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"

TWELFTH REPORT OF THE MONITOR
JUNE 15, 2004

INTRODUCTION

1. On September 16, 2003 Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants" or the "Companies") filed for and obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act* R.S.C. 1985 c. C-36, *as amended* (the "CCAA"). The terms of these proceedings are governed by an order of this Honourable Court dated September 16, 2003, as amended and restated (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "Monitor").

2. This Twelfth Report of the Monitor (the "Report") is provided to this Honourable Court in support of the Applicants' request for approval of the sale of the Arrowhead Property and as an update on the following:

   - Status of Non-Core Assets;
   - Financial Performance;
   - Corporate Allocations and Inter-company Transactions; and
   - Bi-Weekly Reporting;

TERMS OF REFERENCE

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

4. Capitalized terms not defined in this Report are as defined in the Initial Order and the Monitor's previous reports. All references to dollars are in Canadian currency unless otherwise noted.

STATUS OF NON-CORE ASSETS

<u>Real Estate – Toronto, Ontario</u>

5. The following is an update on the status of the sale of the Arrowhead Property since the Ninth Report and the Supplement to the Ninth Report:

Arrowhead Property - Toronto, Ontario

- On May 7, 2004 counsel for the Arrowhead Purchaser advised the Applicants' counsel that it had received a report from its environmental consultant which apparently raised additional concerns relating to the environmental condition of the property. As a result, the Arrowhead Purchaser was not prepared to recommend the purchase to its board of directors on the terms set out in the Agreement of Purchase and Sale.

- The Applicants and their counsel met with the Arrowhead Purchaser, their consultants and counsel on May 11, 2004 to discuss these findings and next steps. The Arrowhead Purchaser advised the Applicants that, based on the additional soil and groundwater testing performed on the property, they had determined that the overall approach, timetable and costs associated with site remediation were significantly more onerous than originally estimated. The Arrowhead Purchaser advised the Applicants that due to the increased time necessary to treat the groundwater contamination, development on the property would be significantly delayed, further eroding the Arrowhead Purchaser's expected return on this investment.

- Accordingly, the Arrowhead Purchaser revised its offer downwards and advised the Applicants that it was prepared to proceed with an offer of $2.7 million provided the Applicants accepted such offer by May 28, 2004. After this date the offer would be reduced to $2 million if accepted by June 4, 2004, with further reductions of $250,000 per week thereafter until June 30, 2004 at which time the offer would be withdrawn. The Arrowhead Purchaser would be entitled to a two day right of first refusal on the Arrowhead Property at a price slightly in excess of any other offer Ivaco might wish to accept.

- The Applicants consider that the additional remediation costs identified by the Arrowhead Purchaser are likely reasonable.

- The Applicants instructed the listing agent to contact the other parties who had participated in the offering process to ascertain whether any of them had interest in proceeding on an expedited basis to complete a transaction at a reasonable price. Based on the responses received, the Applicants have concluded that the revised offer from the Arrowhead Purchaser represents a reasonable "bird in the hand" and have advised the Arrowhead Purchaser that they have accepted the $2.7 million offer. The Applicants reviewed the offer with the National Bank's financial and legal advisors before acceptance of the offer and obtained the Bank's concurrence. A revised agreement of purchase and sale was executed and delivered by the Arrowhead Purchaser and by Ivaco and its wholly-owned subsidiary which is the holder of legal title to the Arrowhead Property (collectively with Ivaco, the "Ivaco Vendor") on June 11, 2004 but, as Ivaco had orally accepted the offer before May 28, 2004 (with documentation to be finalized later), no reduction in the $2.7 million purchase price took place.

- Payment of substantially the entire purchase price (the "Substantial Payment") to Ivaco is required under the revised agreement of purchase and sale two business days after the expiry of the appeal period for the orders approving the Arrowhead sale transaction and the vesting of title to the Arrowhead Property in the Arrowhead Purchaser. Ivaco will own the Arrowhead Property while the Arrowhead Purchaser installs boundary containment satisfactory to the Arrowhead Purchaser to ensure that no contamination migrates off the Arrowhead Property after the Arrowhead Purchaser takes title. Closing of the transaction, including transfer of title to the Arrowhead Purchaser is conditional on approval from the board of directors of the Arrowhead Purchaser. Such approval must be given within 12 months of the date that the Substantial Payment is due or, if that does not happen, the obligations of the Ivaco Vendor terminate and title to the Arrowhead Property remains with the Ivaco Vendor but the Substantial Payment will be retained by Ivaco. During the period from the date when the Substantial Payment is paid and the date of the transfer of title to the Arrowhead Purchaser, certain expenses such as taxes, utility charges and environmental system operational costs will be paid by the Arrowhead Purchaser and other expenses related to the Arrowhead Property reasonably incurred after reasonable notice to the Arrowhead Purchaser will be reimbursed to Ivaco by the Arrowhead Purchaser.

- For the reasons set out above and in the Ninth Report, the Monitor recommends that the Applicants be authorized to complete the transaction provided for in the revised Agreement of Purchase and Sale, substantially on the terms and conditions of the Agreement of Purchase and Sale attached as Appendix A.

- As discussed in the Supplement to the Ninth Report, and pursuant to the Order of this Honourable Court dated May 11, 2004, the net proceeds (after closing adjustments) from the sale of the Arrowhead Property will be paid to National Bank as a reduction of its secured loan to Ivaco.

FINANCIAL PERFORMANCE

6. Attached as Appendix B to this Report is an updated summary of the Applicants' receipts and disbursements for the period from April 24, 2004 to June 4, 2004 along with the Applicants' analysis of variances from the cash flow projections filed with the Monitor's previous reports. The Applicants had consolidated net cash inflow of approximately $17.7 million for the period from April 24, 2004 to June 4, 2004, compared to the projections filed with this Honourable Court that reflected total cash inflows of approximately $13.9 million.

Entity (000's)	Actual Net Inflow (Net Outflow)	Projected Net Inflow (Net Outflow)	Variance Favourable (Unfavourable)
Ivaco	777	(2,147)	2,924
IRM	14,254	16,782	(2,528)
Ifastgroupe	2,798	(351)	3,149
Docap	(80)	(369)	289
Total	17,749	13,915	3,834

7. Overall, the Applicants experienced a favourable consolidated cash flow variance of $3.8 million for the period from April 24, 2004 to June 4, 2004. Appendix B sets out the detailed analysis of the individual variances by entity.

CORPORATE ALLOCATION AND INTER-COMPANY TRANSACTIONS

8. The outstanding inter-company balances between the Applicants as at June 4, 2004 are presented in the table below:

Entity (000's)	Outstanding Inter-company Receivable/ (Payable) as at Apr 24	Inter-company Sales/ (Purchases) Apr 24 - June 4 (Note 1)	Allocation of Corporate Costs Receivable/ (Payable) Apr 24 - June 4 (Note 2)	Net Inter-company (Receipts) / Disbursements Apr 24 -June 4	Outstanding Inter-company Receivable/ (Payable) as at June 4
Ivaco	(926)	(19,544)	2,365	15,665	(2,440)
IRM	1,713	35,729	(1,314)	(32,187)	3,941
Ifastgroupe	(787)	(16,185)	(1,051)	16,522	(1,501)
Total	------	------	------	------	-------

Note 1: For purposes of this table, inter-company sales and purchases include the purchase of wire rods or provision of cleaning or annealing services among the Applicants.

Note 2: For purposes of this table, corporate costs include costs allocated to the divisions for tax and property insurance, computer hardware, software and support, employee benefits, other direct expenses and professional fees.

9. The outstanding balances as at June 4, 2004 for inter-company transactions and corporate cost allocations were as follows:

Entity (000's)	**Net Inter-company Trade Balances Receivable (Payable)**			**Total Trade Inter-company**	**Corporate Allocation of Costs**	**Outstanding Balance at June 4**
	Ivaco	**IRM**	**Ifastgroupe**	**A**	**B**	**A+B**
Ivaco	---	(1,419)	229	**(1,190)**	(1,250)	**(2,440)**
IRM	1,419	----	2,300	**3,719**	222	**3,941**
Ifastgroupe	(229)	(2,300)	---	**(2,529)**	1,028	**(1,501)**

10. As discussed in the Eleventh Report, Ifastgroupe experienced banking constraints due to RBC's processing disruption. This caused a delay in payments to other Applicants resulting in a higher than normal inter-company payable balance as at June 4, 2004. The banking situation is now resolved and the Applicants have resumed normal inter-company payment practices.

BI-WEEKLY REPORTING

11. Attached as Appendix C is the Applicants' bi-weekly report for the period from May 22 to June 4, 2004.

MONITOR'S ANALYSIS AND RECOMMENDATION

12. Since the commencement of these CCAA proceedings, the Applicants have taken appropriate steps to realize on their non-core assets and businesses for the benefit of their stakeholders. The Arrowhead transaction is one such example. The Monitor recommends that this Honourable Court approve the sale of the Arrowhead property as it represents the best available price based on a

comprehensive sales process conducted by an independent real estate agent retained by the Applicants for the property. This transaction has been approved by National Bank, Ivaco's first ranking secured creditor.

All of which is respectfully submitted.

ERNST & YOUNG INC.

In its capacity as Court-Appointed Monitor of
Ivaco Inc. and certain of its affiliates

Per

Brian M. Denega
Senior Vice-President

SCHEDULE "A"

Applicants Filing for CCAA

1. Ivaco Inc.
2. Ivaco Rolling Mills Inc.
3. Ifastgroupe Inc.
4. IFC (Fasteners) Inc.
5. Ifastgroupe Realty Inc.
6. Docap (1985) Corporation
7. Florida Sub One Holdings, Inc.
8. 3632610 Canada Inc.

APPENDIX A

AGREEMENT OF PURCHASE AND SALE

BETWEEN

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION

AND

1039028 ONTARIO INC. and IVACO INC.

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THIS AGREEMENT made as of June 4th, 2004 between:

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION
a corporation incorporated under the laws
of the Province of Ontario
("TEDCO")

OF THE FIRST PART

-and-

1039028 ONTARIO INC. and
IVACO INC.
(collectively the "Vendor")

OF THE SECOND PART

WHEREAS the Vendor and the Purchaser have agreed to enter into this agreement to set forth the terms whereby the Purchaser has agreed to purchase, and the Vendor has agreed to sell, the Purchased Assets (as hereinafter defined) on the terms and conditions hereinafter contained;

NOW THEREFORE in consideration of the mutual covenants and agreements set forth in this agreement and the sum of Ten Dollars ($10.00) now paid by each of the Vendor and the Purchaser to the other and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereby agree and declare as follows:

ARTICLE 1

1.1 Definitions

The terms defined herein shall have, for all purposes of this agreement, the following meanings, unless the context expressly or by necessary implication otherwise requires:

"Acceptance Date" means the date hereof;

"Access Date" means April 22, 2004

"Adjustments" means the adjustments to the Purchase Price provided for and determined pursuant to section 3.3;

"Agent" means Colliers Macauley Nicolls (Ontario) Inc.;

"Agreement" means this agreement of purchase and sale and the schedules attached hereto, as amended from time to time;

"Article", **"section"**, **"subsection"** and **"Schedule"** mean and refer to the specified article, section, subsection and Schedule of this Agreement;

"Authority" or **"Authorities"** means any person, agency, board, tribunal, commission, branch or office of any federal, provincial, regional, municipal or other governmental department having jurisdiction over the whole or any part of the Property or the transaction of purchase and sale of the Purchased Assets contemplated herein;

"Balance" has the meaning ascribed thereto in subsection 3.2(b);

"Buildings" means, collectively, a 100% legal and beneficial interest in all buildings, structures, improvements, facilities (including parking facilities), fixtures (including all environmental investigation, control and remediation equipment) and building mechanical systems situate on the Lands, and "Building" means any one of the same;

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;

"Chattels" means all equipment, inventory, supplies, furniture and other chattels located on the Property which are used exclusively in the maintenance, repair and operation of the Property, if any;

"Closing" means the closing and consummation of the purchase and sale of the Purchased Assets contemplated herein, including without limitation the payment of the Purchase Price and the delivery of the Closing Documents on the Closing Date, at the offices of the Purchaser's Solicitors;

"Closing Date" means a date to be determined by the Purchaser within twelve (12) months of the Third Deposit Date, or such later date as the Purchaser and Vendor may agree;

"Closing Documents" means the agreements, instruments and other documents to be delivered pursuant to section 5.1 and section 5.2;

"Confidentiality Agreement" means an agreement between Ivaco Inc. and the Purchaser dated the 30th day of January, 2004;

"Corporate Certificate" means a corporate certificate to be delivered by the Vendor on or before the Third Deposit Date pursuant to subsection 5.1(f), confirming the accuracy, in all material respects as of the Third Deposit Date of the representations and warranties of the Vendor;

"Deposits" means, collectively, the Initial Deposit the Second Deposit and the Third Deposit;

"GST Undertaking and Indemnity" means the goods and services tax undertaking and indemnity to be delivered by the Purchaser at Closing pursuant to subsection 5.2(d), which shall set out the particulars of the registration of the Purchaser, including its GST registration number, and which shall include a statutory declaration of a senior officer of the Purchaser confirming the then current effectiveness of such registration and confirming the Purchaser as the recipient, for its own account, of the beneficial interest in the Purchased Assets, and which shall further indemnify and save the Vendor harmless from any liability under the *Excise Tax Act* arising either from the purchase and sale transaction contemplated in this Agreement for the Purchased Assets or because of a breach in the obligations of such party under the *Excise Tax Act*;

"Initial Deposit" has the meaning ascribed thereto in subsection 3.1;

"Lands" means a 100% legal and beneficial fee simple interest in and to the lands and premises municipally and legally described in Schedule "A" attached hereto;

"Permitted Encumbrances" means those encumbrances listed in Schedule "B" attached hereto;

"Person" means either a natural person, a partnership of any type, a corporation, a joint venture, syndicate, chartered bank, a trust, a trust company, a government or an agency thereof, a trust or an executor, an administrator or other legal representative;

"Property" means the Lands and the Buildings;

"**Purchase Price**" means $2,700,000.00;

"**Purchased Assets**" means the Property, and all right, title and interest of the Vendor in and to the Chattels, if any;

"**Purchaser**" means TEDCO, its successors and assigns;

"**Purchaser's Solicitors**" means Cassels Brock & Blackwell, LLP or such other firm or firms of solicitors or agents as are retained by the Purchaser from time to time and notice of which is provided to the Vendor;

"**Second Deposit**" has the meaning ascribed thereto in subsection 3.1;

"**Third Deposit**" has the meaning ascribed thereto in subsection 3.1;

"**Third Deposit Date**" has the meaning ascribed thereto in subsection 3.1;

"**Vendor Approval Date**" means June 16, 2004 or such later date as the Purchaser approves, which approval will not be unreasonably withheld.

