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 FIFTH REPORT OF THE MONITOR
DATED JUNE 20, 2012

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 June 29, 2012 (the "**Stay Period**")

pursuant to an Order of this Court dated November 16, 2011.

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 Fifth Report of the Monitor (the "**Twenty Fifth Report**") is to report to this Court with respect to:

   a. the Remaining Applicants' motion for an Order:

      i. authorizing and directing the Monitor, until further Court Order, to hold back from any distribution to creditors of GFPI the amount of $726,372 (the "**Timmins Salaried Plan Reserve**"), which is estimated to be the amount necessary to satisfy the wind up deficit of the pension plan registered as #1053008 Pension Plan for the Salaried Employees of GFPI - Timmins Plant (the "**Timmins Salaried Plan**") as at December 31, 2011;

      ii. authorizing and directing the Monitor, until further Court Order, to hold back from any distribution to creditors of GFPI the amount of $2,384,688 (the "**Executive Plan Reserve**"), which is estimated to be the amount necessary to satisfy the wind up deficit of the pension plan registered as #0992537 Pension Plan for Executive Employees of GFPI (the "**Executive Plan**") as at February 29, 2012;

      iii. declaring that none of GFPI, the CRO or the Monitor are required to make any further payments to the Timmins Salaried Plan or the Executive Plan (collectively, the "**Pension Plans**"), or their respective trustees or administrators, without further Court order, and none of GFPI, the CRO or the Monitor shall incur any liability for not making any payments when due to the Pension Plans or their respective trustees or administrators;

      iv. declaring that none of GFPI, the CRO or the Monitor shall incur any liability in the event that the Timmins Salaried Plan Reserve and Executive Plan Reserve are not sufficient to fund the wind-up deficits or any other liabilities associated with the Pension Plans;

      v. declaring that the claims of the Workplace Safety Insurance Board ("**WSIB**"), Pension Fund Realty Limited as landlord (the

"**Landlord**") and the Ministry of Natural Resources ("**MNR**") as described further in this Twenty Fifth Report are unsecured claims that rank behind the Remaining Applicants' secured creditors including, without limitation, the second lien lenders' agent (the "**Second Lien Lenders' Agent**") and the Second Lien Lenders (the "**Second Lien Lenders**");

vi. approving the settlement agreement dated as of June 5, 2012 (the "**Settlement Agreement**") between the Remaining Applicants, and Peter Grant Sr., Peter Grant Jr., Grant Capital Corporation ("**Grant Capital**"), Grant Farms Corp. ("**Grant Farms**"), and 2033844 Ontario Inc. ("**203**") (collectively, the "**Grant Entities**") and the Remaining Applicants *nunc pro tunc* and providing for consequential relief as outlined in the Settlement Agreement;

b. the actual receipts and disbursements of the Remaining Applicants from February 6, 2012 to June 3, 2012 and an updated cash flow projection from June 4, 2012 to February 3, 2013;

c. the Remaining Applicants' motion to extend the Stay Period to January 31, 2013; and

d. the Remaining Applicants' motion to approve this Twenty Fifth Report and the conduct and activities of the Monitor as set forth herein.

TERMS OF REFERENCE

8. In preparing this Twenty Fifth 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 Fifth Report. Some of the information referred to in this

Twenty Fifth 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 Fifth 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. GFPI still owns the Ogden Landfill and continues to work with the purchaser to close the sale transaction.

PENSION PLAN RESERVES

23. As described in the affidavit of Hap Stephen sworn June 8, 2012 (the "**Stephen Affidavit**"), 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 is 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 Escrow**"). The Pension Escrow was 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.

24. On April 9, 2012, the Monitor received a letter from counsel to PWC (the "**April 9 Letter**") along with preliminary actuarial valuations of the Executive Plan and the Timmins Salaried Plan which indicated that the wind up deficits have increased to CDN $726,372 for the Timmins Salaried Plan and CDN $2,517,900 for the Executive Plan. On May 25, 2012, the Monitor received a letter from counsel to PWC (the "**May 25 Letter**") along with a copy of an updated actuarial valuation report as of February 29, 2012 for the Executive Plan which indicated that the wind up deficit for the Executive Plan is $2,384,688. The May 25 Letter further requested that the Pension Escrow be increased to include the additional amounts of wind up deficits as identified in the May 25 Letter. Accordingly, GFPI is seeking the approval of this Court to authorize and direct the Monitor to, until further order of this Court, hold back the amount of CDN $2,384,688 for the Executive Plan and CDN $726,372 for the Timmins Salaried Plan (the "**Pension Reserves**") from any distribution to GFPI's creditors.

