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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"

THIRTY-FOURTH REPORT OF THE MONITOR
MARCH 28, 2007

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Peter F.C. Howard/LSUC #22056F
Tel: (416) 869-5613
Fax: (416) 861-0445

Solicitors for the Monitor,
Ernst & Young Inc.

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INTRODUCTION

1. Ivaco Inc. ("Ivaco") and certain of its affiliates (collectively the "Applicants") obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA") through 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 monitor (the "Monitor") of the Applicants.

2. The Applicants for the Initial Order included, among others, Ivaco, Ivaco Rolling Mills Inc., and the related limited partnership Ivaco Rolling Mills Limited Partnership ("IRM"), Ifastgroupe Inc., and the related limited partnership Ifastgroupe and Company Limited Partnership ("Ifastgroupe"), IFC (Fasteners) Inc. ("IFC") and Docap (1985) Corporation ("Docap").

3. This Thirty-Fourth Report of the Monitor (the "Report") is provided to this Honourable Court as an update on the status of these proceedings and in support of a number of motions the Monitor intends to bring back before this

Court, including motions seeking approval of: (i) a Subsequent Claims process; (ii) the acceptance of intercompany claims filed by the Applicants against one another and this Honourable Court's directions as to their set-off; (iii) the allocation of sales proceeds between Ifastgroupe and IFC; (iv) a declaration that the D&O Claims asserted by of the Bank of Nova Scotia against the directors and officers of Ivaco and IRM are not covered by the Director's Charge, as defined in the Initial Order; and (v) mediation to resolve any remaining inter-creditor issues to facilitate a distribution to creditors.

4. The Report is organized as follows:

- Terms of Reference
- Overview
- Pension Matters
- Pension Motions
- General Claims Process
- Directors and Officers Claims Process
- Subsequent Claims Process
- Status of the Working Capital Dispute Adjustment
- Docap
- Post-Closing Statements of Receipts and Disbursements
- Potential Distribution
- Monitor's Analysis and Recommendations

TERMS OF REFERENCE

5. Capitalized terms not defined in this Report are as defined in the Initial Order and the Monitor's previous reports. All references to dollars are in Canadian dollars unless otherwise noted. The estimates provided in this report are based on the Monitor's current assessment and incorporate assumptions as to

possible future events and outcomes. The Monitor has not audited or otherwise verified the figures and estimates included herein. Actual results may vary and the differences may be material.

OVERVIEW

6. The major assets of the principal Applicants were sold to Heico pursuant to three asset purchase agreements (the "Asset Purchase Agreements") in a transaction that closed on December 1, 2004 (the "Heico Transaction"). Immediately following the completion of the Heico Transaction, the Applicants, other than Docap which was not involved in the Heico Transaction, no longer had any management, employees or operations. However, in addition to the pools of cash held by the Monitor and representing the proceeds of the Heico Transaction, a number of smaller assets remained. These assets have been, or are, in the process of being realized upon by the Monitor pursuant to the Interim Additional Powers Order (the "IAPO") and the Supplementary Interim Additional Powers Order granted by this Honourable Court on December 17, 2004 and April 19, 2005, respectively.

7. Two claims processes have been undertaken by the Monitor: one with respect to direct claims against the Applicants submitted prior to August 6, 2004 (the "Claims Bar Date") and the second with respect to indirect claims - claims against directors and officers for which the directors and officers claim indemnity from the Applicants on both a secured and unsecured basis ("D&O Claims"). The general claims process has been substantially completed, except for the significant disputed claims discussed below. In the D&O Claims process there are 18 unresolved D&O Claims and, as of the date of this Report, an additional five D&O Claims that have been determined by the D&O Claims Officer but for which the appeal period has not yet expired.

8. There has not yet been a process to call for claims arising from and after June 18, 2004 as a result of actions taken by an Applicant after September 16, 2003, including the restructuring, repudiation or termination of a contract, lease or employment agreement pursuant to the Initial Order ("Subsequent Claims"). As the Heico Transaction closed after this date, the Monitor anticipates that there may well be former employees asserting Subsequent Claims in respect of this period.

9. Since the closing of the Heico Transaction, it has been clear that this proceeding is now a liquidating CCAA. In other CCAA proceedings that have turned into realizations, at this stage of the process, without a CCAA plan of arrangement, there has been a transition to some other mode of formal insolvency proceeding involving a personal representative whether an interim receiver, trustee or receiver.

10. As authorized pursuant to sub-paragraph 3(f) of the IAPO, the Monitor has consulted extensively with the IAC (and the pension claimants described below) concerning, among other things, the structure necessary to complete the realization (and by extension, distribution) of the Remaining Assets (as defined therein). In its discussions with the creditors, the Monitor has been provided widely ranging views on the appropriate future structure, with some support expressed for each of: (i) maintaining the status quo and seeking approval to make distributions in these CCAA proceedings without a formal plan of arrangement; (ii) preparing plans for some or all of the Applicants; and (iii) transitioning the Applicants into bankruptcy (with a transition order that, among other things, enables the trustee to adopt the claims work that has already been completed by the Monitor) and effecting distributions in bankruptcy.

11. In anticipation of potentially affecting a distribution through the structure set forth at either (i) or (ii) above, the Monitor sought, and has obtained, clearance certificates or opinions from the relevant federal and provincial tax authorities permitting the Monitor to make certain distributions as may be approved by this Honourable Court.

12. In 2005, the IAC concluded that it wished to pursue bankruptcy orders in respect of the Applicants and, with the input of the Monitor as to an appropriate transition order, initiated proceedings to transition the proceedings into bankruptcy.

13. This transition has been stalled by reason of various disputes between the creditors, in part as to the form that the next step should take and the impact that next step should, or should not, have on the priority of claims. The pension dispute remains an outstanding issue pending approval for leave to appeal to the Supreme Court of Canada and, if leave is granted, the period for the hearing and determination of the appeal could take a considerable period of time. In addition, once a final determination is made by the Supreme Court of Canada, if the current judicial determination remains unchanged, there is the potential for further delay through a dispute as to whether the petition in bankruptcy should proceed.

14. The Applicants' creditors have been stayed since September 2003 and the Applicants' assets were largely monetized as at December 1, 2004. The issues as between the various creditor interests are for the creditors to deal with in terms of the merits of adversarial proceedings as between groups of creditors. However, there has been a substantial amount of money available for distribution for some time and there has been no resolution, either court-ordered or consensual, to date. In the circumstances, absent a consensual resolution among the major stakeholders that is acceptable to this Honourable

Court, it appears to the Monitor that this Honourable Court ought to consider the interests of those creditors not represented by the IAC or the Pension Parties and hear the positions of the Service List and the Monitor as to the appropriate process and structure to resolve the issues and to achieve a substantial interim distribution to creditors with proven or accepted claims.

15. The Monitor is not a personal representative and the estates or assets of the Applicants have not vested in it. It has only been charged by this Honourable Court with the realization of assets and administration of claims processes, but not with the distributions to creditors. As such, the Monitor is in a position to report to this Honourable Court on the quantum of total claims, disputed claims, the funds available and the amount of funds that could be distributed while reserving sufficient funds in each Applicant to meet the unlikely cumulative confluence of the occurrence of every worst case contingency in each estate.

16. It does not appear that a situation such as this one has arisen in previous insolvencies and there are a number of legal and practical issues that must be considered in attempting to distribute funds to creditors. In the particular, if not unique, circumstances of this matter, this Honourable Court should provide all interested persons with an opportunity to submit their views as to the most appropriate and cost-effective method of effecting a distribution to creditors which is fair to all interested parties, including those with contingent and disputed claims.

17. For some time now, the Monitor has been working with all the interested groups to try and achieve either a global or meaningful partial resolution of the outstanding issues. The creditor groups remain apart, as is of course their right, but the Monitor has also heard the mounting frustration of all the creditors. Recently, the Monitor has been informed by some of the IAC

members that their discussions concerning some of their major inter-creditor disputes have advanced and may result in a settlement of some of these issues that would be acceptable to them, and to the Monitor to the extent the issues impact the other creditors of the estates. The Monitor will continue its discussions with the various stakeholders to see whether a commercially reasonable settlement of the outstanding issues can be achieved, failing which the Monitor believes that the IAC and Pension Parties (defined below) should again avail themselves of the assistance of a mediator to bridge their remaining differences.

18. On behalf of all creditors, and given the passage of over two years since the Heico Transaction closed, the Monitor believes that it is now imperative that the creditor issues that have prevented a distribution be resolved either consensually, through mediation, or by other Court-ordered means in order to enable a meaningful distribution to creditors to proceed.

PENSION MATTERS

Background

19. Ivaco and several of its affiliates sponsored a number of defined benefit pension plans for non-unionized employees in Canada. Those plans included the Pension Plan for Salaried Employees of Ivaco Inc. and Participating Subsidiary Companies (the "Salaried Plan"), the Pension Plan for Designated Hourly Rated Employees of Ivaco Inc. (the "Designated Plan") and the Pension Plan for Salaried Employees of the Ifastgroupe Inc. Ingersoll Fasteners Division (the "Fasteners Plan"). The Salaried Plan, the Designated Plan and the Fasteners Plan are collectively referred to herein as the "Pension Plans".

20. The participating employers in the Salaried Plan were Ivaco, Ifastgroupe and IRM. The Ivaco members of the Salaried Plan were employed in Quebec and

Ontario. The Ifastgroupe members were employed in Quebec, Ontario, and elsewhere. The IRM members were all employed in Ontario, and IRM had no assets or operations in Quebec.

21. The Designated Plan membership was primarily comprised of non-unionized employees but also included certain unionized employees. The Fasteners Plan was sponsored and administered by Ifastgroupe. All of its members were employed in Ontario.

22. When Ivaco, Ifastgroupe and IRM filed for protection under the CCAA on September 16, 2003, varying amounts of employer current service contributions for the immediately preceding period had accrued in respect of each of the Pension Plans. Pursuant to the Initial Order, these amounts were not remitted into the Pension Plans. The amount of such unremitted current service contributions by Pension Plan, by employer and by province of employment, as at November 30, 2004, is set forth in Appendix A.

23. Pursuant to the Initial Order and a subsequent November 28, 2003 court order, no special payments were remitted into the Pension Plans after September 16, 2003 in respect of existing going concern unfunded liabilities or solvency deficiencies. The amount of such unremitted past service special payments by Pension Plan, by employer and by province of employment, as at November 30, 2004, is also set forth in Appendix A.

24. Heico did not assume any of the Pension Plans or responsibility for any of the benefits accrued thereunder in the Heico Transaction.

25. On November 29, 2004, and effective as of December 1, 2004, notices of termination were issued in respect of each of the Pension Plans. Mercer Human Resource Consulting ("Mercer"), the consulting actuary for each of the Pension Plans, estimated at the time that there would be insufficient assets

in each of the Pension Plans to cover all of the benefits accrued thereunder as at December 1, 2004. Information relating to the estimated deficit as at December 1, 2004 by Pension Plan, by province of employment, and by employer is set forth in Appendix A. Appendix A also contains certain summary information as at June 30, 2006 on unremitted employer contributions to and the estimated deficit in an ongoing pension plan sponsored by Docap.

26. As of December 1, 2004, there were 851 members in the Salaried Plan: 392 active employees, 48 members transferred to another plan, 299 retirees, 75 deferred vested members (i.e. those members who previously terminated their employment with one of the participating employers and left their accrued pension benefits in the Salaried Plan for payment on retirement) and 37 pending members (i.e. members who previously terminated their employment with one of the participating employers and elected to transfer the value of their pension benefits out of the plan but still had a portion of their benefits payable from the Salaried Plan). Of these 851 members, approximately 473 are Quebec members, approximately 336 are Ontario members, and approximately 42 are from other provinces.

27. Certain benefits accrued by Pension Plan members who were employed in Ontario are guaranteed by the Pension Benefits Guarantee Fund (the "PBGF"). There is no body exactly comparable to the PBGF in the other provinces.

