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

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

TWENTY-EIGHTH REPORT OF THE MONITOR DATED JANUARY 28, 2013 (MOTION RETURNABLE JANUARY 30, 2013)

January 28, 2013

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(COMMERCIAL LIST)

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

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

TWENTY EIGHTH REPORT OF THE MONITOR DATED JANUARY 28, 2013

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 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 most recently extended to January 31, 2013 (the "**Stay Period**")

pursuant to an Order of this Court dated June 25, 2012 (the "**Stay Extension Order**").

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 Court dated March 30, 2010 (the "**Supplemental Initial Order**"), EYI was appointed as the Monitor of the Additional Applicants in the CCAA proceeding.

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

4. On June 30, 2010, this Court approved the revised engagement of Stonecrest as the Chief Restructuring Organization (the "**CRO**") of the Applicants with services to be provided by Hap Stephen and Sandra Rosch.

5. 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.

6. As a result of the completion of the sale to Georgia Pacific and the resulting 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

7. The purpose of this Twenty Eighth Report of the Monitor (the "**Twenty Eighth Report**") is to report to this Court with respect to:

   a. the actual receipts and disbursements of the Remaining Applicants from June 4, 2012 to January 20, 2013 and an updated cash flow projection from January 21, 2013 to June 2, 2013 (the "**Remaining Applicant's Forecast**");

   b. the Remaining Applicants' motion to:

      i. extend the Stay Period to April 30, 2013;

      ii. amend paragraph 6 of the Stay Extension Order to update the reference to the Remaining Applicant's Forecast or such other disbursements as may be approved by this Court; and

      iii. approve this Twenty Eighth Report and the conduct and activities of the Monitor as set forth herein.

TERMS OF REFERENCE

8. In preparing this Twenty Eighth Report, the Monitor has been provided with, and in making the comments herein, relied upon unaudited financial information, the Remaining Applicants' books and records, financial information prepared by the Remaining Applicants and discussions with management of the Remaining 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 Twenty Eighth Report. Some of the information referred to in this Twenty Eighth 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.

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

10. Capitalized terms not defined in this Twenty Eighth Report are defined in the Initial Order, the Supplemental Initial Order or previous Reports of the Monitor.

BACKGROUND

11. 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.

12. The Applicants and Footner Forest Products Ltd. ("**Footner**") (in which GFPI had 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.

13. The Applicants 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.

14. 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.

15. The OSB mills located in Allendale (the "**Allendale Mill**") and Clarendon (the "**Clarendon Mill**") in South Carolina were owned by Allendale and Clarendon respectively, each of which was owned by Southeast, which in turn was owned by the Grant Partnership. Each of these entities were Additional Applicants and were subject to these CCAA proceedings.

16. 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

and the Englehart Mill to Georgia Pacific on May 26, 2010, and as such, the Allendale Mill and the Clarendon Mill are no longer owned by the Remaining Applicants.

17. As described above, GFPI also had a 50% interest in an OSB mill located at High Level in Alberta (the "**Footner Mill**"), which was described in detail in the Sixteenth Report of the Monitor dated December 20, 2010 (the "**Sixteenth Report**"). GFPI's sale of its interests in the Footner Mill was approved by this Court on January 5, 2011 and the sale closed on February 17, 2011.

18. As described above, GFPI had owned the Timmins Mill located in Timmins, Ontario, which was described in detail in the Nineteenth Report of the Monitor dated March 22, 2011 (the "**Nineteenth Report**"). GFPI's sale of the building and equipment comprising the Timmins Mill was approved by this Court on March 9, 2011 and the sale closed on March 21, 2011. GFPI's sale of the building and equipment related to the Timmins Mill to EDS Decommissioning Canada Inc. ("**EDS**") did not include the land on which the Timmins Mill is located and this land (defined below as the Timmins Land) was sold separately by GFPI as further described in the following paragraph.

19. With the completion of the Georgia Pacific sale, the sale of GFPI's interests in Footner and the sale of the Timmins Mill, GFPI had the following remaining assets:

a. Office premises and boathouse in Haileybury, Ontario (the "**Boat House**");

b. a parcel of land in Earlton, Ontario that was formerly a golf course (the "**Golf Course Lands**");

c. GFPI's interest in the prepaid lease of an airplane hangar in Earlton, Ontario (the "**Hangar Lease**");

d. a custom built 65 foot yacht located in Florida (the "**Boat**");

e. the parcel of land near Timmins, Ontario (the "**Timmins Land**") which contained the Timmins Mill, which is in the process of being dismantled and demolished by EDS; and

f. a landfill site near Timmins, Ontario (the "**Ogden Landfill**").