25. On June 14, 2012, counsel to PWC advised that the Financial Services Commission of Ontario ("**FSCO**") approved the wind up report prepared by PWC in respect of the Executive Plan. The wind up report for the Timmins Salaried Plan has not yet been submitted to FSCO for approval. GFPI and the Monitor have been advised that PWC has also contacted various insurance companies to inquire about the cost of purchasing annuities to fund the payment of benefits due to beneficiaries under the Executive Plan. Due to the terms of the Executive Plan, in particular the fact that it has a cost-of-living adjustment linked to the consumer price index, the cost of purchasing such annuities would be well in excess of the Executive Plan Reserve.

26. On June 5, 2012, the Supreme Court of Canada heard submissions on the appeal of the Court of Appeal's decision in the *Indalex* CCAA proceeding with respect to, among other things, the existence and priority of deemed trust amounts under the *Pension Benefits Act*. It is the view of GFPI and the Monitor that there should be no further payments on behalf of the Pension Plans pending the release of the decision from the Supreme Court of Canada in *Indalex* and further Order of this Court. Due to the recent information received from counsel to PWC after the service by GFPI of its Motion Record herein, GFPI will not be seeking to distribute further amounts

to the Second Lien Lenders or the Second Lien Lenders' Agent at this time.

27. GFPI is accordingly seeking the approval of this Court for GFPI and the Monitor not to make any further payments to the Pension Plans until further Order of this Court and that none of GFPI, the CRO or the Monitor shall incur any liability for not making any payments when due with respect to the Pension Plans.

28. Further, GFPI is seeking an order of this Court declaring that none of GFPI, the CRO or the Monitor shall incur any liability in the event that the Pension Reserves are not sufficient to fund the wind-up deficits or any other liabilities associated with the Pension Plans.

THE WSIB CLAIM

29. As described in the Twentieth Report of the Monitor dated April 15, 2011 (the "**Twentieth Report**"), subsequent to the issuance of the Initial Order, the Remaining Applicants, under the oversight of the Monitor, have made payments to suppliers who provided goods and services to the Applicants from and after the date of the Initial Order. Pursuant to the sale of its OSB mills and other assets as described earlier in this Twenty Fifth Report, the Remaining Applicants have no business operations and are working towards the wind down of these CCAA proceedings.

30. The Remaining Applicants have five accounts with WSIB. Three accounts are in the name of GFPI and two accounts are in the name of GFPSI. Based on statements received from WSIB prior to March 2012, four accounts have a receivable balance totalling approximately CDN $75,000 primarily related to the period prior to the CCAA proceedings, and one account in the name of GFPI has a balance owing of approximately CDN $465,000. The account with the balance owing was GFPI's main WSIB account for its OSB mills. GFPI has tried to close the WSIB accounts not being used and obtain a refund of the credit balances; however such request was denied by WSIB due to the balance owing in the main account. The balance owing in the main account resulted from a combination of items related to the period prior to these CCAA proceedings, as well as the period after the commencement of these

CCAA proceedings and included interest on items related to the period prior to the CCAA proceedings. Further to a detailed review of its main WSIB account and discussions with representatives at WSIB, GFPI's analysis reflected that CDN $73,358.88 related to the period after the CCAA filing. Accordingly, on March 8, 2012, GFPI paid this amount to WSIB. The payment is reflected in GFPI's April statement.

31. GFPI's main WSIB account now shows a balance owing of approximately CDN $394,000 as of May 2012 (the "**WSIB Claim**"), which, based on GFPI's analysis relates to the period prior to these CCAA proceedings together with interest. Accordingly, GFPI is seeking an order from this Court declaring that the WSIB Claim is an unsecured claim that ranks behind the Remaining Applicants' secured creditors including without limitation, the Second Lien Lenders' Agent and the Second Lien Lenders.

THE LANDLORD CLAIM

32. Further to the sale of its OSB mills, on November 24, 2010, GFPI, in accordance with the provisions of the Initial Order, repudiated the lease with the Landlord effective December 1, 2010. This lease was with respect to GFPSI's premises in Mississauga, Ontario which was primarily used by GFPSI's sales staff. Subsequent to the repudiation of the lease, the Monitor understands that the Landlord sent a letter to GFPI claiming an amount of approximately $262,000 for post repudiation rent for the period until December 2011 (the "**Landlord Claim**").

