Court File No.: CV-09-824700CL

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 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

FIFTEENTH REPORT OF THE MONITOR DATED JUNE 28, 2010

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Ernst & Young Inc.

TO: THE SERVICE LIST

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INTRODUCTION

1. On June 25, 2009, Grant Forest Products Inc. ("**GFPI**"), Grant Alberta Inc. ("**GAI**"), Grant Forest Products Sales Inc. ("**GFPSI**") and Grant U.S. Holdings GP (the "**Grant Partnership**" or "**U.S. Holdings**") (collectively the "**Original Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") in order to restructure the business and affairs of the Original Applicants. Pursuant to the Order of this Honourable Court dated June 25, 2009 (the "**Initial Order**"), Ernst & Young Inc. ("**EYI**") was appointed as the Monitor of the Original Applicants (the "**Monitor**") in the CCAA proceeding. The Initial Order provided for a stay of proceedings through to July 24, 2009. The stay of proceedings was subsequently extended to June 30, 2010 (the "**Original**

Applicants' Stay Period") pursuant to an Order of this Honourable Court dated February 26, 2010.

2. On March 30, 2010, Southeast Properties LLC ("**Southeast**"), Grant Newco LLC ("**Newco**"), Grant US Sales Inc. ("**U.S. Sales**"), Grant Clarendon LP ("**Clarendon**"), Grant Allendale LP ("**Allendale**") and Grant Excluded GP ("**Excluded**") were added as additional applicants to these CCAA proceedings (collectively, the "**Additional Applicants**" and together with the Original Applicants, the "**Applicants**" or "**Grant**"). Pursuant to an Order of this Honourable Court dated March 30, 2010 (the "**Supplemental Initial Order**"), EYI was appointed as the Monitor of the Additional Applicants in the CCAA proceeding. The Supplemental Initial Order provided for a stay of proceedings through to April 29, 2010 (the "**Additional Applicants' Stay Period**"). The Additional Applicants' Stay Period was subsequently extended to June 30, 2010 pursuant to an Order of this Honourable Court dated April 28, 2010.

3. Paragraph 33 of the Supplemental Initial Order set out that, upon the delivery of a certificate by the Monitor to GP International Acquisition III, Ltd. (the "**Canadian Purchaser**"), Georgia-Pacific LLC (the "**U.S. Purchaser**"), and GP Palmetto Holding LLC (the "**Additional U.S. Purchaser**") (collectively "**Georgia Pacific**"), primarily certifying that the funds related to the transaction between Georgia Pacific and Grant were received, the transaction between Georgia Pacific and Grant closed and the CCAA proceedings with respect to the Additional Applicants and the Grant Partnership were terminated. Accordingly, the Monitor was discharged as Monitor of the Additional Applicants and the Grant Partnership.

4. As a result of the termination of the CCAA proceedings of the Additional Applicants and the Grant Partnership, only GFPI, GAI and GFPSI (the "**Remaining Applicants**") continue to remain as applicants in these CCAA proceedings.

PURPOSE

5. The purpose of this Fifteenth Report of the Monitor (the "**Fifteenth Report**") is to report to this Honourable Court with respect to:

   a. the Remaining Applicants' motion for an Order (the "**Rockley Road Approval and Vesting Order**"):

      i. approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between GFPI and McCarthur Carrick Properties Limited (the "**Rockley Road Purchaser**") made as of June 9, 2010 and vesting in the Rockley Road Purchaser, GFPI's right, title and interest, if any, in and to the assets described in the Sale Agreement free and clear of all claims and encumbrances;

      ii. sealing and treating as confidential the unredacted Sale Agreement attached as confidential Appendix "**C**" to this Fifteenth Report until the delivery of a certificate by the Monitor substantially in the form attached as Schedule A to the Rockley Road Approval and Vesting Order (the "**Monitor's Certificate**") as contemplated by the Rockley Road Approval and Vesting Order or further Order of the Court;

   b. the Remaining Applicants' request for an Order declaring, to the extent necessary, that all directors and officers of the Remaining Applicants cease to be directors and officers of the Remaining Applicants as of 11:59 pm on June 30, 2010;

   c. approving the engagement by the Remaining Applicants of Stonecrest Capital Inc. ("**Stonecrest**") as Chief Restructuring Organization ("**CRO**") on the terms of the engagement letter as appended to the Fifteenth Report (the "**CRO Engagement Letter**") and the proposed Order (the "**CRO Order**");

   d. the Remaining Applicants' request for an order (the "**D&O Claims Order**") authorizing the Remaining Applicants to conduct a claims process to identify claims against the directors and officers (the "**D&O Claims Process**");

e. actual receipts and disbursements of the Remaining Applicants from April 5, 2010 to June 20, 2010;

f. the Remaining Applicants' updated cash flow projection from June 21, 2010 to March 6, 2011;

g. the Remaining Applicants' motion to extend the Remaining Applicants' Stay Period to February 28, 2011; and

h. the Remaining Applicants' motion to approve this Fifteenth Report and the conduct and activities of the Monitor as set forth herein.

TERMS OF REFERENCE

6. In preparing this Fifteenth Report, the Monitor has been provided with and in making the comments herein relied upon unaudited financial information, the Applicants' books and records, financial information prepared by the Applicants and discussions with management of the Applicants. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Fifteenth Report. Some of the information referred to in this Fifteenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants ("**CICA**") Handbook, has not been performed. Future oriented financial information referred to in this report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

7. Unless otherwise stated all monetary amounts contained herein are expressed in U.S. Dollars.

8. Capitalized terms not defined in this Fifteenth Report are defined in the Initial Order, the Supplemental Initial Order or previous Reports of the Monitor.

BACKGROUND

9. GFPI and certain of its subsidiaries are privately owned corporations which carried on an oriented strand board ("**OSB**") manufacturing business from facilities located in Canada and the United States. OSB is an engineered, mat-formed panel product made of strands, flakes or wafers sliced from logs and bonded with an exterior-type binder under heat and pressure. The most common uses are sheathing in walls, floors and roofs in the construction of buildings and residential housing.

10. The Applicants and Footner Forest Products Ltd. ("**Footner**") (in which GFPI has a 50% interest) had a total annual capacity to produce 3.7 billion square feet of OSB, which made them the third largest OSB manufacturer in North America.

11. The Applicants and Footner had interests in three mills in Canada located at Englehart and Timmins in Ontario and High Level in Alberta, and two mills in the United States located in the counties of Allendale and Clarendon in South Carolina.

12. The OSB mills located in Englehart (the "**Englehart Mill**") and Timmins (the "**Timmins Mill**") in Ontario were owned by GFPI, and as such, were subject to these CCAA proceedings.

13. As set out further herein, the Applicants completed the sale of the Englehart Mill to Georgia Pacific on May 26, 2010. GFPI still owns the Timmins Mill.

14. As described above, GFPI has a 50% interest in an OSB mill located at High Level in Alberta (the "**Footner Mill**"). This OSB mill is held by Footner as bare trustee and GFPI owns 50% of the shares of Footner. Footner is not a CCAA applicant.

15. The OSB mills located in Allendale (the "**Allendale Mill**") and Clarendon (the "**Clarendon Mill**") in South Carolina are owned by Allendale and Clarendon

respectively, each of which is owned by Southeast. Each of these entities were Additional Applicants and were subject to these CCAA proceedings.

16. The Grant Partnership, which was one of the Original Applicants, owns 100% of Southeast.

17. GFPI, also one of the Original Applicants, owned 99.99% of the Grant Partnership (and GAI, another Original Applicant, owned the remaining 0.01%); thereby, GFPI and GAI collectively owned indirectly the Allendale Mill and the Clarendon Mill.

18. As described in the Fourteenth Report of the Monitor dated June 1, 2010 (the "**Fourteenth Report**"), the Applicants completed a sale of the Grant Partnership to Georgia Pacific on May 26, 2010, as such, the Allendale Mill and Clarendon Mill are no longer owned by the Applicants.

19. As a result of the present market conditions and the reduced demand for OSB and other wood products, only the Englehart Mill and the Allendale Mill were operating prior to the completion of the sale to Georgia Pacific. Both the Timmins Mill and the Footner Mill are idle.

