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"

NINTH REPORT OF THE MONITOR MAY 6, 2004

INTRODUCTION

1. On September 16, 2003 Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants") 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") of the Applicants during these CCAA proceedings.

2. The Applicants included in the Initial Order consist of, amongst others, Ivaco, Ivaco Rolling Mills Inc., Ifastgroupe Inc., IFC (Fasteners) Inc. ("IFC"), and Docap (1985) Corporation ("Docap") and the related limited partnerships Ivaco Rolling Mills Limited Partnership ("IRM") and Ifastgroupe and Company Limited Partnership ("Ifastgroupe").

3. This Ninth Report of the Monitor (the "Report") is provided to this Honourable Court in support of: (i) the Applicants' motion for an extension of the stay of proceedings from May 21, 2004 to June 18, 2004; (ii) an increase in the capital

expenditure limit granted in the Initial Order; and (iii) the Applicants' request for approval of the sales of the Chambly and Arrowhead properties.

4. The Report also serves as an update in respect of the activities of the Applicants and certain events occurring since the date of the Sixth Report of the Monitor (the "Sixth Report"), including the following:

- Parallel Restructuring and Sale Process;
- Communication with Stakeholders;
- Status of Non-Core Asset Sales;
- Operations;
- Financial Performance and Cash Flow Projections;
- Debtor-in-Possession Financing;
- Pension Plans; and
- Estimated Directors' and Officers' Liabilities.

TERMS OF REFERENCE

5. 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. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material. All references hereinafter to the distribution of funds and/or proceeds are subject to a review of the applicable security, which is ongoing.

6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Initial Order and the Monitor's previous reports.

PARALLEL RESTRUCTURING AND SALE PROCESS

Sale Process:

7. The Second Round of the Sale Process being undertaken by the Applicants as described fully in the Eighth Report of the Monitor has continued in accordance with the Sale Process Memorandum. Pursuant to this Honourable Court's direction, the Monitor has been actively involved throughout the Sale Process, attending all management presentations to bidders, facility tours and all material follow-up meetings with the bidders. The Applicants together with the Monitor have kept the Informal Advisory Committee apprised throughout the process.

8. Certain bidders requested an extension of the April 30th Bid Deadline. The Applicants' financial advisor, UBS, recommended that the Bid Deadline be extended by two weeks to May 14, 2004. The Monitor considers the extension to the Bid Deadline to be reasonable for the following reasons:

   - The Monitor has observed that bidders are doing a significant amount of due diligence. Bidders have requested further information from the Applicants, which is being provided;

   - Certain bidders could not meet with management and visit sites until the week of April 19, 2004;

   - The draft agreement of purchase and sale, which is to form the basis of the bidders' submissions, has only recently been provided to bidders; and

   - Financial results for the first quarter of 2004 are about to be released and will be relevant to the bidders in evaluating the Applicants' business plans.

9. In accordance with the Sale Process Memorandum, UBS advised all bidders in writing that the Bid Deadline has been extended to May 14, 2004. Counsel for the Applicants also advised the service list of the extension.

10. After submission of the Second Round bids, each of the Applicants intends to review the bids with its financial and legal advisors, the Monitor and the relevant members of the Informal Advisory Committee. The Applicants also propose to discuss the feasibility of satisfying certain expected conditions of closing with the relevant stakeholders in order to ensure that if one or more prospective purchasers are granted exclusivity that there is a high likelihood of completing the transaction.

Restructuring Activities:

11. The Applicants are currently reviewing all of their contractual commitments with a view to terminating unnecessary contracts and identifying which equipment leases do not reflect current market conditions and therefore should be renegotiated or disclaimed pursuant to the terms of the Initial Order. The Monitor is actively involved in this assessment and has participated in meetings and discussions with the three largest equipment lessors, namely, Fleet, GE Capital and HSBC. Discussions are ongoing.

12. The Applicants have relocated their head office to a new location effective March 1, 2004. The new lease is at significantly lower rates than the previous premises and has reduced the square footage by half, providing annual rent savings of approximately $500,000 (or approximately 70% compared to the previous arrangement).

13. The Applicants have engaged external consultants to perform a review of supply chain management and other logistics at various locations with a view to improving operational efficiencies and reducing costs. The Applicants have begun the implementation of certain of the consultants' recommendations that

permit them to benefit from the potential cost savings without incurring additional expenditures. .

SALE OF NON-CORE ASSETS

Overview:

14. The Applicants have identified several assets that are not necessary as part of their core business strategy. The Applicants have started to realize on these non-core assets. In selling these assets, the Applicants and the Monitor will consult with major stakeholders, as appropriate.

IMT Corporation:

15. IMT Corporation ("IMT"), which is not part of this CCAA proceeding, is a wholly owned subsidiary of Ivaco. With operations in Ingersoll and Port Colborne, Ontario, it manufactures high quality precision-machined components for the tractor-trailer, original equipment manufacturing and defence industries. IMT owes its principal secured lender, Canadian Imperial Bank of Commerce ("CIBC"), approximately $12 million.

16. The Applicants have engaged Continua Capital Inc. ("Continua") to conduct a formal sale process in respect of IMT. The process commenced on November 19, 2003. Expressions of interest were due on January 16, 2004 and several were received. In consultation with the Monitor and CIBC, the Applicants authorized Continua to pursue exclusive negotiations with one interested party (the "Purchaser")

17. On April 27, 2004, the Applicants signed a letter of intent with the Purchaser to purchase certain of IMT's assets and assume certain of its specified liabilities. Subject to continued due diligence and a number of closing conditions, including satisfactory discussions with the Union, the Purchaser anticipates that a closing will occur as soon as practicable after it has secured the necessary financing but

no later than 75 days from the signing of the letter of intent (i.e. July 12, 2004). The Applicants will provide details of the transaction to this Honourable Court concurrently with the motion for approval of the sale.

Docap:

18. Docap is a wholly owned subsidiary of Ivaco and an importer and distributor of automotive and industrial products to customers located in both Canada and the United States. The majority of its products are imported from overseas. Docap owes its principal lender, National Bank of Canada ("National Bank"), approximately $3.9 million under a loan secured by, among other things, a General Security Agreement covering inventory and accounts receivable.

19. The Applicants have engaged Continua to conduct a sale process in respect of Docap. The process commenced on November 19, 2003. Expressions of interest were due on January 16, 2004 and several parties expressed an interest in acquiring the business and/or specific assets.

20. Continua and the Applicants have concluded that the transaction having the most chance of successful completion would be with the current management team of Docap. Management's offer has been submitted to the National Bank for approval. If the approval of the National Bank is obtained, the transaction will be presented to this Honourable Court for approval. Should the National Bank not accept the offer, the Applicants will consider other alternatives, including liquidation.

IFC USA Corp.:

21. In January 2004, the Applicants engaged Continua to advise on a potential sale of the operations of IFC USA Corp. ("IFC USA"), including Vermont Fasteners Sales Corp. ("VFS") and Vermont Fasteners Manufacturing ("VFM"), a subsidiary and a division of IFC USA, respectively. The Applicants identified a prospective purchaser for all of the assets of IFC USA but after preliminary due diligence, the potential purchaser decided not to proceed with its investigation.

The Applicants are of the view that the value of IFC USA as a going concern or in liquidation is less than the aggregate arm's-length debt of IFC USA. IFC (a Canadian-domiciled Applicant) also has a substantial inter-company claim against IFC USA. IFC USA is not at present a party to any insolvency or restructuring proceedings.

22. The Applicants are developing an informal proposal to be circulated to the creditors of IFC USA. The Applicants believe that the proposal could result in a better recovery for creditors generally and some recovery by IFC on its inter-company debt. The largest creditors of IFC USA have already indicated preliminary support for such a proposal.

23. In parallel with the creditor discussions, the Applicants have taken preliminary steps to liquidate the assets of VFS and VFM. The Applicants have listed both the VFS and VFM real properties with Redstone Commercial Group ("Redstone"), a Vermont real estate agency. There have been indications of interest on the VFS property and the Applicants and Redstone are in discussions with the prospective purchasers.

24. Concurrently, the Applicants have obtained independent valuations for the assets of IFC USA in a liquidation scenario. Since then, the Applicants have obtained a number of offers for the manufacturing equipment owned by both VFS and VFM. These offers are under review. Certain of the Canadian-domiciled Applicants may submit bids for certain pieces of machinery. Any such bids will be assessed on the same basis as an arm's-length bid.

25. Although the Applicants have not finalized the assessment of the liquidation process and their communication with creditors of IFC USA, they are evaluating all offers received for IFC USA's assets in consultation with their legal counsel and will complete transactions where appropriate. The Applicants have requested that the Monitor hold all proceeds of disposition in trust, on terms to be settled, until such time as the informal liquidation process is documented and agreed upon by creditors.

Real Estate:

26. As set out in the Sixth Report, Ivaco has various properties presently listed for sale. These are discussed below:

Warrenton, Virginia

- This property consists of two parcels of land containing approximately 48 acres and a 128,000 square foot building located in the Town of Warrenton, Fauquier County, Virginia. The property is no longer needed for the Applicants' business and has been on the market since 2000.

- As indicated in the Third Report of the Monitor, the Applicants had executed a preliminary sale contract, subject to certain conditions, for U.S.$4.5 million. However, based on a meeting the Applicants had with planning officials from the Town of Warrenton, the Monitor is advised that the Town has rejected the prospective purchaser's plan to rezone the land for residential use and, as a result the offer has been withdrawn.

- With very little chance of any residential development on the property, the Applicants will attempt to re-market the property as industrial land, at a significantly reduced price. The Applicants have been approached by another prospective purchaser; however, the Applicants have requested further information from their real estate agent with respect to industrial land comparable sales before accepting any offers for the property.

Toronto, Ontario

- Ivaco owns the beneficial interest in a parcel of land consisting of approximately 38.8 acres located in Toronto, Ontario, commonly referred to as the Arrowhead property, through a numbered nominee corporation.

- Part of the Arrowhead property was used for the manufacture of copper and brass products from approximately 1910 until 1989 while the remainder of the property was used as a stone quarry for the manufacture of architectural concrete products. Demolition of all of the buildings on site was completed in 1991 and 1992.

- Based on a Phase 1 Environmental Site Assessment completed in February 1998 and subsequent Phase II assessments, it was determined that there was on and off-site groundwater contamination and on-site soil contamination in excess of the prescribed standards established by the Ontario Ministry of the Environment for industrial lands. Former storm sewers, sanitary sewers, process wastewater pipelines and natural gas lines and other utility ducts remain in place on the property. As well, a significant portion of the property is covered with concrete or reinforced concrete former floor slabs, foundations and machinery pits and bases. These issues have significant adverse impact on the sale value and redevelopment cost of the property.

- The Arrowhead property was initially listed for sale in 1989 with J.J. Barnicke at a listing price of $16 million. With the information gained from the additional environmental investigations conducted on the property and the growing certainty that residential development is not possible, the Applicants now believe that this price was not realistic. During the period the property was listed with J.J. Barnicke, there was only sporadic interest in the property.

- The Applicants terminated the J.J. Barnicke listing agreement on November 10, 2003 in order to provide a fresh start to a more expeditious sale process. On December 12, 2003, the property was listed with Colliers Macaulay Nicolls (Ontario) Inc. ("Colliers") at a listing price of $12 million. Colliers immediately prepared materials in order to launch an intense marketing campaign. During this time, on December 15, 2003, the Applicants received an offer from a party who had previously expressed an interest in the property at the time J.J. Barnicke was the listing agent.

- The offer was for $8 million, subject to an adjustment based on environmental clean-up costs. The prospective purchaser signed a confidentiality agreement and was provided with relevant environmental documents to review in order to assess whether it still wished to proceed with its offer.

- After a reasonable period of time to complete its preliminary due diligence, the prospective purchaser reduced the offer to $5 million; however, the offer was still subject to onerous conditions. Since Colliers was just beginning to market the property, the prospective purchaser was advised that the Applicants intended to proceed to market the property and the prospective purchaser was encouraged to participate in that process.

- Colliers prepared a comprehensive Confidential Offering Memorandum ("COM"), a copy of which is attached as Appendix A. The COM was then distributed to 33 prospective purchasers, including the prospective purchaser described above.

- Extensive signage was installed on the property. Colliers conducted meetings with a representative from the City of Toronto and with a local planning consultant to discuss the property. Follow-up calls were placed to all of the prospective purchasers and Colliers attempted to identify additional prospects who may have been interested in the property.

- Of those prospective purchasers who received the COM, eight parties expressed an interest in performing preliminary due diligence specifically with respect to the environmental condition of the property, and were asked to execute a confidentiality agreement. Once a party entered into a confidentiality agreement, the Applicants provided it with a detailed summary of environmental issues and access to a data room containing documents relating to the environmental condition of the property including, among other things, a Phase 1 Environmental Site Assessment, subsequent Phase II reports and a copy of a Memorandum of Agreement with the Ontario Ministry of the Environment.

- On February 11, 2004, Colliers sent an instruction letter to those parties who had expressed interest advising them that the Applicants would be accepting offers for the property until February 16, 2004. The prospective purchasers were reminded that the Applicants were under no obligation to accept any offer received or to enter into negotiations with any party.