28. In April 2005, with Court approval, the Ontario Superintendent of Financial Services (the "Superintendent") appointed PricewaterhouseCoopers Inc. ("PWC") to administer the wind-ups of the Fasteners Plan and the Designated Plan. The Monitor has not received copies of the wind-up report for either such Pension Plan because, it is advised, they have not been completed yet. Appendix A indicates that the estimated deficits of the Fasteners Plan and

Designated Plan as of December 1, 2004 were $893,000 and $114,000, respectively, and the estimated PBGF claims were $808,000 and $35,000, respectively. The Monitor has recently received revised estimates of the PBGF claims from PWC, which indicate that the estimated PBGF claims as at December 31, 2006 were $1,643,000 and $155,000 for the Fasteners Plan and Designated Plan, respectively.

29. In December 2005, Mercer submitted to the Régie des rentes du Québec (the "Régie") the termination report for the Salaried Plan. The report indicated an aggregate wind-up deficit of $35,595,000 as of December 1, 2004, of which $11,077,000 represented unremitted employer contributions ($10,429,000 in unremitted defined benefit contributions plus $632,000 in interest thereon plus $16,000 in unremitted Capital Accumulation Program contributions). The report further indicated that the Salaried Plan had a claim against the PBGF of $9,950,000 as of December 1, 2004. Further details are set forth in Appendix A. The Monitor has recently been informed by Mercer that the revised estimate of the pension deficit is approximately $38.5 million calculated as of February 28, 2007. The Monitor has not reviewed the revised estimate.

30. Proofs of Claim have been filed on a full joint and several basis against the relevant estates in respect of the shortfall of the Pension Plans.

31. Since the filing of claims on behalf of the Pension Plans and by the Superintendent, there have been numerous discussions between the Monitor, the Monitor's counsel, counsel to the IAC members and counsel to the Superintendent and the Pension Committee of the Salaried Plan (the "Pension Parties") regarding both the quantum and validity of the Pension Parties' claims against each of the Applicants.

PENSION MOTIONS

32. In the spring of 2005, the IAC indicated that it intended to seek a lifting of the stay to permit creditors of Ivaco, IRM and Ifastgroupe to file or pursue petitions in bankruptcy. Meanwhile, the Superintendent indicated that it intended to initiate proceedings to have the PBGF declared to be applicable to the Salaried Plan and a payment made, and would oppose any bankruptcy pending a motion:

    (a) directing the Monitor to pay the amounts owing in respect of unpaid contributions and solvency deficiencies into the Pension Plans;

    (b) in the alternative, directing the Monitor to segregate sufficient funds to pay such claims; or

    (c) in the further alternative, delaying the granting of any bankruptcy order until all pension liabilities had been finally determined or paid,

    On March 15, 2005, Justice Farley issued a "standstill" order, which, *inter alia*, prohibited the IAC or the Superintendent from taking any step until the motions were heard.

33. The motions were heard on June 13-15, 2005 and, on July 18, 2005, Justice Farley dismissed the Pension Parties' motion. The Pension Parties sought and obtained leave to appeal to the Ontario Court of Appeal.

34. On October 17, 2006, the Ontario Court of Appeal released its decision, dismissing the Pension Parties' appeal.

35. On October 27, 2006, on motion of the Pension Parties, the Ontario Court of Appeal stayed Justice Farley's July 18, 2005 order until determination of the Superintendent's application for leave to appeal to the Supreme Court of Canada. All materials have been filed with the Supreme Court and the

application for leave to appeal will be heard in writing in accordance with the Supreme Court's schedule.

36. On February 20, 2007, Justice Ground issued an order lifting the CCAA stay of proceedings to allow a payment of approximately $10 million from the PBGF to the Salaried Plan on the basis that the Superintendent is stayed from taking any action or commencing any proceedings to enforce a statutory lien against the assets of the Applicants. The Superintendent has indicated that it intends to bring a similar motion with respect to the Designated Plan and the Fasteners Plan.

37. Copies of all the decisions are available on the Monitor's web site.

Legal Issues

38. The Monitor has identified three substantive categories of pension and insolvency law issues that could affect the amounts required to be paid from the estates of Ivaco, Ifastgroupe and IRM in satisfaction of the Pension Plan claims: "deemed trust" issues, "joint and several" issues, and "timing" issues. The following summary is only for the purpose of identifying the issues. The Monitor is not purporting to fully set out the very detailed arguments and submissions that various parties have advanced from time to time.

39. The approximate recoveries from the three estates by the Pension Plans, and therefore by other creditors, vary depending on the resolution of these three series of issues.

(a) Deemed Trust Issues

40. Essentially, the deemed trust issues boil down to whether: (i) the Monitor can be ordered to segregate, or pay into the Pension Plans, amounts subject to the

deemed trusts under the Ontario *Pension Benefits Act*, the Quebec *Supplemental Pension Plans Act* (the "QSPPA") or any other applicable provincial pension legislation; or (ii) certain creditors can petition Ivaco, Ifastgroupe, and/or IRM into bankruptcy, with the result that such deemed trusts are not treated as constituting trusts within the meaning of paragraph 67(1)(a) of the *Bankruptcy and Insolvency Act*. In July 2005, Justice Farley declined to order such segregation or payment and effectively decided that a petition for bankruptcy should not be denied simply because the "disappearance" of the deemed trust would be one of the petition's goals. The Court of Appeal upheld this decision.

41. One of the results of that decision being upheld would be that, after bankruptcy, if a petition were granted, it will be argued that any amount otherwise subject to a deemed trust would rank as an unsecured claim. On the other hand, if that decision were reversed, it may be that such deemed trusts ultimately survive and it could be argued that such trusts would rank ahead of all other unsecured claims.

(b) Joint and Several Issues

42. There appears to be consensus that the joint and several issues are only relevant to the Salaried Plan. They concern the extent to which the solidary liability provisions in Section 11 of the QSPPA should make Ivaco, Ifastgroupe and/or IRM assets available on a joint and several basis to satisfy claims relating to Salaried Plan obligations.

43. The resolution of the joint and several issues affects the quantum of the Salaried Plan's recovery, but not the rank of its claims.

(c) Timing Issues

44. The amount of recovery to the Salaried Plan is also dependent on the manner and order in which claims are asserted against the relevant estates. Two alternate approaches have been hypothesized, which can be characterized as the "simultaneous" approach and the "sequential" approach.

45. Under the simultaneous approach, the entirety of the Salaried Plan's claims would be processed at the same time against the Ivaco and Ifastgroupe (and, as the case may be, the IRM) estates. Under the sequential approach, the relevant portions of the Salaried Plan's claims would be processed first against the estates of the respective employers. To the extent that, for example, the Ivaco estate could not satisfy the claim in respect of former Ivaco employees, only subsequently would a claim be processed against the Ifastgroupe estate (and, as the case may be, the IRM estate).

Resolution of Pension Issues

46. In August 2006, the Monitor, the IAC and the Pension Parties participated in a mediation with the assistance of R.S.J. Winkler to attempt to settle these outstanding issues. Although a settlement was not reached at that time, discussions have continued. A consensual resolution could eliminate the need for, and the delay associated with, the application for leave to appeal to the Supreme Court and the hearing of the subsequent appeal, if leave is granted, and permit the steps necessary to wind up these estates.

47. In the opinion of the Monitor, a commercially reasonable settlement of the Pension issue ought to be achievable and the Monitor has expended considerable effort in an attempt to facilitate such a settlement.

GENERAL CLAIMS PROCESS

48. On June 18, 2004, this Honourable Court authorized the Applicants to conduct a process for soliciting and determining claims of their creditors (the "Claims Procedure Order") arising prior to September 16, 2003 or post-filing claims arising from September 16, 2003 to June 18, 2004. As described above, August 6, 2004 was established as the Claims Bar Date. The Court also made provision for a Subsequent Claims Bar Date for Subsequent Claims, which was to be subject to further order of this Honourable Court.

49. The Claims Process is now substantially complete. There are seven unresolved trade and employee related claims (excluding claims filed against Ivaco, which at present, have been set aside by the Monitor since there is no expectation of a distribution to the unsecured creditors of Ivaco).

50. The following chart summarizes the value of the Claims against IRM, Ifastgroupe and IFC as determined or, in the case of the seven unresolved claims, estimated by the Monitor.

Applicant	**Estimated Value of Claims as at Jan 16, 2007 (in millions)**
Ivaco Rolling Mills Inc.	$271.3
Ifastgroupe Inc.	$137.8
IFC (Fasteners) Inc.	$119.6

For illustrative purposes, the value of the Ifastgroupe and IRM estimated claims as at January 16, 2007 includes the full deficit of the Salaried Pension Plan, defined above, of $35.6 million.

51. In determining the estimated value of the claims above pursuant to the Claims Procedure Order, the Monitor has valued all claims as at the date of the Initial Order for foreign exchange, interest and other contractual purposes.

Intercompany Claims

52. Pursuant to the Claims Procedure Order, the Claims Bar Date did not apply to any claim that existed with respect to Intercompany Claims, as defined therein, or with respect to a claim that may affect the validity or quantum of an Intercompany Claim. The Claims Procedure Order contemplated that the process for dealing with such claims would be the subject of a further order from this Honourable Court. Notwithstanding this, the Applicants prepared and filed with the Monitor claims relating to amounts owing to and from the various other Applicants. These Intercompany Claims were reconciled to the various books and records of the Applicant on the other side of the claim and are set out below.

Ivaco Group of Companies
Inter-Company Claims Between Applicants

in CAD$	*Claims Filed By:*						
Claims Against:	**Docap**	**Ifastgroupe**	**Ifastgroupe Realty**	**IFC (Fasteners) Inc.**	**Ivaco Rolling Mills**	**Ivaco Inc.**	**Total**
Docap		411,984				203	412,187
Ifastgroupe	1,523		59,008	5,681	1,983,595	986,965	3,036,772
Ifastgroupe Realty		19,632,391					19,632,391
IFC (Fasteners) Inc.		48,353,849					48,353,849
Ivaco Rolling Mills		551,981				424,192	976,173
Ivaco Inc.		2,695,605		55,935	54,850,061		57,601,601
	1,523	71,645,810	59,008	61,617	56,833,656	1,411,360	130,012,974

53. Paragraph 14 (b) of the Initial Order states that each member of the Ivaco Group shall be stayed from exercising any rights of set-off against amounts payable by another member of the Ivaco Group.

54. Material set-off issues arise between IRM and Ivaco and between Ifastgroupe and Ivaco, in both cases there are significantly larger claims against Ivaco (which has no assets for unsecured creditors) than by Ivaco.

55. In the opinion of the Monitor, the Intercompany Claims set out above should be accepted and the Monitor seeks this Honourable Court's direction as to the applicability of set off. The Monitor proposes to serve and file a motion seeking this Honourable Court's approval of such action forthwith.

D&O CLAIMS PROCESS

56. On April 19, 2005, this Honourable Court approved the D&O Claims Process to solicit and determine claims against the director and officers of the Applicants and any related indemnity claims of the directors and officers against the Applicants. The D&O Claims Bar Date was June 3, 2005. The Indemnity Claims Bar Date was August 10, 2005.

57. As of the D&O Claims Bar Date, the Monitor had received 362 D&O Claims. Since the D&O Claims Bar Date, the Monitor has received 15 additional D&O Claims. Of the 377 claims received, the Monitor has issued 372 D&O Notices of Revision or Disallowance for those D&O Claims considered to have no legal basis. In response, the Monitor received 91 D&O Notices of Dispute. All but three of these disputed D&O Claims have been referred to the D&O Claims Officer for resolution. By August 10, 2005, the Indemnity Claims Bar Date, the Monitor received blanket placeholder Indemnity Proofs of Claim from all of the directors and officers or their respective counsel.

58. At present, there are 18 unresolved D&O Claims, summarized as follows:

($000's)	IVACO	IRM	IFASTGROUPE	DOCAP	TOTAL
Unresolved Claims number	9	5	3	1	18
Amount	$39,550	$38,150	$2,825	$14	$80,771

59. The Monitor and its counsel are working closely with the D&O Claims Officer towards resolution of these remaining unresolved claims.

60. The Bank of Nova Scotia's D&O Claims against the directors and officers of Ivaco and IRM for $36.5 million, included in the table above, is required to be heard before this Honourable Court instead of by a the D&O Claims Officer. The Monitor has obtained confirmations from the applicable directors and officers and their insurer, Chubb, that they will not assert that any related Indemnity Claim is covered by the Directors' Charge provided pursuant to the Initial Order.

