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

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
(FOOTNER)

THIS MOTION made by Grant Forest Products Inc. ("**GFPI**") for an order *inter alia* (i) approving the sale transactions (collectively the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") among GFPI, Footner Forest Products Ltd. ("**Footner**") and Ainsworth Lumber Co. Ltd. ("**Ainsworth**") dated December 20, 2010 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; (ii) vesting in Footner, GFPI's right, title and interest in and to the Purchased Assets and Shares (as defined in the Sale Agreement and herein referred to as the "**Purchased Assets**" and "**Shares**" respectively) and; (iii) approving the Sixteenth Report and the activities of the Monitor as set out therein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixteenth Report, the affidavit of Hap Stephen sworn December 20, 2010 and on hearing submissions of counsel for GFPI, the Monitor, First Lien Lenders' Agents, the former independent directors of GFPI and Ainsworth, 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 amendments as may be agreed to by GFPI, Footner and Ainsworth and consented to by the Monitor, and if such amendments are material, consented to by the First Lien Lenders' Agent. 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 Purchased Assets and the Shares to Footner.

3. THIS COURT ORDERS AND DECLARES that upon the delivery free of escrow to Footner 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 Purchased Assets and the Shares shall vest absolutely in Footner, 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 or monetary claims, whether or not they have attached or been perfected, registered or filed and whether

secured, unsecured or otherwise (collectively, the "**Claims**"), and without limiting the generality of the foregoing, the Claims include: (i) the Agents' Liens (as defined in the Sale Agreement); (ii) all encumbrances or charges created by the Order of the Honourable Justice Newbould dated June 25, 2009, and (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or the *Personal Property Security Act* (Alberta) or any other personal property registry system (the items in (i), (ii) and (iii) being collectively referred to as the "**Encumbrances**"). For greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets or Shares are hereby expunged and discharged as against the Purchased Assets and Shares.

4. THIS COURT ORDERS that nothing in this Order affects any instruments registered on title to the Real Property (as defined in the Sale Agreement).

5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets and Shares shall stand in the place and stead of the Purchased Assets and Shares, 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 Purchased Assets and Shares with the same priority as they had with respect to the Purchased Assets and Shares respectively immediately prior to the sale, as if the Purchased Assets and Shares had not been sold and remained owned by GFPI and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

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 or its affiliates and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of GFPI or its affiliates;

the vesting of the Purchased Assets and Shares in Footner pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of GFPI or its affiliates and shall not be void or voidable by creditors of GFPI or its affiliates, 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 ORDERS that the Sixteenth Report and the activities of the Monitor as described therein be and are hereby approved.

10. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, including, without limitation, the Court of Queens' Bench of Alberta, or in the United States to give effect to this Order and to assist GFPI, the Monitor, Ainsworth, Footner and their respective 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, Ainsworth, Footner and their respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À 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

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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

MONITOR'S CERTIFICATE

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 December 20, 2010 (the "**Sale Agreement**") among Grant Forest Products Inc. ("**GFPI**"), Footner Forest Products Ltd. ("**Footner**") and Ainsworth Lumber Co. Ltd. ("**Ainsworth**") and provided for the vesting in Footner of GFPI's right, title and interest in and to the Purchased Assets and Shares (as defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased Assets and Shares upon the delivery free of escrow by Ernst & Young Inc. in its capacity as court-appointed monitor (the "**Monitor**") of GFPI to Footner of a certificate confirming (i) the payment of the Asset Purchase Price for the Purchased Assets and the Share Purchase Price for the Shares; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by GFPI, Footner or Ainsworth, 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. GFPI or the Monitor has received funds in respect of the Asset Purchase Price for the Purchased Assets and funds in respect of the Share Purchase Price for the Shares payable or deliverable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by GFPI, Footner or Ainsworth, 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:

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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
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PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER
(FOOTNER)

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