- On February 16, 2004, three offers and an indication of interest were received. After careful consideration of the proposals, taking into account: (i) the identity of the prospective purchaser and its financial ability to consummate a transaction (to the extent known); (ii) the purchase price; and (iii) environmental and other conditions, the Applicants selected one of the parties with whom to enter into exclusive negotiations. Negotiations commenced but after a period of time, the offer price was revised substantially downward and it became evident that this bidder's offer contained certain conditions which the Applicants knew would not be met, including a request for a substantial indemnity from the Applicants in respect of potential off-site environmental contamination and a holdback of a portion of the purchase price.

- Accordingly, the bidder and the Applicants terminated negotiations and the Applicants entered into a dialogue (and then an exclusive negotiation period and ultimately an agreement) with another prospective purchaser, 2010238 Ontario Inc. (the "Arrowhead Purchaser"), with a view to completing a transaction as quickly as reasonably practicable. Although the principal for whom the Arrowhead Purchaser is acting has asked to remain anonymous at this time, the Applicants, their counsel and the Monitor have been advised on a confidential basis as to the identity of the beneficial Arrowhead Purchaser and its financial ability to close this transaction.

- After several weeks of negotiation and after the Arrowhead Purchaser obtained a level of comfort from the Ontario Ministry of the Environment, on April 21, 2004 an agreement in principle was reached which included the following terms:

- The parties agreed to amend the then current exclusivity agreement to extend the period of exclusive negotiations to April 30, 2004; and

- On or before April 30, 2004, the Arrowhead Purchaser intended (but was not obliged) to enter into an agreement of purchase and sale for the property on the following terms and conditions:

    - Purchase price of $4.5 million;

    - Environmental due diligence period commencing immediately and ending on May 17, 2004;

    - The transaction would be conditional upon (with such conditions to be satisfied or waived on or prior to May 17, 2004):

        - The Arrowhead Purchaser not discontinuing the transaction; and

        - The Applicants obtaining approval from this Honourable Court.

    - Closing to occur within five days of May 17, 2004.

- On April 30, 2004, Ivaco and 1039028 Ontario Inc. the nominee holding legal title to the property in trust for Ivaco (collectively the "Vendor") and the Arrowhead Purchaser executed an Agreement of Purchase and Sale, a copy of which is attached as Appendix B, in which the Vendor's obligations are conditional upon obtaining the Order requested by the Applicants.

- On behalf of the Applicants, the Monitor commissioned an opinion of value on the property from C.B. Richard Ellis, which indicated that the property has a fair market value in the range of $8.7 million to $9.7 million before environmental remediation costs. The Applicants have obtained estimates of the environmental remediation costs, which would reduce that range. For obvious reasons the Applicants wish to keep these estimates confidential.

- National Bank is the first ranking secured creditor in respect of Ivaco. The Applicants have consulted with National Bank's financial advisors. In order to affect the sale, National Bank will have to agree to the sale of the property, including the discharge of its security over the property and related assets to be sold.

- Given the length of time the property has been on the market, the extensive marketing efforts undertaken by J.J. Barnicke and Colliers, the potential for significant environmental clean-up costs and the opinion of value obtained, it is the Monitor's view that the purchase price being offered for the Arrowhead property appears to be reasonable. Accordingly, the Monitor recommends that the Applicants be authorized to complete the transaction provided for in the Agreement of Purchase and Sale, substantially on the terms in the Agreement of Purchase and Sale attached as Appendix B.

- The Applicants have agreed with National Bank that 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, subject to this Honourable Court's approval.

Marieville, Quebec

- This property consists of 295 arpents (an arpent is slightly smaller than an acre) of woodland, farmable and non-farmable land, along with a small house, broken down into 19 different lots. Although these lots were not marketed through real estate agents, the Applicants received three offers for these lots from local farmers.

- The Applicants reviewed the offers with the National Bank's financial advisor prior to the acceptance of the offers. The proposed transactions allocate the above-mentioned lots to a combination of two of the offerors for an aggregate sale price of $529,000. As the approval of the Commission de la Protection du Territoire Agricole is required for a portion (46%) of these transactions, they are expected to close in two steps; the first in early June for $282,000 and the second for $247,000 within approximately 60 days thereafter. The proceeds will be held in trust by the Monitor.

Chambly, Quebec

- The property at 2000 Industriel Blvd., Chambly, Quebec (the "Chambly Property") approximately 30 kilometres south of Montreal, has been on the market since 1996. The Chambly Property is comprised of a one-story, single-occupant industrial building having an area of approximately 163,000 square feet on land with an area of approximately 400,000 square feet.

- There is also a 14.5 acre vacant piece of land adjacent to the Chambly Property, which has been listed for sale separately with J.J. Barnicke at a listing price of $900,000. At present, one offer has been received in respect of this property; however, the Applicants are continuing to market the property.

- On March 4th 2002, the Chambly Property was listed with J.J. Barnicke at a listing price of $3.9 million. After more than one year of marketing activity and no interest from prospective purchasers, the listing price was reduced to $3.0 million. There continued to be no interest on the Chambly Property at this price level. J.J. Barnicke's mandate was renewed on December 11th, 2003 for a further term at a reduced listing price of $2.4 million.

- This further reduction in the listing price resulted in an offer being received from Tennant Steel Services Ltd., a copy of which is attached as Appendix C. The details of the offer are as follows:

    - Price: $1,550,000;
    - Deposit: $50,000 – non-refundable upon default of the purchaser once conditions are removed;
    - Due diligence period: 33 days from March 25, 2004;

- Conditions: Environmental Phase I and satisfaction as to feasibility of the project;
- Closing: 33 days following removal of conditions;
- Court approval: 33 days to obtain after removal of conditions;
- Representations: Property sold on an "as is, where is" basis without any warranty other than legal warranty as to title; and
- Mortgage balance: $933,000 held by Caisses Populaires Desjardins ("Caisses").

- Shortly after September 16, 2003, the Monitor on behalf of the Applicants retained the valuation services of Roy, Sanches, Gold & Associates to provide the Applicants with an appraisal of the Chambly Property on a liquidation basis. The Chambly Property was appraised at $1.68 million at that time.

- The Applicants presented the offer to the National Bank's financial advisors prior to signing the final counter-offer to obtain National Bank's concurrence to the transaction in its capacity as the first ranking secured creditor in respect of Ivaco.

- Based on the factors described above, including the number of years the Chambly Property has been on the market, the level of interest it has attracted, and the appraisal obtained, it is the Monitor's view that the purchase price being offered appears to be reasonable. Accordingly, the Monitor recommends that the Applicants be authorized to complete the transaction provided for in the agreement, substantially in the form attached as Appendix C. As is the case with the Arrowhead property, any net proceeds of sale, after settling the Caisses mortgage, outstanding property taxes and any other closing adjustments, will be paid to National Bank, subject to this Honourable Court's approval.

Cartersville, Georgia

- This property, owned by Ivaco, is the remaining parcel of vacant land from the Cartersville Steel Facility and consists of approximately 13.7 acres. The property has been listed for sale with North Star Realty at an asking price of

U.S.$409,800 since December 20, 2003. No offers have been received to date.

Equipment Sales:

27. Pursuant to paragraph 18 (d) of the Initial Order, the Applicants are authorized to sell any property, subject to certain conditions. The following table sets out the equipment sold by the Applicants and other affiliates since September 16, 2004:

Entity	Description of equipment sold	Cdn $	US $
Ifastgroupe	2 boltmakers and a nut forming machine	154,218	419,980
Ivaco	21 Wafio nail machines, 8 Enkotec nail machines and 1 drawing machine	-	308,000
IFC USA	1 boltmaker (first instalment)	-	35,000

28. The above-mentioned proceeds of disposition are being held in trust by the Monitor. The Monitor has opened separate bank accounts for transactions of the Applicants and transactions relating to IFC USA. The funds held on behalf of IFC USA (not an Applicant) will be held in trust, the terms of which are to be settled.

COMMUNICATION WITH STAKEHOLDERS

General:

29. Since the date of the Initial Order, the Monitor has responded to a significant number of requests for information from the major stakeholders. The Monitor is continuing to work with the Applicants on a daily basis to ensure that any outstanding information requests are dealt with to the satisfaction of the stakeholders and as quickly as possible in the circumstances.

Meetings with Stakeholders:

30. Pursuant to the Process Order, the Applicants completed their long-term business plans on December 15, 2003. From December 16 to 18, 2003, representatives of the Applicants' management, the Applicants' financial advisors and the Monitor met with representatives of the following significant stakeholders:

- Rio Tinto Iron & Titanium Inc. ("QIT");
- National Bank;
- Noteholders of IRM and Ifastgroupe;
- Bank of Nova Scotia; and
- United Steelworkers of America (the "Union" or "USWA").

31. At each meeting, the Applicants presented detailed information regarding the Stand-Alone Business Plan for each of IRM, Ivaco and Ifastgroupe.

32. The Applicants have continued to meet with major stakeholders, both formally and informally, in order to fully respond to reasonable questions and information requests regarding the Stand-Alone Business Plans and recent updates to them.

33. On January 15 and 16, 2004, follow-up meetings were held with certain of the major stakeholders. Additional meetings were held with the remaining stakeholders in mid- February 2004. The primary purpose of these presentations was to provide creditors with management's preliminary analysis of restructuring alternatives.

34. Since the January meetings, the Applicants have continued to meet and hold discussions with major stakeholders, both formally and informally, in order to keep them informed of Applicants progress with respect to the dual track sales process and any other issues of interest to them.

Labour Matters:

35. Since the March 2, 2004 hearing, pursuant to the Honourable Mr. Justice Farley's direction, the Monitor has reported bi-weekly to His Honour on the status of information exchange and discussions between the Applicants and the Union.

36. On March 29, 2004, the USWA wrote to the Applicants expressing its dissatisfaction with the way in which the Applicants have been treating the USWA throughout the CCAA proceedings. The USWA also issued a press release in the same vein. In summary, the USWA advised the Applicants of the following:

- The USWA reiterated its demand that the Applicants agree that all collective agreements are in full force and effect and have been so since September 16, 2003;
- It is of the view that the sale process favours certain creditors, excludes the USWA and will not create a favourable result for the Applicants' stakeholders;
- It requires a list of potential bidders, which the USWA states will be shared with local USWA leaders and who will be contacted directly by the USWA; and
- That the USWA will oppose any motion brought by the Applicants for the approval of a Short-Term Incentive Plan and /or a Key Executive Retention Program.

37. Representatives of the Union have continued to send detailed information requests to the Applicants. Management of the Applicants, with the assistance of the Monitor, has responded to all of those requests with a significant amount of information.

38. The Union indicated on a number of occasions its desire to obtain from the Applicants an expedited arbitration process to deal with outstanding grievances.

On March 12, 2004, the Applicants delivered a draft proposal to the Union's counsel regarding the grievance and expedited arbitration process. The Applicants have yet to receive any comments on this draft document from the Union's counsel.

39. The Union has requested that it be provided with a list of potential bidders, which the Applicants had agreed to provide, conditional on receiving a list of Union officials that will sign the appropriate confidentiality agreement. The Union has advised the Applicants that due to the structure of the Union, it is unwilling to restrict the dissemination of the bidder list to a select group of individuals with the Union. Consequently, the Applicants have not provided the Union with a list of potential bidders.

40. From the observations of the Monitor, the Applicants have attempted to be sensitive to day-to-day issues of the Union. The Applicants have now provided the Union with a substantial amount of information and are available to begin discussions concerning resolution of the Union's issues.

Bi-weekly Report:

41. With the assistance of the Monitor, the Applicants report to stakeholders on the bi-weekly results for each entity. These reports include an analysis of actual cash flow performance compared to the most recent cash flow projections filed with this Honourable Court, a summary of DIP borrowings and a review of operations at each major entity.

Claims Process:

42. The Applicants in consultation with the Monitor have substantially completed the drafting of a claims process and expect to bring a motion seeking this Honourable Court's approval of such process in the near future after consultation with stakeholders.

OPERATIONAL UPDATE

Overview:

43. The Applicants have cooperated with the Monitor and have allowed unrestricted access to their premises, books and records. As noted in previous reports, the Monitor has implemented procedures to monitor daily receipts and disbursements and is working with the Applicants to prepare a bi-weekly comparison and variance analysis of actual results against the cash flow forecasts filed with this Honourable Court.

44. Since the Initial Order was granted, the Monitor has been working closely with representatives of management, the Applicants' Canadian and US legal counsel and Mr. Randall Benson, CRO, on all matters relating to ongoing operations and restructuring activities. The Monitor has assisted the Applicants in all aspects of their restructuring and planning activities.

Operations:

45. The Applicants' businesses are experiencing strong demand at all levels and their operations have reached record production levels since the beginning of February, especially at IRM, Infasco and Sivaco-Quebec. This operating performance and the strong demand have caused management to perform two business plan reforecasts from the initial CIM business plan presented to potential purchasers and stakeholders during the month of January.