61. For greater certainty, the Monitor intends to serve and file a motion seeking an order of this Honourable Court confirming that the Indemnity Claims filed by the directors and officers in response to the Bank of Nova Scotia's D&O Claim are not covered by the Directors' Charge.

SUBSEQUENT CLAIMS PROCESS

62. The Claims Procedure Order contemplated a subsequent process to solicit and determine Subsequent Claims, as defined above.

63. All of the Applicants' employees, and their post-retirement benefits, were terminated on closing of the Heico Transaction on December 1, 2004 and therefore there may be significant additional claims being filed.

64. Regardless of how the estates are finally wound up, it will be necessary to solicit Subsequent Claims. Therefore, the Monitor proposes to serve and file a motion for approval of a Subsequent Claim Process forthwith.

65. Under the proposed order, Creditors will be notified of the requirement to file Proofs of Subsequent Claim by the following means:

(a) The Monitor will distribute Proofs of Subsequent Claim and related instructions and filing information (the "Subsequent Claim Package") by regular mail to all creditors who have notified the Monitor of a potential Subsequent Claim and to all other Persons that the Applicants' records indicate may have a Subsequent Claim. The Subsequent Claims Package proposed by the Applicants to be sent to potential creditors is substantially in the form attached as Appendix B;

(b) The Monitor will place notices addressed to all potential creditors in the following major newspapers: The Globe and Mail (National Edition), La Presse (a French translation) and The Wall Street Journal (National Edition) on two separate days approximately one week apart. The proposed form of the notice is substantially in the form attached as Appendix C;

(c) The Monitor will post a copy of the Subsequent Claims Package on its website; and

(d) The Monitor will send a copy of the Subsequent Claims Package, by ordinary mail, as soon as practicable following receipt of a request for a package, to any person claiming to be a creditor and requesting such material prior to the Subsequent Claims Bar Date.

66. The Monitor intends to propose a Subsequent Claims Bar Date approximately 40 days after the initiation of the Subsequent Claims Process. The Monitor believes 40 days during which potential claimants may evaluate and submit their Subsequent Claims is reasonable.

67. The Monitor considers that the identification of known creditors, mailing and newspaper advertisements noted above will provide potential creditors with sufficient and timely notification in order for them to submit their Proofs of Subsequent Claim prior to the Subsequent Claims Bar Date.

68. Creditors will be asked to submit their Proofs of Subsequent Claims to the Monitor. Each creditor will be required to file a separate Proof of Subsequent Claim for each Applicant against which it has a Subsequent Claim. The Monitor will supervise the receipt, collection and examination of Subsequent Claims.

69. The Monitor shall review all Proofs of Subsequent Claims filed on or before the Subsequent Claims Bar Date and the Monitor may: (i) admit any Subsequent Claim in its entirety; (ii) revise the Subsequent Claim; or (iii) disallow the Subsequent Claim.

70. Where a Subsequent Claim is partially allowed or disallowed, the Monitor shall deliver to the Claimant a Notice of Determination of Claim advising them of this fact and the reasons on which the Monitor relies. The proposed form of Notice of Determination of Claim is substantially in the form attached at Appendix D.

71. Creditors who intend to dispute a Notice of Determination of Claim must deliver a Notice of Dispute to the Monitor within ten business days of receipt of the Notice of Determination of Claim. The proposed form of Notice of Dispute is substantially in the form attached at Appendix E. Upon receipt of a Notice of Dispute, the Monitor may attempt to consensually resolve the issue with the creditor. Unless the issue is resolved consensually, the Monitor shall, within ten business days of receipt, deliver a copy of the Creditor's Notice of Dispute to the Claims Officer. The Monitor believes that this period of time is reasonable given that creditors will in most cases have performed their own evaluation of their Subsequent Claim prior to submitting the original Proof of Subsequent Claim and, therefore, should be in a position to respond quickly.

72. The Applicants propose that the existing Claims Officers, also act as the Claims Officers with respect to the Subsequent Claims Process. The Claims Officer will review and determine all Subsequent Claims filed prior to the Subsequent Claims Bar Date which are in dispute for any reason and have not been consensually resolved between the Claimant and the Monitor. The Claims Officer will co-ordinate the hearing of all disputed Subsequent Claims within ten business days from the date of the Notice of Dispute or such later time as the Claims Officer determines. The Claims Officer shall within ten business days following completion of a hearing, notify the Monitor and the Claimant of the value of the Subsequent Claim as determined by the Claims Officer.

73. Pursuant to the proposed Order, the Monitor or the Claimant may appeal the Claims Officer's determination by appealing such determination to this Honourable Court by filing a Notice of Motion returnable within ten business days.

STATUS OF WORKING CAPITAL DISPUTE ADJUSTMENT

74. The determination of the amount to be paid by Heico under the Working Capital adjustment dispute mechanisms in the three Asset Purchase Agreements has taken far longer than contemplated by the contracts. Set out below is a summary of some of the court proceedings and other events that have occurred.

75. The Monitor contends that Heico owes a total of approximately $63 million in working capital adjustment under the three Asset Purchase Agreements. Heico conceded in January 2005 that it owed approximately a cumulative amount of $16 million but has not paid that amount. In September 2006, Heico sought to reverse that position and advance a $75 million joint and several claim against the Applicants.

Working Capital Adjustment

76. As described above, pursuant to the Asset Purchase Agreements, Heico purchased the businesses formerly owned by IRM, Ifastgroupe and Ivaco. Court approval of the transaction was obtained on August 18, 2004.

77. The purchase price to be paid by Heico under each of three Asset Purchase Agreements was subject to adjustment based on a number of factors, including the difference between the Working Capital of the businesses as of the closing of the transaction (shown on Exhibit C to each of the Asset Purchase Agreements) compared to "Estimated Working Capital" as of September 30, 2004 (shown on Exhibit B to each of the Asset Purchase Agreements).

78. The Heico Transaction closed on December 1, 2004. On December 23, 2004, Davies Ward Phillips & Vineberg LLP ("Davies") delivered, on behalf of the Sellers, a calculation of the final working capital for each of the three Asset Purchase Agreements.

79. As a result, the Working Capital adjustments were determined as follows:

	Estimated Working Capital 9/30/04 (Exhibit B)	Adjusted Estimated Working Capital 9/30/04 (Exhibit B)	Seller's Actual Working Capital 11/30/04 (Exhibit C)	Adjustments
IRM	85,007,000	88,434,000	114,503,000	26,069,000
Ifastgroupe	149,160,000	149,160,000	176,511,000	27,351,000
Ivaco	58,807,000	58,807,000	68,700,000	9,893,000
Total	**292,974,000**	**296,401,000**	**359,714,000**	**63,313,000**

80. Therefore, the Sellers proposed that Heico owed an additional $63,313,000 as a result of the adjustment to Working Capital.

Dispute over the Working Capital Adjustment

81. On January 11, 2005, Heico disputed the Sellers' calculation of the Working Capital adjustments by delivering a Dispute Notice.

82. In its Dispute Notice, Heico indicated that it had made a number of changes to both Exhibits B and C. As a result, the Working Capital adjustments were determined by Heico as follows:

	Estimated Working Capital 9/30/04 (Exhibit B)	Adjusted Estimated Working Capital 9/30/04 (Exhibit B)	Seller's Actual Working Capital 11/30/04 (Exhibit C)	Adjustments
IRM	85,007,000	103,893,000	107,198,000	3,305,000
Ifastgroupe	149,160,000	153,361,000	168,080,000	14,719,000
Ivaco	58,807,000	65,066,000	63,525,000	(1,514,000)
Total	**292,974,000**			**16,483,000**

83. Therefore, Heico claimed that it owed Ivaco an additional $16,483,000 as a result of the adjustment to Working Capital even accounting for the unauthorized set-off.

Appointment of KPMG

84. KPMG LLP ("KPMG") was appointed as the "Expert" to calculate the Working Capital adjustments and to issue a report thereon in accordance with the protocol described below.

85. On June 2, 2005, Heico applied to Justice Farley for a declaration that KPMG was performing a judicial, adjudicative and/or arbitral function. Heico's application was dismissed.

86. In July, 2005, the Monitor brought an application to Justice Farley seeking a declaration that, pursuant to the Asset Purchase Agreements, the Expert is neither authorized nor directed to make adjustments to Exhibit B. The Monitor's application was dismissed with reasons from Justice Farley as to the interpretation of the Asset Purchase Agreements.

87. The parties were initially unable to reach an agreement on the terms of the protocol and the timeline governing the Expert's work (the "Protocol"). The parties were compelled to return to Justice Farley on a number of occasions to resolve the matter and it was not until November 16, 2005 that Justice Farley approved the Protocol.

88. Under the terms of the Protocol, the resolution of the Working Capital adjustment dispute was scheduled to take no longer than seventy business days from KPMG's engagement (to complete the investigation and the submissions) and a further fifteen days for KPMG to issue its written report. Based on this timing, the Working Capital adjustment dispute would have been resolved or settled some time in mid-2005.

89. During the period following the approval of the Protocol, the parties attempted to negotiate KPMG's engagement letter. On January 16, 2006 this Honourable Court approved certain protections for KPMG with respect to its engagement as an "Expert" in the Working Capital dispute. However, on account of a number of issues raised by Heico (including in relation to the independence of KPMG), the engagement letter was not finalized until February 3, 2006.

90. Two weeks after the engagement letter was finalized, on or about February 17, 2006, the parties made their Initial Submissions under the Protocol to KPMG relating to the proper determination of the Working Capital adjustment.

91. Under the terms of the Protocol, KPMG began a series of interviews in February 2006. The interviews were scheduled to take no longer than thirty business days. The interviews took longer than anticipated and included eight interviews with prior employees of Ivaco now employed by Heico. At the conclusion of one of these eight interviews that of the former CFO of Ivaco,

Mr. Hugh Blakely, the Monitor sought to cross examine him as provided for in the Protocol. Heico refused and the interview process was further delayed while this issue was addressed.

92. Ultimately, the Monitor was compelled to seek an order from this Honourable Court for a declaration that Heico was obliged to provide an affidavit of Hugh Blakely in accordance with the terms of the Protocol and to produce him for cross-examination thereafter, also in accordance with the Protocol. Justice Ground granted an order to that effect. The cross-examination of Hugh Blakely did not take place until July 21, 2006.

93. KPMG requested interviews with partners with McDermott Will & Emery LLP ("MWE") in Chicago, U.S. counsel to Heico. These requests were first made as early as April 2006. Despite these requests and the attempts by the Monitor's counsel to push the scheduling along, Heico took months to confirm dates for these two interviews, which were to be the last in the interview stage.

94. Under the terms of the Protocol, the Working Capital adjustment dispute was scheduled to be resolved in less than 45 business days from the conclusion of the interviews.

95. The last scheduled interview was that of Stanley Meadows, a partner with MWE, which commenced on August 24, 2006. During Mr. Meadows' interview, he made reference to a number of documents (the "Documents"). Certain of the Documents appeared to reference privileged communications where the privilege exists for the benefit of Ivaco.

96. Pending resolution of this privilege issue, the interview and, therefore, the resolution of the Working Capital adjustment dispute were not completed.

97. The parties arranged to appear before Justice Ground on September 12, 2006 to schedule a hearing on the proper procedure for dealing with the potentially privileged Documents. The Monitor also proposed to seek an order directing KPMG to include in its report a calculation of the working capital adjustment, as determined pursuant to the approach specified in each of the Initial Written Submissions of Ivaco and Heico, as it had suggested to Heico in a letter dated September 5, 2006. If KPMG did the work necessary to report on both approaches, it may be clear that there is either no difference or only a small difference between the final amount owing by Heico to Ivaco, as determined by each of the approaches.

98. At the September 12, 2006 appearance before Justice Ground, Heico requested that a hearing be scheduled to allow it to seek leave to lift the stay and bring an action for $75,000,000 jointly and severally against Ivaco, IRM and Ifastgroupe for, amongst other things, misrepresentation and breach of contract in respect of the Estimated Working Capital described above. At no time before September 12, 2006 did Heico ever indicate that it was planning or even contemplating such a claim.

99. After substantial material and examinations, Heico's motion for leave to commence its action, and the Applicants' motions for directions relating to the potentially privileged Documents and the KPMG report, described above, were heard by Justice Ground on November 7 and 10, 2006.