33. The lease with the Landlord was entered into prior to the commencement of the CCAA proceedings and was terminated in the course of the CCAA proceedings in accordance with the terms of the Initial Order. Therefore, GFPI has determined that the claim of the Landlord is an unsecured repudiation claim in relation to a pre-filing obligation. Accordingly, GFPI is seeking an order from this Court declaring that the Landlord Claim is an unsecured claim that ranks behind the Remaining Applicants' secured creditors including, without limitation, the Second Lien Lenders' Agent and the Second Lien Lenders.

THE MNR CLAIM

34. As described in the Twentieth Report, pursuant to the sale of the majority of its OSB Mills to Georgia Pacific, the Remaining Applicants reviewed all invoices received from suppliers after the issuance of the Initial Order to assess if any final remaining amounts are owed to vendors including MNR with respect to post-filing goods and services, and paying any vendor amounts, if appropriate, under the supervision of the Monitor.

35. Further to the sale to Georgia Pacific, GFPI, in consultation with Georgia Pacific, analysed invoices owed to MNR, and GFPI paid invoices related to the post-filing period prior to the sale to Georgia Pacific. However, MNR continued to invoice GFPI through Georgia Pacific. GFPI reviewed these invoices and determined that such invoices related to the period prior to the CCAA and asked MNR to provide supporting documentation for such invoices, however MNR did not respond to GFPI's request. On December 22, 2011, the Monitor's counsel sent a letter to MNR (the "**December 22 Letter**") requesting supporting documentation for any amounts that relate to the post CCAA filing period, however, no response was received from the MNR. A copy of the December 22 Letter is attached as Appendix 'A' to this Twenty Fifth Report.

36. Based on GFPI's records, invoices from MNR relating to the period prior to the filing of the CCAA total approximately CDN $167,000 (the "**MNR Claim**"). Accordingly, GFPI is seeking an order from this Court declaring that the MNR Claim is an unsecured claim that ranks behind the Remaining Applicants' secured creditors including without limitation, the Second Lien Lenders' Agent and the Second Lien Lenders.

THE SETTLEMENT AGREEMENT

37. In the course of these CCAA proceedings, GFPI brought a motion (the "**GFPI Motion**") against Peter Grant Sr. (the CEO and owner of GFPI prior to the commencement of these CCAA proceedings) and related entities seeking (a) recovery of certain assets that were in the hands of Mr. Grant Sr. but which GFPI

believed belonged to it, and (b) to reconcile intercompany balances between GFPI and Mr. Grant Sr.'s personal companies. Specifically, GFPI sought:

a. Return of aircraft parts;

b. Return of $81,225 in cash;

c. The repayment of certain legal fees (totalling more than CDN $500,000) paid by GFPI for a litigation involving Mr. Grant Sr.;

d. A determination of whether certain entities received an overpayment of $428,048 from GFPI on the settlement of intercompany balances in October 2008; and

e. A determination of whether certain entities received a further overpayment of $1.54 million from GFPI due to the payment of accrued dividends.

38. Prior to bringing the GFPI Motion, GFPI, with the assistance of the Monitor, communicated with the Grant Entities requesting repayments of such amounts owed by the Grant Entities to GFPI.

39. As described in the Seventeenth Report of the Monitor dated December 23, 2010 (the "**Seventeenth Report**"), on June 30, 2010, this Court granted an order (the "**D&O Claims Order**") establishing a claims process (the "**D&O Claims Process**") with respect to claims against any director or officer (the "**Directors and Officers**") of any Applicants. The D&O Claims Order provided that any claimant with a claim against the Directors and Officers was required to submit a proof of claim before August 16, 2010. Pursuant to the D&O Claims Order, GFPI has filed a proof of claim dated August 16, 2010 in the amount of CDN $200 million (the "**D&O Claim**"). The D&O Claim was of a fiduciary nature and asserted against the Directors and Officers, including Peter Grant Sr.