Capital Expenditures:

46. Pursuant to paragraph 15(g) of the Initial Order, the Applicants were authorized to spend up to a maximum of $500,000 on necessary and sustaining capital expenditures with respect to the property of the Applicants. For the period from September 16, 2003 to March 31, 2004, the Applicants have incurred approximately $450,000 in capital expenditures, which include the following:

Entity	Description	Cost
Ifastgroupe	1. Packaging machine for Infasco	$113,000
Ivaco	1. New telephone system	$ 34,000
	2. Security system for Sivaco Quebec	$ 36,000
		$ 70,000
IRM	1. Partial payment on new furnace burner	$ 31,000
	2. New ceramic tag printer	$ 64,000
	3. New lab equipment	$172,000
		$267,000

47. The updated business plans that the Applicants presented to stakeholders in March 2004 projected capital expenditures for 2004 to be $8 million for IRM, $5 million for Ifastgroupe and $1.6 million for Ivaco.

48. The Applicants have reviewed all of their capital projects and determined that the known essential projects for the remainder of 2004 would cost approximately $350,000 for all Applicants. Included within this budget is $328,000 for a new potable water system connection to the L'Orignal water system for IRM. This project will be completed over the next six months to ensure that a dedicated source of clean water is available for all employees.

49. In the context of the current high demand for steel, the Applicants are reviewing acquisition projects that may be required to improve operations and take

advantage of market opportunities. These acquisition projects will be analyzed on a case-by-case basis.

50. In addition, the Applicants believe that in order to accommodate any other essential projects that may arise, a budget of $300,000 for health and safety or environmental compliance matters and $100,000 for miscellaneous minor capital expenditures across the group would be reasonable.

51. Given the essential water system project that must be completed and the possibility of further health, safety and/or environmental projects, the Applicants are requesting a $700,000 increase in their capital expenditure limit to $1.2 million. The Monitor is of the view that this increase reflects a careful and responsible assessment by management of those expenditures that are critical to the sustained operation of the businesses and the well-being of the employees.

Customers / Vendors:

52. The Applicants are in regular contact with key customers to ensure that their questions concerning day-to-day operations are being answered on a timely basis and to assure them that all orders are being met.

53. The Applicants have not lost any key customers as a result of these proceedings and have not lost any significant customers as a result of the current market conditions. Orders and collections are strong.

54. The Monitor assists the Applicants with supplier related issues so as to ensure that there is no interruption to daily operations and the supply of goods and services.

Carriers:

55. As indicated in the Sixth Report, the Applicants were contacted by Ken Snider Transport Limited ("Snider Transport"), a carrier who is owed pre-filing arrears for freight charges. Counsel for Snider Transport (who is also counsel to Groupe Robert Inc. ("Robert Transport")) issued demand letters to approximately 20 of the Applicants' customers demanding payment of these outstanding freight

charges. Snider Transport also filed a motion to institute proceedings in the Province of Quebec against one of the Applicants' customers.

56. A motion was scheduled on February 16, 2004 to resolve the dispute. However, prior to the motion, the Applicants and counsel for Snider Transport and Robert Transport reached a settlement on the following terms: (i) Snider Transport will not take any further steps with respect to the Quebec proceedings without prior written notice to the Applicants' counsel; (ii) Snider Transport and Robert Transport will not institute any proceedings or make any demands against any of the Applicants' customers without prior written notice to the Applicants' counsel; (iii) Snider Transport will advise each customer that it is withdrawing its demand; (iv) representatives of the Applicants and the carriers will arrange a meeting to discuss CCAA issues; and (v) the Applicants will withdraw their motion against Snider Transport.

57. On March 4, 2004 representatives of the carriers, counsel to the carriers, representatives of the Applicants and the Monitor met to discuss a number of CCAA and transport related issues. As a result of the meeting, the carriers requested a number of items from the Applicants. The Applicants agreed to provide the carriers with the requested information provided the carriers executed a confidentiality agreement. To date, the carriers have not provided the Applicants with a confidentiality agreement and, accordingly, no information has been provided.

58. Robert Transport is one of the Applicants' major shippers of product to customers in both Canada and the United States. Although Robert Transport and the Applicants have enjoyed a strong long-lasting relationship for many years, on March 17, 2004, Robert Transport and two other transportation companies, Cooney Group and Best Transfer did not show up at the Applicants' locations to pick-up and deliver product as scheduled. The carriers advised the Applicants that they would cease providing service until Ivaco arranged for the payment of the carriers' pre-filing arrears.

59. Notwithstanding Ivaco's advice to the carriers that they were in contravention of the Initial Order, the carriers refused to resume service. Accordingly, the Applicants brought a motion before this Honourable Court requesting that the three carriers immediately recommence service to the Applicants. An order was issued to that effect.

60. The carriers have alleged that the Applicants are in breach of an agreement relating to the adequacy of deposits provided by the Applicants to the carriers. The Applicants have offered to increase the deposits; however, the carriers have refused to accept any new deposits.

61. On March 24, 2004 another carrier, W.J. Deans Transportation Inc. ("WJ Deans") issued a demand letter to one of the Applicants' customers demanding payment in respect of pre-filing arrears. Counsel for the Applicants wrote to WJ Deans advising it of the Initial Order and asking it to withdraw its demand letter, which WJ Deans did promptly.

Major Utility Providers:

Bruce Power L.P. / Independent Electricity Market Operator

62. On April 30, 2004, the Applicants' fixed price contract for a monthly minimum quantity of electricity from Bruce Power L.P. ("Bruce Power") expired and the remaining letter of credit in the amount of $500,000 was cancelled. The Applicants are now buying electricity based on current market prices through the Independent Electricity Market Operator ("IMO").

63. The Applicants and the IMO have finalized a post-filing arrangement that will ensure continued supply and satisfy the IMO in terms of disconnection procedures pursuant to the Ontario Market Rules.

64. At present, the IMO holds security in the approximate amount of $1.8 million represented by a letter of credit issued by Bank of Nova Scotia ("BNS") prior to the commencement of these proceedings. On March 10, 2004 BNS brought a

motion seeking an Order granting BNS a security interest over all of the property of IRM in respect of BNS' obligations under the letter of credit. In the alternative, BNS requested an Order requiring IRM to post cash collateral with BNS to secure the obligation under the letter of credit. The BNS motion was dismissed.

65. With the expiry of the Bruce Power contract and the corresponding increase in IRM's monthly cost to the IMO, the Applicants and the IMO are now discussing a change to the frequency of payments to the IMO by IRM in order to keep IRM from having to post additional security above the current $1.8 million level. Based on discussions, it is expected that if IRM moves to a bi-weekly payment scheme with the IMO, then the IMO will not request any additional security to be posted by IRM.

United States Customs:

66. On March 12, 2004, U.S. Customs advised IRM that in accordance with customs laws and regulations, IRM is required to post an additional bond with U.S. Customs in the amount of US$1.2 million by April 12, 2004.

67. The Applicants requested that their insurer, Washington International Insurance Company ("Washington") issue the required bond to U.S. Customs. Washington agreed to issue the new bond provided that IRM posted a letter of credit as security with Washington in the amount of the bond to cover any claims made by U.S. Customs against the bond.

68. After some discussion, IRM agreed to post the requested security; however, before doing so, it requested an extension of time to issue the bond as well as a reduction in the bond amount. U.S. Customs agreed to an extension until April 28, 2004 and agreed to consider IRM's request for a reduction of the amount of the bond.

69. On May 2, 2004, U.S. Customs advised IRM that it had agreed to a reduction in the bond amount from US$1.2 million to US$800,000. IRM is now in the process

of obtaining a letter of credit in the amount of US$800,000 to post with Washington as security for Washington issuing the bond to U.S. Customs.

Corporate Allocation and Inter-company Transactions:

70. Pursuant to the Initial Order, the Applicants may continue to sell goods and services and allocate costs, including head office expenses and shared goods and services, to each other, provided that all such goods and services shall be priced at market and supplied on a cash-on-delivery basis.

71. Prices charged to Affiliates continue to approximate prices charged to Canadian and US Trade customers considering the high volumes purchased by the Affiliates and the low marketing and technical support costs incurred by IRM to service their accounts.

72. As a result of the increase in market prices over the past few months, the inter-company deposits were increased in order to match the exposure between entities. Ifastgroupe continues to pay IRM on a twice-weekly basis and increased its deposit to $872,500. Ifastgroupe also paid $100,000 to Sivaco Ontario as a deposit for the processing services provided. Ivaco did not increase its deposit of $658,000 to IRM but it is now paying IRM on a daily basis with a one-day lag. The Monitor is satisfied that these arrangements are appropriate and maintain cash-on-delivery terms among the Applicants.

73. The Applicants settle the allocation of corporate costs on a regular basis. The outstanding inter-company balances as at April 9, 2004 for inter-company transactions and corporate cost allocations were as follows:

Entity (000's)	**Outstanding Inter-company Receivable/ (Payable) as at Jan 16**	**Inter-company Sales/ (Purchases) Jan 17-Apr 9 (Note 1)**	**Allocation of Corporate Costs Receivable/ (Payable) Jan 17- Apr 9 (Note 2)**	**Net Inter-company (Receipts) / Disbursements Jan 17-Apr 9**	**Outstanding Inter-company Receivable/ (Payable) as at Apr 9**
Ivaco	(674)	(20,668)	6,235	14,106	(1,001)
IRM	2,254	48,417	(3,509)	(44,854)	2,308
Ifastgroupe	(1,580)	(27,749)	(2,726)	30,748	(1,307)
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.

74. The outstanding receivable / payable balances by entity as at April 9, 2004 are comprised of corporate cost allocations and inter-company sales of products or services and are summarized below:

Entity (000's)	**Net Inter-company Trade Balances Receivable (Payable)**			**Total Trade Inter-company**	**Corporate Allocation of Costs**	**Outstanding Balance at April 9**
	Ivaco	**IRM**	**Ifastgroupe**	**A**	**B**	**A+B**
Ivaco	N/A	(2,152)	101	**(2,051)**	1,050	**(1,001)**
IRM	2,152	N/A	923	**3,075**	(767)	**2,308**
Ifastgroupe	(101)	(923)	N/A	**(1,024)**	(283)	**(1,307)**

FINANCIAL PERFORMANCE AND CASH FLOW PROJECTIONS

Actual Cash Flow and Variance Analysis:

75. Attached as Appendix D is a summary of the Applicants' receipts and disbursements for the period from January 17, 2004 to April 9, 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 outflow of approximately $5.1 million for the period from January 17, 2004 to April 9, 2004, compared to the projections filed with the Supplement to the Sixth Report, which reflected total cash outflows of approximately $12.3 million.

76. The actual and projected cash flows for the period from January 17 to April 9, 2004 were as follows:

Entity (000's)	Actual Net Inflow (Net Outflow)	Projected Net Inflow (Net Outflow)	Variance Favourable (Unfavourable)
Ivaco	(325)	(4,289)	3,964
IRM	2,663	(7,521)	10,184
Ifastgroupe	(7,328)	(394)	(6,934)
Docap	(144)	(82)	(62)
Total	(5,134)	(12,286)	7,152

77. Overall, the Applicants experienced a favourable consolidated cash flow variance of $7.2 million over the projection period from January 17, 2004 to April 9, 2004. For a detailed analysis of the individual variances by entity, please refer to Appendix D.

Cash Flow Projections:

78. The Applicants are in the process of finalizing their revised cash flow projections for the period from April 24, 2004 to August 13, 2004. The Monitor will include these projections in its Supplement to this Report, which at present, it expects to file on or before May 10, 2004.

STATUS OF DIP FINANCING

79. As previously discussed, on a bi-weekly basis the Applicants prepare and distribute a report that provides the stakeholders and other parties on the Service List with, among other information, a summary of the amounts outstanding under the DIP facilities at the end of each two-week period.

80. The table below shows the Applicants' net cash balances as at April 30, 2004. Net cash balances include the balance in the operating bank account less any outstanding cheques, the deposits at the RBC blocked bank account, the balance of the GE DIP facility and any outstanding letters of credit.

Entity In Millions	Net Cash (DIP) Balance
IRM	$5.2
Ifastgroupe	$6.5
Ivaco	($1.3)
Docap	$1.0
Total	$11.4

Note 1: Balances are net of outstanding letters of credit in respect of IRM and Ifastgroupe in the amounts of $2.058 million and $0.1 million respectively.

81. The Applicants continue to operate within their DIP loan limits. In fact, IRM, Ifastgroupe and Docap have positive net cash positions as at April 30, 2004. The Ivaco Sub DIP has increased to $4.0 million (on a 50% / 50% basis from IRM and Ifastgroupe) since the Sixth Report but is offset by $2.7 million of cash in its operating bank account leaving a net exposure of $1.3 million. The Docap DIP remains unutilized.

PENSION PLANS

82. As indicated in the Sixth Report, the Applicants have 16 pension plans in place for the various entities, including three in the U.S. All pension plans were in deficit positions as of the valuation dates with the Canadian and U.S. plans having solvency deficits of approximately $90 million and U.S. $59 million (before

consideration of U.S. $20 million cash collateral held by Willmington Trust) respectively.