"**Vendor Deliveries**" has the meaning ascribed thereto in subsection 2.3(b);

"**Vendor's Solicitors**" means Davies Ward Phillips & Vineberg LLP or such other firm or firms of solicitors or agents as are retained by the Vendor from time to time and notice of which is provided to the Purchaser; and

1.2 Schedules

The following schedules attached hereto form part of this Agreement:

Schedule "A" - Municipal and Legal Description

Schedule "B" – Permitted Encumbrances

1.3 Interpretation

In and for the purpose of this Agreement, except as otherwise expressly provided:

the words "herein", "hereof and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, section, subsection or other subdivision;

the headings herein are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof; and

the singular of any term includes the plural, and vice versa; the use of any term is generally applicable to any gender and where applicable, to a body corporate; and the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto).

1.4 Governing Law

This Agreement will be interpreted and the rights and remedies of the parties hereto determined in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

ARTICLE 2

AGREEMENT OF PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets

Upon and subject to the terms and conditions of this Agreement, the Vendor shall sell, and the Purchaser shall purchase, the Purchased Assets in consideration of the payment of the Purchase Price.

2.2 **Binding Agreement**

The agreements of the Vendor and the Purchaser set forth in section 2.1 create and constitute a binding agreement of purchase and sale of the Purchased Assets in accordance with and subject to the provisions of this Agreement.

2.3 **Deliveries**

(a) The Vendor shall, to the extent not already delivered, execute and deliver to the Purchaser, within two (2) Business Days of receipt of same from the Purchaser or the Purchaser's Solicitors, authorizations to each Authority prepared by the Purchaser's Solicitors, as are required, necessary and reasonable, to permit the Purchaser to obtain information from the files of such Authorities related to the Purchased Assets, but such authorization shall not permit, and the Purchaser shall not request, any inspection of the Purchased Assets;

(b) The Vendor shall, to the extent not already delivered, made available or previously provided to the Purchaser, and only to the extent same is within the possession or immediate control of the Vendor, make available to the Purchaser within 2 Business Days following the Acceptance Date, the following documents or materials, other than those documents or materials which would reasonably be considered to be immaterial to the value of the Property, (collectively, the **"Vendor Deliveries"**), if within the possession or immediate control of the Vendor, for review at the offices of the Agent for the Vendor:

(i) a list of any litigation pertaining to the Property, if any;

(ii) a plan of survey for the Lands dated August 9, 1985 prepared by Vladimir Krcmar Ltd. (a copy of which the Vendor acknowledges receiving prior to the date hereof),

(iii) all work orders, notices and directives relating to any non-compliance of the Property with zoning, fire, health or building requirements or regulations, if any;

(iv) environmental engineering, building inspection tests, soils reports or studies, and any other similar reports, studies or tests relating to the Property;

(v) current realty tax assessments and tax bills relating to the Property for fiscal years 2002 and 2003;

(vi) copies of the Permitted Encumbrances, if not registered on title to the Property; and

(vii) all information, data, materials and documents which are relevant to the Purchased Assets, including copies of any relevant correspondence with any one of the Authorities.

(c) The Vendor shall immediately deliver to the Purchaser a copy of any other document of the type described above in subsection 2.3(b) which, after the Acceptance Date, comes within the possession or control of the Vendor. The Purchaser shall be entitled to make copies of all documents and materials provided pursuant to subsection 2.3(b), subject to the terms of the Confidentiality Agreement.

2.4 **Searches and Examinations**

The Vendor shall from time to time, at all times, from and after the Acceptance Date permit the Purchaser, its agents and representatives access to the Property to carry out, at the Purchaser's sole expense and risk, such tests, investigations (including structural/physical tests and investigations, soil tests and environmental audits) and inspections as the Purchaser may deem necessary with respect to the Property, provided that:

(a) the Purchaser shall provide at least one (1) Business Day's notice to the Vendor of any such access, tests, investigations and inspections and the

Vendor shall be entitled to have a representative present during all such access, tests, investigations and inspections; and

(b) any damage to the Property caused by such access, tests, investigations and inspections or by the access, tests, investigations and inspections conducted by Jacques Whitford Group Limited, or any of its affiliated entities, from and on and after the Access Date shall be promptly repaired by the Purchaser and the Purchaser will indemnify and save the Vendor harmless from all losses, costs, claims, third party actions, damages and expenses which the Vendor may suffer as a result of the said access, tests, investigations and inspections.

2.5 Vendor to co-operate

The Vendor further agrees to instruct its consultants to provide such access, information and co-operation to the Purchaser as is reasonable to assist the Purchaser in conducting its investigations, all at the Purchaser's expense.

ARTICLE 3

PURCHASE PRICE

3.1 Deposits

The Purchaser agrees to deliver (a) by cheque certified by a Canadian chartered bank to the Agent, in trust, to be held by Agent and to be invested in an interest-bearing account or term deposit with a Canadian chartered bank (i) within two (2) Business Days next following the Acceptance Date, an amount equal to $100,000.00 (the "**Initial Deposit**"),provided that the obligation with respect to the delivery of the Initial Deposit cheque may be satisfied by irrevocable written instructions to the Agent and the Vendor from 2010238 Ontario Limited and Purchaser that the Agent is to hold funds in an amount equal to $100,000 previously delivered to the Agent, in trust, by 2010238 Ontario Limited in connection with an agreement between 2010238 Ontario Limited and the Vendor as if it were such cheque from the Purchaser and written confirmation by the Agent to Vendor that it is holding such funds in such amount on such terms and (ii) within two (2) Business Days next following the Court granting the Approval and Vesting Orders, an amount equal to $400,000.00 (the "**Second Deposit**") which date for payment of the Second Deposit will in any event be no earlier than June 11, 2004 and (b) on the day (the "Third Deposit Date") two (2) Business Days next following the expiration of the applicable appeal period relating to the Approval and Vesting Orders or such earlier date as suggested in writing by Vendor and approved by Purchaser, acting reasonably an amount equal to $2,199,999.00 (the "**Third Deposit**") by cheque certified by a Canadian chartered bank to the Vendor.

(a) The Purchaser and the Vendor on the Third Deposit Date shall complete all aspects of the transaction in accordance with the terms of this Agreement, save and except that the Closing Documents provided for in Section 5.1 and 5.2 shall be held by the solicitor for the Purchaser in escrow to be released on the Closing Date. The Deposits shall be unconditionally paid to the Vendor on the Third Deposit Date and shall not be subject to any escrow terms and the Vendor may dispose of the Deposits in its sole and unfettered discretion, and the Purchaser shall not have any claim whatsoever against Vendor or Agent or any other person whatsoever with respect to the Deposits at anytime thereafter, whether the transaction contemplated by this Agreement shall later be completed or not completed. If the conditions for the benefit of the Purchaser in Section 4.1 hereof are satisfied on the Third Deposit Date, the Vendor shall be entitled to receive the Deposits and upon the right to such receipt arising, the Purchaser irrevocably and unconditionally releases and discharges the Vendor, the Agent and each of their representatives and agents and the successors and assigns of each of them from any duty, liability, obligation or claim whatsoever to or with respect to the Deposits.

(b) The Deposits and all accrued interest on the Initial and Second Deposits to the Third Deposit Date shall be credited against the Purchase Price.

3.2 Payment of Purchase Price

The Purchase Price shall be satisfied by the Purchaser as follows:

(a) by the crediting of the Deposits and any interest accrued on the Initial and Second Deposits to the Third Deposit Date; and

(b) by payment on Closing to the Vendor, or as the Vendor may direct in writing, by cash or cheque certified by a Canadian chartered bank or negotiable bank draft of a Canadian chartered bank of the greater of (i) the balance of the Purchase Price after deduction of the amounts described in subsection 3.2(a), subject to the Adjustments and (ii) one dollar ($1.00) (the "Balance").

3.3 Adjustments

Except as set out below in this Section 3.3, adjustments to the Purchase Price (herein referred to as the "**Adjustments**"), if any, shall be made as of the Third Deposit Date in the manner usual and customary in the Greater Toronto area for the purchase and sale of similar commercial properties and, except as set out below in this Section 3.3, shall be made with respect only to the Deposits and all accrued interest on the Initial and Second Deposits, realty taxes, utility charges, local improvement rates, and such other matters which are usually and customarily the subject to adjustment in the Greater Toronto Area for the purchase and sale of similar commercial properties. The Vendor shall be responsible for all expenses and entitled to all revenues in respect of the Property, if any, for the period ending the day before the Third Deposit Date. The Purchaser shall be responsible for all expenses and shall be entitled to all revenues in respect of the Property for the period including and after the Third Deposit Date.

The Purchaser agrees that the expenses for which it is responsible as aforesaid include all the costs and expenses of the Vendor related to the Property reasonably incurred on and after the Third Deposit Date and on or prior to the Closing Date (the "Period"), including those of the type listed above and electricity and other charges for the operation of the environmental systems on the Property as well as those incurred, after reasonable notice to Purchaser and providing the Purchaser with a reasonable opportunity to respond in the nature of personnel wages, benefits and other costs or environmental and other professionals fees and expenses or in connection with the prudent exercise of the responsibilities of the Vendor with respect to the Property. Further, the Vendor agrees to co-operate with the Purchaser to facilitate the Purchaser avoiding or minimizing costs and expenses for which it is or would be responsible hereunder, including by permitting the Purchaser to involve itself in and advise the Vendor with respect to any relevant matter. The Purchaser agrees that it will promptly pay the costs and expenses which are realty taxes, local improvement rates or electricity charges for the Property for the Period upon receipt of an invoice for the same forwarded by Vendor.

ARTICLE 4

CONDITIONS

4.1 Conditions for the Purchaser

The obligation of the Purchaser to complete the agreement of purchase and sale constituted on the execution and delivery of this Agreement shall be conditional upon the satisfaction of each and every of the following conditions:

(a) by the Third Deposit Date, the Purchaser has accepted any change in the information contained in the Vendor Deliveries or the representations and warranties given by the Vendor herein of which it has received written notification from the Vendor and shall have indicated the same in writing to the Vendor by such date;

(b) on the Third Deposit Date, all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor shall have been complied with or performed, in all material respects including without limitation the delivery in all material respects of all of the documents listed in section 5.1;

(c) on the Third Deposit Date, the Vendor's interest in the Property shall be in fee simple and be free and clear of all encumbrances, save for the Permitted Encumbrances;

(d) on the Third Deposit Date, the representations or warranties of the Vendor set out in section 6.1 shall be true and accurate in all material respects.

The conditions set forth in section 4.1 are for the sole benefit of the Purchaser and may be waived in whole or in part by the Purchaser by notice to the Vendor on or before the applicable date set forth above for satisfaction of such condition without prejudice to the right to terminate this Agreement in the event of the non-fulfillment of any other condition or conditions not so waived. The Vendor acknowledges that the waiver of any condition, in whole or in part, by the Purchaser, shall not be construed so as to affect any representation and warranty provided by the Vendor herein and the Purchaser shall, notwithstanding such waiver, be entitled to nevertheless rely upon such representation and warranty.

4.1A Conditions for the Vendor

(a) The Purchaser acknowledges that Ivaco Inc. is currently subject to proceedings under the *Companies' Creditors Arrangement Act* (the "**Proceedings**"). This Agreement is made on the express and specific condition that on or prior to the Vendor Approval Date, an order is made or orders are made by the court having jurisdiction over the Proceedings (the "**Court**"), approving this Agreement and the completion of the transaction contemplated herein as well as, subject to the Closing of the transactions of purchase and sale contemplated herein being completed, approving and directing the discharge and release of the security held by National Bank of Canada over Ivaco Inc.'s interest in the Purchased Assets, including the security registered against title to the Property on June 10, 2003 as Instrument No. AT190507 (the "**Charge**"), and vesting in the Purchaser, or such entity as is designated by the Purchaser, all right, title (free and clear, save for Permitted Encumbrances) and interest of Ivaco Inc. to the Purchased Assets (the "**Approval and Vesting Orders**"), and in respect of which the Vendor agrees to make application to the Court.