40. Further to extensive negotiations, the Remaining Applicants and the Grant Entities entered into the Settlement Agreement which is subject to the approval of this Court to settle the above noted matters. A copy of the Settlement Agreement is attached

as Exhibit 'C' to the Stephen Affidavit. The significant terms of the Settlement Agreement include:

i. Peter Grant Sr. and Frogs Breath Foundation to pay an amount of CDN $650,000 to McCarthy Tetrault LLP to be held in trust until Court approval of the Settlement Agreement is obtained. The Monitor understands that this amount was paid to McCarthy Tetrault LLP on June 13, 2012;

ii. an amount of $50,000 being held in escrow with the Monitor from the proceeds of the sale of certain aircraft parts will be released to GFPI. As described in the Sixteenth Report, GFPI leased three aircraft from GE Canada Leasing Services Company ("**GE Leasing**") which were returned to GE Leasing prior to the granting of the Initial Order by this Honourable Court; however, GFPI continued to hold certain aircraft parts related to the leased aircraft. Such aircraft parts were sold in November 2010 and the Monitor held the sales proceeds related to the aircraft parts in escrow pending the determination of the ownership of such aircraft parts;

iii. the Remaining Applicants will withdraw and release the D&O Claim on a with prejudice, without costs basis;

iv. the Grant Entities and the Remaining Applicants are to execute certain releases as described in Schedules 'B' and 'C' to the Settlement Agreement;

v. the GFPI Motion will be dismissed on a without cost basis, and

vi. GFPI will forgive 203's debt to GFPI in the amount of CDN$143,880.43;

vii. GFPI will transfer its holding of 817 shares in Grant Equipment Corp. ("**Grant Equipment**") to Grant Capital, or at the request of Grant Capital, GFPI will consent to the cancellation of these shares. Further, GFPI will transfer the amount of CDN $3.6 million owed to it from Grant Equipment to Grant Capital. Grant Equipment was in receivership proceedings. The Monitor has been advised that no recovery to GFPI would be expected with respect to the shares 817 shares held by GFPI in Grant Equipment.

41. The Monitor is of the view that the Settlement Agreement will result in no further

costs with respect to the Grant Motion and will provide a recovery to the Remaining Applicants' stakeholders. Accordingly, the Monitor recommends that this Court approve the Settlement Agreement.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS OF THE REMAINING APPLICANTS

42. A summary of the actual receipts and disbursements of the Remaining Applicants as compared to the projection set out in the Twenty Third Report for the period from February 5, 2012 to June 3, 2012 is attached as Appendix 'B' to this Twenty Fifth Report. As set out in the Twenty Fourth 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.

43. The Remaining Applicants' actual consolidated net cash outflow for the period from February 5, 2012 to June 3, 2012, is set out in Appendix 'B' to this Twenty Fifth Report. In addition, Appendix 'B' includes further details with respect to the variance in the individual receipt and disbursement line items.

44. Attached as Appendix 'C' is a summary of the cash balances held by the Monitor in its trust and escrow accounts. As at June 3, 2012 the Monitor's trust and escrow accounts held approximately $284,000 in U.S. currency and approximately $5.6 million in Canadian currency primarily from the proceeds of previous asset sales.

UPDATED CASH FLOW PROJECTION OF THE REMAINING APPLICANTS

45. An updated cash flow forecast of the Remaining Applicants for the period from June 4, 2012 to February 3, 2012 is attached as Appendix 'D' to this Twenty Fifth Report (the "**Remaining Applicants' Forecast**").

46. 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.

47. The Remaining Applicants' Forecast reflects receipts and disbursements to be paid over the projection period in U.S. currency. No net proceeds from the sale of the Ogden Landfill or proceeds with respect to the Settlement Agreement are reflected in this projection period due to the uncertainty in timing of such receipts. 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 certain escrows and reserves are met and the timing of their release.

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

STAY EXTENSION OF THE REMAINING APPLICANTS

49. The current Stay Period of the Remaining Applicants expires on June 29, 2012. The Remaining Applicants are seeking an extension of the Stay Period to January 31, 2013 to permit them time to complete the sale of the Ogden Landfill, to continue to work towards the wind down of these CCAA proceedings, and to await the Supreme Court of Canada's decision in *Indalex*.

50. 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 January 31, 2013 is appropriate. Accordingly, the Monitor recommends to this Honourable Court that the Stay Period be extended to such date.