20. On September 21, 2011, this Court granted Orders approving the sale of the Boat House, the Golf Course Lands, the Hangar Lease and the Timmins Land. The sales of the Boat House, the Golf Course Lands, the Hangar Lease and the Timmins Land closed on October 13, 2011. Further details with respect to these sales transactions are described in the Twenty Second Report of the Monitor dated September 16, 2011 (the "**Twenty Second Report**").

21. On November 16, 2011, this Court granted Orders approving the sale of the Boat and the Ogden Landfill. Further details with respect to these sales transactions are described in the Twenty Third Report of the Monitor dated November 9, 2011 (the "**Twenty Third Report**").

22. As described in the Twenty Sixth Repot of the Monitor dated August 22, 2012, (the "**Twenty Sixth Report**"), GFPI continued to work with the purchaser of the Ogden Landfill to close the sale transaction, which sale transaction closed on November 7, 2012.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS OF THE REMAINING APPLICANTS

23. A summary of the actual receipts and disbursements of the Remaining Applicants as compared to the projection set out in the Twenty Fifth Report of the Monitor dated June 20, 2012 (the "**Twenty Fifth Report**")for the period from June 4, 2012 to January 20, 2013 is attached as Appendix 'A' to this Twenty Eighth Report. As set out in the Twenty Fifth Report, the projection excluded any net proceeds from the sale of any assets due to the uncertainty in quantum and timing of receipts from the sale of such assets. Further, the projection also excluded the release of funds held in escrow or in trust with the Monitor, given the uncertainty in timing of distributions.

24. The Remaining Applicants' actual consolidated net cash outflow for the period from June 4, 2012 to January 20, 2013, is set out in Appendix 'A' to this Twenty Eighth Report. In addition, Appendix 'A' includes further details with respect to the variance in the individual receipt and disbursement line items. Overall, the

consolidated net cash flow had a net positive variance of approximately $386,000. Total actual disbursements were lower than projected disbursements by approximately $442,000.

25. Attached as Appendix 'B' is a summary of the cash balances held by the Monitor in its trust and escrow accounts. As at January 20, 2013 the Monitor's trust and escrow accounts held approximately $284,000 in U.S. currency and approximately $6.5 million in Canadian currency primarily from the proceeds of previous asset sales and a settlement with Peter Grant Sr. as described in detail in the Twenty Fifth Report.

UPDATED CASH FLOW PROJECTION OF THE REMAINING APPLICANTS

26. The Remaining Applicant's Forecast is attached as Appendix 'C' to this Twenty Eighth Report.

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

28. The Remaining Applicants' Forecast reflects receipts and disbursements to be paid over the projection period in U.S. currency. The Remaining Applicants' Forecast excludes the release of funds held in escrow or in trust with the Monitor.

29. The Remaining Applicants' Forecast projects that the Remaining Applicants will have sufficient liquidity to operate during these CCAA proceedings.

30. As described in the Twenty Sixth Report, PricewaterhouseCoopers Inc. ("**PwC**") is the administrator of the Pension Plans, which were formerly administered by GFPI. Further to Orders of this Court dated August 26, 2011 and September 21, 2011, the Monitor began holding in escrow an amount of CDN$191,245 with respect to the Timmins Salaried Plan and CDN$2,185,000 with respect to the Executive Plan (collectively, the "**Pension Reserves**"). The Pension Reserves were based on 115% of the estimated amount necessary to satisfy the wind up deficits of the Pension Plans. The wind up deficits were calculated based on interim valuation reports

prepared by GFPI's actuaries.

31. As a result of further actuarial valuations obtained by PwC, the Pension Reserves were increased by the Stay Extension Order to CDN$726,372 with respect to the Timmins Salaried Plan and CDN$2,384,688 with respect to the Executive Plan.

32. Paragraph 6 of the Stay Extension Order also provided that:

> 6. THIS COURT ORDERS and declares that, without limiting the obligation of GFPI to fund the windup deficits in the Pension Plans, none of GFPI, the CRO and the Monitor shall incur any additional liability in the event that the Pension Reserves and any additional funds held by GFPI and the Monitor as of the date of this Order, as may be increased by the proceeds of any further sales of assets of GFPI or decreased by no more than 110% of the Total Disbursements in the Cash Flows filed in the Twenty Fifth Report of the Monitor, are not sufficient to fund the wind up deficit or any other liabilities associated with the Pension Plans.

33. GFPI is seeking an Order of this Court amending paragraph 6 of the Stay Extension Order to update the reference to the Remaining Applicant's Forecast or such other disbursements as may be approved by this Court.