If, for any reason, the Court does not provide the Approval and Vesting Orders on or prior to the Vendor Approval Date, or the Approval and Vesting Orders have been stayed, varied or vacated so as to preclude the Closing, or the applicable appeal period(s) relating to the Approval and Vesting Orders have not expired, the Vendor may, at its option and solely for the purpose of allowing the Vendor to satisfy the condition described in this Section 4.1A, extend the Vendor Approval Date for a further period of up to thirty (30) days. If the Vendor is entitled to but has opted not to extend the Vendor Approval Date, or the Court does not provide the Approval and Vesting Orders on or prior to the extended Vendor Approval Date, or the Approval and Vesting Orders have been stayed, varied or vacated so as to preclude the Closing, or an appeal to the Approval and Vesting Orders has been made that is still unresolved, or the Vendor is prevented from completing this transaction for any reason beyond its control, except for reasons relating to the financial incapacity of the Vendor, the Vendor shall have the right to terminate this Agreement in which event this Agreement shall be cancelled and be at an end, and notwithstanding anything herein to the contrary, the Deposits shall be returned to the Purchaser, without deduction (and the Agent for the Vendor shall be and be deemed to be authorized and directed to return the Deposits), all documents and materials furnished by the Vendor to the Purchaser in accordance with this Agreement, and all copies made by the Purchaser thereof, shall be returned to the Vendor, and the Purchaser and Vendor shall be under no further obligation to the other under the terms of this Agreement, save and except for any obligations of the Purchaser to the Vendor under section 2.4(b) hereof.

(b) In addition, on the Third Deposit Date (i) all of the material terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser shall have been complied with or performed, including without limitation the delivery of all documents in accordance with section 5.2 and (ii) the representations or warranties of the Purchaser set out in section 6.2 shall be true and accurate in all material respects.

The conditions set forth in this section 4.1A(b) are for the sole benefit of the Vendor and may be waived in whole or in part by the Vendor on or before Closing without prejudice to the right to terminate this Agreement in the event of the non-fulfillment of any other condition or conditions not so waived. The Purchaser acknowledges that that the waiver of any condition, in whole or in part, by the Vendor, shall not be construed so as to affect any representation and warranty provided by the Purchaser herein and the Vendor shall, notwithstanding such waiver, be entitled to nevertheless rely upon such representation and warranty.

4.2 Non-Satisfaction of Conditions

In the event each of the conditions set forth in section 4.1 is not satisfied or waived as therein provided on or before the applicable date referred to therein, this Agreement shall be at an end and of no further force or effect whatsoever. If, by the applicable time or date referred to in section 4.1 the Purchaser has not given written notice to the Vendor as to whether or not that condition has been satisfied or waived, then such condition shall be deemed to have not been satisfied and not waived. In the event that any such conditions have not been satisfied or are deemed not to have been satisfied or waived, the Deposits, together with accrued interest thereon, shall be forthwith returned to the Purchaser without any deduction therefrom.

4.3 Title Matters

The Vendor and Purchaser acknowledge and agree that if, no later than the Vendor Approval Date, the Purchaser delivers to the Vendor a notice in writing as to any valid objection or requisition as to title to the Property which the Vendor is unable or unwilling to satisfy by the Third Deposit Date, then at its option the Purchaser may by notice in writing to the Vendor either:

(a) waive such requisition and complete the purchase of the Purchased Assets notwithstanding the non-satisfaction and waiver of such objection or requisition; or

(b) terminate this Agreement and not complete the purchase of the Purchased Assets in which event this Agreement shall thereupon be at an end and the Deposits and all accrued interest thereon shall be returned to the Purchaser forthwith and without deduction, and neither party shall have any further obligation to the other under the terms of this Agreement, save and except for the obligations of the Purchaser to the Vendor under Section 2.4(b)hereof.

Save for any requisitions made by such date and any requisitions going to the root of title, the Purchaser shall be deemed to have accepted the state of the Vendor's title to the Property. Notwithstanding the foregoing, the Purchaser acknowledges and agrees that title to the Property will be subject to the Permitted Encumbrances and the Purchaser agrees to accept title to the Property on Closing subject to the Permitted Encumbrances (provided that such Permitted Encumbrances have been complied with in all material respects, and are in good standing). In the event any encumbrances are registered against title to the Property following the Vendor Approval Date which are not Permitted Encumbrances, the Purchaser shall have the right to submit requisitions thereto and make the foregoing election should the Vendor be unable or unwilling to remove them.

ARTICLE 5

CLOSING DOCUMENTS

5.1 Vendor's Closing Documents

On or before the Third Deposit Date (except as otherwise noted below) and subject to the provisions of this Agreement, the Vendor shall execute or cause to be executed and shall deliver or cause to be delivered (except as otherwise noted below) to the Purchaser's Solicitors the following:

(a) a transfer/deed of land of the legal and beneficial interest, in fee simple, in the Property in favour of the Purchaser or as the Purchaser may otherwise direct, or, in the alternative and at the discretion of the Vendor, a vesting order with respect to title to the Property on terms as set out in section 4.1A in respect of the Approval and Vesting Orders;

(b) a general conveyance of all of the right, title and interest of the Vendor in and to the Purchased Assets;

(c) a statement of adjustments to be delivered at least two (2) Business Days prior to the Third Deposit Date, which shall have annexed thereto complete details of the calculations used by the Vendor to arrive at all credits and debits reflected therein and, where applicable and available, photocopies of supporting invoices and vouchers;

(d) a direction as to the payee or payees of the Balance;

(e) an undertaking by the Vendor to re-adjust the Adjustments;

(f) the Corporate Certificate;

(g) a statutory declaration that the Vendor is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada);

(h) discharges (by way of the Approval and Vesting Order or otherwise) of all encumbrances registered against title to the Property that are not Permitted Encumbrances, and which the Vendor has agreed to discharge;

(i) all keys and similar devices for the Purchased Assets which are in the possession or control of the Vendor, if any;

(j) all books and records pertaining solely to the Property and its operation, management and ownership in the possession or immediate control of the Vendor, which shall be available for pick-up by the Purchaser at any time on or subsequent to Third Deposit Date at the offices of the Agent, provided, however, that if the Vendor or others related to the Vendor reasonably requests access to such books and records at any time after the Third Deposit Date, the Purchaser shall provide such reasonable access and the covenant contained herein shall survive Closing;

(k) original copies of all Vendor Deliveries to the extent not referenced above which shall be available for pick-up by the Purchaser at any time on or subsequent to the Third Deposit Date at the offices of the Agent; and

(l) all other documents which are required and which the Purchaser has reasonably requested on or before the Third Deposit Date to give effect to this transaction.

All documentation shall be in form and substance acceptable to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of such documents shall contain covenants, representations or warranties which are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement.

5.2 Purchaser's Closing Documents

On or before Closing, subject to the provisions of this Agreement, the Purchaser shall execute or cause to be executed and shall deliver or cause to be delivered to the Vendor's Solicitors, the following:

(a) the Balance;

(b) an undertaking by the Purchaser to re-adjust the Adjustments;

(c) an assumption of the Permitted Encumbrances;

(d) the GST Undertaking and Indemnity; and

(e) all other documents which are required and which the Vendor has reasonably requested on or before the Closing Date to give effect to this transaction.

All documentation shall be in form and substance acceptable to the Purchaser and the Vendor, each acting reasonably and in good faith, provided that none of such documents shall contain covenants, representations or warranties which are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement.

5.3 Registration and Other Costs

The Vendor shall be responsible for the costs of the Vendor's Solicitors in respect of this transaction. The Purchaser shall be responsible for the costs of the Purchaser's Solicitors in respect of this transaction. The Purchaser shall be responsible for and pay any land transfer taxes payable on the transfer of the Purchased Assets, all registration fees payable in respect of registration by it of any documents on Closing (other than discharges of encumbrances which are required to be made by the Vendor, which shall be the responsibility of the Vendor) and all federal and provincial sales and other taxes payable by a purchaser upon or in connection with the conveyance or transfer of the Purchased Assets, including provincial retail sales tax and goods and services tax. This section 5.3 shall not merge on Closing and shall survive indefinitely thereafter.

5.4 <u>Extended Time for Closing</u>

The Purchaser's preliminary investigation of the Property has indicated the presence of contamination and volatile organic compounds in the soil and groundwater and that a degree of off-Property migration has occurred. The Purchaser requires sufficient opportunity to implement measures to prevent any further off-Property migration of contaminants, prior to accepting beneficial ownership of, legal title to, or care, management, and control of the Property. Accordingly, the Purchaser acknowledges that this Agreement is personal to Purchaser and that this Agreement or any monies paid hereunder do not create an interest in the Property and the Purchaser further acknowledges that upon any breach of this Agreement by the Vendor, the Purchaser has an adequate remedy in damages.

To facilitate the Purchaser's need to implement measures to prevent any further off-Property migration of contaminants, prior to accepting beneficial ownership of, legal title to, or care, management, and control of the Property, the Purchaser shall have access to the Property before Closing for the purpose of implementing any measures, as it may deem appropriate, in an effort to remediate existing environmental contamination and to contain further off-Property migration of contaminants, together with any ancillary activities necessary to implement those measures, provided that in so doing the Purchaser shall act reasonably and in conformity with all applicable laws and regulations. In so doing, the Purchaser shall employ fully-qualified contractors operating under the direction of licensed engineers. The Purchaser shall indemnify and hold harmless the Vendor, its agents and employees, from and against all claims, demands, losses, costs, damages, actions, suits or proceedings by third parties, including all legal fees, costs and expenses incurred in defending such claims, that arise out of or are attributable to the Purchaser's pre-Closing activities; the Purchaser shall also compensate the Vendor for any diminution in value of the Property that arises out of or is attributable to the Purchaser's pre-Closing activities in the event that the sale is not for any reason completed.

The Closing shall occur only upon the approval of the Purchaser's board of directors on the Closing Date. The Purchaser shall give five (5) Business Days notice of the Closing Date to the Vendor. In the event that the approval of the Purchaser's board of directors is not obtained by the Closing Date, the Closing Documents shall be returned forthwith to the party that delivered them and the Vendor shall thereupon be released from any and all obligations under this Agreement. In such event, the Vendor shall be under no obligation whatsoever to return any monies paid to it under this Agreement, including the Deposits. The parties agree that until the Closing occurs, the Vendor shall remain the beneficial and legal owner of the Property and the party with care, management, and control thereof, notwithstanding any entry upon the Property or activities carried out with respect thereto by the Purchaser prior to the Closing Date.

As soon as is reasonable after Closing, the Purchaser covenants with the Vendor to take, at its own cost, (i) such steps as are reasonable to remediate or manage contamination on the Property in compliance with applicable Ministry of the Environment guidelines, and (ii) responsibility for the monitoring wells presently existing on the Property, and for de-commissioning same as may be required by any applicable Authority.

ARTICLE 6

REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Vendor's Representations

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in entering into this Agreement and completing the transaction herein contemplated:

(a) subject to the satisfaction of the condition set out in section 4.1A, this Agreement and the performance of the obligations of the Vendor hereunder and the documents required to be delivered by the Vendor hereunder have been authorized by all necessary corporate proceedings and, upon execution and delivery by the Vendor, shall constitute legal, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with their terms;

(b) the Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada);

(c) except for any agreement, indenture, mortgage, deed of trust or security agreement, document or instrument that will be discharged on or before the Third Deposit Date or under which the Vendor will obtain a consent or approval with respect to the transaction contemplated by this Agreement on or before the Third Deposit Date or as disclosed, in writing, to the Purchaser by the Vendor prior to the expiration of the Third Deposit Date the Vendor is not a party to nor bound by any agreement, indenture, mortgage, deed of trust or security instrument, document or agreement that would be breached by, or under which default would occur as a result of, the execution and delivery of this Agreement or the completion of the transaction therein contemplated;

(d) except as disclosed to the Purchaser, in writing, prior to the expiration of the Third Deposit Date, the Vendor has not received written notice of any pending or threatened change to any zoning by-law affecting all or any portion of the Property, any expropriation proceedings or any local improvements made by any authority and chargeable (and not paid) to all or any portion of the Property;

(e) except as disclosed to the Purchaser, in writing, prior to the expiration of the Third Deposit Date, the Vendor has not received written notice of any litigation proceedings or other proceedings against the Vendor affecting any of the Purchased Assets nor has the Vendor received written notice of any such litigation or other proceedings which are threatened;

(f) to the best of the Vendor's knowledge and belief, no third party has any right or option to purchase the Property or any part thereof;

(g) except as disclosed to the Purchaser in writing no later than five (5) Business Days prior to the expiry of the Third Deposit Date, the Vendor has not received any notice of any outstanding work order or deficiency notice claimed by any governmental authority with respect to the Property;

(h) to the best of the Vendor's knowledge and belief, the Lands have full and free access to and from public highways, streets and roads and the Vendor has no knowledge of any fact or condition which would result in the termination of such access;

(i) to the best of the Vendor's knowledge and belief, the Property is serviced by storm and sanitary sewers, water, hydro, telephone and gas services, which are available to the Property through adjoining public streets; and

(j) the Vendor is registered pursuant to the provisions of Part IX of the *Excise Tax Act* (Canada).