100. The issue of privilege was resolved substantially on the basis previously suggested by the Monitor just prior to the hearing of the November 7, 2006 motion and by consent order issued November 10, 2006. The consent order provided, in part, that the parties would conclude the interview of Mr. Meadows at the earliest convenient date and use reasonable best efforts to arrange it as soon as practicable and in no event later than November 30, 2006.

At the request of Heico, Mr. Meadows' interview was not completed until December 5, 2006 with the agreement that the Protocol would be amended to provide for the next set of written submission within 10 rather than 15 business days. On December 6, 2006, KPMG advised the parties stating that it was not considering further interviews. On December 11, 2006, KPMG wrote to the parties to confirm that the interview process had been completed. Pursuant to the terms of the Protocol as amended, the parties were then obliged to make written submissions to KPMG within ten business days.

101. Justice Ground issued his decision on or about December 15, 2006. Heico's motion for leave to commence its action was dismissed in part on the basis that the draft Statement of Claim disclosed no reasonable cause of action. Ground J. directed KPMG to prepare its report on the basis of the two approaches, as described above. If the parties were unable to resolve the matter based on the report prepared by KPMG, Justice Ground directed a trial of the issue. The December 15, 2006 decision plus the January 26, 2007 determination as to costs are appended as Appendix F. The reasons provide at paragraph 21:

> [21] Accordingly, an order will issue that:
>
> > 1. KPMG include in its report a calculation of working capital adjustments under each of the APAs pursuant to the approaches specified in the Initial Written Submissions of Ivaco and in the Initial Written Submissions of Heico; and
> >
> > 2. if the parties do not, within 60 days after receipt of the report of KPMG, resolve the issues with respect to the calculation of the net working capital adjustments, a trial of issues proceed limited to the interpretation of sections 2.11 and 2.12 of the APAs and whether the Reasons of Farley J. for his order of August 4, 2005 are *res judicata* in this regard and, if so, to what extent.

102. On or about December 29, 2006, Heico served a notice of motion seeking leave to appeal the November 7, 2006 decision of Justice Ground.

103. Heico then informed the Monitor that it was not going to file its written submissions with KPMG pending an attendance before Justice Ground to settle the order and/or for it to seek directions.

104. On January 5, 2007, all the parties attended before Justice Ground to settle the terms of his November 7, 2006 order. Justice Ground approved the Orders substantially in the form proposed by the Monitor and agreed to by the parties other than Heico in attendance on November 7, 2006. Justice Ground directed that, prior to Heico bringing a motion to seek directions, a case conference should be convened with KPMG and its counsel in attendance. Heico took the position that further direction needed to be given to KPMG as to how to prepare the report based on the two approaches.

105. On January 19, 2007, a case conference convened before Ground J. with all the parties and KPMG (with counsel). The result of that case conference was that Ground J. directed the parties to continue with the next steps of the Working Capital adjustment process and Heico is not bringing a motion for directions.

106. By agreement between the parties, as the next step in the working capital adjustment dispute, the final written submissions were provided to KPMG on March 23, 2007. In addition, the Monitor and Heico have received additional clarification questions from KPMG. The Monitor has provided its responses to KPMG. According to the terms of the Protocol, the KPMG report would be issued within 15 days of receiving those final submissions.

107. On March 26, 2007, Heico's motion for leave to appeal the November 7, 2006 decision of Justice Ground was dismissed.

108. As will be seen from Appendix F, it is also possible that there will be further proceedings after the delivery of the KPMG Report.

DOCAP

109. 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. It is an Applicant in these proceedings and remains subject to the supervision of the Monitor as it was not included in the Heico Transaction. The majority of its products are imported from overseas. Docap owes its principal lender, National Bank, approximately $3.9 million under a loan secured by, among other things, a security agreement covering inventory and accounts receivable.

110. The Applicants conducted a sale process in respect of Docap. Several parties expressed an interest in acquiring the business and/or specific assets. After having reviewed the expressions of interest, the Applicants concluded that the transaction having the greatest likelihood of successful completion would be with the current management team of Docap.

111. The offer from the current management has been shelved for many months due to the pension dispute among the parties which also affects Docap. Based on discussions with the prospective purchaser and the Monitor's preliminary analysis, it appears that no funds will be available for distribution to the unsecured creditors of Docap. The Monitor will report further to this Honourable Court as more information becomes available.

112. Attached as Appendix G to this Report is a summary of Docap's receipts and disbursement for the period from December 3, 2004 to March 2, 2007.

POST-CLOSING STATEMENT OF RECEIPTS AND DISBURSEMENTS

113. Attached as Appendix F to this Report is an updated post-closing summary of the Applicants' receipts and disbursements for the period from December 1, 2004 to February 28, 2007.

114. The post-closing intercompany allocation is settled from time to time by the Monitor. The outstanding intercompany balances as at January 31, 2007 were paid in full on February 23, 2007 and are reflected in the attached statements of receipts and disbursements.

115. In conjunction with the closing of the Heico Transaction, the GE DIP facilities were paid in full and terminated. However, the Ivaco sub-DIP has not been fully repaid to IRM and Ifastgroupe, each of which is owed $1.5 million. The sub-DIP qualifies as a Court-ordered charge as defined in the Initial Order but is subordinate to the security held by National Bank of Canada.

POTENTIAL DISTRIBUTION

Funds Held by Monitor

116. As at February 28, 2007, the following funds were held cumulatively in various accounts:

Applicants	February 28, 2007
IVACO	$16,123,000
IFASTGROUPE (includes Ifastgroupe and IFC)	$90,437,000
IRM	$167,029,000

Note: These funds include all funds held by the Monitor on behalf of the Applicants and are comprised of cash in the Applicants' bank accounts on

December 1, 2004 and proceeds from the Heico Transaction and from various other realizations and recoveries.

The Ivaco balance excludes an amount of $2.05 million, which has been reserved pending the resolution of the Heico working capital adjustment dispute described above.

117. The funds held for Ifastgroupe of approximately $90.4 million are held for the benefit of both Ifastgroupe and IFC. Both Applicants were Sellers under the Asset Purchase Agreements. The Asset Purchase Agreements did not provide an allocation of sale proceeds between the two entities. Ifastgroupe and IFC were, and are, separate entities.

118. Each has a distinct creditor group within the CCAA proceedings. The Monitor proposes that the Ifastgroupe funds be allocated between Ifastgroupe and IFC on an 80%/20% split based on the book value of the current assets held by each as at the date of the closing of the Heico Transaction. Accordingly, the proposed allocation of funds between the two Applicants is as follows:

Applicants	**February 28, 2007**
IFASTGROUPE	$72,350,000
IFC	$18,087,000
TOTAL	$90,437,000

119. The Monitor intends to serve and file a motion seeking this Honourable Court's approval for the 80%/20% allocation as between Ifastgroupe and IFC forthwith.

120. Since the closing of the Heico Transaction, the hiring of substantially all of the employees of the Applicants (including both unionized and non-unionized employees of Ivaco, Ifastgroupe and IRM) by Heico and the resignation of all of the members of the Board of Directors of Ivaco, it has been clear that there is

no prospect of an enterprise restructuring. Rather, the focus is on realization and distribution of proceeds to the creditors in accordance with their respective rights and priorities.

121. The Monitor has received numerous telephone calls and inquiries from creditors of the Applicants, including IAC members, inquiring when funds will be disbursed and urging the Monitor to take aggressive steps to effect a distribution. Creditors are expressing a high degree of frustration and have considerable difficulty understanding the delay in disbursing funds.

122. As discussed above under the heading "General Claims Process", there are a number of claim-related issues that remain unresolved, including how to deal with the inter-creditor claims issues.

123. Over the past year, there have been extensive discussions among the Monitor, the IAC and the Pension Parties concerning resolution of the claims issues, the possibility of making distributions to creditors and how best to proceed; however, notwithstanding all of the parties' best intentions to distribute funds, there is still no consensus as to how to achieve such a distribution.

124. As described above, in anticipation of potentially affecting a distribution, the Monitor obtained clearance certificates / opinions from the relevant federal and provincial tax authorities that would permit the Monitor to make certain distributions to creditors if approved by this Honourable Court.

Conclusion

125. A commercial settlement of the inter-creditor issues would remove significant obstacles to and uncertainty surrounding the wind up and the distribution of the assets of the estates. Neither this Honourable Court nor the Monitor can

compel such a resolution but the Monitor considers that it is obliged to persist in its efforts to effect that resolution. Accordingly, after providing further time for discussion, the Monitor recommends that this Honourable Court direct the continuation of the mediation before R.S.J. Winkler to attempt to resolve all of the outstanding issues and maximize the opportunity for a distribution unless any interested person provides this Honourable Court with a clear rationale as to why such a mediation would be futile. The Monitor will report back to this Honourable Court after the Subsequent Claims Bar Date and mediation, if ordered, on the results of those processes.

MONITOR'S ANALYSIS AND RECOMMENDATION

126. Not surprisingly, creditors have generally indicated a strong desire for as large a distribution to take place as soon as possible. As described above, there are two broad issues relating to this objective, structure and quantum.

127. With respect to structure, there is no clear consensus among the major creditors as to the appropriate or optimal proceeding and format to effect a general distribution to creditors.

128. As to quantum, the absence of resolution of the material inter-creditor claims issues will require the Monitor (or any personal representative) to reserve for, and hold back, substantial unresolved amounts in each estate, thereby reducing the amount available for distribution dramatically.

129. These CCAA proceedings have been little more than a liquidation since December 2004. Creditors have become increasingly, and not unreasonably, frustrated with the failure to transition to a distribution. As described above, there are a number of outstanding issues which have precluded that transition. In the Monitor's opinion, those issues have matured to the point where a reasonable settlement should be obtainable that will be in the best

interest of all stakeholders. The Monitor has noted that the Heico working capital dispute is approaching a final determination and that good faith negotiations are continuing between certain of the IAC members and the Pension Parties, and the Monitor remains hopeful that these discussions will be successful.

130. The Monitor encourages the major creditors to continue their current dialogue to resolve their outstanding claims issues; however, in case the ongoing discussions do not succeed, the Monitor believes that a further mediation with members of the IAC and the Pension Parties before R.S.J. Winkler should be organized and will seek this Honourable Court's approval to arrange such mediation forthwith.

131. In the interim, the Monitor seeks:

(a) this Honourable Court's approval to conduct the Subsequent Claims Process as described above;

(b) approval of the allocation of the Sale Proceeds as between Ifastgroupe and IFC on the basis described herein;

(c) this Honourable Court's approval of the Monitor's determination of the intercompany claims and directions concerning the application as set-off details above; and

(d) a declaration that the claims of any directors and officers (or their insurers) resulting from the BNS Claim are not covered by the Director's Charge.

All of which is respectfully submitted this 28th day of March, 2007.

ERNST & YOUNG INC.

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

Per

Brian M. Denega
Senior Vice-President

SCHEDULE "A"

Applicants Filing for CCAA

1 Ivaco Inc.

2. Ivaco Rolling Mills Inc.

3 Ifastgroupe Inc.

4. IFC (Fasteners) Inc.

5. Ifastgroupe Realty Inc.

6. Docap (1985) Corporation

7 Florida Sub One Holdings, Inc.

8. 3632610 Canada Inc.

APPENDIX A

PENSION DEFICIT AND UNPAID CONTRIBUTION SUMMARY BY APPLICANT

Cdn $'000's

	PENSION PLAN FOR SALARIED EMPLOYEES OF IVACO INC. AND PARTICIPATING SUBSIDIARY COMPANIES										FASTENERS SALARIED PENSION PLAN (Note 4)	DESIGNATED EMPLOYEES PENSION PLAN (Note 4)	DOCAP PENSION PLAN (ONGOING PLAN) (Note 5)
	IVACO				IFASTGROUPE				IRM	TOTAL			
	QUEBEC	ONTARIO	OTHER	TOTAL	QUEBEC	ONTARIO	OTHER	TOTAL	ONTARIO				
ESTIMATED DEFICIT AS AT DECEMBER 1, 2004 (Note 1)	8,362	2,728	7	11,097	6,896	2,635	1,078	10,609	13,889	**35,595**	893	114	1,140
ESTIMATED VALUE OF BENEFITS PAYABLE BY PBGF (Note 2)	N/A	1,700	N/A	1,700	N/A	1,510	N/A	1,510	6,741	**9,950**	808	35	450
UNPAID CONTRIBUTIONS AS AT NOVEMBER 30, 2004 (Note 3)													
Current Service	147	48	-	195	127	49	20	196	253	**644**	44	19	13
Past Service	1,838	598	-	2,435	1,061	404	166	1,631	5,719	**9,785**	294	24	404
Total Unpaid Contributions	1,985	646	-	2,630	1,188	453	186	1,827	5,972	**10,429**	338	43	417

Notes:

1. Estimated deficit with respect to the Ivaco Salaried Plan was provided by Mercer in its Report on the Plan Wind-up as of December 1, 2004 and includes unpaid contributions to the Capital Accumulation Program in the amount of $16K. The amount by Applicant was confirmed in a seperate report from Mercer dated February 7, 2006. Deficit information with respect to the other pension plans was obtained separately from Mercer.

