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

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

THE HONOURABLE MR.	)	WEDNESDAY, THE 9TH DAY
	)	
JUSTICE CAMPBELL	)	OF MARCH, 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 (TIMMINS)

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 EDS Decommissioning Canada Inc. (the "**Purchaser**") dated January 25, 2011 and appended to the nineteenth report to Court (the "**Nineteenth Report**") of Ernst & Young Inc. in its capacity as court-appointed monitor (the "**Monitor**") of GFPI; (ii) vesting in the Purchaser, GFPI's right, title and interest in and to the Purchased Assets as defined in the

Sale Agreement (the "**Purchased Assets**"); (iv) providing that, despite any exercise by Stonecrest Capital Inc. ("**SCI**") of any rights under section 14.06 of the Bankruptcy and Insolvency Act (the "**BIA**"), or the appointment of a trustee in bankruptcy of GFPI or a receiver of any of the real property set out on Schedule "B" hereto (the "**Real Property**"), the right of access granted to the Purchaser in the Sale Agreement shall remain in full force and effect; and (v) sealing and treating as confidential the Sale Agreement until further Court order, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Nineteenth Report, and on hearing submissions of counsel for GFPI, the Monitor, First Lien Lenders' Agents, the Purchaser and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Stephanie Waugh sworn March 1, 2011 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 and delivery of the Sale Agreement by GFPI are hereby authorized and approved, with such minor amendments as GFPI and the Purchaser may deem necessary and the demolition referred to in the Sale Agreement is hereby authorized and approved. 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 sale of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery to the Purchaser 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 shall vest absolutely in the Purchaser, 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, encumbrances, 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**") 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) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, and (iii) those Claims listed on Schedule "C" hereto (all of which are collectively referred to as the "Encumbrances"); and, for greater certainty, this Court orders that all of the Claims affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. 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 shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets 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 AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that despite any exercise by SCI of any rights under section 14.06 of the BIA, or the appointment of a trustee in bankruptcy of GFPI or a receiver of any of the Real Property the right of access to the Purchased Assets and to the real property on which the Purchased Assets are located granted to the Purchaser in the Sale Agreement shall remain in full force and effect.

7. THIS COURT ORDERS and declares that the Purchaser shall not be liable for any environmental problem, including any contamination of soil or groundwater, unless such environmental problem was directly caused by the act of the Purchaser, a

representative of the Purchaser or an invitee of the Purchaser or directly caused by the Purchaser's failure to fulfil its obligations under the Sale Agreement.

8. 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 BIA in respect of GFPI and any bankruptcy order issued pursuant to any such application; and

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order and the right of access to the Purchased Assets and to the real property on which the Purchased Assets are located granted to the Purchaser in the Sale Agreement 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 BIA 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.

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

~~10. THIS COURT ORDERS that the Sale Agreement be and is hereby sealed~~ and ~~shall be treated as confidential until further Court Order.~~

11. THIS COURT ORDERS that the Nineteenth Report and the activities of the Monitor set out therein be and are hereby approved.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, or in 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 À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAR 0 9 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 March 9, 2011, the Court approved the agreement of purchase and sale made as of January 25, 2011 (the "**Sale Agreement**") between Grant Forest Products Inc. ("**GFPI**") and EDS Decommissioning Canada Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of GFPI's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), which vesting is to be effective upon the delivery by Ernst & Young Inc. in its capacity as court-appointed monitor (the "**Monitor**") of GFPI to the Purchaser of a certificate confirming:

(i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by GFPI and the Purchaser; 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 has received the Purchase Price for the Purchased Assets payable 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 and the Purchaser; 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:

Schedule "B" – Real Property

5355 Highway 101 W

1. PIN 65441-0378 LT

   LOCATION AL 937, PT OF UNSUBDIVIDED TOWNSHIP OF OGDEN PT 1 6R1692 EXCEPT LOCATION RY 310 PT 1 6R6276, PT LOCATION AL 937 PT 1 & 2 6r3171, PT 2 6R7487 RESERVING ALL ORES, MINES OR MINERALS WHICH ARE OR SHALL HEREAFTER BE FOUND ON OR UNDER SAID LAND; S/T EASEMENT OVER PT 1 6R7487 AS IN CB13261; CITY OF TIMMINS

2. Pcl 24371 SEC — PIN 65441-0120 LT

   PCL 24371 SEC SEC; MINING CLAIM P. 27383 OGDEN BEING LAND AND LAND COVERED WITH THE WATERS OF PART OF THE MATTAGAMI RIVER WITHIN THE BOUNDARIES OF THIS MINING CLAIM EXCEPTING SRO PT 1, 6R7154; EXCEPT SRO AS IN C106392; RESERVING THEREOUT AND THEREFROM THE SURFACE RIGHTS ON AND OVER A STRIP OF LAND ONE CHAIN IN PERPENDICULAR WITH ALONG THE SHORE OF THE MATTAGAMI RIVER; RESERVING THEREOUT AND THEREFROM THE SURFACE RIGHTS ON AND OVER THE TRAVELLED ROAD CROSSING THE SAID CLAIM; CITY OF TIMMINS