Notwithstanding the foregoing or anything else contained in this Agreement, if any information which comes to the attention of the Vendor or Purchaser that any warranty or representation herein is untrue or inaccurate, the Vendor or Purchaser, as the case may be, shall so notify the other party forthwith, setting out the same in reasonable detail, and thereby allowing the Vendor an opportunity to cure same.

6.2 Purchaser's Representation

The Purchaser represents and warrants to the Vendor as follows:

(a) that the Purchaser will be a "recipient" (as defined in the *Excise Tax Act* (Canada)) of a supply of the Purchased Assets for purposes of such statute and will be registered for purposes of such statute and acknowledges that the Vendor is relying on this representation and warranty in entering into this Agreement and completing the transaction herein contemplated.

(b) that the Purchaser is a corporation duly existing under the Business Corporations Act, Ontario, and has the necessary corporate authority, power and capacity to own the Property and enter into this Agreement and the documents and transactions contemplated herein, and to carry out the agreement of purchase and sale constituted by the execution and delivery of this Agreement, and the documents and transactions contemplated herein on the terms and conditions herein contained;

(c) that the agreement of purchase and sale constituted on the execution and delivery of this Agreement and the obligation of the Purchaser hereunder, and the documents and transactions contemplated herein have been duly and validly authorized by all requisite proceedings, and constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms;

(d) the Purchaser acknowledges that it is purchasing the Purchased Assets on an "as is where is" basis. The Purchaser has relied, and will continue to rely, entirely and solely upon its own inspections and investigations with respect to the Purchased Assets, including the physical and environmental condition of the Property and only those representations and warranties of the Vendor specifically set out herein. Except as specifically set out in this Agreement, the Purchaser acknowledges that there are no express or implied agreements, representations or warranties of any kind whatsoever, made by the Vendor as to the condition, suitability for development, fitness for a particular purpose, merchantability, title, physical characteristics, profitability, use or zoning, environmental condition, existence of latent defects, quality or any other aspect or characteristic of the Purchased Assets or any of them.

(e) The Purchaser agrees to accept the zoning of the Property in effect on the Third Deposit Date.

6.3 Survival of Representations

The representations and warranties contained herein only shall not merge on Closing but shall survive beyond the Closing Date for a period of six (6) months. The party which has received a representation or warranty shall give written notice to the other party of each breach of the representation or warranty, together with details thereof, promptly after becoming aware of the breach and in any event no later than six (6) months after the Closing Date. The party which is alleged to have breached a representation or a warranty shall have carriage and control, at its option and at its sole cost and expense, of all legal proceedings with third parties in respect of such breach, provided it does so promptly and reports to the other party on a timely basis, and further provided that no settlement shall be made which binds the other party without the consent of such other party. This Section 6.3 shall not merge on Closing and shall survive indefinitely thereafter.

ARTICLE 7

INTENTIONALLY DELETED

ARTICLE 8

GENERAL

8.1 Gender/Number/Liability

The grammatical changes required to make the provisions of this Agreement apply in the plural sense where the Vendor comprises more than one Person and to corporations, firms, partnerships, or individuals, male or female, will be assumed as though in each case fully expressed. As the Vendor consists of more than one Person, the covenants of the Vendor shall be deemed to be joint and several covenants of each such Person.

8.2 Captions and Table of Contents

The caption headings and table of contents contained herein are for reference only and in no way affect this Agreement or its interpretation.

8.3 Obligations as Covenants

Each agreement and obligation of any of the parties hereto in this Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

8.4 Currency

All reference to currency in this Agreement shall be deemed to be reference to Canadian dollars.

8.5 Invalidity

If any immaterial covenant, obligation, agreement or part thereof or the application thereof to any Person or circumstance, to any extent, shall be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement or part thereof to any Person, party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby. Each covenant, obligation and agreement in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

8.6 Amendment of Agreement

No supplement, modification, waiver or termination (other than a termination pursuant to Article 4 of this Agreement shall be binding unless executed in writing by the parties hereto or by their respective solicitors.

8.7 Time of the Essence

Time shall be of the essence of this Agreement, provided that the time for doing or completing any matter may be extended or abridged by an agreement in writing between the Purchaser and the Vendor or their respective solicitors.

8.8 Further Assurances

Each of the parties hereto shall from time to time hereafter, and upon any reasonable request of the other, execute and deliver, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

8.9 Entire Agreement

This Agreement, the Confidentiality Agreement and any agreements, instruments and other documents herein contemplated to be entered into between, by or including the parties hereto constitute the entire agreement between the parties hereto pertaining to the agreement of purchase and sale provided for herein and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect thereto, and there are no other warranties or representations and no other agreements between the parties hereto in connection with the agreement of purchase and sale provided for herein except as specifically set forth in this Agreement or the Schedules attached hereto.

8.10 Waiver

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

8.11 Solicitors as Agents and Tender

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors on behalf of the Purchaser and by the Vendor's Solicitors on behalf of the Vendor, and any tender of Closing Documents and the Balance may be made upon the Vendor's Solicitors and the Purchaser's Solicitors, as the case may be.

8.12 Merger

Except as otherwise expressly set out herein, this Agreement shall merge with the closing of the transaction contemplated herein.

8.13 Successors and Assigns

All of the covenants and agreements in this Agreement shall be binding upon the parties hereto and their respective successors and assigns and shall enure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

8.14 Assignment

The Purchaser shall be entitled to assign its rights and/or obligations hereunder without the prior written consent of the Vendor, only after expiry of the Due Diligence Period and payment by the Purchaser of the Subsequent Deposit.

8.15 Notice

Any notice, demand, approval, consent, information, agreement, offer, request or other communication (hereinafter referred to as a "**Notice**") to be given under or in connection with this Agreement shall be in writing and shall be given by personal delivery or by telecopier, facsimile transmission or other electronic communication which results in a written or printed notice being given, addressed or sent as set out below or to such other address or electronic number as may from time to time be the subject of a Notice:

(a) Vendor: c/o Ivaco Inc.

Place Alexis Nihon
3400 de Maisonneuve Ouest
Suite 1501
Montreal, QC
H3Z 3B8

Attention: Guy-Paul Massicotte
Facsimile: 514-288-2669

(b) with a copy to the Vendor's Solicitors:

Davies Ward Phillips & Vineberg LLP
1 First Canadian Place
Toronto, ON
M5X 1B1

Attention: Gray E. Taylor
Facsimile: 416-863-0871

(c) Purchaser: City of Toronto Economic Development Corporation

Metro Hall, 55 John Street
7th Floor
Toronto, ON M5V 3C6

Attention: Brian Athey
Facsimile: 416-214-4660

(d) with a copy to the Purchaser's Solicitors:

CASSELS BROCK & BLACKWELL, LLP
40 King Street West, Suite 2100
Toronto, ON M5H 3C2

Attention: D. R. Angelson
Facsimile: 416-869-5391

Any notice so given or made shall be deemed to have been given or made and to have been received on the day of delivery, if delivered, or on the day of faxing or sending by other similar means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent prior to 5:00 p.m. (eastern standard time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any Notice hereunder may be given and received by the appropriate party's solicitors on behalf of its client.

8.16 ***Planning Act***

This Agreement shall be effective to create an interest in the Property only if the provisions of the *Planning Act* (Ontario) are complied with by the Vendor on or before Closing.

8.17 **Electronic Registration**

(a) In order to facilitate electronic registration in respect of this transaction, at Closing, the Vendor and the Purchaser each shall authorize and instruct their respective solicitors representing them in this transaction to enter into an escrow closing agreement in the form suggested by The Law Society of Upper Canada, subject to section 5.4 and to such reasonable amendments as such solicitors or the circumstances of the subject transaction may require, establishing the procedures and timing for completion of the transaction contemplated by this Agreement (the "**Document Registration Agreement**").

(b) Subject to section 5.4, the delivery and exchange of documents and funds and the release thereof to the Vendor and to the Purchaser, as the case may be:

(i) shall not occur contemporaneously with the registration of the Transfer/Deed; and

(ii) shall be governed by the Document Registration Agreement, pursuant to which the solicitor receiving the documents and/or funds will be required to hold the same in escrow, and will not be entitled to release the same except in accordance with the provisions of the Document Registration Agreement.

8.18 **Commission**

The Vendor and Purchaser covenant and agree that neither has retained the services of a real estate broker in connection with this transaction, save and except for Royal

LePage Commercial Inc. in its capacity as the Purchaser's broker and Agent as listing agent for the Vendor. The Vendor shall be solely responsible for any commission payable to the Agent as listing agent for the Vendor and the Purchaser shall be solely responsible for any commission payable to the Purchaser's broker.

8.19 Execution and Acceptance

This Agreement shall not be binding upon either party hereto unless executed by both parties by no later than 5:00 p.m. on the 9th day of June, 2004. Delivery of or acceptance of this Agreement or any amendments hereto may be made by either party by facsimile transmission or any similar system reproducing the original with the necessary signatures and initials. Such delivery or acceptance shall be deemed to be made when the facsimile transmission is received by the party or its solicitor. The party sending such facsimile transmission shall promptly deliver or send the original to the receiver of the facsimile transmission.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CITY OF TORONTO ECONOMIC DEVELOPMENT CORPORATION

by ______________________ c/s

Name: JEFFREY D. STEINER
Title: PRESIDENT & CEO

____

Name: JERRY PRYPASNIAK
Title: CORPORATE SECRETARY

WE HAVE AUTHORITY TO BIND THE CORPORATION

1039028 ONTARIO INC.

by ______________________ c/s

Name: Guy-Paul Massicotte
Title Vice-President

____

Name:
Title

I (WE) HAVE AUTHORITY TO BIND THE CORPORATION

IVACO INC.

by ______________________ c/s

Name: Guy-Paul Massicotte
Title: Vice-President, General Counsel and Secretary

____

Name:
Title

I HAVE AUTHORITY TO BIND THE CORPORATION

SCHEDULE "A"

MUNICIPAL AND LEGAL DESCRIPTION

PIN # 07600-0168(LT)

Being Lots D, F, & W, Plan 1043; Lot O, Plan 1043; Part of Ninth Street, Plan 1101, closed by by-law No. NT22959 as in Instrument No. NT24483; Lots X and Y, Plan 2576; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 29, 30, 31, 32, 33, 34, 35, 36, 37 and 38, Block 11, Plan 1101; Part of Lots 13 and 28, Block 11, Plan 1101; Part of Lot B, Plan 2084, as in Instruments Nos. NT6023, NT17660 and NT30021; Part of Tenth Street, Plan 1101 closed by By-Law No. NT6064 and NT6355 as in Instrument Nos. NT6105 and NT30021; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39 and 40, Block 12, Plan 1101; Part of Lots 13 and 28, Block 12, Plan 1101; Part of Lane in Block 12, Plan 1101, closed by by-law No. NT6064 as in Instrument No. NT6105; Part of Eleventh Street, Plan 1101 closed by By-Law NT6064 and NT30191 as in Instrument Nos. NT6105 and NT30192; Block A, Reserved, Plan 1101; Part of Thirteenth Street, Plan 1101, closed by by-law No. NT22960 as in Instrument No. NT24488; subject to the interest, if any, of the Municipality as to Lot 0, Plan 1043; subject to Instrument Nos. NT24483, NT24485, NT24486, NT24487 and NT24488; subject to and together with the matters set out in Instrument No. NT30021; subject to Instruments Nos. NT24489 and NT30022, Etobicoke, in the City of Toronto, known municipally as 260 Eighth Street, Toronto, Ontario, and containing 38.8 acres of land, more or less

Being all of the said PIN

The Land Titles Division of the Toronto Registry Office (No.66)

Error! Unknown document property

SCHEDULE "B"

PERMITTED ENCUMBRANCES

1. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown including, without limitation, the reservation of any mines and minerals in the Crown or in any other person.

2. Instrument No. NT22959 registered on July 19, 1957 being a By-Law of the Town of New Toronto.

3. Instrument No. NT22960 registered on July 19, 1957 being a By-Law.

4. Instrument No. NT24489 registered on December 23, 1958, being a transfer of easement in favour of The Hydro-Electric Power Commission of Ontario.

5. Instrument No. NT30022 registered on December 10, 1965, being a transfer of easement in favour of Public Utilities Commission of Town of New Toronto.

6. Instrument No NT30191 registered on April 4, 1966, being a By-Law of the Town of New Toronto.

7. Instrument No. EB325559 registered on March 6, 1967, being a By-Law.

8. Instrument No. E317117 registered on March 27, 2000, being Pearson Airport Zoning Regulations.

9. Instrument No. NT24483 registered on December 23, 1958, being a Deed, reserving an easement in favour of The Corporation of the Town of New Toronto.

10. Instrument No. NT24485 registered on December 23, 1958, being a transfer easement in favour of Canadian National Railway Company.

11. Instrument No. NT24486 registered on December 23, 1958, being a transfer easement in favour of The Hydro Electric Power Commission of Ontario as set-out in

12. Instrument No. NT24487 registered on December 23, 1958, being a transfer easement in favour of Ritchie Cut Stone Company, Limited as set-out in

13. Instrument No. NT24488 registered on December 23, 1958, being a Deed, reserving an easement in favour of The Corporation of the Town of New Toronto.

14. Instrument No. NT24490 registered on December 23, 1958, being an agreement between Anaconda American Brass Limited and Canadian Industries Limited.

15. Instrument No. NT30021 registered on December 10, 1965, being a Deed, reserving an easement in favour of The Hydro Electric Power Commission of Ontario.