2. The total value of benefits payable by PBGF with respect to the Ivaco Salaried Plan was provided by Mercer in its Report on the Plan Wind-up as of December 1, 2004. The amount allocated to each Applicant has been estimated by the Monitor for illustrative purposes only, based on previous information / allocations obtained from Mercer. PBGF information with respect to the other 3 plans was obtained separately from Mercer.

3. Unpaid contribution information with respect to the Ivaco Salaried Plan (including a breakdown of current and past service contributions) was obtained from Mercer's Report on the Plan Wind-up as of December 1, 2004. Amount shown does not include interest on unpaid contributions which as of the wind-up date amounted to approximately $632K or unpaid contributions to the Capital Accumulation Program in the amount of $16K. The amount allocated by Applicant was calculated by the Monitor for illustrative purposes only, based on information provided by Mercer to the Monitor dated December 6, 2004. Amount allocated by province was calculated by the Monitor based on each provinces' pro-rata share of the overall deficit by Applicant. Amounts shown with respect to the other 3 plans was obtained separately from Mercer.

4. In April 2005, the Superintendent appointed PricewaterhouseCoopers Inc. to administer the wind-ups of the Fasteners Plan and the Designated Plan. The Monitor has not received copies of the final wind-up reports for either plan. Accordingly, the information provided for herein is based on estimates obtained from Mercer. With respect to the Designated Plan, the amounts shown represent the financial situation after the asset split to reflect that Heico assumed the liabilities in respect of the active and inactive unionized members of Infasco Nut division.

5. The Docap plan has not been terminated. The amounts shown are based on information obtained from Mercer and represent the estimated solvency deficit as at June 30, 2006 and the contributions due and unpaid as at June 30, 2006. Amounts shown include interest to June 30, 2006 in the amount of $48K.

Disclaimer

This information is being provided for discussion and illustrative purposes only
Final deficit figures may fluctuate from those shown above

APPENDIX B

Appendix 'B'

INSTRUCTION LETTER FOR THE SUBSEQUENT CLAIMS PROCEDURE OF IVACO INC. AND THE OTHER APPLICANTS LISTED HEREIN (hereinafter refer to as the "Applicants")

A. SUBSEQUENT CLAIMS PROCEDURE

By orders of the Honourable Mr. Justice Farley dated June 18, 2004 and the Honourable Mr. Justice Ground dated • 2007 under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA"), the Applicants have been authorized to conduct a subsequent claims procedure (the "Subsequent Claims Procedure"). The Applicants are as follows:

(i) Ivaco Inc.;

(ii) Ivaco Rolling Mills Inc., on its own behalf or on behalf of Ivaco Rolling Mills Limited Partnership;

(iii) Ifastgroupe Inc., on its own behalf or on behalf of Ifastgroupe and Company, Limited Partnership;

(iv) IFC (Fasteners) Inc.;

(v) Ifastgroupe Realty Inc.;

(vi) Docap (1985) Corporation;

(vii) Florida Sub One Holdings, Inc.; and

(viii) 3632610 Canada Inc.;

This letter provides instructions for responding to or completing the Proof of Subsequent Claim. For your information, there is currently no proposed plan under the CCAA. Defined terms, which are not defined herein, shall have the meaning ascribed thereto in the Subsequent Claims Procedure.

In accordance with the • 2007 Order of the Honourable Mr. Justice Ground, the Subsequent Claims Procedure is intended for any Person with any claim arising on or after June 18, 2004 as a result of the restructuring, repudiation or termination of any contract, lease, employment agreement, collective agreement or other agreement, (collectively, the "Subsequent Claims"). If you believe that you have a Subsequent Claim against any of the Applicants you will have to file a Proof of Subsequent Claim with the Monitor.

If you have any questions regarding the Subsequent Claims Procedure, please contact the Court-appointed Monitor at the address provided below. All notices and enquiries with respect to the Subsequent Claims Procedure should be addressed to:

Ernst & Young Inc., Court-appointed Monitor of Ivaco and the other Applicants

By Mail:

Ernst & Young Inc.
222 Bay Street P.O. Box 251
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

By Courier:

Ernst & Young Inc.
Ernst & Young Tower
Suite 1600
222 Bay Street
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

Telephone: 1-866-259-1420

Fax: (416) 943-3300

B. FOR CREDITORS SUBMITTING A PROOF OF SUBSEQUENT CLAIM

If you believe that you have a Subsequent Claim against any of the Applicants you will have to file a Proof of Subsequent Claim with the Monitor. **Subsequent Claims relating to amounts owed by the Applicants arising out of the restructuring, including a breach, repudiation or termination of contracts, leases, employment agreements, collective agreements or other agreements on or after June 18, 2004 must be received by 5:00 p.m. (Toronto Time) on • 2007**, unless the Monitor and the Applicants agree in writing or the Court orders that the Proof of Subsequent Claim be accepted after that date.

Additional Proof of Subsequent Claim forms can be found on the Monitor's website at www.ey.com/ca/ivaco or obtained by contacting the Monitor at the telephone and fax numbers indicated above and providing particulars as to your name, address and facsimile number. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Subsequent Claim forms.

PROOF OF SUBSEQUENT CLAIM OF IVACO INC. AND THE OTHER APPLICANTS LISTED HEREIN (hereinafter referred to as the "Applicants")

Please read carefully the enclosed Instruction Letter for completing this Proof of Subsequent Claim.

A. – Particulars of Creditor

1. Full Legal Name of Creditor ______________________________ (the "Creditor"). (*Full legal name should be the name of the original Creditor of the Applicants, notwithstanding whether an assignment of a Claim, or a portion thereof, has occurred prior to or following June 18, 2004.*)

2. Full Mailing Address of the Creditor (the original Creditor, not the Assignee):

____

____

1. Telephone Number: ______________________________

   Facsimile Number: ______________________________

   Attention (Contact Person): ______________________________

2. Has the Claim been sold or assigned by the Creditor to another party?

   Yes: [___]

   No: [___]

B. – Particulars of Assignee(s) (If Any):

1. Full Legal Name of Assignee(s): ______________________________ (*If Claim has been assigned, insert full legal name of assignee(s) of Claim (If all or a portion of the claim has been sold). If there is more than one assignee, please attach a separate sheet with the required information.*)

2. Full Mailing Address of Assignee(s): ______________________________

3. Telephone Number of Assignee(s): ______________________________

   Facsimile Number of Assignee(s): ______________________________

   Attention (Contact Person): ______________________________

C. – Proof of Claim:

I, ______________________________ [name of Creditor or Representative of the Creditor], of ______________________________ do hereby certify:

(a) that I *[tick one]*

[___] am the Creditor of one or more of the Applicants; OR

[___] am ______________________________ (*state position or title*) of ______________________________ (*name of creditor*)

(b) that I have knowledge of all the circumstances connected with the Claim referred to below;

(c) the Creditor asserts its claim against:

Ivaco Inc. [___]

Ivaco Rolling Mills Inc. or Ivaco Rolling Mills Limited Partnership [___]

Ifastgroupe Inc. or Ifastgroupe and Company, Limited Partnership [___]

IFC (Fasteners) Inc. [___]

Ifastgroupe Realty Inc. [___]

Docap (1985) Corporation [___]

Florida Sub One Holdings, Inc. [___]

3632610 Canada Inc. [___]

(*If you are asserting a Claim against more than one of the Applicants, please provide a separate Proof of Subsequent Claim for each of the Applicants.*)

(d) The Applicant(s) was/were and still is/are indebted to the Creditor as follows;

(i) CLAIM ARISING AFTER June 18, 2004:

$______________________________ [insert $ value of claim] CAD (Claim against the Applicant(s) arising out of the restructuring, repudiation or termination of any contract, lease, employment agreement or other agreement after June 18, 2004

(Note: Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada noon spot rate as a September 16, 2003. Exchange rate conversions on such date were US $1 = 1.3690 CAD; and 1 EURO = 1.5289 CAD)

D. – Nature of Claim:

(check and complete appropriate category)

[___] A. UNSECURED CLAIM OF $__________________. That in respect of this debt, I do not hold any assets of the debtor as security and *(Check appropriate description)*

[___] Regarding the amount of $__________________, I do not claim a right to priority.

[___] Regarding the amount of $__________________, I claim a right to a priority under section 136 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") or would claim such a priority if this Proof of Claim was being filed in accordance with that Act.

(Set out on an attached sheet details to support priority claim.)

[___] B. SECURED CLAIM OF $__________________.

That in respect of this debt, I hold assets of the debtor valued at $__________________ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

E. – Particulars of Claim:

Other than as already set out herein, the Particulars of the undersigned's total Claim are attached.

(Provide all particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor which has guaranteed the Claim, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the affected Applicant to the Creditor and estimated value of such security, particulars of any restructuring claim.)

F. – Filing of Claim:

This Proof of Subsequent Claim must be received by the Monitor by no later than 5:00 p.m. (Toronto Time) on • 2007, by delivery, courier or facsimile at the following address:

Ernst & Young Inc., Court-appointed Monitor of Ivaco and the other Applicants

By Mail:

Ernst & Young Inc.
222 Bay Street P.O. Box 251
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

By Courier:

Ernst & Young Inc.
Ernst & Young Tower
Suite 1600
222 Bay Street
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

Telephone: 1-866-259-1420

Fax: (416) 943-3300

Failure to file your Proof of Subsequent Claim as directed by 5:00 p.m. (Toronto Time) on • 2007 will result in your claim being barred and you will be prohibited from making or enforcing a Claim against the Applicants and shall not be entitled to further notice in, and shall not be entitled to participate as a creditor in these proceedings.

Dated at ____________________ this _____ day of ____________________, 2007.

Per: ________________________________ *[Name of Creditor]*

APPENDIX C

<u>Appendix 'C'</u>

NOTICE TO CREDITORS OF IVACO INC.
AND THE OTHER APPLICANTS LISTED HEREIN
(hereinafter referred to as the "Applicants")

RE: NOTICE OF SUBSEQUENT CLAIMS PROCEDURE FOR THE APPLICANTS (LISTED BELOW) PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")

PLEASE TAKE NOTICE that this notice is being published pursuant to an order of the Superior Court of Justice of Ontario dated • 2007 (the "Order"). Any person who believes that it has a claim against any of the Applicants which arose after June 18, 2004 as a result of the restructuring, repudiation or termination of any contract, lease, employment agreement or other agreement, whether unliquidated, contingent or otherwise, should send a Proof of Subsequent Claim for each Applicant against which it has a Subsequent Claim to the Monitor to be received by **5:00 p.m. *(Eastern Standard Time)* on • 2007 *(the "Subsequent Claims Bar Date").***

CLAIMS WHICH ARE NOT RECEIVED BY THE SUBSEQUENT CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

Creditors who do not receive a Proof of Subsequent Claim from the Applicants or the Monitor should contact the Monitor, c/o Ernst & Young Inc., Court-appointed Monitor of Ivaco and the other Applicants **(Telephone: 1-866-259-1420 and Fax: (416) 943-3300)** to obtain a Subsequent Claim Package. Forms can also be found on the Monitor's website at www.ey.com/ca/ivaco.

Dated at ______________________ this _____ day of _____________________, 2007.

