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"

SECOND SUPPLEMENT TO THE SIXTH REPORT OF THE MONITOR
FEBRUARY 11, 2004
(Sale Process Update)

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. The Sixth Report of the Monitor (the "Sixth Report") was issued on February 3, 2004. It provided an update on the Applicants' progress in complying with the December 11, 2003 process Order dealing with: i) the preparation of business plans; ii) the review of various restructuring alternatives; and iii) commencing a sale process. It also provided an update on the activities of the Applicants since the date of the Fifth Report of the Monitor and supported the Applicants' motion

for an extension of the stay of proceedings to April 2, 2004. The Supplement to the Sixth Report of the Monitor (the "Supplementary Report") was provided to this Honourable Court on February 9, 2004 and commented on the Applicants' financial position and cash flow projections.

3. This Second Supplement to the Monitor's Sixth Report is submitted for the sole purpose of providing a report on the preliminary results of the sale process approved by this Honourable Court on November 28, 2004.

TERMS OF REFERENCE

4. In preparing this Report, the Monitor has relied upon discussions with management of the Applicants and their advisors. The Monitor has not performed an audit or other verification of such information.

5. 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.

SALE PROCESS

6. The preliminary report on the results of the sale process prepared by UBS, the Applicants' financial advisor, is attached as Appendix A.

7. With the assistance of UBS and in consultation with the Monitor, the Applicants intend to develop a protocol to enable them to communicate more details concerning potential purchasers and investors to certain major stakeholders (to the extent prudent and practical in the circumstances).

8. As well, with the assistance of UBS and the Monitor, the Applicants will submit for this Honourable Court's consideration and prior approval the detailed procedures and timetable for the balance of the sale process.

All of which is respectfully submitted this 11th day of February 2004.

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

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

As of February 10, 2004 UBS has contacted over 75 parties to determine their interest and has sent summary overviews of the business units to 59 parties. 33 parties have signed confidentiality agreements and received confidential information memoranda on one or more of the business units. Currently, UBS has received non-binding offers from 11 parties, including bids for all three business units and bids for individual business units. UBS expects to receive additional non-binding offers in the near term.

The non-binding offers that have been received to date are from credible and established entities that are known to UBS. UBS believes that the entities have the resources to execute a transaction of the size and complexity referred to in the non-binding offers

While the offers are non-binding and subject to verification of the Applicants' business plan assumptions, UBS is of the view that the values contained in the non-binding offers are such that it would be worthwhile for the Applicants to move forward with the sales process in an effort to determine whether the prospective investors will make binding and definitive offers after the completion of due diligence.