16. All plans or agreements with, or orders issued by, the Ministry of Environment for the Province of Ontario or the City of Toronto in respect of the environmental condition of the Property, in existence as of the Due Diligence Condition Date

17. Any further municipal by-laws or regulations affecting the Property or its use and any other municipal land use instruments including, without limitation, official plans and zoning and building by-laws, as well as decisions of the Committee of Adjustment or any other competent authority permitting variances therefrom, and all applicable building codes.

18. Any and all licences, easements, rights-of-way, rights in the nature of easements and agreements with respect thereto including, without limitation, agreements, easements, licences, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, utilities, gas, steam and water mains or electric light and power, or telephone and telegraphic conduits, poles, wires and cables which, in each and every case, are not registered in the Land Registry Office.

APPENDIX B

Ivaco- Ivaco Inc.
Comparison of Actual to Forecast
For the period from April 24, 2004 to June 4, 2004

(in thousands)	**Actual Apr 24 - Jun 4**	**Forecast Apr 24 - Jun 4**	**Variance**	**Notes**
RECEIPTS				
TRADE	27,969	29,042	(1,073)	(1)
OTHER	1,799	1,594	205	(2)
INTER-COMPANY RECEIPTS BY CORPORATE	4,460	3,323	1,137	(3)
TOTAL RECEIPTS	**34,228**	**33,959**	**269**	
DISBURSEMENTS				
PAYROLL & RELATED	(4,281)	(4,404)	123	
MATERIAL	(364)	(518)	154	
CONSUMABLES	(1,340)	(1,350)	10	
FREIGHT & CUSTOMS	(1,801)	(1,844)	43	
UTILITIES	(1,780)	(1,564)	(216)	(4)
OTHER	(2,191)	(3,829)	1,638	(5)
PROFESSIONAL FEES	(1,572)	(1,624)	52	
DIP INTEREST AND CLOSING FEE	--	(18)	18	
TOTAL DISBURSEMENTS	**(13,329)**	**(15,151)**	**1,822**	
NET INTER-COMPANY (excluding cont. to corporate)	**(20,122)**	**(20,955)**	**833**	(6)
CHANGE IN CASH	**777**	**(2,147)**	**2,924**	

Variance Analysis:

1) Trade receipts are lower than forecast due to lower collections than expected. This is expected to reverse over the forecast period.

2) Other receipts are higher than forecast due to early receipt of tax recovery forecast in week ended May 28th. The timing of this variance will reverse over forecast period.

3) Inter-company receipts are higher than forecast due to the allocation of charges for the post-petition period that were not previously charged.

4) Utilities purchases are higher than forecast due to timing of gas purchases. This variance is expected to reverse in future periods.

5) Other costs are lower than forecast due to environmental and insurance costs that were forecasted but not paid during the period. This is a timing variance that is expected to reverse over the forecast period.

6) Net inter-company payments are lower than forecast due to lower shipments by IRM to Sivaco Quebec. This variance is expected to reverse in future periods.

IVACO - Ivaco Rolling Mills Limited Partnership
Comparison of Actual to Forecast
For the period from April 24, 2004 to June 4, 2004

(in thousands)	Actual Apr 24 - Jun 4	Forecast Apr 24 - Jun 4	Variance	Notes
RECEIPTS				
TRADE	55,982	54,210	1,772	(1)
OTHER	27	708	(681)	(2)
TOTAL RECEIPTS	**56,009**	**54,918**	**1,091**	
DISBURSEMENTS				
PAYROLL & RELATED	(6,482)	(5,986)	(496)	(3)
MATERIAL	(41,297)	(39,065)	(2,232)	(4)
CONSUMABLES	(4,700)	(5,051)	351	(5)
FREIGHT, CUSTOMS & DUMPING DUTY	(7,999)	(9,955)	1,956	(6)
UTILITIES	(6,497)	(6,151)	(346)	(7)
OTHER	(6,975)	(6,242)	(733)	(8)
PROFESSIONAL FEES	--	-	-	
DIP INTEREST AND CLOSING FEE	8	(21)	29	
CONTRIBUTIONS TO CORPORATE	(2,189)	(1,500)	(689)	(9)
TOTAL DISBURSEMENTS	**(76,131)**	**(73,971)**	**(2,160)**	
NET INTER-COMPANY (excluding cont. to corporate)	**34,376**	**35,835**	**(1,459)**	(10)
CHANGE IN CASH	**14,254**	**16,782**	**(2,528)**	

Variance Analysis:

1) Trade receipts are higher than forecast primarily as a result of higher cash sales, prompt payments and some customer prepayments during the period. In addition, the stronger than forecast US dollar is contributing to higher than forecast receipts.

2) Other receipts are lower than forecast during the period as a result of a higher than forecast payment of QST.

3) Payroll is higher than forecast due to a change in the payment pattern for source deductions as a result of changing to a payroll service provider.

4) Material purchases were higher than forecast due primarily to higher than forecast billet consumption in late April.

5) Consumables were lower than forecast due to the timing of goods received. This variance is expected to reverse over the forecast period.

6) Freight, customs & dumping duty are lower than forecast due to lower than planned shipments to the US in the previous weeks.

7) Utilities are higher than forecast as a result of higher than forecast natural gas and electricity payments due to higher activity levels.

8) Other disbursements are higher than forecast mainly as a result of the stronger US dollar compared to forecast.

9) Contributions to corporate are higher than forecast due to additional charges from Ivaco that had not previously been allocated.

10) Inter-company receipts are lower than forecast mainly due to the timing of shipments. This variance is expected to reverse over the forecast period.

IVACO - Ifastgroupe and Company, Limited Partnership & Ifastgroupe Inc.
Comparison of Actual to Forecast
For the period from April 24, 2004 to June 4, 2004

(in thousands)	**Actual Apr 24 - Jun 4**	**Forecast Apr 24 - Jun 4**	**Variance**	**Notes**
RECEIPTS				
TRADE (1)	44,142	42,776	1,366	(1)
OTHER	1,003	1,293	(290)	(2)
TOTAL RECEIPTS	**45,145**	**44,069**	**1,076**	
DISBURSEMENTS				
PAYROLL & RELATED	(5,202)	(5,693)	491	(3)
MATERIAL	(8,711)	(11,136)	2,425	(4)
CONSUMABLES	(4,265)	(4,465)	200	
FREIGHT & CUSTOMS	(1,728)	(1,669)	(59)	
UTILITIES	(323)	(291)	(32)	
OTHER	(5,712)	(4,850)	(862)	(5)
PROFESSIONAL FEES	-	-	-	
DIP INTEREST AND CLOSING FEE	(25)	(32)	7	
CONTRIBUTIONS TO CORPORATE	(2,271)	(1,477)	(794)	(6)
TOTAL DISBURSEMENTS	**(28,237)**	**(29,613)**	**1,376**	
NET INTER-COMPANY (excluding cont. to corporate)	**(14,110)**	**(14,807)**	**697**	(7)
CHANGE IN CASH	**2,798**	**(351)**	**3,149**	

Variance Analysis:

1) Actual receipts are higher than forecast due primarily to a concerted effort to collect receivables.

2) Other receipts are lower than forecast due to the delay in receiving a QST recovery and a smaller than expected GST assessment.

3) Payroll and related disbursements are lower than forecast due to the timing of payments. This is a timing variance that is expected to reverse over the forecast period.

4) Material purchases are lower than forecast due to the delay in a shipment of raw material. This is a timing variance that is expected to reverse over the forecast period.

5) Other disbursements are higher than forecast due to the timing of payments. This is a timing variance that is expected to reverse over the forecast period.

6) Contributions to corporate are higher than forecast due to additional charges from Ivaco that had not previously been allocated.

7) Net inter-company charges were lower than forecast due to the delay of payments caused by RBC's computer system problems. This variance is expected to reverse in future periods.

IVACO - DOCAP (1985) Corporation
Comparison of Actual to Forecast
For the period from April 24, 2004 to June 4, 2004

(in thousands)	**Actual Apr 24 - Jun 4**	**Forecast Apr 24 - Jun 4**	**Variance**	**Notes**
RECEIPTS				
TRADE	1,534	1,516	18	
OTHER	--	--	--	
TOTAL RECEIPTS	**1,534**	**1,516**	**18**	
DISBURSEMENTS				
PAYROLL & RELATED	(278)	(280)	2	
MATERIAL	(779)	(948)	169	
FREIGHT & CUSTOMS	(176)	(191)	15	
UTILITIES	(5)	(21)	16	
OTHER	(232)	(255)	23	
PROFESSIONAL FEES	--	--	--	
DIP INTEREST AND CLOSING FEE	--	--	--	
CONTRIBUTIONS TO CORPORATE	--	--	--	
TOTAL DISBURSEMENTS	**(1,470)**	**(1,695)**	**225**	
NET INTER-COMPANY (excluding cont. to corporate)	**(144)**	**(190)**	**46**	
CHANGE IN CASH	**(80)**	**(369)**	**289**	

Variance Analysis:

No significant variances to forecast.

APPENDIX C

DATE: June 14th, 2004

TO: Service List

FROM: Hugh Blakely, Ivaco Inc.

CC: Brian Denega, Ernst & Young Inc.

RE: **Ivaco Inc. and certain of its affiliates. (the "Applicants")**
Report for the two-week period ended June 4, 2004

Notice to Reader

In accordance with the Third Report of the Monitor dated October 9, 2003, with the assistance of the Monitor, the Applicants are hereby reporting to their stakeholders on operating results for the period ended June 4, 2004.

This report is prepared for the exclusive use of those to whom it is addressed and, consequently, it may not be forwarded to other parties or used for other purposes without our prior knowledge and written consent.

We do not assume any responsibility or liability for losses incurred by the reader or any other party as a result of the circulation, publication, reproduction or use of our report in a manner contrary to the provisions set out in the above paragraph.

Reporting to Stakeholders

The stakeholders on the Service List receive from the Applicants the following information on a regular (usually bi-weekly) basis:

1. Statements of receipts and disbursements by entity showing variances from court-filed cash flow forecast;
2. A summary of DIP borrowings by entity; and
3. A flash report on operations at each major entity.

Results for the two-week period ended June 4, 2004

The statements of receipts and disbursements for the two week period ended May 21, 2004 are attached as Appendix "A" for Ivaco Rolling Mills Limited Partnership ("IRM"), Appendix "B" for Ifastgroupe and Company Limited Partnership and Ifastgroupe Inc. ("Ifastgroupe"), Appendix "C" for Ivaco Inc. ("Ivaco") and Appendix "D" for Docap (1985) Corporation ("Docap"). All amounts are in thousands of Canadian dollars except where indicated. Significant variances between the cash flow forecast filed with the Monitor's Ninth Report and the actual results are discussed at the bottom of each statement.

Summary DIP (Cash) Balances

IRM, Ifastgroupe and Docap have positive net cash positions as at close of business on June 4, 2004. The Ivaco Sub DIP has remained at $4.0 million (on a 50% / 50% basis from IRM and Ifastgroupe) but is offset by $3.1 million of cash in its operating bank account leaving a net exposure of $0.9 million.

The following table shows the DIP (Cash) balances as at June 4, 2004 for each entity.

Entity (in millions)	Maximum authorized DIP*	DIP (Cash) balances as at June 4, 2004 ****
IRM	$16.5 **	$ (15.8)
Ifastgroupe	$3.5 ***	$ (5.0)
Ivaco - Internal DIP	$5.0	$ 0.9
Docap - Internal DIP	$1.0	$ (1.1)

* Based on the limits authorized in the Amended and Restated Initial Order and the March 15th court order.

** IRM has four letters of credit outstanding in the aggregate amount of $4.8 million to three trade suppliers, thereby reducing the availability under its DIP to $11.7 million as at June 4th, 2004.

*** Ifastgroupe has issued a letter of credit for $0.1 million to one trade supplier, thereby reducing the availability under its DIP to $3.4 million.

**** The DIP (Cash) balances include the balances of the GE DIP facility (as well as any Sub DIP for Ivaco and Docap), plus any outstanding letters of credit less the balance in the operating bank accounts and the deposits at the RBC blocked bank account.

At the close of business on June 4, 2004, IRM, Ifastgroupe and Docap had positive net cash positions. The Ivaco Sub DIP has remaining at $4.0 million since the Ninth Report but is offset by $3.1 million of cash in its operating bank account leaving a net exposure of $0.9 million. The Docap DIP remains unutilized.