Applicants:

(e) Ivaco Inc.;

(f) Ivaco Rolling Mills Inc., on its own behalf or on behalf of Ivaco Rolling Mills Limited Partnership;

(g) Ifastgroupe Inc., on its own behalf or on behalf of Ifastgroupe and Company, Limited Partnership;

(h) IFC (Fasteners) Inc.;

(i) Ifastgroupe Realty Inc.;

(j) Docap (1985) Corporation;

(k) Florida Sub One Holdings, Inc.; and

(l) 3632610 Canada Inc.

APPENDIX D

Appendix ‘D’

NOTICE OF DETERMINATION OF CLAIM OF IVACO INC.
AND THE OTHER APPLICANTS
(hereinafter referred to as the "Applicants")

Name of Claimant: ______________________________

Reference #: ____________________________________

Pursuant to paragraph • of the Court Order dated • 2007, Ernst & Young Inc. in its capacity as Monitor of the Applicants, hereby gives you notice that it has reviewed your Subsequent Claim Notice against **[insert name of relevant Applicant]** and has revised or rejected your Claim as follows:

	Proof of Subsequent Claim as Submitted	Revised Claim as Accepted
Total Claim		

Reason for the Revision or Disallowance:

____

If you do not agree with this Notice of Determination of Claim, please take notice of the following:

1. If you intend to dispute a Notice of Determination of Claim, you must, within 10 Business Days of the date of this Notice of Determination of Claim, deliver a Notice of Dispute by personal service, facsimile or courier to the addresses or fax numbers indicated hereon. The Form of Notice of Dispute is attached to this Notice.

2. If you do not deliver a Notice of Dispute, the value of your Claim shall be deemed to be as set out in this Notice of Determination of Claim.

Address for Service of Dispute Notices:

Ernst & Young Inc., Court-appointed Monitor of Ivaco and the other Applicants

By Mail:

Ernst & Young Inc.
222 Bay Street P.O. Box 251
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

By Courier:

Ernst & Young Inc.
Ernst & Young Tower
Suite 1600
222 Bay Street
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

Telephone: 1-866-259-1420

Fax: (416) 943-3300

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF DETERMINATION OF CLAIM WILL BE BINDING UPON YOU.

Dated at ______________________ this _____ day of ______________________, 2007.

ERNST & YOUNG INC.

In its capacity as Court Appointed Monitor of the Applicants.

Per: ____

Encl.

APPENDIX E

SCHEDULE "E"

NOTICE OF DISPUTE OF IVACO INC.
AND THE OTHER APPLICANTS
(hereinafter referred to as the "Applicants")

Pursuant to paragraph • of the Court Order dated • 2007, we hereby give you notice of our intention to dispute the Notice of Determination of Claim bearing Reference Number _______ and dated ___________________________ issued by Ernst & Young Inc. in its capacity as Monitor of the Applicants in respect of our Claim.

Name of Claimant: ___________________________

Reasons for Dispute (attach additional sheet and copies of all supporting documentation if necessary):

____

Signature of Individual: ____

Date: ____

(Please print name): ____

Telephone Number: (____) _____________ Facsimile Number: (____) _____________

Full Mailing Address: ____

THIS FORM AND SUPPORTING DOCUMENTATION TO BE RETURNED BY PERSONAL SERVICE, FACSIMILE OR COURIER TO THE ADDRESS INDICATED HEREIN AND TO BE RECEIVED WITHIN 10 BUSINESS DAYS OF RECEIPT OF THE NOTICE OF DETERMINATION OF CLAIM BY:

Address for Service of Dispute Notices:

Ernst & Young Inc., Court-appointed Monitor of Ivaco and the other Applicants

By Mail:

Ernst & Young Inc.
222 Bay Street P.O. Box 251
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

By Courier:

Ernst & Young Inc.
Ernst & Young Tower
Suite 1600
222 Bay Street
Toronto Ontario M5K 1J7

Attention: Jeffrey Kerbel

Telephone: 1-866-259-1420

Fax: (416) 943-3300

APPENDIX F

COURT FILE NO.: 03-CL-5145
DATE: 20061215

ONTARIO

SUPERIOR COURT OF JUSTICE

BETWEEN:	
IN THE MATTER OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED	*Peter F.C. Howard* *Alexander D. Rose* *Marie Isabelle Palacios-Hardy* for the Applicants/Monitor
AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE OR ARRANGEMENT OF IVACO INC. AND THE APPLICANTS LISTED IN SCHEDULE "A" HERETO	*William J. Burden* *John N. Birch* *David S. Ward* for Heico Companies
	Fred Myers for Superintendent of Financial Services
	Dan MacDonald for Bank of Nova Scotia
	Robert Staley *Evangelia Krians* for the Informal Committee of Noteholders
	Richard B.Swan for National Bank of Canada
	Andrew Hatway for Pension Committee
	Geoff R. Hall for QIT
	MOTION HEARD: November 7 and 10, 2006

GROUND J.

REASONS

[1] There are two motions before this court in the above proceeding. The first is a motion brought by III Canada Acquisition Company, Sivaco Wire Group 2004 L.P., Ifastgroupe 2004 L.P., Ivaco Rolling Mills 2004 L.P., Heico Holding Inc. and the Heico Companies L.L.C. (collectively "Heico") raising a number of issues with respect to privilege claimed by Ivaco relating to specific documents (the "Heico Documents") and the appointment of an Examiner to examine such documents, which issues have been substantially resolved by a consent order issued November 10, 2006.

[2] The Supplementary Notice of Motion of Heico seeks an order lifting the stay in these proceedings and granting leave for Heico to commence an action against Ivaco seeking $75,000,000 in damages for negligent and/or fraudulent misrepresentation, breach of contract and breach of duty to act in good faith and seeking certain declaratory relief with respect to the interpretation of the three asset purchase agreements dated August 6, 2004 (the "APAs") entered into between Ivaco and Heico and the Reasons of Farley, J. for his order dated August 4, 2005 or, in the alternative, directing a trial of an issue with respect to the interpretation of the APAs and giving directions for the completion of the working capital adjustment process in accordance with the APAs.

[3] Ivaco Inc. and the other Applicants (collectively "Ivaco") have brought a cross-motion, in the event that this court lifts the stay and grants leave for Heico to commence the proposed action, for orders:

(i) directing KPMG LLP ("KPMG") as expert to include in its report on the working capital adjustment, a calculation of such adjustment determined pursuant to the approach specified in each of the initial written submissions of Ivaco and Heico and to indicate in its report which approach it accepts and the reasons on an accounting basis for such acceptance and the reasons on accounting basis as to why the other approach is not accepted;

(ii) directing Heico to provide to the Monitor on a confidential basis financial information with respect to transfers of assets, if any, since December 1, 2004 and to permit the Monitor to determine whether Heico has the ability to pay any amount determined to be owing as a working capital adjustment;

(iii) directing Heico to pay into court the amount of the working capital adjustment;

(iv) in the alternative, directing Heico to pay into court $65,258,000.08 plus interest calculated from December 23, 2004;

(v) directing Heico to pay into court $2,000,000 as security for costs;

(vi) fixing a timetable for the proposed action; and

(vii) precluding Cassels Brock and Blackwell LLP from acting as solicitors of record in respect of the Proposed Action.

[4] The court was advised that Ivaco is not proceeding with the relief sought in clause (vii) above.

Background

[5] Ivaco and Heico entered into the APAs dated August 2004, and subsequently amended and restated in November 2004, subject to court approval. Court approval was obtained on or about August 18, 2004 and the closing of the asset purchases took place on December 1, 2004.

[6] The purchase price to be paid by Heico under each of the APAs was subject to an adjustment based on a number of factors, including the difference between the Working Capital (as defined therein) of the businesses as of the date of closing of the transaction (to be set forth at Exhibit "C" to the APAs) compared to "Estimated Working Capital" as of September 30, 2004 (set forth at Exhibit "B" to the APAs).

[7] On January 11, 2005, Heico purported to dispute not only the Exhibit Cs prepared by Ivaco but also the preparation of the Exhibit Bs. It became clear that, totalling the three APAs, the parties were some $50,000,000 apart. Heico conceded at that time that it owed IRM $3,305,000 and Ifastgroupe $14,719,000 for a total of more than $18,000,000 and claimed that Ivaco Inc. owed it $1,541,000.

[8] After further discussion failed to resolve matters, KPMG was appointed as the "Expert" to calculate the Adjustments within the meaning of the APAs and provide its report. KPMG did not begin work because Heico had taken the position, disputed by Ivaco, that KPMG was performing an arbitral role.

[9] Heico applied to Farley, J. for a declaration that KPMG was performing a judicial, adjudicative and/or arbitral function. Heico's application was dismissed on June 2, 2005 by Farley, J. who concluded that KPMG was performing a non-arbitral role.

[10] In addition, Ivaco and Heico did not agree on the process to be followed under the APAs for resolving the working capital dispute. The Monitor made a parallel application to Farley, J. seeking guidance on the scope of KPMG's authority and sought a declaration that, pursuant to the APAs, the Expert is neither authorized nor directed to make adjustments to Exhibit B. The Monitor proposed that KPMG would adjust Exhibit C and then section 2.11 of the APAs would apply to make any corresponding adjustments to Exhibit B.

[11] The Monitor's application was dismissed on August 4, 2005. Farley, J's Reasons contained certain directions to KPMG as Expert as follows:

> In my view therefore the Expert "acting as an expert and not as an arbitrator" would consider the APAs, as a whole. In that regard the KPMG Partner would consider the financial records of the Sellers with the appropriate provisions of Canadian GAAP in a professional manner (including the views of the CICA). Since either party can invoke the Expert dispute resolution process, then it would appear that both sides would be able to make known to the Expert the value of the dispute(s) and their positions in respect thereof. The Expert then would decide those matters in dispute and provide a final and binding report thereon. That report would also provide any revisions to the Adjustments.
>
> The Adjustments as defined in Article 2.11 require a comparison of Exhibits C and B. To the extent that the Expert determines that Exhibit C is to be changed, then similarly Exhibit B "shall be deemed to be amended so as to reflect an identical basis for calculation as Exhibit C". Thus is (sic) appears reasonable that the Expert must deal with Exhibit B so that methodology is consistent. In that regard apples are to be compared with apples (although perhaps a better analogy would be that like colours be compared with each other – namely "green" to "green" while recognizing that "green" may be the result of a mixture of "blue" and "yellow").
>
> In the end results as set out in Article 2.12, the Expert is to decide what the Adjustments are to be – and this determination becomes the "final Adjustments". Therefore it would not in my view be a sensible interpretation that the Expert only consider revisions to Exhibit C, leaving revisions to Exhibit B to be worked out mechanically employing the deeming provision. Certainly, the Expert is in the best position to ensure consistency.

[12] The parties were thereafter unable to agree on a protocol and timeline governing the Expert's work without the intervention of Farley, J. The parties returned to Farley, J. on three occasions to resolve a Protocol, which was not approved by Farley, J. until November 6, 2005.

[13] Pursuant to the Protocol, the parties made their Initial Written Submissions to KPMG on February 17, 2006. A major disagreement between the parties relates to the correct interpretation of Sections 2.11 and 2.12 of the APAs as well as the interpretation of the Reasons for the August 4, 2005 decision of Farley, J. The issue may be broadly described as whether the Expert is to do a free-standing review of both Exhibits B and C and revise and prepare final Exhibits B and C (as Heico contends) or whether the Expert is to finalize Exhibit C and then, to the extent Exhibit C is changed and the accounting policies used in Exhibit C are different, the Expert may consider whether a concomitant change to Exhibit B is warranted (as Ivaco contends).

[14] This dispute remains unresolved and the cross-motion now brought by Ivaco before this court seeks in part to work toward a resolution of this issue by directing KPMG to prepare in its report calculations of the working capital adjustment determined pursuant to the approaches specified in each of the Initial Written Submissions of Ivaco and Heico.

[15] With respect to the balance of Ivaco's motion, I have indicated that I will not deal with motion for security for costs as, in my view, that is an issue to be determined if leave is granted for the action to proceed and to be determined on the basis of the usual criteria applied to a motion for security for costs in an ongoing action. The parties have advised the court that they will work out the details of the financial information relating to Heico to be provided to the Monitor.

Issues

[16] Accordingly, it appears to me that the following issues are before this court.