RECOMMENDATIONS

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

    i. authorizing and directing the Monitor, until further Court Order, to hold back from any distribution to creditors of GFPI the Timmins Salaried Plan Reserve;

    ii. authorizing and directing the Monitor, until further Court Order, to hold back from any distribution to creditors of GFPI, the Executive Plan Reserve;

    iii. declaring that none of GFPI, the CRO or the Monitor are required to make any further payments to the Pension Plans, or their respective trustees or administrators, without further Court Order, and none of GFPI, the CRO or the Monitor shall incur any liability for not making any payments when due to the Pension Plans or their respective trustees or administrators;

    iv. declaring that none of GFPI, the CRO or the Monitor shall incur any liability in the event that the Pension Reserves are not sufficient to fund the wind-up deficits or any other liabilities associated with the Pension Plans;

    v. declaring that the claims of WSIB, the Landlord and MNR as described in this Twenty Fifth Report are unsecured claims that rank behind the Remaining Applicants' secured creditors including without limitation, the Second Lien Lenders' Agent and the Second Lien Lenders;

    vi. approving the Settlement Agreement and providing for consequential relief as outlined in the Settlement Agreement;

    vii. approving the extension of the Stay Period to January 31, 2013; and

    viii. approving this Twenty Fifth Report and the conduct and activities of the Monitor as reported on herein.

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

All of which is respectfully submitted this 20th day of June, 2012.

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”

STIKEMAN ELLIOTT

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BY MAIL

December 22, 2011
File No.: 1211281002

Ministry of Natural Resources
Revenue Section
Box 8000
300 Water Street
3rd Floor
Peterborough ON K9J 8N7

Dear Sir/Madam:

Re: Grant Forest Products Inc.

We are counsel to Ernst & Young Inc. in its capacity as the monitor (the "Monitor") of Grant Forest Products Inc. ("GFPI"). Attached to this letter is a statement of account that GFPI has received from the Ministry of Natural Resources (the "Ministry") which appear to show certain invoices and continuing interest payments accruing to the account of GFPI. As you may know, a stay of proceedings was granted in respect of GFPI pursuant to a filing under the *Companies Creditors' Arrangement Act* on June 25, 2009, and any claims against GFPI for amounts owing prior to the filing are stayed. The Monitor has been advised by GFPI that it believes the outstanding amounts shown on the attached statement of account is in respect of pre-filing amounts.

We understand that a request has been made for supporting documentation to confirm that these are pre-filing amounts, but that no response has been received to that request. If the Ministry's records show that these amounts relate to post-filing claims for payment, please provide the invoices and other records that support the characterization of these amounts as post-filing claims. There is no claims process in place for pre-filing claims and at present no expectation of recovery for unsecured creditors of GFPI.

If you have any questions please do not hesitate to contact the undersigned.

TORONTO
MONTREAL
OTTAWA
CALGARY
VANCOUVER
NEW YORK
LONDON
SYDNEY

Yours truly,

Daniel S. Murdoch

DSM/tk
Encl.
Cc: Alex Morrison & Simone Carvalho, *Ernst and Young*

Ontario

Ministry of Natural Resouces
Minitère des richesses naturelles

STATEMENT / *RELEVÉ*

PAGE / *PAGE*	1 of/de 4
DATE / *DATE*	30-NOV-11
CUSTOMER NO. / *N° DE CLIENT*	1116
LICENCE / *PERMIS*	550910

CUSTOMER / *CLIENT*

GRANT FOREST PRODUCTS INC.
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Lic 550910
Englehart ON P0J 1H0