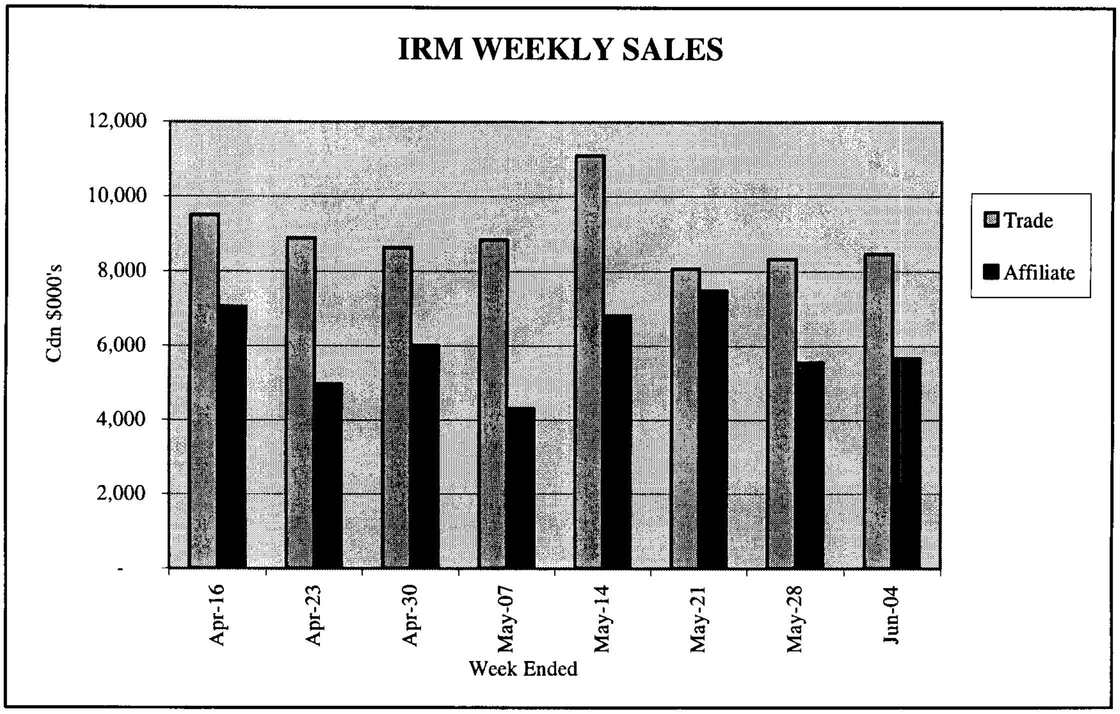
Flash Report

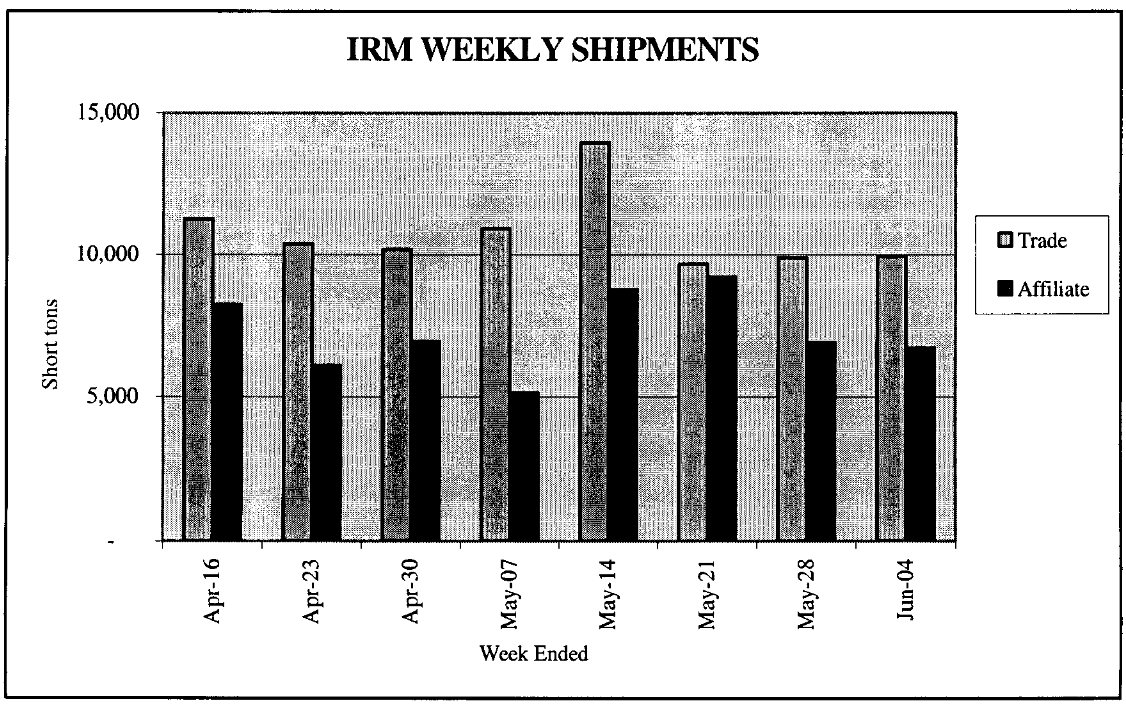
Below is a flash report on the operations of each major entity for the period from April 10 to June 4, 2004.

IRM:

Sales

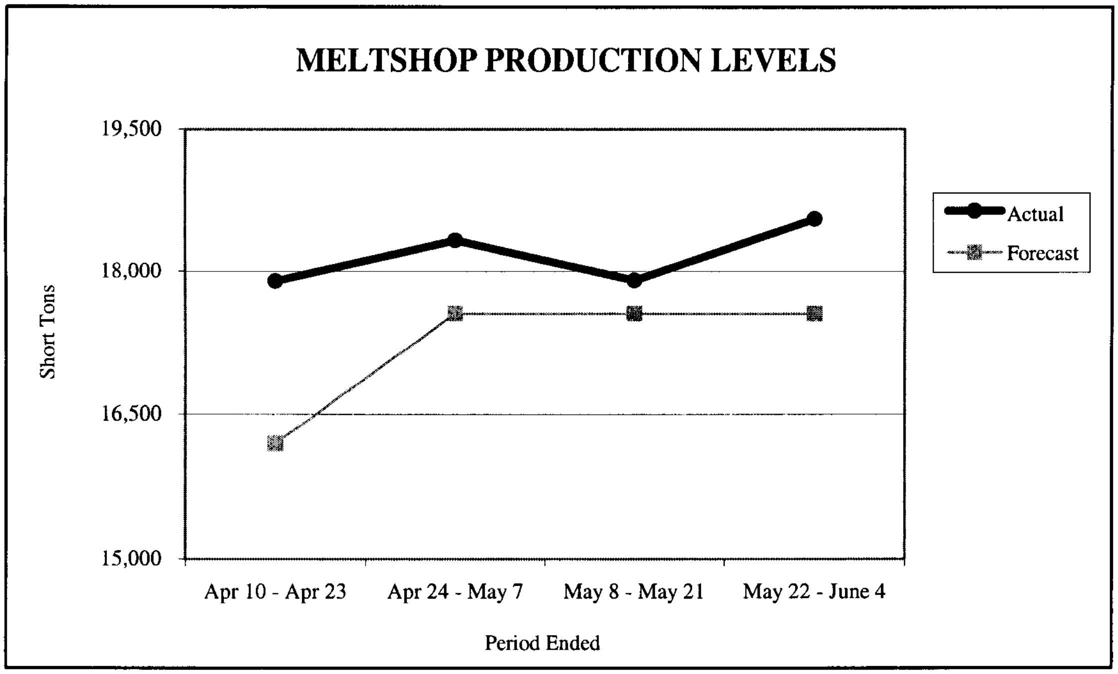
Below are IRM's weekly sales in dollars ($) and short tons, for the period from April 10, 2004 to June 4, 2004:

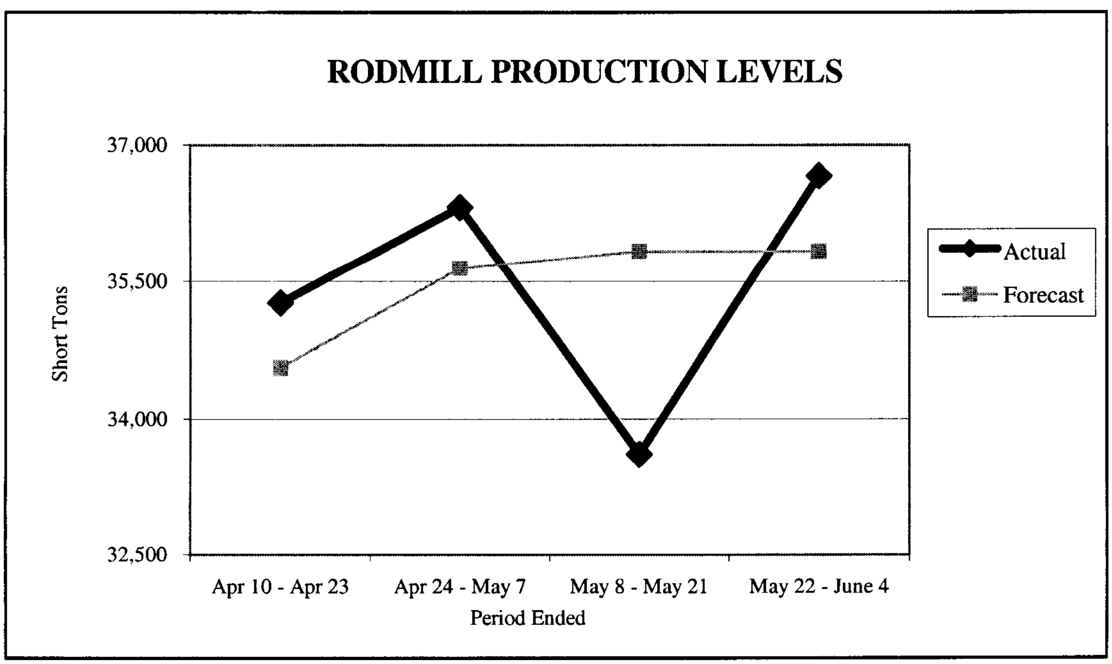




Production

Summarized below are IRM's production levels (in short tons) for the period from April April 10, 2004 to June 4, 2004 for both the melt shop and rod mill.





Management Discussion & Analysis

Scrap

The AMM composite scrap index and the Bushelling index remained consistent with the prior reporting period. It currently stands at the January 2004 price level.

Other input costs

Recent hikes in the cost of fuel have resulted in shipment fuel surcharges of 2-7% depending on the destination.

Production Efficiency

Average rod mill production for this period remained strong at 2,819 tons per day, slightly above forecast of 2,756 tons per day by 2%. Production delays due to machinery problems caused overall May production to be below forecast. Early indications this month is that June will be slightly higher than forecast.

Average melt shop production for this period remained strong at 1,428 tons per day, slightly above forecast of 1,350 tons per day by 6%. May production exceeded forecast and early indications are that the June production will slightly exceed forecast as well.

Shipments & Price Trends

Shipments increased to approximately 34,300 tons, down 8,000 tons from the previous bi-weekly period, split as 16,800 tons in the week ended May 28th and 17,500 tons in the week ended June 4th. In general, overall margins on the shipments are improving, collections continue to turnover faster and the invoicing lag-time is decreasing.