20. The Initial Order, among other things, approved the continuation of the engagement of Stonecrest as Chief Restructuring Advisor (the "**CRA**") of the Applicants with services to be provided by Hap Stephen and Sandra Rosch.

ROCKLEY ROAD APPROVAL AND VESTING ORDER

21. The Second Report of the Monitor dated July 21, 2009 (the "**Second Report**") described the sale process contemplated by the Applicants with respect to its non-core assets owned by GFPI. These assets include premises in Haileybury (the "**Haileybury Office**"), a golf course in Earlton, (the "**Golf Course**"), a 65 foot custom built motor boat which is currently located in Florida (the "**Boat**") and two office buildings located on Rockley Road, just off Highway 11 in New Liskeard, Northern Ontario (the "**Rockley Road Properties**").

22. As described in the Twelfth Report of the Monitor dated April 26, 2010 (the

"**Twelfth Report**"), the Applicants with the assistance of the Monitor listed the Haileybury Office and the Rockley Road Properties on the Multiple Listing Service (the "**MLS**") in Ontario through a real estate agent with Royal LePage Best Choice Ltd. (the "**Realtor**") who is based in New Liskeard in Northern Ontario. In addition, the Golf Course has also been listed on the MLS through the Realtor.

23. The listing for Rockley Road Properties was uploaded to the MLS website by the Realtor on April 1, 2010. The Rockley Road Properties were listed at CDN $1,395,000. A copy of the MLS listing is attached as Appendix "**A**" to this Fifteenth Report. The Monitor understands based on discussions with the Realtor that the Rockley Road Properties listing on the MLS site received approximately 170 views. The Rockley Road Properties listing was also uploaded to the web site of the Realtor and has generated over 52,000 unique page visits since April 1, 2010. Further, the Rockley Road Properties were advertised by the Realtor several times in the Temiskaming Speaker. A copy of the advertisement is attached as Appendix "**B**" to this Fifteenth Report. In addition, the Realtor has conducted several tours of the Rockley Road Properties with potential purchasers including return requests for tours from certain potential purchasers.

24. GFPI received two offers on June 1, 2010 and a further offer on June 2, 2010. These offers were returned to potential purchasers and the Realtor was advised that all potential purchasers were required to make their offers to GFPI on June 7, 2010 by 5.00pm. The Realtor was advised that potential purchasers had the option of providing their offers to the Realtor, to GFPI or to the Monitor.

25. On June 7, 2010, GFPI received five offers including an offer from the Rockley Road Purchaser. GFPI with the assistance of the CRA, the Monitor and the Realtor analysed the offers received specifically with respect to the sale price and closing risks, and engaged in negotiations with respect to various of the offers which led to counter-offers and revised offers. GFPI eventually entered into the Sale Agreement with the Rockley Road Purchaser on June 9, 2010, which was determined to be the best offer given closing risk and that the purchase price was higher than all other offers received. An unredacted copy of the Sale Agreement is attached as

confidential Appendix "**C**" to this Fifteenth Report.

26. It is the Monitor's view that the Rockley Road Properties were appropriately marketed and advertised and the sale price maximises the value to the Applicants' creditors. In addition, the sale price was significantly above the price indicated on the MLS listing.

27. The Remaining Applicants are seeking the Rockley Road Approval and Vesting Order from this Honourable Court to approve the Transaction contemplated by the Sale Agreement between GFPI and the Rockley Road Purchaser. In addition, the Remaining Applicants are seeking an Order from this Honourable Court sealing and treating as confidential the Sale Agreement attached as Appendix 'C' to this Fifteenth Report.

28. The Rockley Road Approval and Vesting Order contemplates that upon the delivery of the Monitor's Certificate, all of GFPI's right, title and interest in the Rockley Road Properties shall vest in the Rockley Road Purchaser free and clear of encumbrances.

29. GFPI, with the assistance of the Monitor, continues to market the Haileybury Office, the Golf Course and the Boat. Further updates with respect to these non-core assets will be provided in future reports of the Monitor.

DIRECTORS AND OFFICERS OF THE REMAINING APPLICANTS

30. As described in the affidavit of Hap Stephen of June 21, 2010 (the "**Stephen Affidavit**"), the independent directors of GFPI's board intend to resign as of June 30, 2010. In addition, Peter Lynch, a director of GFPI, GAI and GFPSI and the executive vice-president and secretary of GFPI, the vice-president and secretary of GAI and the president and secretary of GFPSI has advised that he also intends to resign from these positions as of June 30, 2010.

31. Further, as described in the notice of motion of the Remaining Applicants returnable June 30, 2010, in order to ensure that all claims against the directors and officers of

the Applicants are identified, the Remaining Applicants are also seeking an Order from this Honourable Court declaring that to the extent necessary, all directors and officers of the Remaining Applicants cease to be directors and officers of the Remaining Applicants as of 11:59 pm on June 30, 2010.

32. All directors and officers of the Grant Partnership and the Additional Applicants were replaced by Georgia Pacific on the closing of the transaction with Georgia Pacific.

33. As of June 30, 2010, the Monitor understands that the only remaining employees of the Remaining Applicants will be approximately ten employees who have been designated as Part 3 employees under the employee retention plan (the "**ERP**") as described in the Seventh Report of the Monitor dated January 27, 2010 (the "**Seventh Report**"), Peter Lynch, as well as one or two other employees on a short term basis, and the Remaining Applicants are seeking an Order confirming such. These employees will assist the CRO with the marketing and sale of the remaining assets and an orderly wind down of the operations of the Remaining Applicants.

CHIEF RESTRUCTURING ORGANIZATION

34. As a result of the proposed resignation of the independent directors and Peter Lynch, and the seeking of an Order by the Remaining Applicants that to the extent necessary, all directors and officers of the Remaining Applicants cease to be directors and officers as of June 30, 2010 as described above, the Remaining Applicants have negotiated the CRO Engagement Letter with Stonecrest, with services to be provided by Hap Stephen and Sandra Rosch, to provide governance for the Remaining Applicants until the completion of these CCAA proceedings. A copy of the CRO Engagement Letter is attached as Appendix "**D**" to this Fifteenth Report.

35. It is the Monitor's view that Stonecrest is well suited to act as CRO, given their experience working with the Remaining Applicants since prior to these CCAA proceedings as CRA of the Remaining Applicants, and working closely with the

Monitor during the CCAA proceedings. Further, Stonecrest has extensive experience in managing restructuring processes and has been effective in the services it has provided thus far to the Remaining Applicants. In addition, Stonecrest has been directly involved in the transaction with Georgia Pacific and is familiar with the remaining matters to be finalised with respect to the Georgia Pacific transaction and also continues to be involved in the disposition of the remaining assets of the Remaining Applicants.

36. The Monitor understands that the agent of the First Lien Lenders has been consulted with respect to the terms of the CRO Engagement Letter and does not object to the terms set out in the CRO Engagement Letter or the proposed CRO Order.

37. As set out in the CRO Engagement Letter and in the CRO Order requested, Stonecrest will be authorized to make decisions with respect to all aspects of the management and operation of the Remaining Applicants during the remainder of the CCAA proceedings, including, without limitation to:

a. take necessary actions, and execute such documents as required to permit the Remaining Applicants to do all things authorized, directed and permitted pursuant to the terms of the Initial Order and any subsequent Orders of this Honourable Court;

b. realize and dispose of the assets of the Remaining Applicants on behalf of the Remaining Applicants, including, without limitation, to negotiate and enter into agreements on behalf of the Remaining Applicants with respect to the sale or other disposition of all or any part of the property;

c. execute documents necessary for and on behalf of the Remaining Applicants, to convey title to any property of the Remaining Applicants;

d. apply for and obtain any vesting or other orders which may be necessary or appropriate, in the opinion of the CRO, in order to convey any property to comply with any agreement entered into by the Remaining Applicants in relation to the conveyance of any such assets;

e. take necessary actions to maintain control over all receipts and disbursements of the Remaining Applicants and control and use all bank accounts of the Remaining Applicants;

f. become signing officers or designate other persons to be signing officers of all bank accounts of the Remaining Applicants. In addition, the CRO has the ability to revoke any existing signing authorities;

g. retain and terminate the employment or services contracts of employees, agents or consultants~~,~~ including, without limitation Peter Lynch, and otherwise deal with human resources and other organization issues on behalf of the Remaining Applicants or any of them;

h. represent the Remaining Applicants in any negotiations with any other party;

i. communicate with and provide information to the Monitor, the first lien lenders' agent and the second lien lenders' agent regarding the business and affairs of the Remaining Applicants; and

j. take all such steps and actions, enter into and execute all such agreements and documents and incur such expenses and obligations necessary or incidental to the exercise of the CRO powers on behalf of any of the Remaining Applicants, as are reasonably required to carry out the provisions of the requested CRO Order, including in the name of and on behalf of the Remaining Applicants, as applicable.