STAY EXTENSION OF THE REMAINING APPLICANTS

34. The current Stay Period of the Remaining Applicants expires on January 31, 2013. On November 27, 2012, this Court heard oral submissions with respect to:

    a. the Pension Motion (as defined in the Twenty Seventh Report of the Monitor dated October 18, 2012 (the "**Twenty Seventh Report**") and the Twenty Sixth Report; and

    b. a motion by West Face Capital Inc. for, among other things, an order lifting the stay of proceedings as provided in the Initial Order to permit a bankruptcy order to be made against GFPI (the "**Bankruptcy Motion**").

35. The Court reserved its decisions with respect to these motions.

36. The Remaining Applicants are seeking an extension of the Stay Period to April 30, 2013 to permit them time to await the decisions with respect to the Pension Motion

and the Bankruptcy Motion.

37. 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. In the Monitor's view, the extension of the Stay Period to April 30, 2013 is appropriate. Accordingly, the Monitor recommends to this Court that the Stay Period be extended to such date.

RECOMMENDATIONS

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

    i. approving the extension of the Stay Period to April 30, 2013;

    ii. amending paragraph 6 of the Stay Extension Order to update the reference to the Remaining Applicant's Forecast or such other disbursements as may be approved by this Court; and

    iii. approving this Twenty Eighth Report and the conduct and activities of the Monitor as reported on herein.

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

All of which is respectfully submitted this 28th day of January, 2013.

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”

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Cumulative Combined Receipts and Disbursements
For the Period from June 4, 2012 to January 20, 2013
(In Thousands of US Dollars)

	Actual	Projection	Variance	Notes
Opening Bank Balance	$ 3,067	$ 3,067	$ -	
Receipts				
GST/HST Collected & Refunds	19	110	(91)	1
Other Receipts	35	-	35	2
Total Receipts	55	110	(56)	
Disbursements				
Payroll	(39)	(32)	(7)	
SG&A	(196)	(218)	23	
Restructuring Costs	(556)	(969)	413	3
Bank Charges	(6)	(8)	2	
Foreign Exchange Impact	11	-	11	
Total Disbursements	(786)	(1,227)	442	
Net Cash Flows	(731)	(1,117)	386	
Ending Bank Balance	$ 2,336	$ 1,950	$ 386	
Deduct: Restricted Cash Released	(125)	(125)	(0)	4
Ending Cash excluding Restricted Cash	$ 2,211	$ 1,825	$ 386	

Funds Held by the Monitor in Trust

	USD	CAD	Notes
Opening Bank Balance	$ 284	$ 5,652	
Receipts	-	892	5
Disbursements	-	-	
Net Cash Inflow/(Outflow)	-	892	
Ending Bank Balance	$ 284	$ 6,544	6

Grant Forest Products Inc. ("Grant"), Grant Alberta Inc. and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Cumulative Combined Actual Receipts and Disbursements
For the Period June 4, 2012 to January 20, 2013
Variance Analysis

The actual receipts and disbursements are denominated in U.S. dollars. In the projection, Canadian dollars are converted to U.S. dollars at the exchange rate of CDN$1.00 = US$1.00.

1. **GST/HST Collected & Refunds** – The negative variance is due to the Canada Revenue Agency ("**CRA**") holding back certain refunds. The Monitor is in discussions with CRA with respect to Grant's GST/HST assessments.

2. **Other Receipts** – The favourable variance represents certain property tax refunds that were not included in the projection.

3. **Restructuring** – The favourable variance is primarily due to a combination of lower than anticipated professional fees and a timing difference. The portion related to timing is expected to reverse in the future.

4. **Restricted cash** – This represents a term deposit of approximately $125,000 associated with a letter of credit with respect to the Odgen Landfill. Such letter of credit was released by the bank to the Monitor pursuant to the sale of the Ogden Landfill. The amount was deposited in the trust account of the Monitor as described below.

5. **Receipts and disbursements with respect to the funds held in trust with the Monitor:**

   Receipts totalling approximately $892,000 were received in the trust account. Such receipts include the following transactions:
   - $650,000 with respect to the Peter Grant Sr. settlement;
   - $125,000 with respect to the release of a term deposit as described above;
   - $32,500 of remaining proceeds from the sale of the Ogden landfill site;
   - $34,600 related to a property-tax refund;
   - $10,500 related to the refund of a security deposit with respect to Grant's office premises; and
   - $39,000 with respect to interest income, net of certain bank charges;

6. **Closing balance of the escrow and trust accounts** – The escrow and trust accounts held funding as at January 20, 2013 as set out in the attached summary.