NUMBER *NUMÉRO*	DATE *DATE*	TYPE *TYPE*	DUE DATE *À PAYER LE*	REFERENCE *RÉFÉRENCE*		SOURCE *SOURCE*	AMOUNT *MONTANT*	AMOUNT DUE *MONTANT DÛ*
429936	31-JUL-09	Invoice	31-AUG-09	211336		550910	5,277.79	
429936	30-SEP-09	Finance Chg		Interest			26.39	
429936	31-OCT-09	Finance Chg		Interest			23.02	
429936	30-NOV-09	Finance Chg		Interest			22.37	
429936	31-DEC-09	Finance Chg		Interest			23.22	
429936	11-JAN-10	Payment		Cheque: 232098:	2,260.83	General A	(1.58)	
429936	31-JAN-10	Finance Chg		Interest			23.31	
429936	28-FEB-10	Finance Chg		Interest			21.15	
429936	31-MAR-10	Finance Chg		Interest			23.50	
429936	30-APR-10	Finance Chg		Interest			22.84	
429936	31-MAY-10	Finance Chg		Interest			23.71	
429936	30-JUN-10	Finance Chg		Interest			23.04	
429936	31-JUL-10	Finance Chg		Interest			23.91	
429936	31-AUG-10	Finance Chg		Interest			24.01	
429936	30-SEP-10	Finance Chg		Interest			23.34	
429936	31-OCT-10	Finance Chg		Interest			28.83	
429936	30-NOV-10	Finance Chg		Interest			28.04	
429936	31-DEC-10	Finance Chg		Interest			29.12	
429936	31-JAN-11	Finance Chg		Interest			29.27	
429936	28-FEB-11	Finance Chg		Interest			26.58	
429936	31-MAR-11	Finance Chg		Interest			29.56	
429936	30-APR-11	Finance Chg		Interest			28.76	
429936	31-MAY-11	Finance Chg		Interest			29.86	
429936	30-JUN-11	Finance Chg		Interest			29.05	
429936	31-JUL-11	Finance Chg		Interest			30.17	
429936	31-AUG-11	Finance Chg		Interest			30.32	
429936	30-SEP-11	Finance Chg		Interest			29.50	
429936	31-OCT-11	Finance Chg		Interest			30.63	
429936	30-NOV-11	Finance Chg		Interest			29.80	5,989.51
429937	31-JUL-09	Invoice	31-AUG-09	211336		550910	123.14	
429937	30-SEP-09	Finance Chg		Interest			0.62	
429937	31-OCT-09	Finance Chg		Interest			0.54	
429937	30-NOV-09	Finance Chg		Interest			0.52	

CURRENT *COURANT*	1-30 DAYS *1-30 JOURS*	31-60 DAYS *31-60 JOURS*	61-90 DAYS *61-90 JOURS*	OVER 90 DAYS *PLUS DE 90 JOURS*	INTEREST *INTÉRÊTS*	PLEASE PAY TOTAL À PAYER
						Continued

Interest on overdue accounts is charged at: .50% per month.

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Revenue Section
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Peterborough ON K9J 8N7

CUSTOMER / *CLIENT*

GRANT FOREST PRODUCTS INC.
P.O. Box 960
Lic 550910
Englehart ON P0J 1H0

TOTAL / *TOTAL*

PAYMENT / *PAIEMENT*

Ontario

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LICENCE / *PERMIS*
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GRANT FOREST PRODUCTS INC.
P.O. Box 960
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NUMBER *NUMÉRO*	DATE *DATE*	TYPE *TYPE*	DUE DATE *À PAYER LE*	REFERENCE *RÉFÉRENCE*	SOURCE *SOURCE*	AMOUNT *MONTANT*	AMOUNT DUE *MONTANT DÛ*
429937	31-DEC-09	Finance Chg		Interest		0.54	
429937	31-JAN-10	Finance Chg		Interest		0.54	
429937	28-FEB-10	Finance Chg		Interest		0.49	
429937	31-MAR-10	Finance Chg		Interest		0.55	
429937	30-APR-10	Finance Chg		Interest		0.53	
429937	31-MAY-10	Finance Chg		Interest		0.55	
429937	30-JUN-10	Finance Chg		Interest		0.54	
429937	31-JUL-10	Finance Chg		Interest		0.56	
429937	31-AUG-10	Finance Chg		Interest		0.56	
429937	30-SEP-10	Finance Chg		Interest		0.54	
429937	31-OCT-10	Finance Chg		Interest		0.67	
429937	30-NOV-10	Finance Chg		Interest		0.65	
429937	31-DEC-10	Finance Chg		Interest		0.68	
429937	31-JAN-11	Finance Chg		Interest		0.68	
429937	28-FEB-11	Finance Chg		Interest		0.62	
429937	31-MAR-11	Finance Chg		Interest		0.69	
429937	30-APR-11	Finance Chg		Interest		0.67	
429937	31-MAY-11	Finance Chg		Interest		0.70	
429937	30-JUN-11	Finance Chg		Interest		0.68	
429937	31-JUL-11	Finance Chg		Interest		0.70	
429937	31-AUG-11	Finance Chg		Interest		0.71	
429937	30-SEP-11	Finance Chg		Interest		0.69	
429937	31-OCT-11	Finance Chg		Interest		0.71	
429937	30-NOV-11	Finance Chg		Interest		0.70	139.77
430407	31-JUL-09	Invoice	31-AUG-09	211336	550910	876.56	
430407	30-SEP-09	Finance Chg		Interest		4.38	
430407	31-OCT-09	Finance Chg		Interest		3.82	
430407	30-NOV-09	Finance Chg		Interest		3.72	
430407	31-DEC-09	Finance Chg		Interest		3.86	
430407	31-JAN-10	Finance Chg		Interest		3.87	
430407	28-FEB-10	Finance Chg		Interest		3.51	
430407	31-MAR-10	Finance Chg		Interest		3.90	
430407	30-APR-10	Finance Chg		Interest		3.80	