38. In exercising its powers as contemplated in the CRO Engagement Letter and the CRO Order, the CRO has the ability to consult with the Monitor and seek further direction of this Honourable Court.

39. The CRO Engagement Letter provides that the CRO Engagement Letter shall not affect the terms of the CRA engagement letter between GFPI and Stonecrest, except as expressly provided in the CRO Engagement Letter.

40. The CRO Engagement Letter provides that Stonecrest will receive certain fees as set out in paragraph 4 of the CRO Engagement Letter.

41. The CRO Engagement Letter and the CRO Order contemplate that the Remaining Applicants will indemnify Stonecrest, Hap Stephen and Sandra Rosch from all claims which they sustain or incur in relation to their acting in the capacity of CRO of the Remaining Applicants.

D&O CLAIMS PROCESS

42. The D&O Claims Process proposed by the Remaining Applicants is to be administered by the Monitor in consultation with the Remaining Applicants.

43. The purpose of the Claims Process as set out in the motion record of the Remaining Applicants returnable June 30, 2010 is to identify any claims (a "**D&O Claim**) against a director and/or officer of the Applicants, including claims which are indemnified by the Applicants under paragraph 27 of the Initial Order or paragraph 18 of the Supplemental Initial Order.

44. The D&O Claims Process specifically excludes claims against any of the Applicants or any person other than a director or an officer in relation to a D&O Claim.

45. The Claims Process proposed by the Remaining Applicants contains the following key elements:

a. the Monitor shall take reasonable steps to cause the public notice attached as Schedule 'A' to the D&O Claims Order (the "**Public Notice**") to be published in each of the Globe and Mail (National Edition), the Temiskaming Speaker (Northern Ontario) and the State (South Carolina) within seven business days after the D&O Claims Order is issued or as soon as practicable thereafter;

b. the Monitor shall cause the Public Notice to be posted on the Monitor's website from the date of the D&O Claims Order until at least ten business days after 5.00 p.m. (Toronto time) on August 16, 2010 (the "**Claims Bar

Date");

c. the Remaining Applicants will provide the Monitor with the last known address of those persons, based on the books and records of the Applicants:

i. listed in the accounts payable register of any Applicant as being a creditor of such Applicant as at June 25, 2009 or at any time during the period from June 25, 2009 to July 1, 2010 for the Remaining Applicants and to May 25, 2010 for the Grant Partnership and the Additional Applicants (as applicable, the "**Claims Record Date**");

ii. identified in a schedule provided by the Applicants as being an employee or independent contractor performing services for an Applicant as at June 25, 2009 or at any time during the period from June 25, 2009 to the Claims Record Date;

iii. identified to the Monitor by the Applicants as having an existing or threatened litigation claim against an Applicant as at the Claims Records Date;

iv. which is a governmental agency listed on Schedule 'D' to the D&O Claims Process Order; or

v. included in the service list in these CCAA proceedings by electronic transmission;

d. the Monitor shall be entitled to rely on schedules, records and other information provided to it by the Applicants as to the persons entitled to receive the Public Notice and the Monitor shall have no liability with respect to its failure to send the Public Notice to any Person;

e. the Monitor shall send a claims package including a copy of an instruction letter and a proof of claim form and other information as determined by the Monitor (the "**Claims Package**") to each person referred to in the foregoing subsection (c) and to each person who has notified the Monitor in writing before the Claims Bar Date of a potential claim and to any person who makes a request to the Monitor for a Claims Package before the Claims Bar Date;

f. the Monitor shall post a copy of the Claims Package on its website from the date of the D&O Claims Order until at least ten business days after the Claims Bar Date;

g. any claimant asserting a D&O Claim is required to do so by delivering a completed and signed proof of claim to the Monitor by 5.00 p.m. (Toronto time) on the Claims Bar Date;

h. the claims of any claimants who do not deliver a proof of claim completed and signed in accordance with the instruction letter specifying a D&O Claim to the Monitor by the Claims Bar Date shall be forever barred from making or enforcing such D&O Claim against any director or officer and that such D&O Claim (the "**Unasserted Claim**") shall be forever extinguished, barred and released and all such claimants shall be deemed to have fully and finally released and discharged all Unasserted Claims against each director and officer of the Applicants; and

i. as the Remaining Applicants do not anticipate receiving a large number of D&O claims, a relatively streamlined process is proposed to deal with the administration of the D&O claims. As such, the Monitor shall be entitled to bring a motion seeking approval of a procedure to evaluate and adjudicate whether any D&O Claims that are filed in accordance with the D&O Claims Process are indemnified by the Applicants under paragraph 27 of the Initial Order or paragraph 18 of the Supplemental Initial Order. Such procedure shall be developed by the Monitor in consultation with the Remaining Applicants, any directors or officers with respect to which a D&O Claim has been asserted, any applicable insurer and their respective counsel.

46. The Monitor is of the view that the Remaining Applicants' decision to proceed with the D&O Claims Process is appropriate and allows the Remaining Applicants to

quantify and determine claims against the directors and officers of the Applicants and determine the quantum of the D&O Charge that need be maintained, which will ultimately facilitate the further distribution of funds to creditors. The Monitor anticipates seeking recognition of the D&O Claims Order from the U.S. Bankruptcy Court.

47. The proposed process and form of notice provided for in the D&O Claims Process is reasonable and provides adequate time to potential claimants to file a claim. It is anticipated that, given the likely small number of claims, the timeline and process proposed in the D&O Claims Process should allow for an appropriate review of the claims submitted to the Monitor by the Claims Bar Date.

48. The Monitor shall consult with the CRO and the Remaining Applicants and report to this Honourable Court regarding the outcome of the D&O Claims Process including a summary of the number and amount of the proofs of claim received, and the process to determine the D&O Claims.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS OF THE REMAINING APPLICANTS

49. A summary of the actual receipts and disbursements of the Remaining Applicants as compared to the projection set out in the Eleventh Report for the period from April 5, 2010 to June 20, 2010 is attached as Appendix "**E**" to this Fifteenth Report.

50. The Remaining Applicants' actual consolidated net cash inflow for the period from April 5, 2010 to June 20, 2010 was $8.7 million excluding the cash balances held by the Monitor either in trust or in escrow. The actual net cash inflow was lower than projected by approximately $0.8 million primarily as a result of the closing of the transaction with Georgia Pacific on May 26, 2010, partially offset by the higher than anticipated OSB sales receipts. The projection did not contemplate the closing of the transaction with Georgia Pacific on May 26, 2010. Appendix 'E' includes further details with respect to the variance in the individual receipt and disbursement line items.

51. Attached as Appendix "**F**" is a summary of the cash balances held by the Monitor in its escrow account. As at June 20, 2010, the Monitor's escrow account held approximately $55.4 million in U.S. currency and approximately $1.0 million in Canadian currency primarily from the proceeds of the Georgia Pacific transaction.

UPDATED CASH FLOW PROJECTION OF THE REMAINING APPLICANTS

52. An updated cash flow forecast of the Remaining Applicants for the period from June 21, 2010 to March 6, 2010 is attached as Appendix "**G**" to this Fifteenth Report (the "**Remaining Applicants' Forecast**").

53. The Remaining Applicants' Forecast has been prepared by management of the Remaining Applicants with the assistance of the Monitor, using probable and hypothetical assumptions set out in the notes attached to the Remaining Applicants' Forecast.

54. The Remaining Applicants' Forecast attached to this Fifteenth Report reflects receipts and disbursements to be paid over the projection period in Canadian currency. No net proceeds from the sale of the remaining assets are projected in this projection period due to the uncertainty in quantum and timing of receipts from the sale of such remaining assets. Further, the Remaining Applicants' Forecast also excludes the release of funds held in escrow or in trust with the Monitor, given the uncertainty in timing of when the relevant conditions related to the escrows are met and the timing of their release.