83. Although the Applicants continue to pay the scheduled current service contributions as they fall due, pursuant to an Order of this Honourable Court dated November 28, 2003, they are not making post-filing past service contributions and special payments totaling approximately $2 million per month to any of the pension plans.

84. The following table sets out the unpaid pension contributions (pre and post-filing) as at April 30, 2004:

Entity (Cdn$ 000's)	**Current Service**	**Past Service**	**Total**
Ivaco	524	5,345	5,869
IRM	1,485	13,849	15,334
Ifastgroupe	538	4,052	4,590
Docap	11	59	70
Total	2,558	23,305	25,863

ESTIMATED DIRECTORS' AND OFFICERS' LIABILITIES

85. The Applicants are in the process of updating their summary of directors' and officers' liabilities as at April 30, 2004. The Monitor will include this summary in its Supplement to this Report, which at present, it expects to file on or before May 10, 2004.

REQUEST FOR AN EXTENSION TO THE STAY OF PROCEEDINGS

86. Pursuant to the Order of this Honourable Court dated March 22, 2004, the stay period expires May 21, 2004. The Applicants are seeking an extension of the stay period until and including June 18, 2004.

87. An extension to the stay period is necessary for the Applicants to complete their sale process and to continue and expand negotiations with their creditors, labour force and other stakeholders. All of this activity must occur before the Applicants are in a position to fully develop proposals for the stakeholders' consideration.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

88. 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 proposed sales of Arrowhead and Chambly are the first fruit of these efforts. The Monitor recommends that this Honourable Court approve the sales of the Arrowhead and Chambly properties as they represent the best available prices based on a comprehensive sales process conducted by independent real estate agents retained by the Applicants for each property. These sales have been approved by National Bank, Ivaco's first ranking secured creditor.

89. Throughout these proceedings, the Applicants have stayed within their authorized Court-approved capital expenditure limit. Due primarily to environmental, health and safety compliance reasons, the Applicants seek to increase the limit to permit them to comply with local, provincial and federal regulations. The Monitor considers that the explanations of the Applicants as to the rationale for this capital expenditure limit increase are reasonable and justified in the circumstances. Accordingly, the Monitor recommends that this Honourable Court grant the Applicants' request to increase their authorized capital expenditure limit to $1.2 million.

90. The Applicants are working diligently and in good faith in pursuit of the restructuring or sale of their businesses and, in particular in conducting the Second Round of the Sale Process. For various reasons described above, the Applicants have extended the Bid Deadline two weeks to May 14, 2004. The Monitor is of the view that the position of the Applicants with respect to the Bid Deadline extension is justified in the circumstances and is in the overall best interests of all stakeholders.

91. In order to properly move forward with the Sale Process and related matters, the Monitor recommends that this Honourable Court grant the Applicants an extension of the Stay Period to June 18, 2004.

All of which is respectfully submitted this 6th day of May 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"

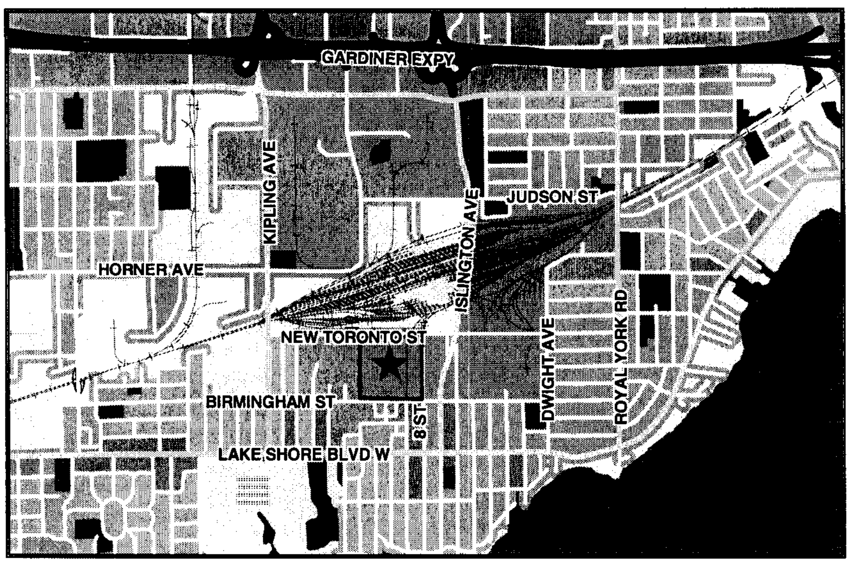
Applicants Filing for CCAA

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

CONFIDENTIAL OFFERING MEMORANDUM

REDEVELOPMENT SITE
260 Eighth Street
Toronto, Ontario



Presented by:

COLLIERS INTERNATIONAL

Gordon D. Cook
Senior Vice President / Director

Michael P. Cowie
Senior Vice President / Officer

Nancy Searchfield
Senior Sales Associate, Commercial

January 15, 2004

EXECUTIVE SUMMARY

This Offering Memorandum is submitted by Colliers Macaulay Nicolls (Ontario) Inc., operating as Colliers Macaulay Nicolls (Ontario) Inc. ("Colliers"), with respect to the potential sale of the property known municipally as 260 Eighth Street, Toronto, Ontario (the "Property").

The Opportunity
To acquire approx. 38.8 acres of land, strategically located in southwest Toronto, with immediate access to the QEW and Hwy. 427. The Property is located in the "New Toronto Area" of Ward 6 (Etobicoke-Lakeshore), for which the City of Toronto has introduced a Community Improvement Plan, including a Pilot Revitalization Incentive Program, a dual-grant program known as "LEAD", Local Employment Area Development Program.

The Property offers the following advantages:

- Unique City of Toronto Incentive: Rehabilitation Grant, being a portion of new incremental tax revenues arising from redevelopment and new construction on the Property. Of the total incremental tax revenue realized, a maximum of 55 % will be returned to property owners in the form of rehabilitation grants over a 10-year term, or 62.5% over 12 years.
- Central "Toronto West" location with easy access to Highways 427, 401 & QEW
- Multiple street frontages; ingress and egress from 3 streets
- Access to TTC, GO Train, labour pool
- Official Plan designation "Employment", zoning permits outside storage
- Rail capability
- Large contiguous parcel
- Multiple street frontages

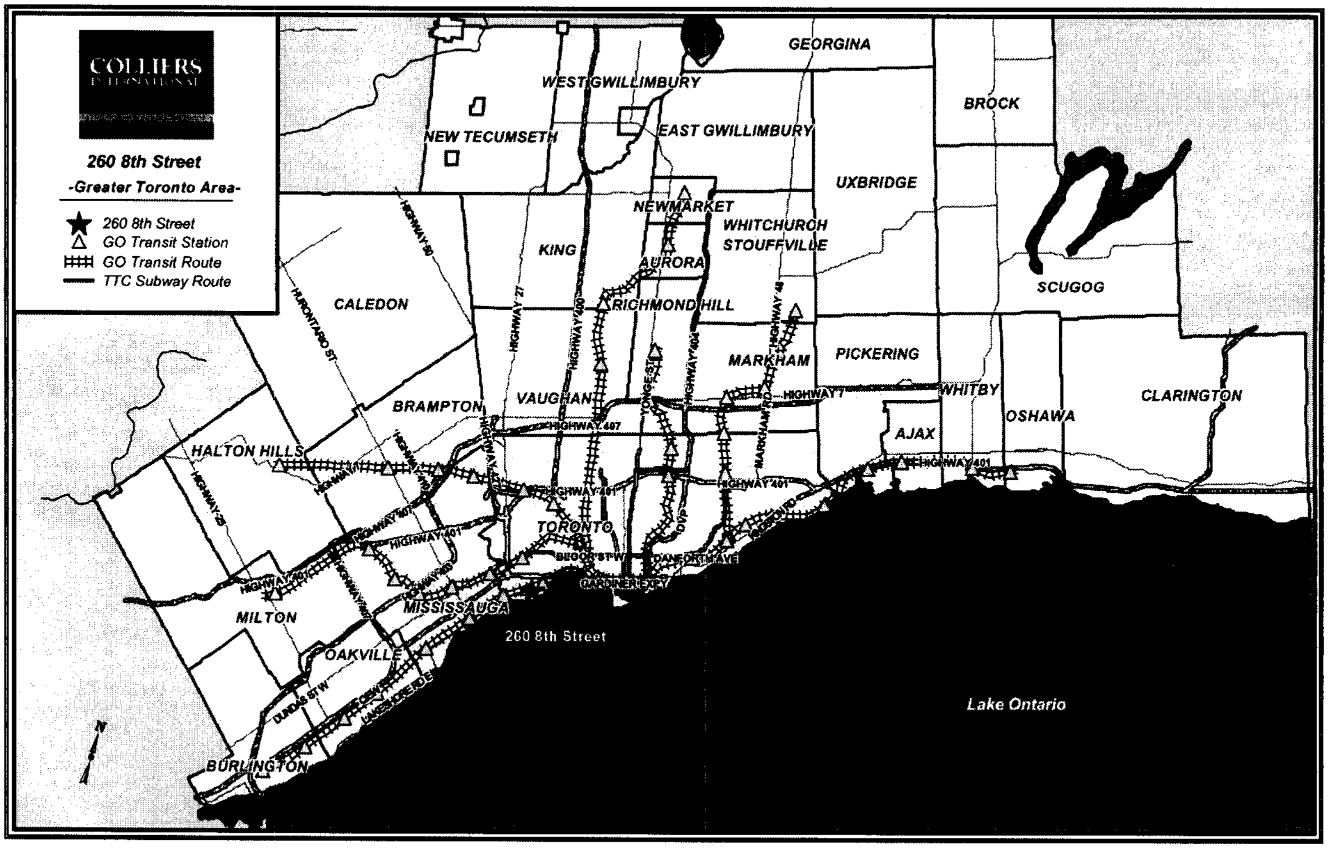
Due Diligence Materials
Upon execution of a confidentiality agreement, qualified prospective purchasers will be provided with certain due diligence materials to assist in the evaluation of this opportunity, including a summary of site contamination issues prepared by Environmental Management & Protection Corporation.

Vendor
Ivaco Inc. and 1039028 Ontario Inc.

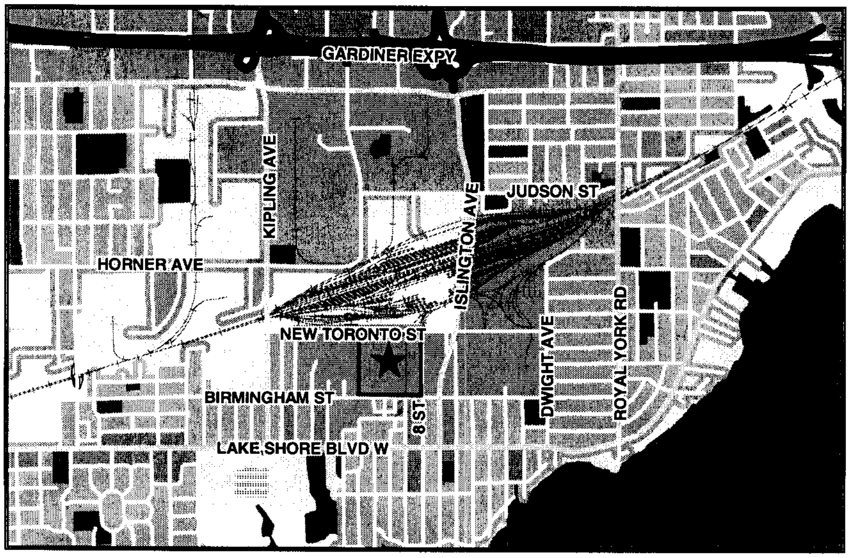
Offering Price
The Property is offered for sale on an "as is" basis, with Purchaser to assume responsibility for site remediation, at an offering price of:

TWELVE MILLION DOLLARS ($12,000,000)
(Approx. $309,000/acre)