3. Pcl 23975 SEC — PIN 65441-0121 LT

   PCL 23975 SEC SEC; FIRSTLY: PT LOCATION A.L.937 OGDEN PT 1 & 2 6R3171; SECONDLY: LOCATION R.Y. 310 OGDEN PT 1, 6R6276; RESERVING ALL ORES, MINES OR MINERALS WHICH ARE OR SHALL HEREAFTER BE FOUND ON OR UNDER THE LAND HEREBY GRANTED; CITY OF TIMMINS

4. PIN 65441-0376 LT

   PT LOCATION CL 12042 BEING PT UNSUBDIVIDED TOWNSHIP OF ODGEN BEING PT 3, PLAN 6R7487; RESERVING ALL ORES, MINES OR MINERALS WHICH ARE OR SHALL HEREAFTER BE FOUND ON OR UNDERSAID LAND; T/W EASEMENT OVER PT 1 PLAN 6R7542 AS IN CB21031; CITY OF TIMMINS

5. Pcl 18740 SEC —PIN 65441-0324 LT

   PCL 18740 SEC SEC SRO; PT MINING CLAIM P. 35806 OGDEN NOT COVERED BY THE WATERS OF THE MATTAGAMI RIVER EXCEPTING THEREOUT AND THEREFROM ON AND OVER A STRIP OF LAND ALONG THE SHORES OF THE MATTAGAMI RIVER AND WHICH SAID STRIP OF LAND IS BOUNDED BY THE HIGH WATER MARK OF THE MATTAGAMI RIVER AND BY A LINE, EVERY

POINT OF WHICH IS DISTANT 400 FEET FROM THE NEAREST POINT IN THE SAID HIGH WATER MARK; CITY OF TIMMINS

Off-site Landfill

6. Pcl 24714 SEC — PIN 65441-0321 LT

   PCL 24714 SEC SEC; LOCATION C.L. 12151 OGDEN BEING PT 1, 6R7502; RESERVING ALL ORES, MINES OR MINERALS WHICH ARE OR SHALL HEREAFTER BE FOUND ON OR UNDER THE LAND HEREBY GRANTED; CITY OF TIMMINS.

Earlton-Timiskaming Regional Airport Hangar

7. Pcl 5640 SEC SST - PIN 61305-0104 LT

   PCL 5640 SEC SST; N 1/2 LT 10 CON 2 ARMSTRONG EXCEPT THAT PT OF THE SAID N 1/2 OF SAID LT LYING W OF JEAN BAPTISTE CREEK, LT216323, PT 1 54R4451; ARMSTRONG; DISTRICT OF TIMISKAMING

Schedule "C" - Encumbrances

5355 Highway 101 W

1. PIN 65441-0378 LT

   INSTRUMENT NO.: CB12821 BEING A CHARGE REGISTERED ON OCTOBER 28, 2005 IN FAVOUR OF THE TORONTO-DOMINION BANK

   INSTRUMENT NO.: CB27695 BEING A CHARGE REGISTERED ON MARCH 21, 2007 IN FAVOUR OF THE TORONTO-DOMINION BANK

   INSTRUMENT NO.: CB27696 BEING A CHARGE REGISTERED ON MARCH 21, 2007 IN FAVOUR OF THE TORONTO-DOMINION BANK

   INSTRUMENT NO.: CB52060 BEING A CHARGE REGISTERED ON APRIL 6, 2009 IN FAVOUR OF THE TORONTO-DOMINION BANK

   INSTRUMENT NO.: CB52061 BEING A CHARGE REGISTERED ON APRIL 6, 2009 IN FAVOUR OT THE TORONTO-DOMINION BANK

   INSTRUMENT NO.: CB52653 BEING A TRANSFER OF CHARGE REGISTERED ON MAY 1, 2009 IN FAVOUR OF THE BANK OF NEW YORK MELLON

   INSTRUMENT NO.: CB52654 BEING A TRANSFER OF CHARGE REGISTERED ON MAY 1, 2009 IN FAVOUR OF THE BANK OF NEW YORK MELLON

2. Pcl 24371 SEC — PIN 65441-0120 LT

   INSTRUMENT NO.: CB12821 BEING A CHARGE REGISTERED ON OCTOBER 28, 2005 IN FAVOUR OF THE TORONTO-DOMINION BANK

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PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER
(TIMMINS)

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