STAY EXTENSION OF THE REMAINING APPLICANTS

55. The current Stay Period of the Remaining Applicants expires on June 30, 2010. The Remaining Applicants are seeking an extension of the Stay Period to February 28, 2011 to permit them time to complete the sale of the remaining assets and the orderly liquidation of their business, and more specifically to:

  a. continue to work towards several post closing matters related to the transaction with Georgia Pacific including the release of certain funds held in escrow with the Monitor, as described in detail in the Fourteenth Report. In addition, certain U.S. tax returns of GFPI and GAI are not expected to be filed until February 2011;

b. continue to work towards the marketing and sale of its remaining assets including the Timmins Mill, its 50% interest in the Footner Mill, and certain non-core assets as described in the Second Report;

c. conduct the D&O Claims Process to identify D&O Claims against the Applicants' directors and officers; and

d. completing other wind down activities.

56. An Order in Council approving the Supply Agreement between the Her Majesty the Queen as represented by the Minister of Northern Development, Mines and Forestry ("**MNDMF**") and the Canadian Purchaser (the "**Order in Council**") has been granted by the Lieutenant Governor of Ontario. Section 3.1(4) of the Timber Escrow Agreement between the Remaining Applicants, the Canadian Purchaser and EYI as Escrow Agent (the "**Timber Escrow Agreement**") provides that the Escrow Agent is to release the Escrow Funds forthwith upon receipt of the Order in Council, provided that certain conditions are met. The Escrow Agent is communicating with the Canadian Purchaser and the Remaining Applicants with respect to the Order in Council and the release of funds pursuant to the Timber Escrow Agreement.

57. Based on its observation of the Remaining Applicants' wind down process, the Monitor considers the Remaining Applicants to be acting in good faith and with due diligence. The extension of the Stay Period to February 28, 2011 is appropriate. Accordingly, the Monitor recommends to this Honourable Court that the Stay Period be extended to such date.

RECOMMENDATIONS

58. The Applicants are seeking this Honourable Court's authorization for an Order:

a. approving the Transaction contemplated by the Sale Agreement with respect to the Rockley Road Properties and sealing and treating as confidential the unredacted Sale Agreement attached as confidential Appendix 'C' to this Fifteenth Report until the delivery of the Monitor's Certificate;

b. declaring, to the extent necessary, that all directors and officers of the Remaining Applicants cease to be directors and officers of the Remaining Applicants as of 11:59 p.m. on June 30, 2010;

c. establishing the D&O Claims Process to identify D&O Claims against the Applicants' directors and officers;

d. approving the appointment of Stonecrest as CRO pursuant to the CRO Engagement Letter;

e. approving the extension of the Remaining Applicants Stay Period to February 28, 2011; and

f. approving this Fifteenth Report of the Monitor and the conduct and activities of the Monitor as reported on herein.

59. The Monitor recommends that this Honourable Court grant the relief sought by the Applicants.

All of which is respectfully submitted this 28th day of June, 2010.

ERNST & YOUNG INC.
in its capacity as the Monitor of
Grant Forest Products Inc., Grant Alberta Inc., and
Grant Forest Products Sales Inc.

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

APPENDIX A

Touch

Quick Map All

Price:	$1,395,000	MLS® #:	100692
Status	Active	Type:	Commercial, Industrial
Sale or Lease:	Sale	DOM:	6

Address: 704024 ROCKLEY RD
City: NEW LISKEARD, TIMISKAMING, P0J 1P0

Board District:	Haileybury	Zoning:	CTN
MPAC:	540	Occupancy:	Vacant
SOC%:	remarks	Lockbox:	No

List Date: 01-APR-2010

Overview SITUATED ON OVER 29 ACRES OF PRIME COMMERCIAL REAL ESTATE WITH EXCELLENT VISIBILITY TO HWY 11 THIS PROPERTY OFFERS SEEMINGLY ENDLESS POSSIBILITIES. THE PROPERTY IS PARTIALLY LEASED AND GENERATES CONSIDERABLE REVENUE. FURTHER INFORMATION IS AVAILABLE FOR QUALIFIED BUYERS ONLY. SOLD 'AS IS'

Legal Descr. DYMOND C1 N PT LT 6RP 54R4531 PTS 1-20 PCL 12080SST PCL 25520SST

Directions APPROX 500 METERS ON ROCKLEY ROAD OFF HWY 11

Fronting On: | Waterfront: No | Waterfront Name:

Lot Size:	29.19 ACRES	Property Use:	Office, Service	Heating:	
Property Size:	10.0 - 49.99 Acres	Business Name:		Hydro:	
Age:	UNK	Years Operated:		Taxes:	72439.32 / 2009
Services Available:	Electrical, Municipal Water, Natural Gas	Price Includes:		Water:	
Construction:	Concrete Block, Metal, Poured Concrete	SQUARE FOOTAGE:		Common Area:	
Heat Source:	Natural Gas	# Of Washrooms:		Internal Features:	
Heating System:	Boiler-Hot Water, Suspended			Exterior:	,
Driveway:					
# Of Spaces:					

Rental Equipment

Exclusions

Remarks SITUATED ON OVER 29 ACRES OF PRIME COMMERCIAL REAL ESTATE WITH EXCELLENT VISIBILITY TO HWY 11 THIS PROPERTY OFFERS SEEMINGLY ENDLESS POSSIBILITIES. THE PROPERTY IS PARTIALLY LEASED AND GENERATES CONSIDERABLE REVENUE. FURTHER INFORMATION IS AVAILABLE FOR QUALIFIED BUYERS ONLY. THIS LISTING IS A COURT APPOINTED SALE AND IS OFFERED IN AN 'AS IS' STATE. S.O.C 0-2,000,000 = 2.5, 2,000,000 TO 5,000,000 = 2 AND OVER 5,000,000 = 1.5 OTHER DIRECTIONS: LISTING AGENT MUST BE PRESENT AT ALL SHOWINGS. BUYERS AGENT MUST FULLY SATISFY THE LISTING AGENT OF THEIR CLIENTS FINANCIAL ABILITY AND MOTIVATION TO PURCHASE BEFORE ANY MATERIALS ARE TO BE PROVIDED OR A SHOWING WILL BE CONSIDERED. CONFIDENTIALITY AGREEMENT TO BE SIGNED BY BUYER AND BUYER AGENT BEFORE MATERIALS PROVIDED.

Seller Name: **GRANT FOREST PRODUCTS INC**

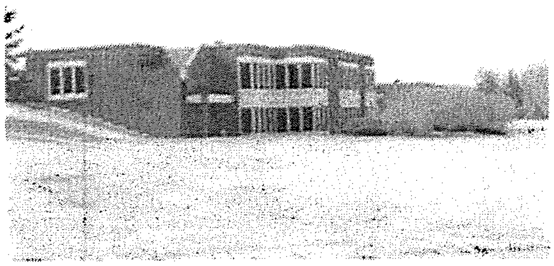
Listing Office: ROYAL LEPAGE BEST CHOICE REALTY LTD., BROKERAGE NEW LISKEARD: [illegible]
Website: http://www.bestchoicerealty.ca

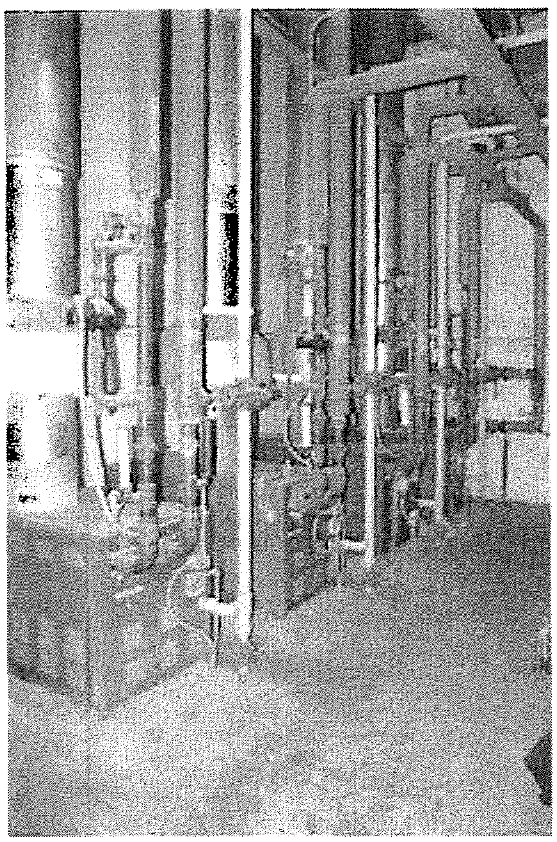
Listing Agent: TROY WILSON [illegible]
TROYWILSON@ROYALLEPAGE.CA
Website: http://www.sellingthenorth.com