LOCATION MAP



PROPERTY PROFILE



Property Description

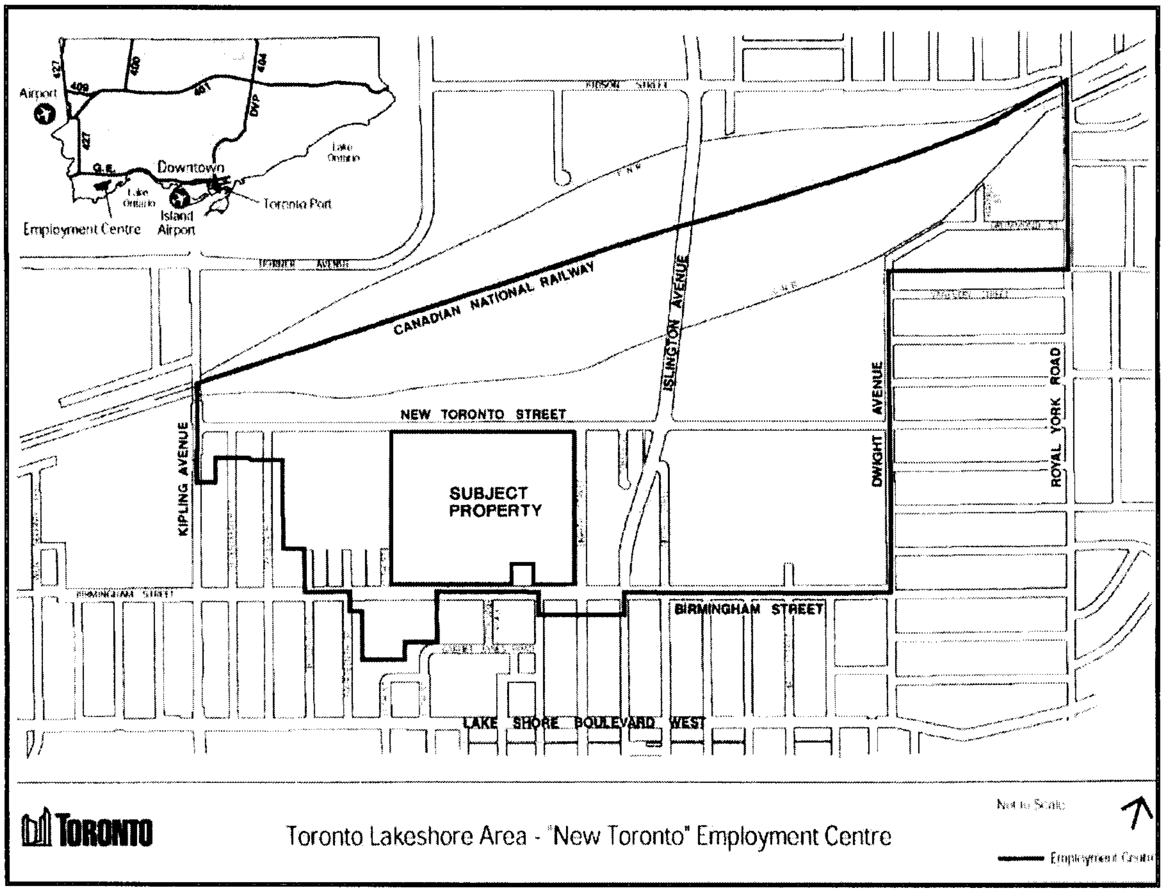
The Property is comprised of approximately 38.8 acres, having a frontage of 1,164 feet, and is PIN 07600-0168(LT) in the Land Titles Division of the Toronto Registry Office (No. 66), City of Toronto (formerly Etobicoke). The Property is bounded to the east by Eighth Street, to the west by Thirteenth Street (closed), to the north by New Toronto Street and to the south by Birmingham Street. Municipal services are available at the Property boundary, specifically, sanitary sewers, storm sewers, natural gas, hydro and telephone service.

Neighbourhood Description

The Property is situated in the south-western region of the City of Toronto (formerly Etobicoke), approx. 5 km north of Lake Ontario, just east of the City's neighbouring border with the City of Mississauga. The Property is located one block north of Lakeshore Blvd., just west of Islington Avenue. The Property has excellent access to public transit (TTC and GO); the GO Train's Lakeshore line runs just north of the Property. The Property has excellent access to the QEW and Hwy. 427, and both Downtown Toronto and Pearson International Airport are within 10-15 minute drives. The Property also has excellent access to local truck routes along New Toronto Street, Birmingham Street, Islington and Kipling Avenues.

The Toronto Lakeshore Area is home to many companies, including Campbell Soup Company, Kraft Canada, DaimlerChrysler, Goodyear Canada, McCain Foods, Viacom Outdoor, Castrol Oil, Deluxe Laboratories, Alberto Culver Canada and Alcan Foil Products.

City of Toronto Initiatives



Toronto Lakeshore Area - "New Toronto" Employment Centre

The Property is located within the "New Toronto Area" of Ward 6 (Etobicoke-Lakeshore), for which the City of Toronto has introduced a Community Improvement Plan (CIP), including a Pilot Revitalization Incentive Program, a dual-grant program known as "LEAD", Local Employment Area Development Program. The LEAD Program is designed to stimulate reinvestment and redevelopment of the New Toronto Area for employment uses, consistent with the policies contained in the new Official Plan and the Toronto Economic Development Strategy. Two types of grants are available from the City, as follows:

(1) Rehabilitation Grant, being a portion of new incremental tax revenues arising from redevelopment and new construction in the CIP area. Of the total incremental tax revenue realized, a maximum of 55% will be returned to property owners in the form of rehabilitation grants over a 10-year term, or 62.5% over 12 years in the event site remediation is involved.

(2) Commercial and Industrial Façade Improvement Grant, being 50% of eligible costs to a maximum grant of $12.500, minimum $5,000 investment required, applicable to repair/ replacement of windows, lighting, paint, doors, awnings, signage.

Property History

Parts of the Property were used for the manufacture of copper and brass products from approximately 1910 until 1989 operating under the names of Brown's Copper and Brass Rolling Mills, Anaconda American Brass Ltd. and most recently as Arrowhead Metals Ltd. In addition, a portion of the Property located along the north-central side of the site was used as a stone quarry and for the manufacture of architectural concrete products. The northwest portion of the site was formerly occupied by Bakelite Corporation (a plastics manufacturer). By 1965, the entire site was used for copper and brass product manufacturing including rod, bar and plate products. Operations conducted on the site included scrap handling, melting, casting, cooling, degreasing, rolling, cutting, machining, packaging, warehousing and shipping. Demolition of all of the buildings on-site (to grade level) was completed in 1991 and 1992.

Environmental Matters

As indicated earlier, a more detailed summary of site contamination issues prepared by Ivaco's consultant is available upon execution of a confidentiality agreement. The significant identified environmental issues related to the Property are the following:

(1) Since facility closure and demolition, there have been a number of studies related to soil and groundwater contamination related to the site. The investigations have focused on known or suspected "hot spots" and the potential for off-site contaminated groundwater migration. Limited soil sampling has occurred, and exceedances of industrial land use criteria for cadmium, copper, zinc and hydrocarbons (both light and heavy contaminants) have been identified. Groundwater contamination occurs in the shallow water table as well as deeper, including in the bedrock and consists primarily of trichloroethylene (TCE), a degreasing chemical, and its break-down products (including vinyl chloride). Ivaco's efforts in recent years have been directed at selected investigations to define the extent of groundwater contamination on the Property and also migrating off the Property. The groundwater flow on the Property is generally from north-west to south-east. High levels of TCE related contamination have been found in the south-east corner of the Property and there is off-site groundwater contamination from this part of the Property. Ivaco has been working with the Ontario Ministry of the Environment (MOE) to assess such contamination.

(2) Certain perimeter wells suggest that there may also be TCE-related off-site groundwater contamination sources affecting the Property.

(3) During the time that the facility was operating, there were active and inactive PCB materials in transformers and capacitors as well as a variety of liquid chemicals and fuels stored in aboveground and underground storage tanks. Additionally, ACM (asbestos-containing material) was present in building siding and insulating materials. These materials and tanks were removed from the site in accordance with MOE requirements.

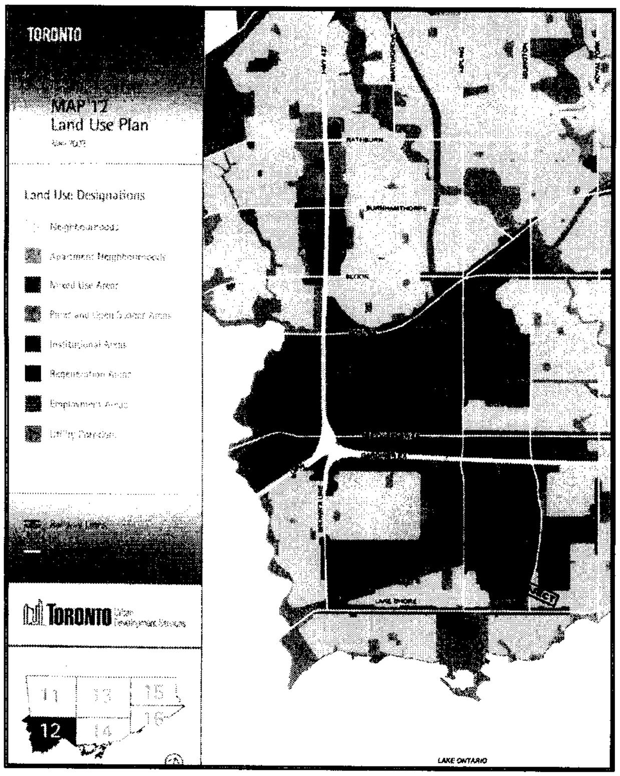
(4) A Phase I Environmental Site Assessment was completed in February 1998. The assessment sets out the history of industrial activity on the Property, chemical usage, tank locations and major production areas and summarizes potential locations for detailed sampling and analysis. Soil and groundwater investigations carried out subsequent to the Phase I assessment reflect the findings and recommendations contained in the Phase I report.

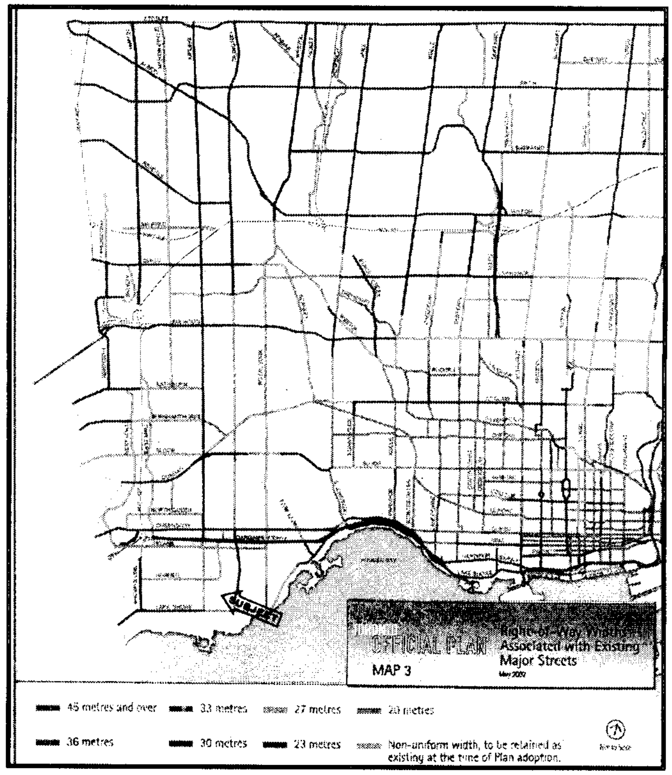
(5) Sub-grade utilities: Former storm sewers, sanitary sewers, process wastewater pipelines, natural gas lines and other utility ducts remain in place on the Property. Phase II testing has demonstrated that the trenching associated with these sub-grade utilities has acted as a preferential pathway for groundwater migration. Recently, Ivaco has "blanked" off utility trenches near the south property boundary in order to reduce off-site transport of contaminated groundwater.

(6) A significant portion of the Property is covered with former floor slabs, foundations and machinery pits and bases, with the principal exception of the stone quarry lands located in the north-central portion of the site. Ivaco has not determined the suitability for re-use of these structures on the property, nor the extent to which they may be contaminated.

(7) Ivaco has entered into a Memorandum of Agreement with the MOE, effective August 12, 2002. The intent of the agreement is to ensure a logical and cost effective evaluation of the environmental issues related to the Property, while at the same time ensuring that relevant stakeholders in the vicinity of the Property are made aware of potential concerns.

City of Toronto Official Plan





The Property is in a designated *Employment Area* under the City of Toronto's new Official Plan (May 2002), and is intended to be a place of business and economic activity, with the following identified uses:

1. *Employment Areas* are places of business and economic activity. Uses that support this function include offices, manufacturing, warehousing, distribution, research and development facilities, public utilities, media facilities, parks, hotels, retail outlets ancillary to the preceding uses, and restaurants and small scale stores and services that serve area businesses and workers.

The Property is not on a major street for the purposes of this Employment Area, however, examples of the types of undertakings that might exist in the general vicinity of the Property (within the *Employment Area*) include:

1. Within Employment Areas, places of worship, recreation and entertainment facilities, business and trade schools and branches of community colleges or universities may locate on major streets as shown on Map 3 [of Official Plan].
2. Large scale, stand-alone retail stores and "power centers" ... are only permitted in ... *Employment Areas* on major streets as shown on Map 3, that also form the boundary of the *Employment Areas* through the enactment of a zoning by-law...