CURRENT *COURANT*	1-30 DAYS *1-30 JOURS*	31-60 DAYS *31-60 JOURS*	61-90 DAYS *61-90 JOURS*	OVER 90 DAYS *PLUS DE 90 JOURS*	INTEREST INTÉRÊTS	PLEASE PAY TOTAL À PAYER	Continued

Interest on overdue accounts is charged at: .50% per month.

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GRANT FOREST PRODUCTS INC.
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Lic 550910
Englehart ON P0J 1H0

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Lic 550910
Englehart ON P0J 1H0

NUMBER *NUMÉRO*	DATE *DATE*	TYPE *TYPE*	DUEDATE *À PAYER LE*	REFERENCE *RÉFÉRENCE*	SOURCE *SOURCE*	AMOUNT *MONTANT*	AMOUNT DUE MONTANT DÛ
430407	31-MAY-10	Finance Chg		Interest		3.94	
430407	30-JUN-10	Finance Chg		Interest		3.83	
430407	31-JUL-10	Finance Chg		Interest		3.97	
430407	31-AUG-10	Finance Chg		Interest		3.99	
430407	30-SEP-10	Finance Chg		Interest		3.88	
430407	31-OCT-10	Finance Chg		Interest		4.79	
430407	30-NOV-10	Finance Chg		Interest		4.66	
430407	31-DEC-10	Finance Chg		Interest		4.84	
430407	31-JAN-11	Finance Chg		Interest		4.86	
430407	28-FEB-11	Finance Chg		Interest		4.42	
430407	31-MAR-11	Finance Chg		Interest		4.91	
430407	30-APR-11	Finance Chg		Interest		4.78	
430407	31-MAY-11	Finance Chg		Interest		4.96	
430407	30-JUN-11	Finance Chg		Interest		4.83	
430407	31-JUL-11	Finance Chg		Interest		5.01	
430407	31-AUG-11	Finance Chg		Interest		5.04	
430407	30-SEP-11	Finance Chg		Interest		4.90	
430407	31-OCT-11	Finance Chg		Interest		5.09	
430407	30-NOV-11	Finance Chg		Interest		4.95	995.07
430408	31-JUL-09	Invoice	31-AUG-09	211336	550910	52.18	
430408	30-SEP-09	Finance Chg		Interest		0.26	
430408	31-OCT-09	Finance Chg		Interest		0.23	
430408	30-NOV-09	Finance Chg		Interest		0.22	
430408	31-DEC-09	Finance Chg		Interest		0.23	
430408	31-JAN-10	Finance Chg		Interest		0.23	
430408	28-FEB-10	Finance Chg		Interest		0.21	
430408	31-MAR-10	Finance Chg		Interest		0.23	
430408	30-APR-10	Finance Chg		Interest		0.23	
430408	31-MAY-10	Finance Chg		Interest		0.23	
430408	30-JUN-10	Finance Chg		Interest		0.23	
430408	31-JUL-10	Finance Chg		Interest		0.24	
430408	31-AUG-10	Finance Chg		Interest		0.24	
430408	30-SEP-10	Finance Chg		Interest		0.23	

CURRENT *COURANT*	1-30 DAYS *1-30 JOURS*	31-60 DAYS *31-60 JOURS*	61-90 DAYS *61-90 JOURS*	OVER 90 DAYS *PLUS DE 90 JOURS*	INTEREST INTÉRÊTS	PLEASE PAY TOTAL À PAYER	Continued

Interest on overdue accounts is charged at: .50% per month.

