

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) WEDNESDAY, THE 5TH DAY
JUSTICE CAMPBELL) OF JANUARY, 2011

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST
PRODUCTS SALES INC., GRANT ALBERTA INC., GRANT U.S. HOLDINGS
GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT
ALLENDALE LP, GRANT US SALES INC., GRANT NEWCO LLC AND GRANT
EXCLUDED GP**

Applicants

-and-



**THE TORONTO-DOMINION BANK, in its capacity as agent for secured lenders
holding first lien security and THE BANK OF NEW YORK MELLON, in its
capacity as agent for secured lenders holding second lien security**

Respondents

APPROVAL AND VESTING ORDER
(Aircraft Parts)

THIS MOTION made by Grant Forest Products Inc. (“**GFPI**”), for an order *inter alia* (i) approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between GFPI and Waterloo Aviation Corp. (“**Waterloo**”) dated November 12, 2010, as amended and appended to the sixteenth report to Court (the “**Sixteenth Report**”) of Ernst & Young Inc. in its capacity as court-appointed monitor (the “**Monitor**”) of GFPI; and (ii) vesting in Waterloo, GFPI’s right, title and interest in and to the Parts (as defined in the Sale Agreement and

hereinafter referred to as the "**Parts**"); was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixteenth Report, and on hearing submissions of counsel for GFPI, counsel for the Monitor, First Lien Lenders' Agents, the former independent directors of GFPI and ~~Peter Grant Sr.~~ ^{MSO} no one appearing for any other person on the service list, although properly served as appears from the affidavit of Stephanie Waugh sworn December 20, 2010 filed:

1. **THIS COURT ORDERS** that the timing and method of service and filing of the notice of motion and GFPI's motion record are hereby abridged so that this motion is properly returnable today.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by GFPI is hereby authorized and approved, with such minor amendments as GFPI may deem necessary. GFPI is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Parts to Waterloo.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery to Waterloo of a Monitor's certificate substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of GFPI's right, title and interest in and to the Parts shall vest absolutely in Waterloo, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial, monetary or other claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated June 25, 2009, (ii) any and all claims or ownership interests of Peter Grant Sr., Grant Forest Products Corp., Grant Capital Corporation or any person related to any of them, and (iii) all charges, security interests or claims evidenced by registrations pursuant to the

Personal Property Security Act (Ontario) or any other personal property registry system (collectively, the “**Encumbrances**”); and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Parts are hereby expunged and discharged as against the Purchased Parts.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims and Encumbrances, the net proceeds from the sale of the Parts shall stand in the place and stead of the Parts, and that from and after the delivery of the Monitor’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Parts with the same priority as they had with respect to the Parts respectively immediately prior to the sale, as if the Parts had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS** that the net proceeds from the sale of the Parts shall be held by the Monitor in a separate account and not distributed to GFPI, the creditors of GFPI or any other person except by written agreement of the Monitor, GFPI and Peter Grant, Sr. or except as provided by further order of this Court.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of GFPI and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of GFPI;

the vesting of the Parts in Waterloo pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of GFPI and shall not be void or voidable

by creditors of GFPI, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

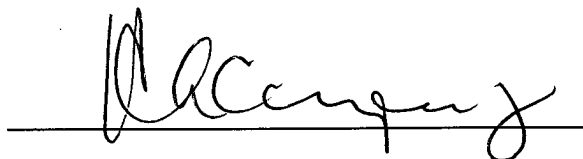
8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States to give effect to this Order and to assist GFPI, the Monitor and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist GFPI, the Monitor and their agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 5 - 2011

PER / PAR:



Schedule "A" – Form of Monitor's Certificate

Court File No. CV-09-8247-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST
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GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT
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Applicants

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Respondents

**MONITOR'S CERTIFICATE
(Aircraft Parts)**

RECITALS

A. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (the "**Court**") dated January 5, 2011, the Court approved the agreement of purchase and sale made as of November 12, 2010 as amended (the "**Sale Agreement**") between the Grant Forest Products Inc. ("**GFPI**") and Waterloo Aviation Corp. ("**Waterloo**") and provided for the vesting in Waterloo of GFPI's right, title and interest in and to the Parts (as defined in the Sale Agreement), which vesting is to be effective with respect to the Parts upon the delivery by Ernst & Young Inc. in its capacity as court-appointed monitor (the "**Monitor**") of GFPI to Waterloo of a certificate confirming (i)

the payment by Waterloo of the purchase price for the Parts; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by GFPI and Waterloo, as applicable; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor of GFPI has received the purchase price for the Parts payable on closing pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by GFPI and Waterloo, as applicable; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**Ernst & Young Inc., in its capacity as
court-appointed monitor of Grant Forest
Products Inc., and not in its personal
capacity**

Per: _____
Name:
Title:

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST PRODUCTS SALES INC., GRANT ALBERTA INC., GRANT U.S. HOLDINGS GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT ALLENDALE LP, GRANT US SALES INC., GRANT NEWCO LLC AND GRANT EXCLUDED GP (the “Applicants”)

and

THE TORONTO-DOMINION BANK, in its capacity as agent for secured lenders holding first lien security and THE BANK OF NEW YORK MELLON, in its capacity as agent for secured lenders holding second lien security (the “Respondents”)

**ONTARIO
SUPERIOR COURT OF JUSTICE
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PROCEEDING COMMENCED AT TORONTO

**APPROVAL AND VESTING ORDER
(Aircraft Parts)**

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