(Official Plan, City of Toronto, May 2002, pp. 73-74)

Current Zoning

The Property is zoned Class 2 Industrial (I.C2) in accordance with The Corporation of the City of Etobicoke By-Law Number 1996-211 dated December 9, 1996 [Note: In response to the Official Plan summarized on the previous page, it is possible that some of the uses set out below may be eliminated.]. The following uses are permitted:

(i) Any manufacturing, repairing or warehousing use, including wholesale or retail sales where subsidiary to a main industrial use, except that no salvage-, junk- or scrap-metal yard shall be permitted;

(ii) Restaurants, including convenience restaurant, take-out restaurant, standard restaurant, one food vending cart;

(iii) Public garage, service station, new and used car sales rooms and lots, provided that they are used only on the same lot in conjunction with a new car sales agency;

(iv) One accessory residential unit for caretaker or watchperson in conjunction with an industrial establishment;

(v) Any use accessory to a permitted use;

(vi) Parking lot;

(vii) Outside storage to a maximum of 10% of lot area;

(viii) Amusement devices;

(ix) Day nursery and nursery school;

(x) Bowling alley;

(xi) Waste disposal/recycling facilities;

(xii) Retail sales accessory to foregoing uses, to a maximum of 10% of gross floor area of building.

By accepting this document, you confirm that you are bound to the following terms and conditions:

This Confidential Offering Memorandum (the "COM") is provided to qualified parties with an expressed interest in acquiring the Property. The recipient agrees not to reproduce this document in whole or in part, not to use the information contained herein for any purpose other than the evaluation of the Property, and to keep permanently confidential all such information that is not in the public domain.

This COM is not binding on Colliers or the Vendor, and does not constitute an offer. This COM provides information relating to the Property obtained from various sources considered reliable, including the Vendor. All information relating to the Property, in addition to the information provided herein, which is transmitted or made available to prospective purchasers at any time, orally or otherwise by the Vendor or Colliers, is provided as a convenience only without representation or warranty as to accuracy or completeness and such information should not be relied upon by a prospective purchaser. Interested parties, upon entering into a confidentiality agreement, should obtain independent investigation and verification. Colliers has conducted a review of this information but has not independently verified its accuracy or completeness. This COM is provided by Colliers with the express understanding that prospective purchasers will undertake their own review and due diligence and independently investigate those matters that such prospective purchaser deems pertinent. The recipient agrees to return this COM to Colliers immediately upon request to do so by Colliers.

The Vendor and Colliers expressly disclaim any and all liability for any errors or omissions in the COM or any other written or oral communication transmitted or made available to prospective purchasers.

Contact Information:

All enquires and communication relating to this Offering are to be directed to Colliers as outlined below:

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Toronto, Ontario M2C 2Z2
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Gordon D. Cook
Senior Vice President/Director
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APPENDIX B

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ARTICLE 5

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ARTICLE 6

REPRESENTATIONS, WARRANTIES AND COVENANTS

ARTICLE 7

INTENTIONALLY DELETED

ARTICLE 8

GENERAL

SCHEDULES

THIS AGREEMENT made as of April 30th, 2004 between:

2010238 ONTARIO INC.
a corporation incorporated under the laws
of the Province of Ontario
("2010238")

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 <u>Definitions</u>

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;

"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, subject to section 4.1A, the date which is the earlier of (i) ten (10) calendar days next following the Due Diligence Date (provided that if such day is not a Business Day, then the next following Business Day) and (ii) June 18, 2004, or such other date or time as the Vendor and Purchaser shall mutually agree upon in writing;

"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 at Closing pursuant to subsection 5.1(p), confirming the accuracy, in all material respects as of Closing of the representations and warranties of the Vendor;

"Deposits" means, collectively, the Initial Deposit and the Subsequent Deposit;

"Due Diligence Date" means, subject to Section 4.1A, May 17, 2004, or such earlier date as the parties may agree;

"Due Diligence Period" means the period commencing upon the Acceptance Date and expiring at 11:59 p.m. (Toronto time) on the Due Diligence Date;

"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 indemnity 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 $4,500,000.00;

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

"Purchaser" means 2010238, 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;

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

"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 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 April 22, 2004 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.

The Purchaser agrees, in the event it does not waive the Conditions set out in Section 4.1 as provided herein, to make available to the Vendor all of the Purchaser's reports relating to the condition of the Property, where permitted, including the results (the "**Reports**") (and analyses of the results) of all tests, investigations and inspections that the Purchaser, its agents and representatives conduct on or in respect of the Property in accordance with this section 2.4, resulting from the exercise of such access right 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 April 22, 2004 and the Vendor shall be entitled to make copies of the Reports entirely at its own expense, and which copies the Vendor shall be permitted to retain after Closing or earlier termination, for any reason, of this Agreement. In the event the Vendor makes the Reports available to a prospective purchaser, the Vendor will use reasonable commercial efforts to recover the third party costs of the Purchaser relating to the Reports and Purchaser agrees to use its best efforts to cause the authors of the Reports to permit reliance on the Reports by Vendor and any such prospective purchasers.

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, 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**"), and (ii) within two (2) Business Days next following the Due Diligence Date, an amount equal to $400,000.00 (the "**Subsequent Deposit**").

(a) The Deposits will be paid to the Vendor and are non-refundable except in accordance with Article 4 or except where the transaction contemplated by this Agreement is not completed due to a default by the Vendor, in which case that part of the Deposits already delivered, together with all interest accrued thereon, shall be forthwith returned to the Purchaser and the parties shall have their respective rights and remedies at law. In the event that the transaction contemplated by this Agreement is not completed for any other reason due to the fault of the Purchaser, the Deposits paid shall be unconditionally released to the Vendor as liquidated damages (and the Agent is hereby authorized by the Purchaser to so release the Deposits in such circumstances), the parties agreeing that such amount represents genuine pre-estimate of damages incurred by the Vendor (and not as a penalty) in such circumstances.

(b) The Deposits and all accrued interest thereon shall be credited against the Purchase Price due on Closing.

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 thereon; and

(b) by payment on Closing to the Vendor, or as the Vendor may direct in writing, by cheque certified by a Canadian chartered bank or negotiable bank draft of a Canadian chartered bank of the balance (the "**Balance**") of the Purchase Price on Closing after deduction of the amounts described in subsections 3.2(a), subject to the Adjustments.

3.3 Adjustments

Adjustments to the Purchase Price (herein referred to as the "**Adjustments**"), if any, shall be made as of the Closing Date in the manner usual and customary in the Greater Toronto area for the purchase and sale of similar commercial properties and shall be made with respect only to the Deposits and all accrued interest thereon, 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 Closing 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 Closing Date.

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 expiration of the Due Diligence Period, the Purchaser shall save and except as to the matters described in Section 4.3 have satisfied itself, in its sole and unfettered discretion, with respect to all aspects of the Purchased Assets, including, without limitation, the Vendor Deliveries, the Permitted Encumbrances, the potential uses of the Property, and any other matters of relevance to the Purchased Assets, and shall have indicated the same in writing to the Vendor by such date;

(b) by the expiration of the Due Diligence Period, 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;

(c) on Closing, 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;

(d) on Closing, 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;

(e) on Closing, the representations or warranties of the Vendor set out in section 6.1 shall be true and accurate in all material respects;

(f) by the Due Diligence Date the Purchaser shall have received the unconditional approval of the board of directors of the Purchaser to the terms and conditions of this Agreement and shall have indicated the same in writing to the Vendor by such date.

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 Due Diligence 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 Due Diligence 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 Due Diligence Date for a further period of up to thirty (30) days. If, for any reason, the Vendor is entitled to but has opted not to extend the Due Diligence Date, or the Court does not provide the Approval and Vesting Orders on or prior to the extended Due Diligence 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 Closing (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 Due Diligence 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 Closing, 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 to 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 Due Diligence 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 Closing (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 Closing 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 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 Closing 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 Closing 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 Closing 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 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.

5.2 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 Extended Time for Transfer of Title

Notwithstanding anything contained herein to the contrary, the Purchaser may elect to delay the transfer of legal and beneficial ownership of the Property ("**Transfer of Ownership**") for a period of not greater than six (6) months upon:

(a) delivering to the Vendor on or before Closing, the Purchaser being satisfied that the Vendor is able to make the deliveries described in section 5.1:

  (i) notice in writing of its election to delay the Transfer of Ownership, specifying the extended date for Transfer of Ownership (the "**Transfer of Ownership Date**"); and

  (ii) an irrevocable direction to the Vendor and the Agent directing that the Deposits shall, on Closing, be unconditionally released to the Vendor, or as the Vendor directs; and

(b) delivering to the Vendor, on Closing, the Balance to be unconditionally released to the Vendor, or as the Vendor directs.

The Purchaser and the Vendor on Closing, shall complete 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, other than the Balance (the "**Transfer of Ownership Documents**") shall be held by the solicitor for the Purchaser in escrow, to be released in accordance with the delivery obligations set out in this Agreement pending notification from the Purchaser that it has obtained the approval of its board of directors to the release of the Transfer of Ownership documents for registration. The Balance and the Deposits shall be unconditionally paid to the Vendor on Closing and shall not be subject to any escrow terms and the Vendor may dispose of the Balance and the Deposits in its sole and unfettered discretion, and the Purchaser shall have not have any claim whatsoever against Vendor with respect to the Balance or the Deposits at anytime thereafter, whether the transaction contemplated by this Agreement shall be completed or not completed. Notwithstanding the foregoing, if required in order for the Purchaser to meet its obligations set out in the last paragraph of this section 5.4, the Purchaser's Solicitor shall be entitled to release from escrow to the Purchaser the items described in and delivered to the Purchaser's Solicitor by the Vendor pursuant to section 5.1(i), provided that if the Purchaser's Solicitor is returning the Transfer of Ownership Documents in accordance with the following paragraph, the Purchaser shall return all such items released from escrow to it by the Purchaser's Solicitor in advance of the return of the Transfer of Ownership Documents.

In the event that such approval is not obtained prior to the Transfer of Ownership Date, the Transfer of Ownership Documents shall be returned forthwith to the party that delivered them and the Vendor shall thereupon be released the from any and all obligations under this Agreement. The parties agree that until the Transfer of Ownership occurs, the Vendor shall remain the beneficial owner of the Property and further acknowledge and agree that notwithstanding the return of the Transfer of Ownership Documents and the release of the Vendor from its obligations under this Agreement, the Vendor shall be under no obligation whatsoever to return any monies paid to it under this Agreement.

For greater certainty, the parties agree that, for the period from Closing until the Transfer of Ownership Date, the Purchaser shall (i) be responsible for the general maintenance, upkeep and protection of the Property and the Purchased Assets, (ii) make all repairs to the Purchased Assets as may be required, including the repair and installation of the perimeter fencing, as it sees fit, (iii) commence the installation of the submerged environmental barrier along the eastern boundary of the Property that it requires to be installed prior to the Transfer of Ownership Date, or take such other precautions and/or measures as the Purchaser sees fit, acting reasonably, with the intent of achieving the same results as it would have achieved by installing a submerged environmental barrier along the eastern boundary of the Property, and (iv) indemnify the Vendor from any and all claims, damages, liabilities, actions and expenses of any nature arising from its possession of and operation on the Property, except for any liability arising in respect of the environmental condition of the Property existing as of the Closing, unless, and then only to such extent, such condition is exacerbated by the Purchaser's possession of and operation on the Property.

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 Closing or under which the Vendor will obtain a consent or approval with respect to the transaction contemplated by this Agreement on or before Closing or as disclosed, in writing, to the Purchaser by the Vendor prior to the expiration of the Due Diligence Period, 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 Due Diligence Period, 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 Due Diligence Period, 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 Due Diligence Period, 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 Closing 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.

6.4 Purchaser's Covenant

The Purchaser acknowledges that its preliminary investigation of the Property has indicated the presence of contamination and volatile organic compounds in the soil and groundwater and further acknowledges that a degree of off-Property migration has occurred. The Purchaser covenants with the Vendor to take, at its own cost, (i) such steps as are reasonable to remediate the Property to applicable Ministry of the Environment guidelines as soon as is reasonable after Closing, 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. The Purchaser will take such additional steps as are deemed appropriate in an effort to contain further off-Property migration.

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
400 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: 2010238 ONTARIO INC.

c/o 40 King Street West, Suite 2100
Toronto, ON M5H 3C2

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

(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 30th day of April, 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.

Rest of page intentionally blank.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

2010238 ONTARIO INC.

by ______________________________
Name: D.R. Angelson, A.S.O.

1039028 ONTARIO INC.

by ______________________________ c/s
Name:
Title:

IVACO INC.

by ______________________________ c/s
Name: Guy-Paul Massicotte
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

2010238 ONTARIO INC.

by ____________________________
Name: D.R. Angelson, A.S.O.

1039028 ONTARIO INC.

by ____________________________ c/s
Name: Guy-Paul Massicotte
Title: Vice-President

IVACO INC.

by ____________________________ c/s
Name: Guy-Paul Massicotte
Title: Vice-President,
General Counsel & Secretary

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 NT24483, Lots X and Y, Plan 2576, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 29, 30, 31, 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 NT6105 and NT30021, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 29, 30 as in NT6105, Part of Eleventh Street, Plan 1101 closed by By-Law NT6064 and NT30191 as in NT6105 and NT30192, Block A, Reserved, Plan 1101, Part of Thirteenth Street, Plan 1101, closed by by-law No. NT22960 as in 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, 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)

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 C

To: IVACO INC.
Suite 1501, 1 Place Alexis Nihon
3400 de Maisonneuve West,
Montreal, Quebec, H3Z 3B8

RE: PURCHASE OF PROPERTY
2000, boul. Industrial, Chambly, QC

The undersigned offered to purchase and you accepted to sell the above property under the terms and conditions appearing in an Offer to Purchase dated March 5, 2004, a Counter-Offer to Purchase dated March 10, 2004, a Final Counter-Offer dated March 16, 2004, a Counter-Offer to Final Counter-Offer To Purchase dated March 23, 2004 and a Counter To Counter-Offer To Final Counter-Offer To Purchase dated March 24, 2004 which was duly accepted by Ivaco Inc. on March 25, 2004. ("Original Documents")

At your request, a CONSOLIDATED AND RESTATED OFFER TO PURCHASE for the said property, incorporating the final terms and conditions agreed to in the various Original Documents, has been prepared and is attached herewith for signature by both Ivaco and Tennant Steel Services Ltd.