1. Whether KPMG should be directed to prepare a calculation of the working capital adjustments determined pursuant to the approach specified in each of the Initial Written Submissions of Ivaco and Heico or whether a trial of an issue should be directed in this proceeding with respect to the interpretation of the APAs and the Reasons of Farley, J. for his order of August 4, 2005.

2. Whether the stay should be lifted and leave granted to Heico to commence the proposed action.

3. The terms upon which such leave should be granted.

[17] In my view, the issue of the directions to KPMG with respect to the calculation of the working capital adjustments must be kept separate and distinct from the issues relating to a lifting of the CCAA stay to permit Heico to bring the proposed action against Ivaco based upon negligent and/or fraudulent misrepresentations, breach of contract and breach of duty to act in good faith. There is clearly a live dispute between the parties as to the method of calculating the working capital adjustments and as to the interpretation of sections 2.11 and 2.12 of the APAs and of the Reasons of Farley J. for his order of August 4, 2005, which are relevant to the method of calculation.

[18] It appears to me that, for practical purposes, the first step to get over this impasse is to direct KPMG to do a calculation of the working capital adjustments pursuant to the approaches set out in the Initial Written Submissions of Ivaco and Heico to determine the extent of the differences between the calculations based upon the Ivaco approach and upon the Heico approach. It may well be that the issues relating to the calculation of the working capital adjustments could be settled or resolved once the extent of the discrepancies between the calculations based on the two approaches is determined.

[19] If the issues relating to the proper approach to the calculations are not settled or resolved at that time, I accept the submission of counsel for Heico that the stay should be lifted and a trial of issues directed limited strictly to the interpretation of sections 2.11 and 2.12 of the APAs and whether the Reasons of Farley J. for his order dated August 4, 2005 are *res judicata* in this regard and if so, to what extent.

[20] It appears to me that the criteria which the court must consider in determining whether to lift a stay, being whether the proposed cause of action is tenable, the balancing of interests as between the parties, the relative prejudice to the parties, and whether the proposed action would be oppressive or vexatious or an abuse of the court process, would all be met with respect to a trial of issues to resolve interpretation of the APAs with respect to the calculation of the working capital adjustments.

[21] Accordingly, an order will issue that:

1. KPMG include in its report a calculation of working capital adjustments under each of the APAs pursuant to the approaches specified in the Initial Written Submissions of Ivaco and in the Initial Written Submissions of Heico; and

2. if the parties do not, within 60 days after receipt of the report of KPMG, resolve the issues with respect to the calculation of the net working capital adjustments, a trial of issues proceed limited to the interpretation of sections 2.11 and 2.12 of the APAs and whether the Reasons of Farley J. for his order of August 4, 2005 are *res judicata* in this regard and, if so, to what extent.

<u>Lifting of Stay</u>

[22] The lifting of the CCAA stay to permit the proposed action by Heico against Ivaco to proceed is considerably more problematic. The Statement of Claim for the proposed action is, aside from relief sought with respect to the working capital adjustments, essentially a claim for damages in the amount of $75 million for "misrepresentation including negligent, reckless or alternatively deliberate misrepresentation, breach of contract and breach of the duty to act in good faith". There are entirely new causes of action distinct from the claims relating to the correct method of calculating the net working capital adjustments based upon the terms of the APAs and the information available to the Expert for purposes of such calculations.

[23] A number of submissions were made by counsel for the various parties with respect to factors to be considered by this court in determining whether the stay should be lifted and as to any conditions to be attached to the lifting of the stay. More significantly, in my view, were the submissions made by counsel, and in particular, counsel for QIT-Fer et Titane Inc. ("QIT"), to the effect that the Statement of Claim does not disclose a reasonable cause of action with respect to misrepresentation, breach of contract or breach of the duty to act in good faith (collectively the "New Claim").

[24] To the extent that the New Claim encompasses the torts of negligent misrepresentation and fraudulent misrepresentation, I fail to see how Heico could establish any damages flowing from the commission of such torts which would be different from the compensation to which Heico would be entitled as a result of adjustments to the estimated working capital to determine the actual working capital as at the closing date. In addition, it appears to be acknowledged by Heico that there are no representations in the APAs other than those contained in Article 3, none of which relate to the estimated working capital.

[25] To the extent that the New Claim is based upon breach of contract, I am uncertain as to the contract provision which is alleged to have been breached. The New Claim alleges that misleading or inaccurate information was provided or used in the preparation of the estimated net working capital. There is not, so far as I can determine, any provision in the APAs specifying how the estimated working capital is to be determined, but simply a reference to Exhibit B setting out the components of the estimated working capital and the total estimated working capital. Again, even if misleading or inadequate information was used for the purposes of the estimated working capital, it would appear to me that any damages resulting from the use of such misleading or inadequate information would be incorporated into the compensation to which Heico would be entitled as a result of the adjustment of the estimated working capital to the actual working capital as of the closing date.

[26] To the extent that the New Claim is based upon a breach of a duty to act in good faith, I am not satisfied that the law of this province recognizes any duty of good faith owed between parties negotiating a commercial contract beyond what is contained in the contract. Once again, however, it would appear to me that if such duty could be found to exist, and has been breached, any damages which Heico might have incurred as a result of such breach, would be incorporated into the compensation to which it would be entitled as a result of the adjustment of the estimated working capital to the actual working capital as at the closing date.

[27] I must, accordingly, conclude that Heico would be unable to establish any damages as a result of the misrepresentation, breach of contract and breach of duty to act in good faith constituting the New Claim in the proposed action.

[28] The balance of the claims and the relief sought in the Statement of Claim for the proposed action appear to me to relate solely to issues surrounding the manner of calculating the working capital adjustment and the interpretation of the contractual provisions and the Reasons of Farley J. relevant thereto and will either be resolved as between the parties upon the receipt of the KPMG report or resolved pursuant to a directed trial of issues as outlined above.

[29] Accordingly, in my view, the Statement of Claim for the proposed action does not set forth a reasonable, or even tenable, cause of action and I am not prepared to lift the stay in order to permit such action to proceed.

[30] Even if the Statement of Claim did disclose a tenable or reasonable cause of action, there are a number of other factors which this court must consider which militate against the lifting of

the stay in the circumstances of this case. The institution of the Proposed Action, even if a tight timetable is imposed, would inevitably result in considerable delay and complication with respect to the full distribution of the estate to the detriment of many small trade creditors and individual creditors as well as to pension claimants. In addition, it would appear from the evidence before this court that Heico has been aware of most of the matters alleged in the Statement of Claim for approximately 2 years and there does not appear to be any valid reason given for the delay in commencing the application to lift the stay.

[31] The motion of Heico for an order lifting the stay and granting leave to commence the proposed action against Ivaco is dismissed.

[32] Although the question is now moot in view of the dismissal of the motion to lift the stay, I do accept the submissions of counsel for Ivaco that this court does have jurisdiction to impose conditions on the lifting of the stay in a CCAA proceeding. With respect to the specific conditions sought to be imposed by Ivaco, I have indicated above that I would not have imposed a condition of the payment of security for costs at this time. In view of the rather tortuous history of this proceeding, the further delay that would be encountered if the proposed action were allowed to proceed and the impact of such delay upon the distribution of the estate, I would have imposed a condition of payment into court by Heico of an amount equal to the lowest amount determined by KPMG for the total net working capital adjustments. I would also have imposed a condition fixing a very tight timetable for the action to proceed and limitations on document and oral discovery.

[33] Counsel may make brief written submissions to me with respect to the costs of these motions on or before January 15, 2007.

Ground J.

Released: December 15, 2006

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.

COURT FILE NO.: 03-CL-5145
DATE: 20061215

ONTARIO

SUPERIOR COURT OF JUSTICE

B E T W E E N:

IN THE MATTER OF THE *COMPANIES CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATT3R OF A PLAN OR PLANS OF COMPROMISE OR ARRANGEMENT OF IVACO INC. AND THE APPLICANTS LISTED IN SCHEDULE "A"

REASONS FOR JUDGMENT

Ground J.

Released: December 15, 2006

THE HONOURABLE
MR. JUSTICE JOHN D. GROUND
SUPERIOR COURT OF JUSTICE

OSGOODE HALL
130 QUEEN STREET WEST
TORONTO, ONTARIO M5H 2N5
Tel. (416) 327-5000
Fax (416) 327-6209

ONTARIO

L'HONORABLE
JUGE JOHN D. GROUND
COUR SUPÉRIEURE DE JUSTICE

OSGOODE HALL
130, RUE QUEEN OUEST
TORONTO (ONTARIO) M5H 2N5
Tél. (416) 327-5000
Téléc. (416) 327-6209

January 23, 2007

Mr. Peter Howard
Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Mr. William J. Burden
Cassels Brock & Blackwell LLP
Scotia Plaza
40 King Street West, Suite 2100
Toronto, ON M5H 3C2

Mr. Fred Meyers
Partner
Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

Mr. Daniel V. MacDonald
Partner
McMillan Binch Mendelsohn LLP
BCE Place, Bay Wellington Tower
181 Bay Street, Suite 4400
Toronto, ON M5J 2T3

Mr. Robert W. Staley
Partner
Bennett Jones LLP
3400 One First Canadian Place
Toronto, ON M5X 1A4

Mr. Donald E. Milner
Partner
Fasken Martineau DuMoulin LLP
4200 TD Bank Tower
Toronto Dominion Centre
Toronto, ON M5K 1N6

Mr. Andrew J. Hatnay
Koskie Minsky LLP
20 Queen Street West, Suite 900
Toronto, ON M5H 3R3

Mr. Geoff R. Hall
Partner
McCarthy Tétrault LLP
Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto, ON M5K 1E6

Dear Counsel:

Re: Ivaco Inc. – CCAA
Motions Heard: November 7 and 10, 2006
Court File No.: 03-CL-5145

I have now had an opportunity to review the costs submissions of counsel on the motions of Ivaco and Heico returnable November 7, 2006.

As a starting point, I am unable to accept the submissions of counsel for Heico that the participation by creditors of the estate on the hearing of these motions was inappropriate or unnecessary in that no relief was sought against them or by them and they "evidently appeared at the invitation of the Monitor". It would appear to me that, when the motions involved issues that could potentially further delay the administration and distribution of the estate and result in further substantial costs to the estate as well as a proposed action claiming $75 million against various parties including the Applicants, the creditors of the estate clearly have an interest in, and standing to appear on, the return of such motions. For the same reason, I am unable to accept the submission of counsel for Heico that any costs awarded in favour of the creditors should be payable out of the estate.

Counsel for Heico has also submitted that no costs should be awarded with respect to the "settled issues" as defined in their costs submission. Again, I am unable to accept this submission. It appears to me that, with respect to the impasse on the working capital adjustment process, the matter was ultimately resolved by the court on the basis proposed by the Monitor in Mr. Howard's letter of September 5, 2006, which was declined by counsel for Heico. Similarly, the issues with respect to privileged documents and the continuation of discoveries was ultimately settled by consent order along the terms proposed by the Monitor in Mr. Howard's letter of September 28, 2006, the consent order only being negotiated and executed at the opening of the hearing of the motions returnable November 7, 2006. Similarly, it was only on the opening of the hearing of such motions that the parties agreed to work out the issues of privileged documents and of the financial information to be provided to the Monitor along the lines suggested by the Monitor in July 2006. Accordingly, in my view, it was necessary for the Monitor to bring a motion with respect to the "settled issues" and to prepare materials for the return of such motion due to the reluctance of Heico to agree to practical and reasonable proposals made by the Monitor to resolve such issues as was ultimately done by the consent order and the agreement of counsel "at the courtroom door". Accordingly, I am of the view that costs awarded to the estate should include the costs incurred by the estate in having to prepare the motion materials and argument for the motions required to be brought with respect to the "settled issues".

With respect to the preparation of the KPMG Report in connection with the working capital adjustment process. Heico continued to resist the proposal made by the Monitor that KPMG be directed to prepare its report using the approaches specified in the initial written submissions of Ivaco and of Heico. It appears to me, as stated in my Reasons, that this was the only practical way to proceed and the only way to determine the extent of the discrepancy in the working capital adjustment as between a calculation based on the Ivaco approach and a calculation based on the Heico approach. I have considerable trouble understanding why this was resisted by Heico and necessitated a motion being brought to direct the preparation of the report on that basis. The Monitor is therefore entitled to costs of the Monitor's motion with respect to the preparation of the KPMG Report.

