into Canadian Dollars at the Bank's exchange rate then in effect for making such conversions of similar amounts of US Dollars into Canadian Dollars. As of the date hereof, the only Collection Accounts are the collection accounts described in Schedule A hereto. The transfers of amounts from the Blocked Accounts to the Collection Accounts shall be effected in accordance with the Bank's usual banking practices on each Business Day on which amounts are on deposit in the Blocked Accounts.

4.2 Instructions

After the Activation Date, the Blocked Accounts shall be subject to written instructions only from Secured Party which alone, as between the Borrower and Secured Party, shall have all authority and right in connection with the Blocked Accounts. The Bank shall be entitled to act upon the instructions of any person who the Bank believes, acting reasonably, is a person that Secured Party has identified in writing from time to time to the Bank as being a person authorized by Secured Party to give instructions to the Bank.

4.3 Payment Not Realization

The Borrower and Secured Party acknowledge and agree that:

(a) the actions and proceedings contemplated by this Section 4 are instrumental to the operation of the cash management system that is required by the Credit Agreement; and

(b) any action or proceeding pursuant to this Section 4 shall not be considered as a realization on, or enforcement of, security or a demand for payment under the Credit Agreement but rather, among other things, following the Activation Date, a standing irrevocable direction by the Borrower to the Bank to thereafter transfer daily to the appropriate Collection Account on the direction of Secured Party all credit balances in the Blocked Accounts as contemplated by Section 4.1.

4.4 Wire Transfers

The Bank shall apply and credit to the applicable Blocked Account all wire transfers directed to that Blocked Account in accordance with the Bank's standard procedures.

SECTION 5
RECORDS AND INFORMATION

5.1 Records

The Bank shall maintain a record of all money, Cheques and other remittance items deposited in and transfers to the Blocked Accounts and the Disbursement Accounts in accordance with the Bank's standard procedures.

5.2 Provision of Information

The Bank shall provide to the Borrower and Secured Party, at the Borrower's expense, monthly statements summarizing the daily activity in each Blocked Account and Disbursement Account. The Bank shall also provide to Secured Party, at the Borrower's expense, such information compiled by the Bank in accordance with the activity, on a daily, weekly or monthly basis, in each Blocked Account and Disbursement Account, as may be reasonably requested by Secured Party in writing.

SECTION 6
FEES, EXPENSES, CHARGEBACKS AND INDEMNITY

6.1 Waiver of The Bank's Rights

Except as expressly provided in Sections 6.2 and 6.3, the Bank agrees with Secured Party not to assert, and hereby waives, with respect to all of its existing and future claims against the Borrower, all existing and future rights of set-off, compensation, banker's liens, rights of reimbursement or retention or any security against funds on deposit in each Blocked Account or Disbursement Account and all Cheques (and proceeds thereof) that come into its possession in connection with each Blocked Account or Disbursement Account.

6.2 Borrower's Fee Obligations

The Borrower hereby agrees that it is responsible for all normal and customary fees and expenses established by the Bank from time to time for the services provided hereunder (all such amounts, the "**fees and expenses**"). If any of the fees and expenses are not paid by the Borrower when due, the Bank shall be entitled to automatically debit, by mechanical, electronic or manual means, any of the Disbursement Accounts for such fees and expenses. If there are insufficient funds in the Disbursement Accounts for the Bank to recover the fees and expenses, the Bank may automatically debit, by mechanical, electronic or manual means, any of the Blocked Accounts in an amount equal to the deficiency of funds in the Disbursement Accounts. If there are insufficient funds in the Disbursement Accounts and the Blocked Accounts for the Bank to recover the fees and expenses, Secured Party shall pay to the Bank the amount of the deficiency in the funds in the Disbursement Accounts and the Blocked Accounts, subject to a cap such that the Bank may not recover from Secured Party in any event an amount greater than six months of Bank's fees and expenses.

6.3 Chargebacks

Notwithstanding Section 6.1, the Bank shall be entitled to automatically debit, by mechanical, electronic or manual means, any one or more of the Blocked Accounts and the Disbursement Accounts at any time and from time to time solely for:

(a) the amount of any Cheque deposited in a Blocked Account after the date hereof which is subsequently returned to the Bank unpaid or is otherwise unpaid for any reason whatsoever;

(b) the amount of any required adjustments due to clerical errors or calculation errors directly related to any Blocked Account or Disbursement Account.