Both parties are satisfied that the attached Consolidated and Restated Offer to Purchase accurately reflects the full agreement of the parties and shall replace all Original Documents which are hereby superseded.

Cette entente a été rédigée en anglais à la demande des parties. This agreement is drafted in English at the request of the parties.

Made as of March 25, 2004, at Châteauguay, Quebec

Per: ______________________
Tennant Steel Services Ltd.

Accepted as of March 25, 2004, at Montreal, Quebec

Per: ______________________
Ivaco Inc.

CONSOLIDATED AND RESTATED OFFER TO PURCHASE MADE AND ACCEPTED AS OF MARCH 25, 2004

BY: TENNANT STEEL SERVICES LTD. (Purchaser)

TO: IVACO INC. (Vendor)

OFFER TO PURCHASE

FROM: **TENNANT STEEL SERVICES LTD.**, having a place of business at 2465 Boul. Ford, suite 201, in Chateauguay, Quebec, J6J 4Z2, **(hereinafter, the "Purchaser")**

TO: **IVACO INC.**, having a place of business at suite 1500, 1 Place Alexis Nihon, 3400 de Maisonneuve West, Montreal, Quebec, H3Z 3B8. **(hereinafter, the "Vendor")**

We, Tennant Steel Services Ltd., the undersigned Purchaser, do hereby offer to purchase **(hereinafter, the "Offer")**, through Binswanger Quebec represented by Paul-Eric Poitras, that certain immovable property known as 301-1-8 Ptie and 301-1 Ptie of the Official Cadastre of St-Joseph-de-Chambly having a total superficial area of approximately three hundred and ninety-eight thousand six hundred and thirty (398,630) square feet, English measure and more or less with the building thereon erected, bearing civic number 2000, boulevard Industriel, Chambly, Province of Quebec, **(hereinafter the "Property")** which superficial area the Vendor undertakes to confirm to Purchaser with an up to date Certificate of Location and Survey Plan as provided in paragraph 3 (C) of this offer, together with all improvements and accessories whatsoever contained and installed therein.

As the said Property now subsists with all its rights, members and appurtenances thereunto belonging without exception or reserve of any kind on the part of the Vendor and together with such usual servitudes, if any, in favour of the municipality for public services or public utilities.

The present Offer is made subject to the following terms and conditions:

1. PRICE AND TERMS OF PAYMENT

The total purchase price for the Property shall be the sum of ONE MILLION FIVE HUNDRED AND FIFTY THOUSAND ($1,550,000) DOLLARS, **(hereinafter the "Purchase Price")**, payable as follows:

(i) $50,000. FIFTY THOUSAND DOLLARS, deposited herewith by cheque payable to Me. Clement Leblanc, notary, "In Trust" (with interest thereon accruing to the benefit of Purchaser) until execution of a valid notarial deed of sale **(hereinafter, "Deed of Sale")** at which time it shall be applied on account of the Purchase Price, and

(ii) $1,500,000. ONE MILLION FIVE HUNDRED **THOUSAND DOLLARS** upon execution of a valid Deed of Sale before Purchaser's notary. Upon execution of the Deed of Sale, Purchaser shall pay said sum "In Trust" and the notary shall not transfer the Purchase Price to the Vendor until the Deed of Sale has been duly registered and entered in the Index of Immovables without adverse entries.

(A) Purchaser declares that he has already submitted in writing to his banker an application for a loan to finance a new business and purchase the Property.

(B) Should Purchaser be unable to obtain said loan within (30) days following Vendor's acceptance of this Offer, Purchaser shall immediately notify the Vendor in writing; otherwise Purchaser shall be deemed to have obtained said financing.

Should Purchaser give Vendor the notice provided for in the preceding paragraph, the Vendor may require that the Purchaser submit a new application, subject to the same terms and conditions as in his first application, to finance the new business and purchase the Property. If this second application is refused, Purchaser shall advise the Vendor in writing within two (2) days following the receipt of the refusal. In such case, or if the Vendor has not required Purchaser to re-apply as provided herein, the Offer shall become null and void and the deposit plus accrued interest shall be reimbursed to Purchaser.

Purchaser undertakes to supply on demand all information and documents usually requested by mortgage lenders.

2. EQUIPMENT, FIXTURES, ETC.

In addition to the Property, the Purchase Price shall include all the apparatus, equipment, fixtures, chattels and systems presently situated in/or forming part of the Property so as to ensure all services to the building (**hereinafter, the "Entire Property"**).

Excluded from the Entire Property are any leased equipment and the following, namely, racking, lift trucks, compressors, stainless steel counters, and production equipment. All overhead cranes and their accessories shall not be considered "production equipment" and as a result shall form part of the apparatus, equipment, fixtures, chattels and systems situated in or forming part of the Property and therefore shall be included as part of the Entire Property to be sold by Vendor.

Vendor warrants and guarantees that it is the absolute owner of said apparatus, equipment, fixtures, chattels and systems included as part of the Entire Property hereunder and that said items are, or will be at Closing, free and clear of all liens and other encumbrances.

The Vendor warrants that the building will be vacant and that all the excluded equipment and inventory herein will be moved-out and that the building will be in a broom-swept condition ready for occupancy at the signing of the Deed of Sale. Vendor also warrants that it will clear and remove to Purchaser's satisfaction all rubbish and debris located on the exterior of the Property prior to the signing of the Deed of Sale.

3. **TITLE**

The Purchaser's obligation to complete the purchase of the Entire Property is conditional upon the Vendor providing the following:

(A) Good and marketable title, free and clear of all privileges, hypothecs, charges, leases, encumbrances, and reserves of any nature, other than the usual servitudes already granted and which may be affecting the Entire Property.

(B) Copies of title deeds, architectural plans, any environmental reports in the possession of Vendor, and title opinions of legal or notarial counsel if any as may be in the possession or control of the Vendor, which the Vendor agrees to deliver to the Purchaser within three (3) days following acceptance of this Offer.

(C) An up to date Certificate of Location and Survey Plan prepared by a certified Quebec Land Surveyor, showing both the land and building thereon and showing that there is no encroachment on the Property which affects the Property limits, said certificate to be paid by Vendor and given to Purchaser within ten (10) days of the acceptance of this Offer for Purchaser's examination and acceptance.

(D) Moreover, the Purchaser shall have thirty (30) days following receipt of title deeds in Vendor's possession, in which to have its Notary or other duly authorized representative search title to the Property. If in the reasonable opinion of the Purchaser's Notary or representative, title to the Property is not good and marketable and free and clear of all encumbrances as required herein, the Purchaser shall give the Vendor written notice of the defect in question within the said thirty (30) day delay, and if the Vendor is unable or unwilling to remedy same within a further period of five (5) days after receipt of such written notice from the Purchaser (or, with Purchaser's consent, initiate and diligently pursue remediation, if remediation cannot be accomplished within such five (5) days period), then the Purchaser may at its option either (1) declare the present Offer cancelled and of no further legal effect and the deposit together with interest accrued thereon shall be returned to the Purchaser without any further liability or recourse whatsoever on the part of either party or (2) proceed to the purchase of the Property on the Closing Date and accept such title as the Vendor is able to convey without any further liability or recourse on the part of either party.

4. OTHER CONDITIONS

The Purchaser's obligation to complete the purchase herein provided for is also conditional upon the following:

a) The Purchaser has visited the property and considers having inspected the physical state and condition of the building and declares itself satisfied with the condition of the building. The Property will be sold **AS IS WHERE IS** without any warranty other than the legal warranty as to Title.

b) The Purchaser shall have a delay of fifteen (15) days from the acceptance of this Offer to assure itself that the Property is suitable for Purchaser's intended use and purposes as well as occupancy permits. Should the Purchaser not be or unable to obtain occupancy permits and be completely satisfied with respect to the results of its investigation, the Purchaser may cancel and annul this Offer and/or its acceptance thereof by giving written notice of said cancellation and annulment to the Vendor and to Binswanger Quebec within the said delay of fifteen (15) days from acceptance of the Offer and in such circumstance the deposit plus accrued interest shall be returned to the Purchaser.

c) The Purchaser shall have a delay of thirty three (33) days from the acceptance of this Offer to review any Environmental Reports submitted by Vendor and to conduct its own environmental inspection and tests of the Property by Purchaser's own professionals.

Should the Purchaser not be completely satisfied with respect to the results of its inspection and findings of its own professional's environmental reports executed pursuant to the previous paragraph, the Purchaser may cancel and annul this Offer and/or its acceptance thereof by giving written notice of cancellation and annulment to the Vendor and to Binswanger Quebec within the said delay of thirty three (33) days from acceptance of the Offer and, in such circumstances, the Vendor shall reimburse Purchaser the deposit plus accrued interest.

d) The Property shall remain at the risk of the Vendor until the execution of the Deed of Sale. In the event, there is material damage caused or material changes to the Property, before execution of the Deed of Sale, then, at the Purchaser's sole discretion, this Offer and/or its acceptance may be cancelled and annulled and the deposit plus accrued interest shall be forthwith returned to the Purchaser without deduction and without further obligation of either party; the Purchaser and Vendor may upon mutual agreement proceed with the sale in which case the insurance proceeds from such damage will be assigned to the Purchaser.

5. CLOSING ADJUSTMENT

Where applicable, Hydro, gas, real estate taxes, insurance, and any other items adjusted upon execution of Deed of Sale will be apportioned and allotted as at the date of execution of the notarial Deed of Sale.

6. REPRESENTATIONS AND WARRANTIES

The Vendor covenants, represents and warrants to the Purchaser that each of the following statements is now true and accurate, and will be true and accurate at the time of the execution of the Deed of Sale, namely:

a) The Vendor has not received any notice to the effect that the Entire Property including the building do not comply with any and all applicable bylaws, restrictions, ordinances or other requirements of any municipal or governmental or other authority;

b) That between the acceptance of this Offer by the Vendor and the date of closing, there will be no material change in the physical condition of the interior and exterior of the Entire Property and conditions mentioned in paragraph (c) immediately following hereafter;

c) That, except as is disclosed to the Purchaser, to the best of its knowledge and belief the Property conforms to all applicable laws, regulations and by laws governing the environment as at the date of acceptance of this agreement and Property does not contain any material quantities of contaminants, adulterants, or any "PCB's", and to the best of its knowledge and belief the Property is free from any material quantities of any contamination or waste and the Property has never been used for the purposes of disposing, or processing or storing any such contaminant, pollutant or hazardous waste.

d) That there do not exist nor will there exist on the date of execution of the Deed of Sale any claims or actions pending with respect to or affecting Vendor's ownership of the Entire Property and Vendor is not aware of any fact or circumstance which may lead to any such claim or action.

e) That all real estate taxes and assessments due with respect to the Property up to the date of the execution of the Deed of Sale shall be paid by the Vendor prior to or upon the execution of the Deed of Sale.

f) That at the time of the execution of the Deed of Sale, the Vendor will not be a non-resident within the meaning of the Canada Income Tax Act. Failing this, there will be a compliance and certification of withholding requirements of a portion of the Purchase Price, as stipulated under the then existing tax laws in Canada.

7. EXECUTION OF DEED OF SALE

The Deed of Sale shall be executed before the Purchaser's Notary. The cost of the notarial Deed of Sale, a copy for the Vendor and its registration shall be borne by the Purchaser. Ownership of the Entire Property shall be transferred to the Purchaser upon execution of the Deed of Sale, which shall take place no later than thirty three (33) days following satisfaction or waiver of all conditions stipulated with respect to the purchase of the Property.

Should failure to execute the Deed of Sale within the prescribed time (or such later date as may be mutually agreed upon between the Vendor and the Purchaser) result from the fault of the Purchaser, the deposit plus accrued interest shall be forfeited as liquidated damages to Vendor. The Vendor shall then be free to sell the Entire Property to whomsoever it may wish.

At the execution of the Deed of Sale, and subject to the terms and conditions hereof, the Vendor shall deliver evidence to the Purchaser that all taxes, installments of special assessments and utility charges (if any) relating to the Entire Property that are payable on/or before the Closing Date have in fact been paid.

8. CONDITIONAL ACCEPTANCE (COURT APPROVAL)

The Purchaser acknowledges that the Vendor is at present operating under the protection of the Court under the provisions of the Companies Creditors Arrangement Act and that the sale of the Property shall be subject to the approval of the Court.