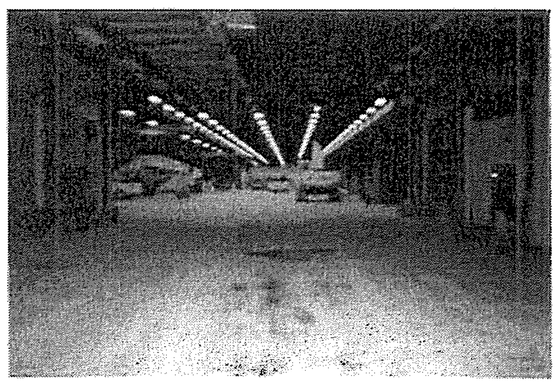
Legacy Data

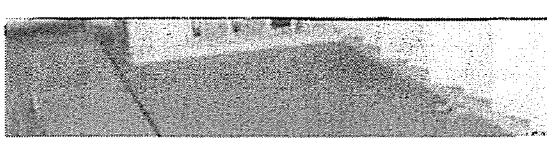
MLS® # 100692

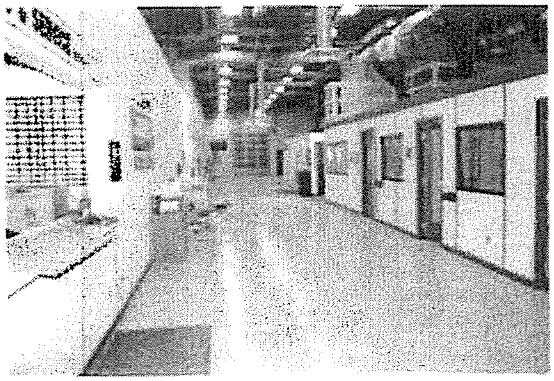
NEW LISKEARD 704024 ROCKLEY RD

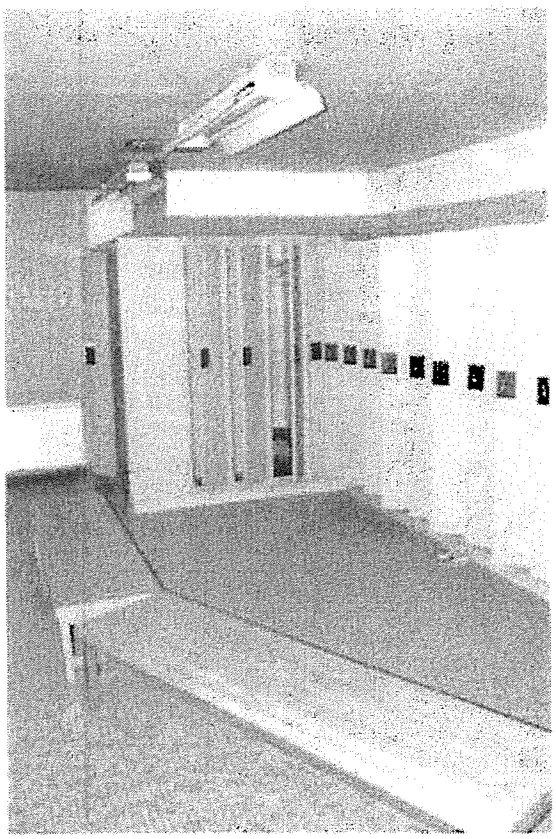


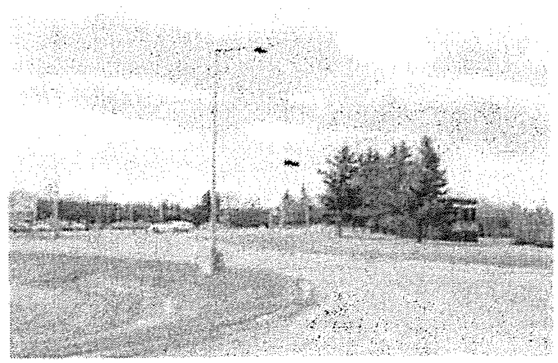






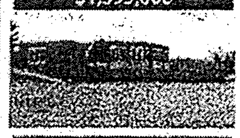






APPENDIX B

$1,395,000



Call Troy Wilson
705-648-3218

PRIME COMMERCIAL

704024 Hockley Rd
New Liskeard

Situated on over 29 acres of prime commercial Real Estate with excellent visibility to Highway 11. This property offers seemingly endless possibilities. The property is partially leased and generates considerable revenue. Further information is available for qualified Buyers only. MLS# 100892

APPENDIX C

Confidential

APPENDIX D

Suite 3130, Royal Trust Tower
77 King Street West
P.O. Box 33, TD Centre
Toronto, Ontario M5K 1B7
Tel: H. Stephen (416) 364-0228
Tel. S. Rosch (416) 364-0730
Fax: (416) 364-7275
Internet: hstephen@stonecrestcapital.com
Internet: srosch@stonecrestcapital.com

Stonecrest Capital Inc.

STRICTLY PRIVATE & CONFIDENTIAL

June 17, 2010

Grant Forest Products Inc.
Grant Alberta Inc.
Grant Forest Product Sales Inc.
161 Bay Street
Suite 2700
Toronto, ON M5J 2S1

Attention: Mr. Kyle Sinclair, Chief Financial Officer

Dear Sir:

Re: Engagement of Stonecrest Capital Inc. ("SCI") as Chief Restructuring Organization

Grant Forest Products Inc. ("GFPI"), Grant Alberta Inc. ("Alberta"), Grant Forest Product Sales Inc. ("Sales") and Grant U.S. Holdings GP obtained protection under the *Companies' Creditors Arrangement Act* (the "CCAA") on June 25, 2009 by order of the Honourable Mr. Justice Newbould (the "Initial Order"). The Initial Order approved the Amended Engagement Letter dated June 23, 2009 ("CRA Engagement Letter") between GFPI and SCI and the continuation of the engagement of SCI as Chief Restructuring Advisor (the "CRA") with services to be provided by Hap Stephen and Sandra Rosch.

GFPI, Alberta and Sales (the "Companies") wish to retain SCI as Chief Restructuring Organization ("CRO") to provide the services described below and under the terms set forth in this Agreement. This Agreement is conditional on receipt of the Approval Order (as defined below) and effective from the date of the Approval Order.

1. Affect on CRA Engagement Letter

Nothing in this agreement shall affect the terms of the CRA Engagement Letter between GFPI and SCI except as expressly provided herein.

Once the Approval Order (as defined below) has been obtained, SCI will assume the role of CRO. Upon such assumption of responsibility, the advisory services outlined under Section 1 (SCI's Services) in the CRA Engagement Letter will be superseded and no longer be required to be performed.

For clarity, Paragraph 3 (Fees) of the CRA Engagement Letter will not be affected by this agreement except that Paragraph 3 (a) of the CRA Engagement Letter is deleted and replaced by Paragraph 4 (Work Fee) set out below.

2. **SCI's Services**

Pursuant to the terms of this Agreement, SCI as CRO shall manage the Companies and the sale or other disposition of their assets including by negotiating and entering into any agreements necessary with respect to the sale or other disposition of their assets and taking any steps and incurring any expenses and obligations as the CRO deems necessary to effect their wind-down and termination of their businesses and operations. As CRO, SCI, acting on behalf of and in the name of the Companies, may take such actions, and execute such agreements and documents as are required or contemplated to be taken under this Agreement.

SCI will at all times be entitled to consult with the Monitor, and to seek advice and directions from the Canadian Court, in relation to the performance of its responsibilities as CRO. SCI will consult with the Agent for the First Lien Lenders and will periodically report to such Agent its progress in performing SCI's services, provided that amounts remain owing to the First Lien Lenders by the Company.