(all such amounts in clauses (a) and (b) being collectively, the "**Chargebacks**"); and provided, further, that if the Bank has transferred to a Collection Account the funds on deposit in a Blocked Account in respect of which the Bank is entitled to a Chargeback and the funds in the Blocked Accounts and the Disbursement Accounts are insufficient to cover the amount of the relevant Chargeback, Secured Party shall pay to the Bank the lesser of (i) the amount of the deficiency in funds in the Blocked Accounts and the Disbursement Accounts, and (ii) the amount transferred to a Collection Account or otherwise paid to or to the order of Secured Party, within three (3) Business Days of receipt of a statement signed by the Bank confirming the details of such Chargeback and the Bank's entitlement to it under this Section 6.3 in form satisfactory to Secured Party; provided however, Secured Party shall only be required to make any such payment if the Bank has made such request for payment, in a case of a Cheque that is returned to the Bank unpaid or for any other reason whatsoever, within ninety-five (95) days after the date that such Cheque is so returned to the Bank or, within forty-five (45) Business Days after the date the error forming the basis for the Chargeback is made, as applicable.

6.4 Indemnity

The Borrower hereby agrees to pay, indemnify and hold harmless the Bank and Secured Party from and against any and all loss, liability, cost, claim and expense incurred by either of them with respect to the performance of this Agreement by the Bank or any of the Bank's or Secured Party's directors, officers, or employees, unless arising from its or their own violation of law, gross negligence or willful misconduct, including, without limitation, any claims that the Bank was not properly authorized to transfer credit balances to a Collection Account.

SECTION 7
GENERAL PROVISIONS

7.1 Power of Attorney

The Borrower constitutes and irrevocably appoints Secured Party its true and lawful attorney, with full power of substitution, without limitation, to demand, collect, receive and, following an Event of Default (as defined in the Credit Agreement) that is continuing, sue for all amounts which may become due or payable in respect of any lock box, any Blocked Account or any Disbursement Account, and, before or after an Event of Default, to execute all withdrawal receipts or other orders for the Borrower, in its own name or in the Borrower's name or otherwise, which Secured Party deems necessary or appropriate to protect and preserve its right, title and interest in each lock box, any Blocked Account or any Disbursement Account, and, otherwise, to carry out the provisions and purposes of this Agreement.

7.2 Limitation of Bank's Liability

The Bank undertakes to perform only such duties as are expressly set forth in this Agreement and to deal with the Blocked Accounts and Disbursement Accounts with the degree of skill and care that the Bank accords to all accounts and funds maintained and held by it on behalf of its customers. Notwithstanding any other provision of this Agreement, it is agreed by the parties hereto that the Bank shall not be liable for any action taken by it or any of its directors, officers or employees in accordance with this Agreement except for its or their own violation of law, negligence or wilful misconduct. In no event shall the Bank be liable for losses or delays resulting from computer malfunctions or interruption of communication facilities which are beyond the Bank's control or from other causes which are beyond the Bank's control or from force majeure or for indirect, special or consequential damages.

7.3 Collection of Accounts

Anything in this Agreement to the contrary notwithstanding, the Borrower shall remain liable under each Receivable to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Receivable. Neither Secured Party nor the Bank shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of any of this Agreement or any other agreement or the receipt by Secured Party or the Bank of any payment relating to such Receivable nor shall Secured Party or the Bank be obligated in any manner to perform any of the obligations of the Borrower under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Receivable (or any agreement giving rise thereto) to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been hypothecated to it, or in which a security interest may have been created in its favour, or to which it may be entitled at any time or times.

7.4 Termination.

Subject to the other provisions of this Section 7.4, this Agreement shall remain in full force and effect and be binding in accordance with and to the extent of its terms until the obligations of the Borrower to Secured Party under the **Credit Agreement** have been paid and performed in full and Secured Party has no further obligation to make any further advances to the Borrower under the **Credit Agreement**. Either of one Borrower (with the prior written consent of the Secured Party) or the Secured Party may terminate this Agreement at any time upon 7 days prior written notice to the Bank and the Borrower. The Bank may terminate this Agreement only upon 60 days' prior written notice to the other parties hereto. Upon termination of this Agreement, the Bank shall, at the written direction of Secured Party and without liability to the Bank, deliver all Cheques received by it to Secured Party or as Secured Party may direct in writing. Until such Cheques are so delivered, the Bank shall hold such Cheques as agent, and for the benefit of Secured Party.