Counsel for Heico appear to take the position that there was divided success on the motion brought by Heico to lift the stay and to permit the proposed action by Heico alleging misrepresentation, breach of contract and breach of duty to act in good faith to proceed. This is apparently on the basis that my order did provide for a partial lifting of the stay to permit a trial of issues limited to the interpretation of sections 2.11 and 2.12 of the APAs and whether the Reasons of Farley, J. for his order of August 4, 2005 were *res judicata* if, following receipt of the KPMG Report, the parties were unable to agree on the working capital adjustment. The Heico submission confuses two issues. The potential lifting of the stay relates only to the issue of the working capital adjustment; there was no lifting of the stay ordered with respect to the proposed action by Heico. The Monitor was completely successful on that part of the Heico motion, the balance of the Heico motion having been substantially resolved by the consent order.

Accordingly, in my view, the Monitor was completely successful on all of the issues raised by the Heico motion and the Monitor's motion which ended up being determined by this court and is entitled to costs of those motions including costs incurred and in preparing for a hearing of the motions with respect to the "settled issues".

I am further of the view that the creditors appearing on the return of these motions had standing to appear and make submissions and that such submissions, particularly those of QIT-Fer et Titane Inc., were of assistance to the court in disposing of the Heico motion for a lifting of the stay to permit its proposed action to proceed and that all of such creditors are entitled to their costs of that motion.

Although I am of the view that many of the issues raised on these motions could have been resolved if Heico had been less obstinate and uncooperative in responding to proposals to resolve those issues, I will give Heico the benefit of the doubt that it was not purposely seeking to delay the administration and distribution of the estate such that substantial indemnity costs should be awarded and, accordingly, all costs awarded will be on a partial indemnity scale.

I note that counsel for Heico has requested a further opportunity to make submissions as to the quantum of costs sought by opposing parties and I would direct counsel for Heico to forward such further submissions to me and to opposing counsel by February 5, 2007.

Yours very truly,

J.D. Ground
JDG/fl

APPENDIX G

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc.
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD NOVEMBER 29, 2004 TO FEBRUARY 28, 2007

Receipts:		
Sale Proceeds		25,037,347.48
Intercompany Receipts		6,257,809.24
Cash on Hand		3,045,236.90
Quebec Sales Tax Refund		2,071,281.11
Residual Holdback Amount re Working Capital		2,050,500.00
Interest Earned		1,209,513.60
Transfer from US account		1,023,990.00
Management Fees from IMT		700,000.00
Goods and Service Tax Refund		327,436.45
Return of Suppliers Deposits		265,636.46
Reimbursement from IMT re Adviser's Fees		240,000.00
Miscellaneous Refunds		119,276.00
Goods and Service Tax Collected		29,997.38
Provincial Sales Tax Collected		1,678.16
Total Receipts	**$**	**42,379,702.78**
Disbursements:		
Distribution to Secured Creditors		12,000,000.00
Legal Fees and Disbursements		5,447,829.59
Monitor's Fees and Disbursements		4,286,238.36
Payroll Expenses		906,202.52
Goods and Service Tax Paid		745,745.26
Professional Fees		205,402.18
Consulting Fees		155,145.26
Pre Closing Payables		150,025.00
Audit Fees		108,750.00
Working Capital Expert Fees		110,782.50
Quebec Sales Tax Paid		82,889.85
Claims Officer Fees - Stockwood		71,934.35
CRO Fees		63,521.85
Miscellaneous Expenses		47,082.44
Contractor Fees		37,025.73
Director Fees		32,066.66
Goods and Service Tax Remitted		29,997.38
Payment to IMT		18,940.74
Provincial Sales Tax Paid		13,636.20
Storage and Security		6,055.13
Advertising		4,742.93
Total Disbursements	**$**	**24,524,013.93**
Excess Receipts over Disbursements	**$**	**17,855,688.85**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc.
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD NOVEMBER 29, 2004 TO FEBRUARY 28, 2007

Receipts:		
Cash on Hand		1,445,418.79
Return of Suppliers Deposits		166,814.37
Sale of Real Estate		140,427.81
Workers' Compensation Refund		57,239.00
Interest Earned		22,821.88
Miscellaneous Receipts		6,071.92
Total Receipts	**$**	**1,838,793.77**
Disbursements:		
Transfer to Canadian Account		850,000.00
Environmental Services and Costs		251,844.64
Legal Fees and Disbursements		227,496.92
Intercompany Disbursments		139,993.00
Mercer Actuaries		38,076.00
Pre Closing Payables		35,185.79
Miscellaneous Expenses		23,956.80
Total Disbursements	**$**	**1,566,553.15**
Excess Receipts over Disbursements	**$**	**272,240.62**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ifastgroupe Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD NOVEMBER 29, 2004 TO FEBRUARY 28, 2007

Receipts:		
Sale Proceeds		83,973,305.23
Interest Earned		6,153,906.90
Cash on Hand		4,091,366.86
Goods and Service Tax Refund		2,178,502.37
Return of Supplier Deposits		996,746.00
Quebec Sales Tax Refund		799,231.90
Pre Closing Sale of Assets		325,532.16
Miscellaneous Receipts		156,583.45
Intercompany Receipt from Ivaco		50,431.83
Intercompany Receipt from Docap		19,182.40
Goods and Service Tax Collected		4,624.57
Total Receipts	**$**	**98,749,413.67**
Disbursements:		
Intercompany Disbursements		4,229,249.67
HSBC Reimbursement		2,252,333.28
Monitor's Fees and Disbursements		1,673,112.80
Payroll		622,582.93
Goods and Service Tax Paid		121,277.46
Goods and Service Tax Remitted		9,941.07
Quebec Sales Tax Paid		9,682.32
Miscellaneous Expenses		8,255.69
Quebec Sales Tax Remitted		6,175.24
Legal Fees and Disbursements		3,094.67
Consulting Fees		2,574.20
Claims Officer Fees - Stockwood		2,375.00
Pre Closing Payables		2,264.50
Total Disbursements	**$**	**8,942,918.83**
Excess Receipts over Disbursements	**$**	**89,806,494.84**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ifastgroupe Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD NOVEMBER 29, 2004 TO FEBRUARY 28, 2007

Receipts:		
Pre Closing Sale of Assets		433,811.58
Intercompany Receipts		79,997.00
Interest Earned		38,795.78
Cash on Hand		19,875.77
Total Receipts	**$**	**572,480.13**
Disbursements:		
Payments to Heico		19,587.90
Bank Charges		13,587.99
Total Disbursements	**$**	**33,175.89**
Excess Receipts over Disbursements	**$**	**539,304.24**

ERNST & YOUNG INC.
Court Appointed Monitor of
IRM Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD NOVEMBER 29, 2004 TO FEBRUARY 28, 2007

Receipts:		
Sale Proceeds		120,281,776.30
Cash on Hand		34,082,837.22
Interest Earned		10,650,446.91
Intercompany Receipts		3,429,559.21
Goods and Services Tax Refund		1,471,786.96
Electricity Refund - re IMO		955,258.08
Return of Suppliers Deposit		649,701.31
Payroll Refund		297,892.91
Miscellaneous Refunds		27,024.73
LC Collateral Refund - re OPG		25,000.00
Goods and Services Tax Collected		23,022.98
Total Receipts	**$**	**171,894,306.61**
Disbursements:		
Intercompany Disbursements		3,196,114.74
Monitor's Fees and Disbursements		1,843,286.36
Quebec Sales Tax Remitted		1,460,563.71
Payroll Remittance		159,309.20
Goods and Services Taxes Paid		127,383.63
Union Dues		14,572.57
Goods and Services Taxes Remitted		11,661.30
Consulting Fees		10,364.86
Legal Fees and Disbursements		6,865.40
Professional Fees		5,450.00
Payment to OPG		4,368.38
Miscellaneous Expenses		3,000.58
Quebec Sales Tax Paid		148.67
Total Disbursements	**$**	**6,843,089.40**
Excess Receipts over Disbursements	**$**	**165,051,217.21**

ERNST & YOUNG INC.
Court Appointed Monitor of
IRM Limited Partnership
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD NOVEMBER 29, 2004 TO FEBRUARY 28, 2007

Receipts:		
Cash on Hand		1,224,768.98
Return of Suppliers Deposits		287,197.46
Interest Earned		119,721.75
Intercompany Receipts		59,996.00
Total Receipts	**$**	**1,691,684.19**
Disbursements:		
Miscellaneous Expenses		512.00
Bank Charges		550.05
Total Disbursements	**$**	**1,062.05**
Excess Receipts over Disbursements	**$**	**1,690,622.14**

DOCAP (1985) CORPORATION

STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD DECEMBER 3, 2004 TO MARCH 2, 2007

Receipts:		*(in thousands)*
Trade		30,922
Other		(29)
Total Receipts	**$**	**30,893**
Disbursements:		
Payroll & Related		6,967
Material		15,468
Freight & Customs		2,598
Utilities		305
Other		5,101
Professional Fees		121
Advisors		-
DIP Interest and Closing Fees		-
Contributions to Corporate		74
Total Disbursements	**$**	**30,634**
Excess Receipts over Disbursements	**$**	**259**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc. re: IFC USA
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD APRIL 5, 2004 TO FEBRUARY 28, 2007

Receipts:		
Sale of VFM Assets		2,637,730.75
Sale of VFS Shares		424,990.00
Interest Earned		167,225.86
Collection of Promissory Note re: Distributor Sales		115,000.00
Miscellaneous Receipts and Refunds		19,404.77
Total Receipts	**$**	**3,364,351.38**
Disbursements:		
VFM Operating Expenses		531,926.79
Distributions to HSBC - re Sale of Assets		101,602.74
Monitor's Fees and Disbursements		102,216.40
Repayment of Sales Proceeds		17,300.00
Distributions to Alter Moneta re: Sales of Assets		10,950.00
Goods and Services Taxes Paid		6,582.85
Insurance		1,902.27
Bank Charges		354.46
Legal Fees		310.65
Total Disbursements	**$**	**773,146.16**
Excess Receipts over Disbursements	**$**	**2,591,205.22**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc. re: IMT Corporation
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CDN
FOR THE PERIOD NOVEMBER 26, 2004 TO FEBRUARY 28, 2007

Receipts:		
Cash on Hand		5,678,674.83
Interest Earned		277,961.46
Sale of Land		175,341.65
Return of Letter of Credit		74,427.20
Goods and Services Tax Refund		54,456.62
Miscellaneous Receipts and Refunds		27,370.38
Total Receipts	**$**	**6,288,232.14**
Disbursements:		
Management Fees to Ivaco Inc.		700,000.00
Federal Income Tax		696,867.59
Legal Fees and Disbursements		591,764.55
Transaction Success Fees		245,000.00
Reimbursement to Ivaco re: Advisor's Fees		240,000.00
Monitor's Fees and Disbursements		238,168.50
Quebec Sales Tax Remitted		142,256.26
Payment to Purchaser re: A/R received by IMT in error		101,735.71
Provincial Income Tax - 2004		94,728.45
Goods and Services Taxes Paid		82,048.73
Audit/Working Capital Fees		51,780.00
Consulting Fees		48,105.00
Litigation Settlement		35,000.00
Lease Buyout		25,852.10
Storage and Security		21,418.81
Payroll Remittance		8,252.83
Miscellaneous Expenses		8,055.50
Quebec Sales Tax Paid		1,489.00
Total Disbursements	**$**	**3,332,523.03**
Excess Receipts over Disbursements	**$**	**2,955,709.11**

ERNST & YOUNG INC.
Court Appointed Monitor of
Ivaco Inc. re: IMT Corporation
STATEMENT OF RECEIPTS AND DISBURSEMENTS - USD
FOR THE PERIOD MARCH 4, 2005 TO FEBRUARY 28, 2007

Receipts:		
Cash on Hand		19,102.51
Miscellaneious Receipts and Refunds		4,250.01
Interest Earned		1,526.90
Total Receipts	**$**	**24,879.42**
Disbursements:		
Legal Fees and Disbursements		3,447.00
State Income Taxes		1,511.64
Bank Charges		8.25
Total Disbursements	**$**	**4,966.89**
Excess Receipts over Disbursements	**$**	**19,912.53**