3. **Information**

Each Company will use its best efforts to ensure, that all information to be provided to SCI, directly or indirectly, orally or in writing, in connection with SCI's engagement hereunder will be accurate and complete in all material respects and will not be misleading in any material way and will not omit to state any fact or information which might reasonably be considered material to SCI in performing its services hereunder. SCI shall be entitled to rely upon such information, and SCI shall be under no obligation to verify independently any such information so provided to or otherwise obtained by SCI. SCI shall also be under no obligation to determine whether there have been or to investigate any changes in any of such information occurring after the date any of the same were provided or obtained.

4. **Work Fee**

SCI's monthly work will be $50,000 per month (the "Work Fee"). The Work Fee shall be paid together with applicable taxes on the first business day of each monthly period after the Approval Order is granted until this engagement is terminated in accordance with Section 8.

The Work Fee will reduce to $30,000 per month upon the completion of the sale or other disposition of GFPI's 50% interest in the assets comprising the Footner mill in High Level, Alberta.

In addition to the foregoing compensation, the Companies shall reimburse SCI for its reasonable out-of-pocket expenses in entering into and performing this agreement, including, but not limited to, legal fees, travel and communications expenses and courier charges. Such reimbursable expenses will be payable by GFPI on receipt of SCI's invoices.

All or part of the foregoing may be subject to the federal Goods and Services Tax and/or applicable provincial sales tax. Effective July 1, 2010, the foregoing fees may be subject to the provincial Harmonized Sales Tax ("HST"). Where tax is applicable, an additional amount equal to the amount of tax owing thereon will be charged to and payable by the Companies.

5. **Additional Services**

If SCI is requested to perform services in addition to those described above, then the terms and conditions relating to such services will be outlined in a separate agreement and the fees for such services will be in addition to fees payable hereunder and will be negotiated separately and in good faith.

6. **Indemnification**

Each Company hereby agrees to indemnify SCI in accordance with Schedule A hereto, which Schedule forms part of this agreement, the consideration for which is the entering into of this agreement. Such indemnity (the "Indemnity") shall be executed and delivered to SCI, Stephen and Rosch on the execution of this agreement and shall be in addition to, and not in substitution for, any liability which the Company or any other person may have to SCI, Stephen and Rosch or other persons indemnified pursuant to any indemnity apart from such Indemnity. The Indemnity shall also apply to any additional services provided pursuant to paragraph 5 above until superseded or replaced by agreement of the parties.

7. **Approval of the Canadian Court and Security for Indemnity and Fees**

As soon as possible, GFPI shall seek an order from the Canadian Court (the "Approval Order"), in form and substance satisfactory to SCI including provisions:

(a) appointing SCI as the CRO of the Companies;

(b) approving this Agreement;

(c) providing that the claims of SCI, Stephen, Rosch and any other person providing services hereunder are not claims which may be compromised within the CCAA proceeding;

(d) confirming that GFPI will continue to indemnify SCI, Stephen and Rosch from all claims which they sustain or incur in relation to their acting in the capacity as CRO to GFPI as set out in paragraphs 38 and 39 of the Initial Order and that SCI, Stephen and Rosch will continue to be entitled to the benefit of the Administration Charge as set out in paragraph 41 of the Initial Order with respect to the fees and disbursement and with respect to the indemnities provided as set out above and all other provisions of the Initial Order applicable to the CRA. The Administration Charge will continue to have the priority as set out in paragraph 44 of the Initial Order.

8. **Survival of Terms and Termination**

This engagement shall take effect upon the issue of the Approval Order and may be terminated by either the Companies, in consultation with the Agent for the First Lien Lenders provided that amounts remain owing to the First Lien Lenders by the Company, or SCI upon not less than 10 days written notice to that effect to the other party, provided that the obligations of the Companies to indemnify SCI, to pay any amounts then due to SCI pursuant to this agreement including fees then earned, expenses then incurred and tax in connection with this agreement shall survive the completion of SCI's engagement hereunder or other termination of this agreement.

9. **Confidentiality**

It is SCI's policy to hold in confidence the affairs of its clients. Therefore, SCI will not use confidential information obtained from any Company except in connection with the services to be provided hereunder and will not disclose such confidential information to any third party or to any of its affiliates, employees or advisors except in connection with the services to be provided hereunder and will not use or make available to a Company confidential information that SCI has obtained from any other client or that SCI or its affiliates may have developed or obtained in connection with activities for its own account.

10. **Other Matters**

This agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario. All financial references in this agreement are to Canadian dollars unless otherwise indicated. If any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof. Headings used herein are for convenience of reference only and shall not affect the interpretation or construction of this agreement.

11. **Notices**

All notices and other communications given under this letter shall be in writing and emailed or faxed or delivered by personal delivery, if to the Companies, to their Canadian counsel, Fraser Milner Casgrain LLP, at its address at 39th Floor, First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1B2, Attention: Ross Walker or by email to ross.walker@fmc-law.com and to the Monitor, Ernst & Young, 222 Bay Street, P.O. Box 251, TD Centre, Toronto, ON M5K 1J7 or by email to alex.f.morrison.ca.ey.com and if to SCI at its address Suite 3130, Royal Trust Tower, 77 King Street West, P.O. Box 33, TD Centre, Toronto, Ontario M5K 1B7, Attention: Hap Stephen or by email to hstephen@stonecrestcapital.com, as each party may specify in a written notice to the other party. All such notices and communications shall be effective when faxed, emailed or delivered, as the case may be.

12. **Acceptance**

Please confirm that the foregoing is in accordance with each Company's understanding by signing and returning the attached duplicate copy of this letter which shall thereupon constitute a binding agreement between the Companies and SCI.

Yours very truly,

Stonecrest Capital Inc.

By:

Accepted and agreed to as of June 18, 2010

Grant Forest Products Inc.

By:

Grant Forest Product Sales Inc.

By:

Grant Alberta Inc.

By:

To: Stonecrest Capital Inc.

SCHEDULE A

INDEMNITY

In connection with the engagement (the "Engagement") of Stonecrest Capital Inc. ("SCI") pursuant to an engagement letter (the "Engagement Letter") between SCI, and Grant Forest Products Inc., Grant Forest Product Sales Inc. and Grant Alberta Inc. ("the Companies") dated June 17, 2010, each Company agrees to indemnify and hold harmless SCI, and its respective directors, officers, employees, partners and agents, and any other person providing services to the Company pursuant to the Engagement Letter (collectively, the "Indemnified Parties" and individually, an "Indemnified Party"), from and against any and all losses, expenses, claims, actions, damages and liabilities, joint or several, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of its counsel on a solicitor and his own client basis that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity to which any Indemnified Party may become subject or otherwise involved in any capacity (collectively, the "Claims") insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the Engagement unless arising from the negligence or willful misconduct of any Indemnified Party. Each Company also agrees that no Indemnified Party shall have any liability (whether directly or indirectly in contract or tort or otherwise) to the Company or any person asserting claims on behalf of or in right of the Company for or in connection with the Engagement except to the extent any losses, expenses, claims, actions, damages or liabilities incurred by the Company are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted primarily from the negligence or wilful misconduct of such Indemnified Party. A Company will not, without SCI's written consent, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, suit, proceeding, investigation or claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes a release of each Indemnified Party from any liabilities arising out of such action, suit, proceeding, investigation or claim.

Promptly after receiving notice of an action, suit, proceeding or claim against SCI or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from a Company, SCI or any such other Indemnified Party will notify the Company in writing of the particulars thereof.

Each Company also agrees to reimburse SCI for the time spent by its personnel in connection with any Claim subject to this indemnity at their normal per diem rates. SCI may retain one counsel to separately represent it in the defense of a Claim subject to this indemnity, which shall be at the Company's expense on a solicitor and his own client basis if (i) the Company does not promptly assume the defense of the Claim, (ii) the Company agrees to separate representation or (iii) SCI is advised by counsel that there is an actual or potential conflict in the Company's and SCI's respective interests or additional defenses are available to SCI, which makes representation by the same counsel inappropriate.

The obligations of the Companies hereunder are joint and several and in addition to any liabilities, which the Company may otherwise have to SCI, or any other Indemnified Party.