7.5 Notices

Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration or other communication to be served, given or delivered by one party to the other in connection with or under this Agreement shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon transmission, when transmission occurs at or before 5:00 p.m. on any Business Day, or, if transmission occurs after such time on such Business Day, on the Business Day immediately following such Business Day, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery as otherwise provided in this Section 7.5), (b) one Business Day after deposit with a reputable overnight courier with all charges prepaid, or (c) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number indicated below or to such other address (or facsimile number) as may be substituted by notice given as herein provided.

(a) Communications with the Borrower shall be addressed as follows:

IVACO INC.
20th Floor
Place Mercantile
770 Sherbrooke Street West
Montreal (Quebec)
H3A 1G1

Attention:	Hugh Blakely
Telephone No.:	514 288 4545
Telecopier No.:	514 288 7814

With a copy to:

Davies Ward Phillips & Vineberg LLP
1 First Canadian Place
44th Floor
Toronto (Ontario)
M5X 1B1

Attention:	I. Berl Nadler
Telephone No.:	416 863 5512
Telecopier No.:	416 863 0871

(b) Communications with the Bank shall be addressed as follows:

Royal Bank of Canada
6880 Financial Drive
2nd Floor, Mezzanine

Misissauga, Ontario
L5N 7Y5

Attention:	Nancy Lee
Telephone No.:	(905) 286-7269
Telecopier No.:	(905) 286-7262

With a copy to:

Aylesworth Thompson Phelan O'Brien LLP
Ernst & Young Tower, Toronto-Dominion Centre
P.O. Box 124, 18th Floor
222 Bay Street
Toronto, Ontario M5K 1H1

Attention:	James M. McKeon
Telephone No.:	(416) 777-4019
Telecopier No.:	(416) 865-1398

(c) Communications with Secured Party shall be addressed as follows:

GE Canada Finance Inc.
c/o General Electric Commercial Finance, Inc.
500 West Monroe Street
12th Floor
Chicago, IL 60661

Attention: Thomas Sullivan

Telecopier No.:	(312) 463-3840
Telephone No.:	(312) 463-2300

(d) with copies to:

GE Canada Finance Inc.
c/o General Electric Capital Corporation
500 West Monroe Street
12th Floor
Chicago, IL 60661

Attention: Corporate Counsel-Commercial Finance

Telecopier No.:	(312) 441-6876
Telephone No.:	(312) 463-2451

and

Osler, Hoskin & Harcourt LLP

Box 50, 1 First Canadian Place
Toronto, Ontario, Canada
M5X 1B8

Attention: Robin Schwill

Telecopier No.: (416) 862-6666
Telephone No.: (416) 862-4208

7.6 Governing Law

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters pertaining to this Agreement.

7.7 Amendments

This Agreement may only be amended or modified by written instrument signed by Secured Party, the Borrower and the Bank.

7.8 Severability

Any provision of this Agreement that is or becomes unenforceable shall be unenforceable to the extent of such unenforceability without invalidating the remaining provisions hereof. To the extent permitted by Applicable Law, each of the parties hereby waives any provision of law that renders any provision hereof unenforceable in any respect.

7.9 Authorization

For the purposes of this Agreement, any attorney, officer, employee or agent of Secured Party shall be authorized to act, and to give instructions and notice, on behalf of Secured Party hereunder, and any attorney, officer, manager or agent of the Bank shall be authorized to act and give instructions and notice on behalf of the Bank hereunder.

7.10 Remedies Cumulative

The rights enumerated in this Agreement are in addition to and not in substitution for any other rights of Secured Party pursuant to any security held by Secured Party and except as otherwise contemplated in this Agreement, nothing in this Agreement is to be interpreted as restricting the rights of Secured Party pursuant to any security held by Secured Party.

7.11 Further Assurances

The parties shall at all times do, execute, acknowledge and deliver such acts, deeds and agreements as may be reasonably necessary or desirable to give effect to the terms of this Agreement.

7.12 No Fiduciary Obligations

Nothing in this Agreement shall constitute any party to this Agreement a fiduciary in relation to any other party to this Agreement.

7.13 Counterparts

This Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[INTENTIONALLY LEFT BLANK]

The parties have executed this Agreement.

ROYAL BANK OF CANADA

By: ______________________________

Name:
Title:

GE CANADA FINANCE INC.

By: ______________________________

Name:
Title:

IFASTGROUPE INC., in its capacity as general partner for IFASTGROUPE AND COMPANY, LIMITED PARTNERSHIP

By: ______________________________

Name:
Title:

SCHEDULE A

ACCOUNTS

Part 1 – Blocked Accounts

Part 2 – Disbursement Accounts

Part 3 – Collection Accounts

SCHEDULE B

LOCK BOX