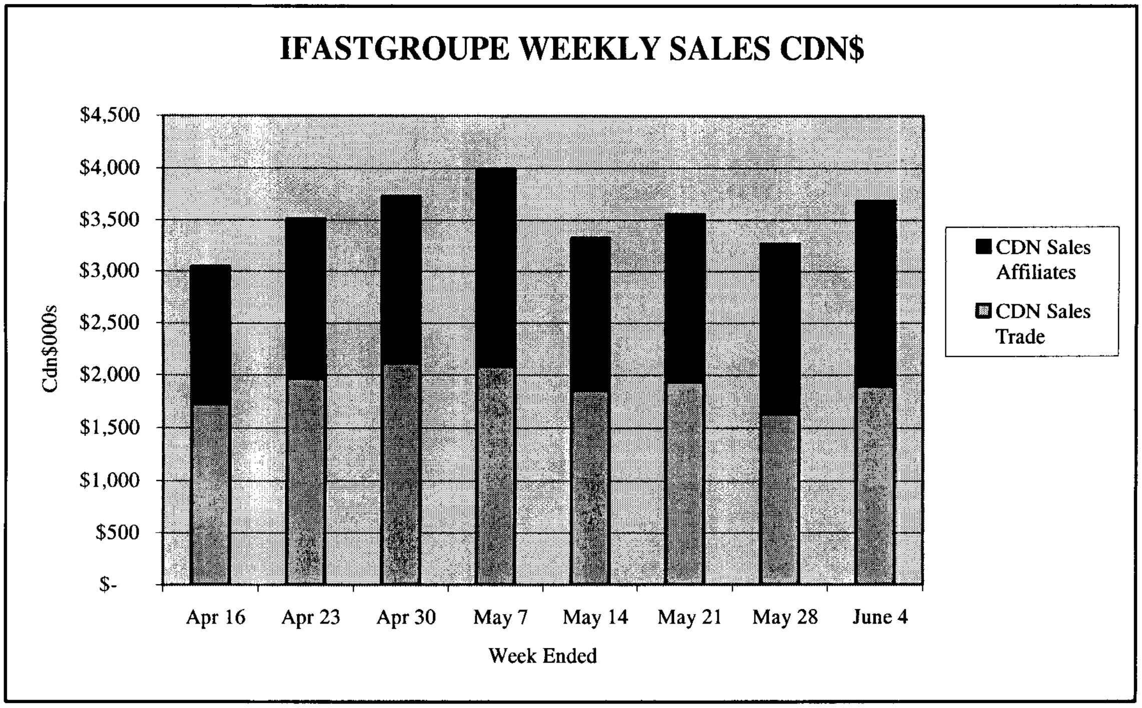
Incoming Orders/Backlog

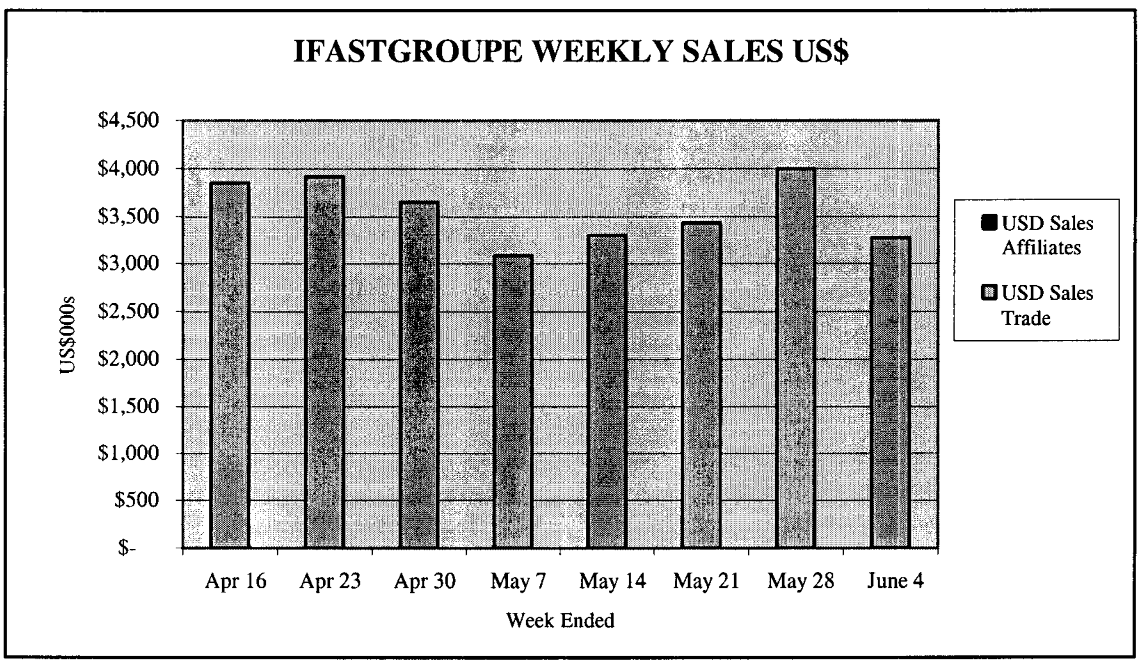
Order backlog is still healthy at 194,403 tons as a result of the third quarter order book being opened for sales and filling. Demand still remains strong.

IFASTGROUPE:

<u>Sales</u>

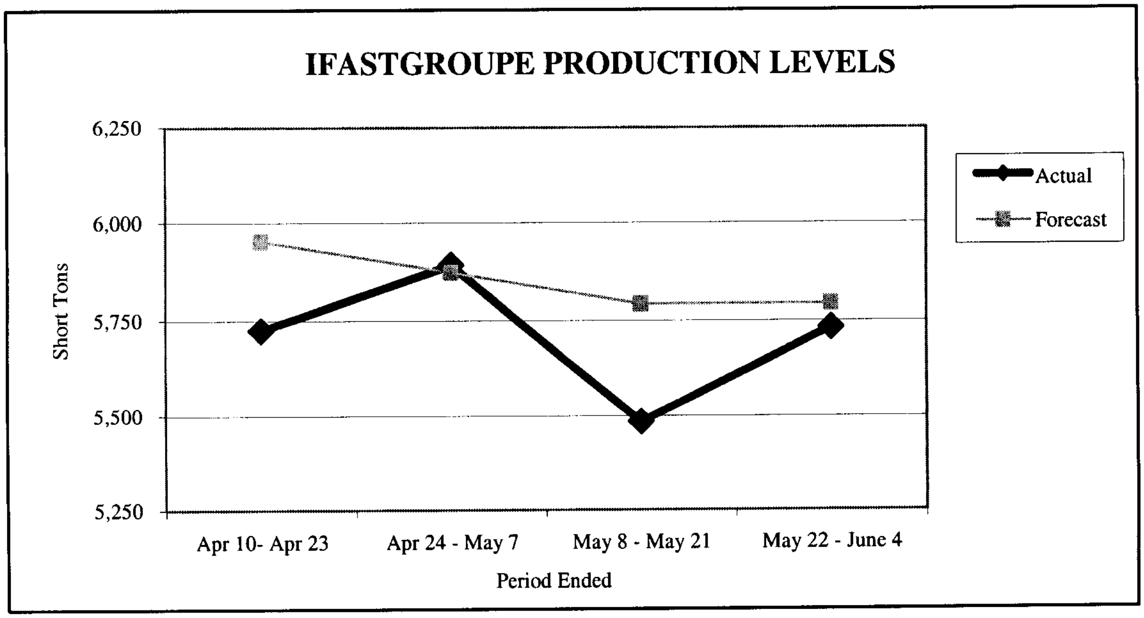
Below are Ifastgroupe's weekly sales for the period from April 10, 2004 to June 4, 2004:





Production

Summarized below is the consolidated Ifastgroupe's production levels (in short tons) for the period from April 10, 2004 to June 4, 2004.



Management Discussion & Analysis

Infasco and IFC Fasteners

Incoming customer orders totaling approximately 4,040 tons were received during the bi-weekly period ended June 4th compared to 5,735 tons in the previous reporting period. Orders on hand for future shipments include 10,381 tons for June, 6,550 tons for July, 6,279 tons for August and 3,320 in the months following.

Shipments to trade customers by Infasco were 1,271 tons during the week ended May 28th and 1,210 tons the week ended June 4th. Shipments slightly increased from the prior reporting period, which averaged 1,212 tons per week, despite the price increases that are still factoring in potential sales.

Shipments to trade customers by IFC were 945 tons during the week ended May 28th and 740 tons the week ended June 4th. Shipments increased over the prior reporting period, which averaged 776 tons per week, despite the pricing increases that are still factoring in potential sales.

Production for the period ended June 4th increased from prior periods as a result of improved raw material supply and the re-activation of a bolt maker.

Sales for the week ended May 28th were $4.9 million, and for the week ended June 4th were $4.3 million. May sales improved in the later part of the month, but were still slightly below forecast. Based on extrapolation, the forecast appears to be attainable for the month of June.

Ingersoll Fasteners

Raw material inventories remained consistent in the 3,700 ton range as a result of incoming shipments meeting the level of production. The raw material inventory is expected to be higher this time of year to facilitate increased production levels throughout the summer months.

The production level during the period of approximately 430 tons per week, for a total of approximately 865 tons, is below forecast and the prior reporting period of 700 tons per week average. Currently it is expected that the forecasted production level for the month will not be achieved.

Shipments of 483 tons in the week ended June 4th were lower than the week ended May 28th by approximately 95 tons. Total shipments in May were consistent with forecast. To start the month of June shipments are slightly below forecast but are expected to increase and finish the month consistent with forecast.

The order book for the period has remained strong since the last reporting period.

Infasco Nut

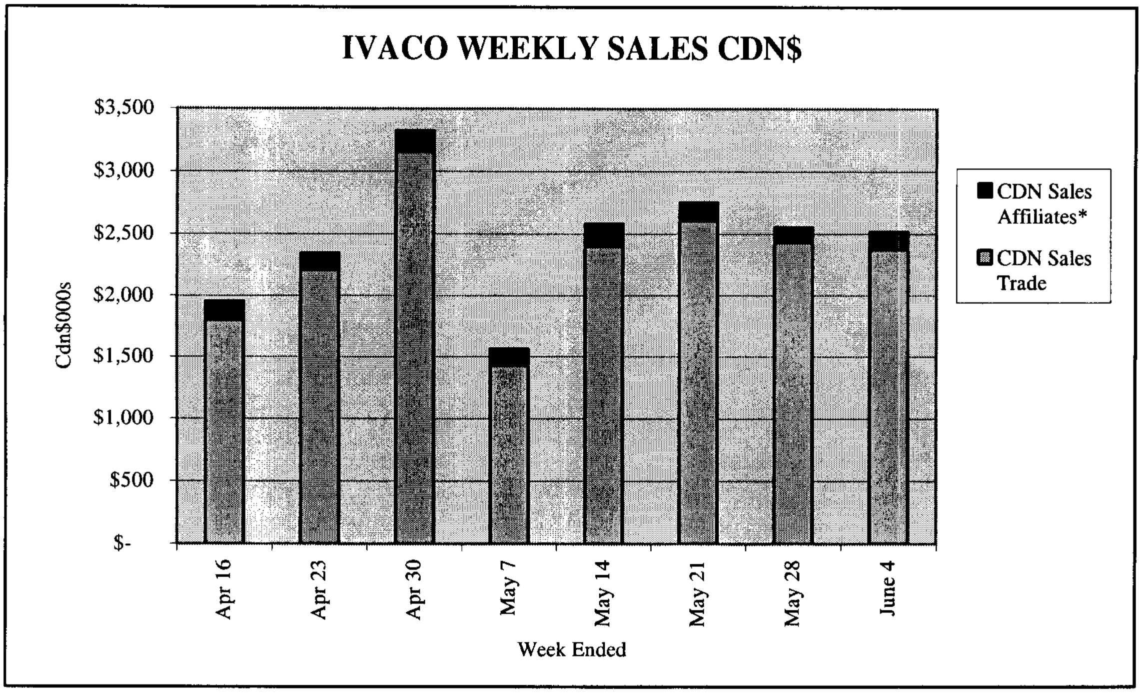
Inventory positions are being maintained and are expected to increase through the month of June. Infasco Nut's market appears to be softening as observed by a recent reduction in shipment levels. Shipments, revenues and EBITDA were consitent with forecast for the month of May. Target forecasts appear achievable in the month of June as well.

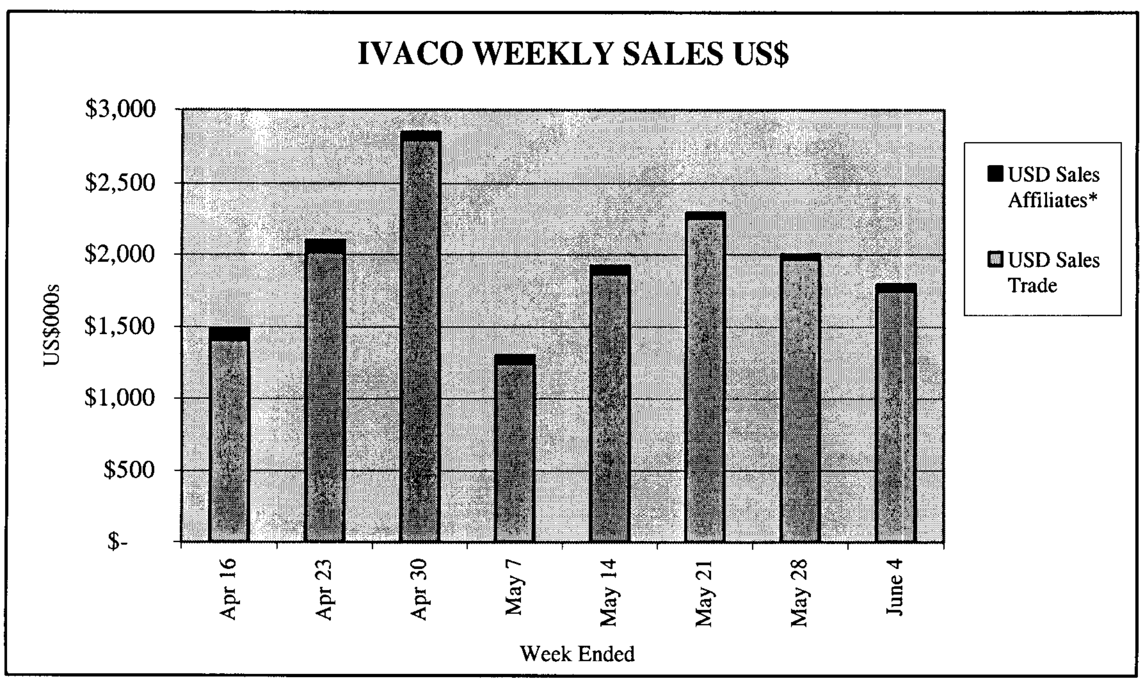
Shipments were 170 tons in both weeks ended May 28th and June 4th. Total shipments were lower than forecast for the month of May by 30 tons. June shipments are slightly below forecast so far and are expected to remain slightly below forecast throughout the month due to a softened market.