Dated as of June 18, 2010

Grant Forest Products Inc.

By: ____________________

Stonecrest Capital Inc.

By: ____________________

Grant Forest Product Sales Inc.

By: ______________________

Grant Alberta Inc.

By: ______________________

APPENDIX E

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Cumulative Receipts and Disbursements
For the Period From April 5 to June 20, 2010
(In Thousands of US Dollars)

	Actual	Projection	Variance	Notes
Opening Bank Balance	16,577	16,577	-	
Receipts				
OSB Sales	30,858	41,235	(10,377)	1
Fibre Sales	636	212	424	2
Post-Transaction Trade Receipts	10,129	-	10,129	3
GST Collected & Refunds	862	876	(14)	
Interest Income	1	-	1	
Other Receipts	615	109	506	4
Corporate Tax Refund - Net	14,642	13,118	1,525	5
Total Receipts	57,743	55,550	2,193	
Disbursements				
Payables-Fibre	(4,851)	(6,096)	1,245	6
Freight	(4,237)	(5,178)	941	6
Other Payables	(8,041)	(10,318)	2,276	6
Payroll	(4,831)	(6,157)	1,326	7
Utilities & Fuel	(1,803)	(1,745)	(58)	
GST Remittance	(1,020)	(508)	(512)	
SG&A	(2,244)	(2,869)	626	8
Restructuring Costs	(2,302)	(2,771)	469	9
Bank Charges	(14)	(68)	55	
Capex	-	(412)	412	10
Tax Refund Payment and other taxes	(9,223)	(9,418)	195	
Foreign Exchange Impact	(219)	(53)	(166)	
Total Disbursements	(38,785)	(45,593)	6,808	
Inter-Company Transfers:				
Transfer from (to) U.S. Entities	(138)	-	(138)	
Transfers from (to) Footner	(525)	(383)	(142)	
Total Inter-Company Transfers	(664)	(383)	(280)	
Transfer to Georgia-Pacific	(9,556)	-	(9,556)	11
Net Cash Flows	8,738	9,574	(836)	
Ending Bank Balance	25,315	26,151	(836)	
Deduct: Restricted Cash	(432)	(412)	(20)	
Ending Cash excluding Restricted Cash	24,884	25,739	(855)	

Funds In Escrow With the Monitor

	USD	CAD	Notes
Opening Bank Balance	$ -	$ -	
Receipts	425,657	31,974	12
Disbursements	(370,216)	(30,943)	12
Net Cash Inflow/(Outflow)	55,441	1,031	
Ending Bank Balance	55,441	1,031	13

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP. (the "Remaining Applicants")
Cumulative Actual Receipts and Disbursements
For the Period April 5 to June 20, 2010
Variance Analysis

The actual receipts and disbursements are denominated in U.S. dollars. Canadian dollars are converted to U.S. dollars every week at Thursday's closing exchange rate as published by the Bank of Canada. In the projection, Canadian dollars are converted to U.S. dollars at the exchange rate of CDN$1.02=US$1.00.

1. **OSB Sales** – The unfavourable variance is primarily due to the shorter collection period as a result of the closing of the transaction with Georgia Pacific on May 26, partly offset by a higher than anticipated sales volume and sales price increases as the projection did not contemplate the closing of the transaction with Georgia Pacific on May 26, 2010. Pursuant to the Purchase and Sale Agreement between GFPI and Georgia Pacific (the "**PSA**"), as of May 26 Georgia Pacific is entitled to trade receipts from OSB and fibre sales, which are reflected as Post-Transaction Trade Receipts as described in Note 3.

2. **Fibre Sales** – The favourable variance is primarily due to the sale of higher than anticipated volumes of certain wood logs that are not used for production at Englehart.

3. **Post-Transaction Trade Receipts** – As described in Note 1, the actual amount represents trade receipts on or after May 26 from OSB and fibre sales , which is payable to Georgia Pacific. During this projection period, approximately $9.5 million of such receipts have been repaid to Georgia Pacific as discussed in Note 11.

4. **Other Receipts** – The favourable variance is primarily due to miscellaneous receipts, including proceeds from the sale of surplus natural gas, a refund from a fuel vendor with respect of the Remaining Applicants' unused prepayment, a property tax refund and certain rental income.

5. **Corporate Tax Refund** – The favourable variance is due to the Remaining Applicants' receipt of higher than expected corporate tax refunds related to prior years and represents a permanent difference. Approximately $9.2 million of the tax refunds have been paid to Mr. Peter Grant Sr. pursuant to an Order from Justice NewBould.

6. **Payables-Fibre, Freight and Other Payables** – The favourable variances are primarily due to Georgia Pacific assuming expenses incurred after the closing of the transaction on May 26 in accordance with the PSA, partly offset by higher than anticipated disbursements related to increased production at Englehart prior to the closing of the transaction.

7. **Payroll** – The favourable variance is primarily due to a timing difference and lower than anticipated payroll expenses as a result of the closing on May 26m which was not contemplated in the projection. The portion related to timing will reverse in the future.

8. **SG&A** – The favourable variance is primarily due to the non-renewal of certain insurance policies that are no longer required as a result of closing of the transaction with Georgia Pacific on May 26, partially offset by higher than anticipated premiums to maintain required insurance coverage for the Remaining Applicants.

9. **Restructuring** – The favourable variance is primarily related to a timing difference and lower than anticipated professional fees, partly offset by the payment of certain fees that were not contemplated in the projection. The portion related to timing may reverse in the future.

10. **Capex** – The favourable variance is primarily due to Georgia Pacific assuming such expenditures incurred after the closing of the transaction on May 26 pursuant to the PSA.

11. **Transfer to Georgia-Pacific** – As discussed in Notes 1 & 3, the Remaining Applicants have transferred to Georgia Pacific, approximately $9.5 million of post-transaction trade receipts that were received on or after May 26.

12. **Receipts and disbursements of the escrow account** – On May 26, 2010 pursuant to the closing of the transaction with Georgia Pacific, Georgia Pacific paid to the Monitor the purchase price of US$403 million and a further amount of US$22.6 million with respect to a working capital adjustment that was contemplated in the PSA. In addition, Georgia Pacific funded an amount of US$0.8 million with respect to an employee retention plan for certain employees of GFPI and GFPSI. Details of the receipt of such amounts are described in the Fourteenth Report of the Monitor dated June 1, 2010. The US$0.8 million related to the employee retention plan was subsequently converted to Canadian currency (approximately CDN$ 906,000) as such payment to the employees will be made in Canadian currency. Further, approximately US$30 million was converted to Canadian currency (approximately CND$ 31 million) as part of the distribution to the lenders was required to be made in Canadian currency.

13. **Closing balance of the escrow account** – On June 4, pursuant to the Court Order, a distribution equivalent to approximately US$370 million was distributed in U.S. and Canadian currency from the funds held in trust by the Monitor. The escrow account held funding as at June 20, 2010 as set out in the summary attached in Appendix "A".

APPENDIX F

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Summary of Funds in Escrow Account
As at June 20, 2010

		Amount	Comment
USD Account			
Purchased Assets and Purchase Price Adjustment	$	33,972,357	Held in trust by the Monitor
Timber Escrow		14,999,995	Held in Escrow by the Monitor
Working Capital Escrow		4,999,995	Held in Escrow by the Monitor
Other Payables Escrow		1,468,745	Held in Escrow by the Monitor
Total USD Account		55,441,092	

	Amount	
CDN Account		
Partnership Interest and Purchase Price Adjustment	124,192	Held in trust by the Monitor
Employee Retention Escrow	906,366	Held in Escrow by the Monitor
Total CDN Account	1,030,559	

Note
All account balances are net of bank charges.