As a result, Vendor undertakes to obtain said Court approval at its own expense within a delay of thirty (30) days following satisfaction or waiver of all conditions stipulated with respect to the purchase of the Property.

9. **ADDITIONAL CLAUSES**

The mobile office units located at the rear of the new building will remain and form part of the sale of the property to the benefit of the Purchaser.

Sivaco will remain tenant in approximately six thousand square feet (6000sq.ft.) of the building, in an area to be mutually defined by Purchaser and Vendor. The occupancy will be for a period of 4 months from the date of Closing. The area will be used as storage for nail machines. The occupancy will be free of charge. During this occupancy, Sivaco undertakes to insure at its cost against all risks and loss the nail machines and any other equipment it may store on said premises and agrees to hold Purchaser harmless of all liability for the period of said occupancy.

10. **TRANSFER TAXES**

The Purchaser shall be responsible for any Property transfer taxes assessed by the City of Chambly.

11. **TIME OF THE ESSENCE**

Time shall be of the essence hereof in all respects.

12. **NONRESIDENCE CLAUSE**

The Purchaser shall furnish the Vendor with an affidavit at the time of the execution of the Deed of Sale stating that it will not be non-resident in virtue of the provisions of the Land Transfer Act (Quebec) and the Investment Canada Act.

13. **NOTICE**

Whenever it shall be required or permitted that a notice or demand be given or served by either party to the other hereunder, such notice or demand shall be given or served and shall not be deemed to have been duly given or served unless in writing and forwarded by registered or certified mail, or by means of receipted delivery of bailiff, or by facsimile addressed as follows:

For the Purchaser: *Tennant Steel Services inc.*
2465 Ford Blvd., Suite 201
Chateauguay, Quebec J6J 4Z2
Tel.: (450) 691-2366
Fax.: (450) 692-4365
Attention: Mr. Donald T. Benn

For the Vendor: *Ivaco Inc.*
Suite 1501, 1 Place Alexis Nihonc
3400, de Maisonneuve West
Montreal, Quebec H3Z 3B8
Tel.: 514-286-4976
Fax.: 514-288-2669
Attention: Mr. Guy-Paul Massicotte

For the Brokers: *Binswanger Quebec*
Chartered Real Estate
Broker
1470 Peel Street, Suite 725
Montreal, Quebec H3A 1T1
Tel. : (514) 288-5755
Fax. : (514) 842-7591
Attention : Paul-Éric Poitras

JJ Barnicke Ltd.
Chartered Real Estate Broker
800 René-Lévesque Blvd West, Suite 2550
Montreal, Quebec H3B 1X9
Tel.: (514) 868-5300
Fax.: (514) 868-9855
Attention: Robert Mercier

If such notice or demand is mailed as aforesaid, it shall be deemed to have been given three (3) days after mailing, if forwarded by facsimile twenty-four (24) hours after being sent. In the event of a potential strike or postal stoppage, any such notice must be delivered by hand.

14. **AGREEMENT IN ENGLISH**

The parties hereto have required that the present Offer and all deeds, documents or notices relating hereto be drafted in the English language. Les parties aux présentes ont exigé que la présente offre et tout autre contrat, document ou avis afférent ou ancillaire aux présentes soient rédigés en langue anglaise.

SIGNED in CHATEAUGUAY, P.Q., as of this 25th day of March 2004.

Tennant Steel Services Ltd. (the Purchaser)

Witness: ____________________ Per: ____________________

Witness: ____________________

ACCEPTANCE BY VENDOR

The foregoing Offer is accepted as of the 25th day of March 2004 at ____________ hours and Vendor alone hereby assumes and agrees to pay Binswanger Québec and JJ Barnicke Ltd. on a 50/50 split a real estate brokerage commission of five percent (5%) of the Purchase Price at the signing of the Deed of Sale.

Ivaco Inc.
(the
Vendor)

Witness: ____________________ Per: ____________________
Manon Lévesque

Guy-Paul Massicotte
Vice-President, General Counsel & Secretary

Witness: ____________________ Per: ____________________

APPENDIX D

Ivaco- Ivaco Inc.
Comparison of Actual to Forecast
For the period from January 17, 2004 to April 9, 2004

(in thousands)	Actual Jan 17 - Apr 9	Forecast Jan 17 - Apr 9	Variance	Notes
RECEIPTS				
TRADE	41,255	37,550	3,705	(1)
OTHER	1,998	2,900	(902)	(1)
INTER-COMPANY RECEIPTS BY CORPORATE	6,302	5,297	1,005	(2)
TOTAL RECEIPTS	**49,555**	**45,747**	**3,808**	
DISBURSEMENTS				
PAYROLL & RELATED	(8,394)	(8,001)	(393)	(3)
MATERIAL	(2,148)	(1,553)	(595)	(4)
CONSUMABLES	(2,416)	(2,876)	460	(5)
FREIGHT & CUSTOMS	(3,235)	(2,866)	(369)	(6)
UTILITIES	(3,758)	(3,103)	(655)	(7)
OTHER	(5,347)	(5,063)	(284)	
PROFESSIONAL FEES	(4,074)	(3,720)	(354)	(8)
DIP INTEREST AND CLOSING FEE	(3)	(17)	14	
TOTAL DISBURSEMENTS	**(29,375)**	**(27,199)**	**(2,177)**	
NET INTER-COMPANY (excluding cont. to corporate)	**(20,505)**	**(22,838)**	**2,333**	(9)
CHANGE IN CASH	**(325)**	**(4,289)**	**3,964**	

Variance Analysis:

1) The forecasts for trade receipts and other receipts should be considered together because other receipts included a forecast of the impact of the planned focus on recovering receivables quicker than usual. Overall, receipts are higher than forecast due in part to strong sales during the period and in part due to the successful decrease in the number of days sales in receivables (the "DSO"). The DSO at Sivaco Quebec has decreased by one day a month from 45 days to 42 days.

2) Inter-company receipts by corporate are higher than forecast due to catch-up payments made by the Affiliates to Ivaco at the end of January.

3) Payroll costs are higher than forecast due to the timing of payroll related payments at the end of January.

4) Materials are higher than forecast due to the payment of an unforecasted purchase from a third party supplier at the end of January.

5) Consumables are lower than forecast on a weekly basis throughout the period. This is a permanent variance.

6) Freight and customs are higher than forecast due to the increased number of shipments during the period caused by higher than forecast sales in the period.

7) Utility disbursements are higher than forecast as a result of the timing of a payment at the end of February that was then excluded from the new cash flow forecast filed in court for March.

8) Professional fees are higher than forecast due to the timing of some bills that came in during the period that covered the whole period since filing.

9) Net inter-company payments are lower than forecast in part due to the timing of payments and in part due to the volume shipped.

IVACO - Ivaco Rolling Mills Limited Partnership
Comparison of Actual to Forecast
For the period from January 17, 2004 to April 9, 2004

(in thousands)	**Actual Jan 17 - Apr 9**	**Forecast Jan 17 - Apr 9**	**Variance**	**Notes**
RECEIPTS				
TRADE	91,951	89,527	2,424	(1)
OTHER	202	(9)	211	(2)
TOTAL RECEIPTS	**92,153**	**89,518**	**2,635**	
DISBURSEMENTS				
PAYROLL & RELATED	(11,176)	(11,475)	299	(3)
MATERIAL	(82,259)	(81,117)	(1,142)	(4)
CONSUMABLES	(7,190)	(7,124)	(66)	
FREIGHT, CUSTOMS & DUMPING DUTY	(15,432)	(17,638)	2,206	(5)
UTILITIES	(6,120)	(9,962)	3,842	(6)
OTHER	(12,436)	(11,944)	(492)	(7)
PROFESSIONAL FEES	--	-	-	
DIP INTEREST AND CLOSING FEE	(201)	(240)	39	
CONTRIBUTIONS TO CORPORATE	(3,150)	(2,923)	(227)	(8)
TOTAL DISBURSEMENTS	**(137,964)**	**(142,422)**	**4,458**	
NET INTER-COMPANY (excluding cont. to corporate)	**48,474**	**45,384**	**3,090**	(9)
CHANGE IN CASH	**2,663**	**(7,521)**	**10,184**	

Variance Analysis:

1) Actual receipts are higher than forecast due to the productivity of the mill. The average tons per hour produced by the rod mill exceeded forecast during the first four months of the year which resulted in higher sales. In addition, the positive variance is due to the success of IRM in decreasing the number of days sales outstanding which decreased by 3 days.

2) Other receipts are higher than forecast due to slightly larger GST refunds received compared to QST payments paid over the period.

3) Payroll is slightly lower than forecast due primarily to a slight decrease in overtime compared to forecast as a result of no major equipment failures in the rod mill or melt shop during the period.

4) Materials purchased are slightly higher than forecast as a result of a slight increase in the level of scrap purchases, and a higher than forecast increase in billet purchase price.

5) Freight, Customs & Dumping Duty is lower than forecast in part due to IRM shipping more to Affiliates which decreases dumping duties and freight costs. The reduction is also partly due to IRM using more rail transportation to deliver rod to customers which is less expensive than using trucks.

6) Utilities disbursements are lower than forecast due to the timing of the natural gas payment for January, February and March which will be paid during the last week of April.

7) Other disbursements are higher than forecast as a result of the increased rod mill and melt shop production, which has a slight increases in other disbursements.

8) Contributions to Corporate are higher than forecast due to an unforecasted catch-up payment that was made in late January.

9) Inter-company receipts are higher than forecast partly as a result of an increase in the number of tons shipped and partly due to an increase in base prices for wire rod.

IVACO - Ifastgroupe and Company, Limited Partnership & Ifastgroupe Inc.
Comparison of Actual to Forecast
For the period from January 17, 2004 to April 9, 2004

(in thousands)	**Actual Jan 17 - Apr 9**	**Forecast Jan 17 - Apr 9**	**Variance**	**Notes**
RECEIPTS				
TRADE (1)	70,121	69,142	979	(1)
OTHER	43	784	(741)	(2)
TOTAL RECEIPTS	**70,164**	**69,926**	**238**	
DISBURSEMENTS				
PAYROLL & RELATED	(10,285)	(11,213)	928	(3)
MATERIAL	(12,566)	(12,775)	209	
CONSUMABLES	(8,356)	(7,892)	(464)	(4)
FREIGHT & CUSTOMS	(3,714)	(3,429)	(285)	
UTILITIES	(800)	(1,389)	589	(5)
OTHER	(10,804)	(9,335)	(1,469)	(6)
PROFESSIONAL FEES	--	--	--	
DIP INTEREST AND CLOSING FEE	(28)	(27)	(1)	
CONTRIBUTIONS TO CORPORATE	(3,102)	(2,374)	(728)	(7)
TOTAL DISBURSEMENTS	**(49,655)**	**(48,434)**	**(1,221)**	
NET INTER-COMPANY (excluding cont. to corporate)	**(27,837)**	**(21,887)**	**(5,950)**	(8)
CHANGE IN CASH	**(7,328)**	**(394)**	**(6,934)**	

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 GST refund.

3) Payroll and related payments are lower than forecast during the period because the forecast included additional employees that have been hired at a slower rate than planned.

4) Consumable purchases are higher than forecast due to the consistently high activity level of the company.

5) The positive variance in utilities is mainly due to lower production level at Infasco Nut.

6) Other disbursements are higher than forecast due in part to the forecast for February not being high enough to cover costs and in part to the increase in activity at the company.

7) Contributions to corporate are higher than forecast due to an unforecasted catch-up payment made in January.

8) Net inter-company payments are higher than forecast in part due to the increased volume of raw material shipments received and in part due to the higher base prices paid.

IVACO - DOCAP (1985) Corporation
Comparison of Actual to Forecast
For the period from January 17, 2004 to April 9, 2004

(in thousands)	**Actual Jan 17 - Apr 9**	**Forecast Jan 17 - Apr 9**	**Variance**	**Notes**
RECEIPTS				
TRADE	3,606	3,363	243	(1)
OTHER	2	12	(10)	
TOTAL RECEIPTS	**3,608**	**3,375**	**233**	
DISBURSEMENTS				
PAYROLL & RELATED	(607)	(642)	35	
MATERIAL	(1,921)	(1,701)	(220)	(2)
CONSUMABLES	--	--	--	
FREIGHT & CUSTOMS	(240)	(176)	(64)	
UTILITIES	(35)	(45)	10	
OTHER	(573)	(587)	14	
PROFESSIONAL FEES	--	--	--	
DIP INTEREST AND CLOSING FEE	--	--	--	
CONTRIBUTIONS TO CORPORATE	(50)	(4)	(46)	
TOTAL DISBURSEMENTS	**(3,426)**	**(3,155)**	**(271)**	
NET INTER-COMPANY (excluding cont. to corporate)	**(326)**	**(302)**	**(24)**	
CHANGE IN CASH	**(144)**	**(82)**	**(62)**	

Variance Analysis:

1) Actual receipts are higher than forecast due in part to strong sales and in part to quicker than anticipated collections.

2) Material purchases are higher than forecast due to timing of payments for overseas shipments.