IVACO:

Sales

Below are Ivaco's weekly sales for the period from April 10, 2004 to June 4, 2004:

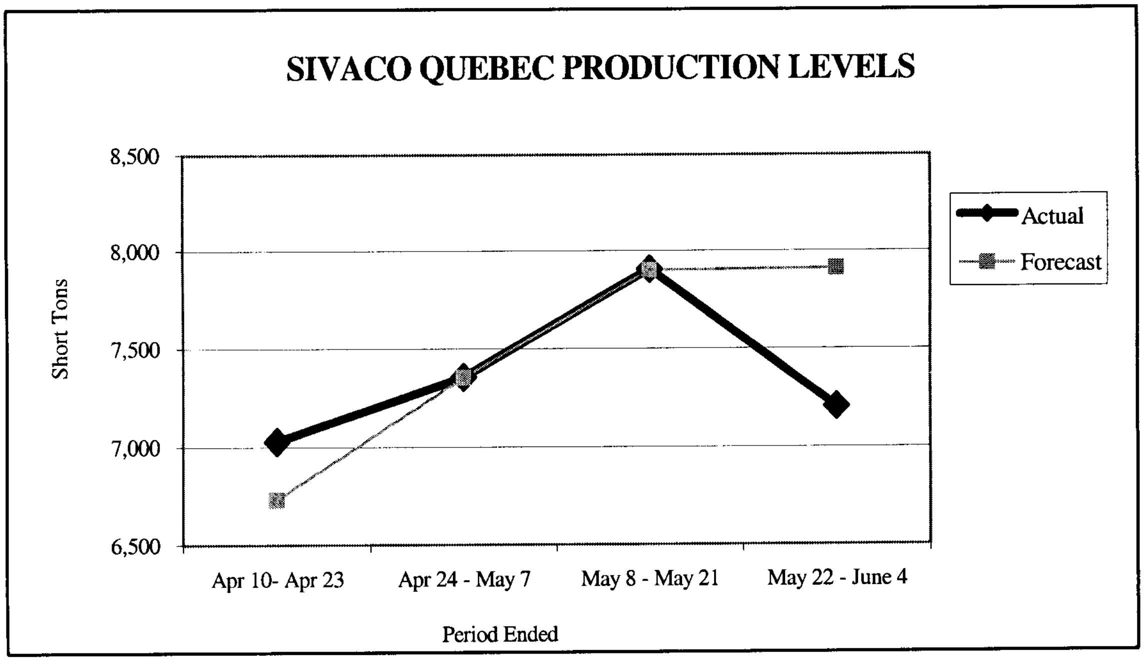


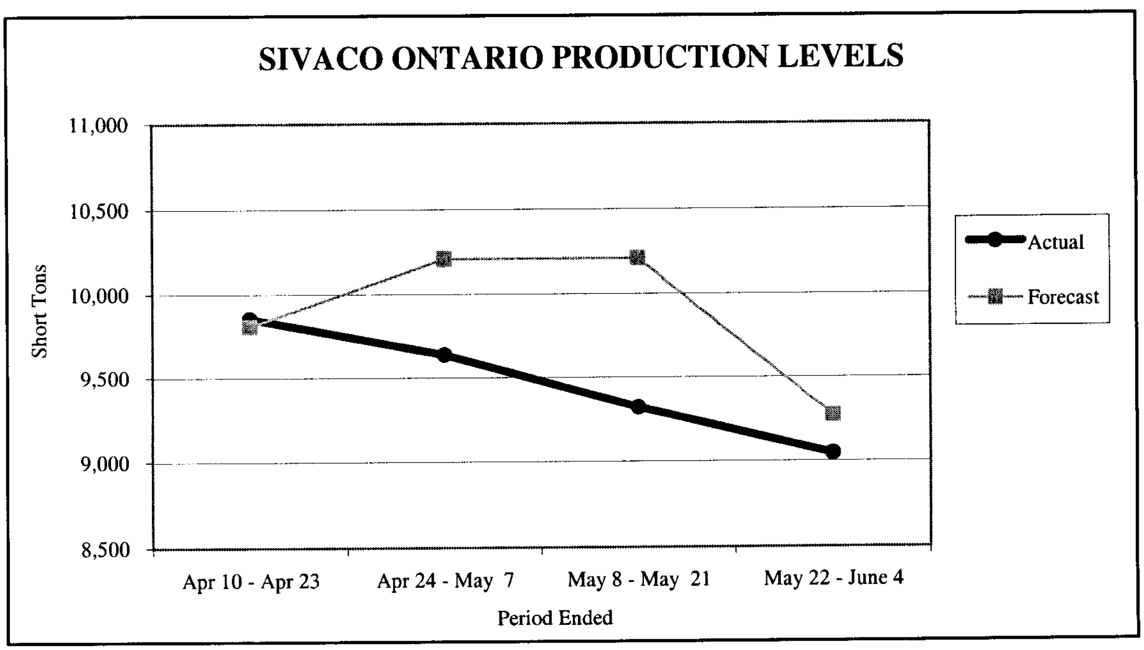


* Sales to Affiliates includes wire rod processing fees.

Production

Summarized below are the Sivaco Quebec's and Sivaco Ontario's production levels (in short tons) for the period from April 10, 2004 to June 4, 2004.





Management Discussion & Analysis

Sivaco Quebec

The finished goods production for the reporting period averaged 720 tons per day, compared to an average of approximately 779 tons per day for the month of April, 724 tons per day for the month of March, 726 tons per day for the month of February, and approximately 614 tons per day for the month of January, identifying an improving production trend year-to-date.

The wire order intake for the period was 3,301 tons, which was lower than the 6,720 forecast. Wire orders on hand at June 4th of 70,350 tons are in scheduling to be produced over the next 14-16 weeks.

Tons in inventory (rod and finished goods) are remaining consistent with the prior reporting period at approximately 24,000 tons, which is nearing normal levels but is still relatively low.

Trade shipments for the period were 3,342 tons in the week ended June 4th and 3,923 tons in the week ended May 28th. The average weekly shipments are lower than the average weekly forecast of 3,956 tons per week for the period, and the averages for the months of April of 4,135 tons per week, March of 4,088 tons per week, February of 3,520 tons per week and January of 3,250 tons per week.

Sivaco Ontario

Cleaning production for the reporting period averaged 2,932 tons per week for the period. This is lower than the average of 3,208 tons per week in the prior period, however still strong and is expected to remain strong in the coming weeks. Overall, May production was higher than forecast due to improved rod availability as well as to the hike in inter-company processing volumes and the continuation of strong sales pull.

Annealing production for the reporting period averaged 1,334 tons per week, which is consistent with forecast. IRM annealing business remains below forecast and will remain there as more Infasco product is being processed.

The order book for the period was above forecast and should continue this trend since there are customer orders booked through the summer at 925 tons per week.

The tons of raw material in inventory are now increasing, as IRM is able to ship more. This will help to meet the growing customer demand going forward.

The total shipments for the period were 2,836 tons in the week ended June 4th and 2,080 tons in the week ended May 28th. This shipment level is consistent with forecast and the trend should continue through the rest of the month.

DOCAP:

Management Discussion & Analysis

The average daily sales for the week ended June 4th were $65,100 and for the week ended May 28th were $63,100. This is consistent with the prior year's results for this period and a slight increase over the previous months as expected.

Suppliers are continuing to ship normally. Inventories have been replenished and remain at normal levels.

IVACO - Ivaco Rolling Mills Limited Partnership
Comparison of Actual to Forecast
For the period May 22, 2004 to June 4, 2004

(in thousands)	Actual May 22 - June 4	Forecast May 22 - June 4	Variance	Notes
RECEIPTS				
TRADE	15,659	16,819	(1,160)	(1)
OTHER	(1,461)	(800)	(661)	(2)
TOTAL RECEIPTS	**14,198**	**16,019**	**(1,821)**	
DISBURSEMENTS				
PAYROLL & RELATED	(1,266)	(2,225)	959	(3)
MATERIAL	(12,925)	(10,974)	(1,951)	(4)
CONSUMABLES	(1,551)	(1,593)	42	
FREIGHT, CUSTOMS & DUMPING DUTY	(1,798)	(3,054)	1,256	(5)
UTILITIES	(1,506)	(887)	(619)	(6)
OTHER	(2,477)	(2,223)	(254)	(7)
PROFESSIONAL FEES	--	--	-	
DIP INTEREST AND CLOSING FEE	8	(12)	20	
CONTRIBUTIONS TO CORPORATE	(776)	(500)	(276)	(8)
TOTAL DISBURSEMENTS	**(22,291)**	**(21,468)**	**(823)**	
NET INTER-COMPANY (excluding cont. to corporate)	**10,594**	**11,475**	**(881)**	(9)
CHANGE IN CASH	**2,501**	**6,026**	**(3,525)**	

Variance Analysis:

1) Trade receipts were lower than forecast due to fewer cash on delivery sales during the period, lowering cash reciepts and creating this variance on approximately the same level of shipments.

2) Other receipts were lower than forecast during the period as a result of a higher than forecast payment of QST.

3) Payroll disbursements were lower than forecast due to a reversal of the negative variance experienced in the prior two week period.

4) Material purchases were higher than forecast due primarily to higher than forecast billet consumption.

5) Freight, customs and dumping duty disbursements were lower than forecast mainly as a result of IRM shipping less tons than forecast to US trade customers.

6) Utilities disbursements were higher than forecast as a result of IRM paying the IMO more rapidly than forecast.

7) Other disbursements were higher than forecast due to IRM making payments relating to the summer shutdown earlier than forecast.

8) Contributions to corporate were higher than forecast, primarily due to higher than forecast insurance payments.

9) Net Inter-company receipts were below forecast due to RBC banking problems experienced by Ifastgroupe. This delayed Ifastgroupe's payment to IRM until the week ended June 11th.

IVACO - Ifastgroupe and Company, Limited Partnership & Ifastgroupe Inc.
Comparison of Actual to Forecast
For the period May 22, 2004 to June 4, 2004

(in thousands)	Actual May 22 - June 4	Forecast May 22 - June 4	Variance	Notes
RECEIPTS				
TRADE	14,875	15,182	(307)	(1)
OTHER	2	17	(15)	
TOTAL RECEIPTS	**14,877**	**15,199**	**(322)**	
DISBURSEMENTS				
PAYROLL & RELATED	(1,595)	(2,016)	421	(2)
MATERIAL	(3,410)	(3,893)	483	(3)
CONSUMABLES	(1,134)	(1,505)	371	(4)
FREIGHT & CUSTOMS	(505)	(521)	16	
UTILITIES	(97)	(58)	(39)	
OTHER	(2,141)	(1,249)	(892)	(5)
PROFESSIONAL FEES	--	--	--	
DIP INTEREST AND CLOSING FEE	(12)	(16)	4	
CONTRIBUTIONS TO CORPORATE	(759)	(617)	(142)	
TOTAL DISBURSEMENTS	**(9,653)**	**(9,875)**	**222**	
NET INTER-COMPANY (excluding cont. to corporate)	**(4,401)**	**(5,129)**	**728**	(6)
CHANGE IN CASH	**823**	**195**	**628**	

Variance Analysis:

1) Trade receipts were lower than forecast due to the timing of receipts. This variance is expected to reverse in future periods.

2) Payroll disbursments were lower than forecast due to the timing of payments. This variance is expected to reverse over the forecast period.

3) Material purchases were lower than forecast due to a delay in receipt of shipments from third parties at Infasco and Infasco Nut. This timing variance is expected to reverse over the forecast period.

4) Consumables were lower than forecast due to the timing of payments. This variance is expected to reverse in future periods.

5) Other purchases were higher than forecast due to the timing of one payment. This variance is expected to reverse in future periods.

6) Net inter-company charges were lower than forecast due to the delay of payments caused by RBC's computer system problems. This variance is expected to reverse in future periods.

Ivaco- Ivaco Inc.
Comparison of Actual to Forecast
For the period May 22, 2004 to June 4, 2004

(in thousands)	Actual May 22 - June 4	Forecast May 22 - June 4	Variance	Notes
RECEIPTS				
TRADE	10,100	9,209	891	(1)
OTHER	182	700	(518)	(2)
INTER-COMPANY RECEIPTS BY CORPORATE	1,535	1,393	142	
TOTAL RECEIPTS	**11,817**	**11,302**	**515**	
DISBURSEMENTS				
PAYROLL & RELATED	(1,469)	(1,432)	(37)	
MATERIAL	(79)	--	(79)	
CONSUMABLES	(381)	(432)	51	
FREIGHT & CUSTOMS	(637)	(572)	(65)	
UTILITIES	(606)	(472)	(134)	
OTHER	(775)	(1,686)	911	(3)
PROFESSIONAL FEES	(572)	(610)	38	
DIP INTEREST AND CLOSING FEE	--	--	--	
CONTRIBUTIONS TO CORPORATE	--	--	--	
TOTAL DISBURSEMENTS	**(4,519)**	**(5,204)**	**685**	
NET INTER-COMPANY (excluding cont. to corporate)	**(6,169)**	**(6,360)**	**191**	
CHANGE IN CASH	**1,129**	**(262)**	**1,391**	

Variance Analysis:

1) Trade receipts were higher than forecast due to higher collections than expected by both Sivaco Quebec and Sivaco Ontario. This is the reversal of the prior period's timing difference.

2) Other receipts were lower than forecast due to the early receipt of a tax recovery. This is the reversal of the prior period's timing difference.

3) Professional fees were lower than forecast as a result of the timing of payments. This variance is expected to reverse in future periods.

IVACO - DOCAP Corporation
Comparison of Actual to Forecast
For the period May 22, 2004 to June 4, 2004

(in thousands)	Actual May 22- June 4	Forecast May 22- June 4	Variance	Notes
RECEIPTS				
TRADE	356	292	64	
OTHER	--	--	--	
TOTAL RECEIPTS	**356**	**292**	**64**	
DISBURSEMENTS				
PAYROLL & RELATED	(100)	(110)	10	
MATERIAL	(282)	(339)	57	
FREIGHT & CUSTOMS	(74)	(68)	(6)	
UTILITIES	(1)	(1)	--	
OTHER	(113)	(123)	10	
PROFESSIONAL FEES	--	--	--	
DIP INTEREST AND CLOSING FEE	--	--	--	
CONTRIBUTIONS TO CORPORATE	--	--	--	
TOTAL DISBURSEMENTS	**(570)**	**(641)**	**71**	
NET INTER-COMPANY (excluding cont. to corporate)	**(24)**	**(92)**	**68**	
CHANGE IN CASH	**(238)**	**(441)**	**203**	

Variance Analysis:

No significant variances.