APPENDIX G

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants") Combined Cash Flow Projection
For The Period From June 21, 2010 to March 6, 2011
(In Thousands of US Dollars)

		Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Month	Month	Month	Month	Month	Month	
Period Enging	**Notes**	**27-Jun-10**	**4-Jul-10**	**11-Jul-10**	**18-Jul-10**	**25-Jul-10**	**1-Aug-10**	**8-Aug-10**	**15-Aug-10**	**22-Aug-10**	**29-Aug-10**	**3-Oct-10**	**31-Oct-10**	**28-Nov-10**	**2-Jan-11**	**30-Jan-11**	**6-Mar-11**	**Total**
Opening Bank Balance	1	25,315	23,281	23,372	21,959	21,528	22,243	20,768	20,268	19,949	19,758	19,681	18,947	17,667	16,977	16,249	15,647	25,315
Receipts																		
GST/HST Refunds	2	385	-	-	-	363	-	-	-	-	91	120	82	61	58	50	53	1,262
Interest Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Receipts	3	889	492	7	16	699	-	-	7	-	-	575	-	-	-	-	-	2,685
Sale of Assets	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		1,274	492	7	16	1,062	-	-	7	-	91	696	82	61	58	50	53	3,947
Disbursements																		
Payroll	5	(2,258)	(84)	(80)	(55)	-	(1,184)	-	(38)	-	(41)	(100)	(72)	(125)	(65)	(27)	(77)	(4,207)
Other Payables	6	(167)	(108)	(752)	(130)	(130)	(169)	(130)	(94)	-	-	(317)	(575)	-	-	-	-	(2,574)
SG&A	7	(75)	(49)	(25)	(67)	(96)	(24)	(112)	(26)	(104)	(34)	(139)	(128)	(50)	(52)	(42)	(47)	(1,068)
Restructuring Costs	8	(114)	(71)	(514)	(195)	(91)	(71)	(226)	(148)	(71)	(71)	(548)	(477)	(450)	(541)	(472)	(499)	(4,559)
Bank Charges	9	-	(14)	-	-	-	(14)	-	-	-	-	(28)	-	(14)	(14)	-	-	(85)
Foreign Exchange Impact	10	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33
Total Disbursements		(2,581)	(326)	(1,372)	(447)	(317)	(1,462)	(468)	(307)	(175)	(146)	(1,133)	(1,253)	(639)	(672)	(541)	(622)	(12,459)
Inter-Company Transfers:	11	(36)	(75)	(48)	-	(30)	(13)	(33)	(20)	(16)	(21)	(296)	(110)	(110)	(115)	(110)	(124)	(1,157)
Total Inter-Company Transfers		(36)	(75)	(48)	-	(30)	(13)	(33)	(20)	(16)	(21)	(296)	(110)	(110)	(115)	(110)	(124)	(1,157)
Transfer to Georgia-Pacific	12	(691)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(691)
Net Weekly Cash Flows		(2,034)	91	(1,413)	(430)	714	(1,474)	(501)	(319)	(191)	(77)	(734)	(1,281)	(689)	(729)	(602)	(693)	(10,360)
Ending Bank Balance		23,281	23,372	21,959	21,528	22,243	20,768	20,268	19,949	19,758	19,681	18,947	17,667	16,977	16,249	15,647	14,954	14,954
Deduct: Restricted Cash	13	(412)	(412)	(412)	(412)	(412)	(186)	(186)	(186)	(147)	(147)	(147)	(147)	(147)	-	-	-	-
Ending Cash excluding Restricted Cash		22,869	22,960	21,547	21,117	21,831	20,582	20,081	19,762	19,611	19,534	18,800	17,520	16,830	16,249	15,647	14,954	14,954

In the Matter of the CCAA of Grant Forest Products Inc. Grant Alberta Inc., and Grant Forest Products Sales Inc., ("Grant" or the "Remaining Applicants")
Notes to the Unaudited Combined Cash Flows Projection

Disclaimer:

In preparing this cash flow projection (the "**Remaining Applicants' Forecast**"), the Remaining Applicants have relied upon unaudited financial information, and the Remaining Applicants have not attempted to further verify the accuracy or completeness of such information. The Remaining Applicants' Forecast includes estimates concerning the operations of the mills and additional assumptions discussed below with respect to the requirements. Since the Remaining Applicants' Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the forecast period will vary from the Remaining Applicants' Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Remaining Applicants' Forecast reflects cash flows from the Remaining Applicants' operations including transfers to and from the mill at Footner. The Remaining Applicants with the assistance of the Monitor have prepared the Remaining Applicants' Forecast based primarily on their current business plan and historical results. Receipts and disbursements are denominated in both Canadian and US dollars; however, the consolidated cash flow is presented in U.S. dollars. Canadian dollars are converted to US dollars at the exchange rate of CDN$1.02 = US$1.00.

Pursuant to the Purchase and Sale Agreement (the "**PSA**"), as of May 26, 2010 Grant has closed the transaction with Georgia-Pacific, which has acquired three of Grant's mills, specifically, the Englehart Mill, the Allendale Mill and the Clarendon Mill. Pursuant to the closing, Georgia-Pacific is entitled to all trade receipts from OSB and fibre sales. The Remaining Applicants' Forecast assumes that the Timmins Mill and the Footner Mill will continue to remain idle during the forecast period.

Assumptions:

1) **Opening Balance:**
This is the anticipated opening cash balance of the Remaining Applicants at the commencement of the stay extension period and includes funds held in Canadian dollars and U.S. dollars that were converted into U.S. dollars at the exchange rate noted above.

2) **GST/HST Refunds:**
Grant projects GST/HST refunds based on input tax credits during the forecast period. The Remaining Applicants' Forecast no longer reflects GST remittances on OSB and fibre sales pursuant to the closing of the transaction with Georgia Pacific.

3) **Other Receipts:**
Other Receipts include i) estimated vendor refunds, ii) funding from Georgia-Pacific for a payment related to one employee under the Key Employee Retention Plan (the "**KERP**") as prescribed in the PSA, iii) sales tax refund related to previous years for the Allendale mill. This refund is an excluded asset from the transaction with Georgia Pacific and iv) miscellaneous receipts such as rental income. Pursuant to the PSA, Grant will transfer to Georgia-Pacific an insurance premium refund once it is received by Grant, resulting in nil net cash impact to Remaining Applicants' Forecast.

4) **Sale of Assets:**
The Remaining Applicants' Forecast does not reflect any net proceeds from the sale of the Remaining Applicants' remaining assets in this projection period due to the uncertainty in the quantum and timing of such receipts. Further, this line item also excludes the release of funds held in escrow or in trust with the Monitor due to the uncertainty in timing of when the relevant conditions related to the escrows are met and the timing of their release.

5) **Payroll:**
Payroll represents salaries, benefits and retention payments, including deductions for all employees and contractors, and is forecast based on current run rates. Contractors and employees are paid bi-weekly through direct deposits. The payment of approximately $2.3 million projected in the week of June 27, 2010 primarily includes retention payments to employees pursuant to the Court Order dated March 30, 2010. The payment of approximately $1.2 million in the week of August 1, 2010 primarily relates to the Court approved KERP payment to Mr. Peter Lynch.

6) **Other Payables:**
Other payables represent accounts payable related to production expenditures at the Englehart mill prior to the closing of the transaction with Georgia-Pacific and a prepayment to a vendor.

7) **SG&A:**
SG&A represents costs for insurance, rent, property tax, repairs and maintenance, office supplies and travel.

8) **Restructuring Costs:**
Restructuring costs include costs related to the Remaining Applicants' advisors and their counsel and the Monitor and its counsel.

9) Bank Charges:

This line item includes agency fees to the first lien lenders.

10) Foreign Exchange Impact:

Foreign Exchange Impact represents the difference in the exchange rate between the opening cash balance in which Canadian dollars are converted to U.S. dollars at the actual exchange rate of CDN$1.027 = US$1.00 as at the beginning of the forecast period and the Remaining Applicants' Forecast exchange rate of CDN$1.02 = US$1.00.

11) Intercompany Transfers:

Represents inter-company funding between the Remaining Applicants and a related company. During the projection period, it is currently projected that such related company will require approximately $1.2 million in funding from the Remaining Applicants.

12) Transfer to Georgia-Pacific:

Pursuant to the PSA, Grant will repay Georgia-Pacific all post-closing trade receipts from OSB and fibre sales, and the insurance premium refund as described in Note 3 once such refund is received.

13) Restricted Cash:

At the beginning of the forecast period Restricted Cash represents approximately $412,000 of restricted cash held as a reserve for certain letters of credit issued by the Remaining Applicants. The restricted cash amount will be released as the term deposits mature.

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

Court File No. CV-09-824700CL

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")

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto

FIFTEENTH REPORT OF THE MONITOR, ERNST & YOUNG INC.

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