APPENDIX “B”

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Summary of Funds in Trust Account
As at January 20, 2013

		Amount
USD Account		
Trust Account	$	284,249
Total USD Account		284,249

	Amount
CDN Account	
Trust Account	3,403,685
Pension Escrow	3,140,912
Total CDN Account	6,544,597

Note
All account balances are net of bank charges.

APPENDIX "C"

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants") Combined Cash Flow Projection
For The Period From January 21, 2013 to June 2, 2013
(In Thousands of US Dollars)

		Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Monthly	Monthly	
Period Enging	Notes	27-Jan-13	3-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	3-Mar-13	10-Mar-13	17-Mar-13	24-Mar-13	31-Mar-13	April 2013	May 2013	Total
Opening Bank Balance	1	$ 2,211	$ 2,154	$ 2,104	$ 1,852	$ 1,823	$ 1,764	$ 1,742	$ 1,703	$ 1,664	$ 1,595	$ 1,574	$ 365	$ 2,211
Receipts														
GST/HST Refunds	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Assets	3	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		-	-	-	-	-	-	-	-	-	-	-	-	-
Disbursements														
Payroll	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payables	5	-	-	-	-	-	-	-	-	-	-	-	-	-
SG&A	6	(8)	(4)	(3)	(4)	(20)	(4)	(3)	(4)	(30)	(3)	(88)	(44)	(213)
Restructuring Costs	7	(49)	(46)	(28)	(26)	(39)	(18)	(36)	(36)	(39)	(18)	(121)	(139)	(594)
GST/HST Remittance	2	-	-	(221)	-	-	-	-	-	-	-	-	-	(221)
Other Disbursements	8	-	-	-	-	-	-	-	-	-	-	(1,000)	-	(1,000)
Total Disbursements		(57)	(50)	(252)	(29)	(59)	(22)	(39)	(39)	(69)	(21)	(1,209)	(183)	(2,028)
Net Cash Flows		(57)	(50)	(252)	(29)	(59)	(22)	(39)	(39)	(69)	(21)	(1,209)	(183)	(2,028)
Ending Bank Balance		$ 2,154	$ 2,104	$ 1,852	$ 1,823	$ 1,764	$ 1,742	$ 1,703	$ 1,664	$ 1,595	$ 1,574	$ 365	$ 183	$ 183

Funds held by the Monitor in Trust/Escrow as at January 20, 2013

	Amount
Funds held in US Currency	284
Funds held in Canadian Currency	3,404
Pension Escrow	3,141
Total funds in mixed currency	6,829

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 Flow 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. 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 projected cash flows in respect of the Remaining Applicants' operations. The Remaining Applicants with the assistance of the Monitor have prepared the Remaining Applicants' Forecast based primarily on their current cost base 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 by converting Canadian dollars at par.

All of Grant's mills have been sold. Georgia-Pacific has acquired three of Grant's mills, specifically, the Englehart Mill, the Allendale Mill and the Clarendon Mill. Subsequently the Remaining Applicants have closed the sale of their 50% interest in the Footner mill to Ainsworth Lumber Co. Ltd, and sold the building and equipment related to the Timmins mill to EDS Decommissioning Canada.

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 of CDN$1.00 = US$1.00.

2) **GST/HST Refunds:**
The most recent notice of re-assessment from Canada Revenue Agency (**"CRA"**) as of January 10, 2013 reflects an outstanding balance of approximately $221,000, which is net of certain HST refunds that CRA set-off against the outstanding balance. The Monitor is in discussions with CRA with respect to Grant's GST/HST assessments as certain of the amounts could be pre-filing obligations. However, for conservatism, the amount of $221,000 is reflected as a disbursement in the Remaining Applicants' Forecast.

3) **Sale of Assets:**
The Remaining Applicants' Forecast does not reflect any net proceeds from the sale of the Remaining Applicants' remaining assets as the Remaining Applicants have completed the sale of all its remaining assets.

4) **Payroll:**
The projection does not reflect any payroll payment as the Remaining Applicants have no remaining employees. The Remaining Applicants' books and records reflect no outstanding payments to CRA with respect to payroll taxes, however, CRA has not conducted its audit with respect to the Remaining Applicants' payroll tax payments.

5) **Other Payables:**
No other payables are anticipated during this forecast period.

6) **SG&A:**
SG&A represents costs for storage of documents, consulting fees, insurance, bank charges and other miscellaneous items.

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

8) **Other Disbursements:**
Other disbursements include potential disbursements with respect to certain potential contingent obligations.

Court File No: CV-09-824700CL

N THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT ALBERTA INC., GRANT FOREST PRODUCTS SALES INC. AND GRANT U.S. HOLDINGS GP

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

TWENTY-EIGHTH REPORT OF THE MONITOR
DATED JANUARY 28, 2013

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