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GRANT FOREST PRODUCTS INC.
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Lic 550910
Englehart ON P0J 1H0

TOTAL / *TOTAL*

PAYMENT / *PAIEMENT*

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STATEMENT / *RELEVÉ*

DATE / *DA* 30-NOV-11

CUSTOMER NO. / *Nº DE CLIENT* 1116

LICENCE / *PERMIS* 550910

CUSTOMER / *CLIENT*

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NUMBER / *NUMÉRO*	DATE / *DATE*	TYPE / *TYPE*	DUE DATE / *À PAYER LE*	REFERENCE / *RÉFÉRENCE*	SOURCE / *SOURCE*	AMOUNT / *MONTANT*	AMOUNT DUE / MONTANT DÛ
430408	31-OCT-10	Finance Chg		Interest		0.29	
430408	30-NOV-10	Finance Chg		Interest		0.28	
430408	31-DEC-10	Finance Chg		Interest		0.29	
430408	31-JAN-11	Finance Chg		Interest		0.29	
430408	28-FEB-11	Finance Chg		Interest		0.26	
430408	31-MAR-11	Finance Chg		Interest		0.29	
430408	30-APR-11	Finance Chg		Interest		0.28	
430408	31-MAY-11	Finance Chg		Interest		0.30	
430408	30-JUN-11	Finance Chg		Interest		0.29	
430408	31-JUL-11	Finance Chg		Interest		0.30	
430408	31-AUG-11	Finance Chg		Interest		0.30	
430408	30-SEP-11	Finance Chg		Interest		0.29	
430408	31-OCT-11	Finance Chg		Interest		0.30	
430408	30-NOV-11	Finance Chg		Interest		0.29	59.24

CURRENT / *COURANT*	1-30 DAYS / *1-30 JOURS*	31-60 DAYS / *31-60 JOURS*	61-90 DAYS / *61-90 JOURS*	OVER 90 DAYS / *PLUS DE 90 JOURS*	INTEREST / INTÉRÊTS	PLEASE PAY / TOTAL À PAYER
0.00	0.00	0.00	0.00	7,183.59	855.50	7,183.59 CDN

Interest on overdue accounts is charged at: .50% per month.

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TOTAL / *TOTAL* 7,183.59

PAYMENT / *PAIEMENT*

Ontario

Ministry of Natural Resouces
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LICENCE / *PERMIS*	551747TRANSFER

CUSTOMER / *CLIENT*

GRANT FOREST PRODUCTS INC.
P.O. Box 960
Lic 551747TRANSFER
Englehart ON P0J 1H0

NUMBER *NUMÉRO*	DATE *DATE*	TYPE *TYPE*	DUE DATE *À PAYER LE*	REFERENCE *RÉFÉRENCE*		SOURCE *SOURCE*	AMOUNT *MONTANT*	AMOUNT DUE MONTANT DÛ
442899	30-APR-10	Invoice	31-MAY-10	212168		551747TRA	12,315.83	
442899	30-JUN-10	Finance Chg		Interest			51.73	
442899	31-JUL-10	Finance Chg		Interest			53.68	
442899	31-AUG-10	Finance Chg		Interest			53.91	
442899	30-SEP-10	Finance Chg		Interest			52.40	
442899	06-OCT-10	Payment		Cheque: 235593:	12,315.83	551747TRA	(12,315.83)	211.72

CURRENT *COURANT*	1-30 DAYS *1-30 JOURS*	31-60 DAYS *31-60 JOURS*	61-90 DAYS *61-90 JOURS*	OVER 90 DAYS *PLUS DE 90 JOURS*	INTEREST INTÉRÊTS	PLEASE PAY TOTAL À PAYER
0.00	0.00	0.00	0.00	211.72	211.72	211.72 CDN

Interest on overdue accounts is charged at: .50% per month.

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GRANT FOREST PRODUCTS INC.
P.O. Box 960
Lic 551747TRANSFER
Englehart ON P0J 1H0

TOTAL / *TOTAL* 211.72

PAYMENT / *PAIEMENT*

APPENDIX “B”

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 February 6, 2012 to June 3, 2012
(In Thousands of US Dollars)

	Actual	Projection	Variance	Notes
Opening Bank Balance	9,860	9,860	-	
Receipts				
GST/HST Collected & Refunds	180	70	111	1
Other Receipts	16	-	16	2
Sale of Assets	-	-	-	
Total Receipts	196	70	126	
Disbursements				
Payroll	(163)	(94)	(69)	3
Other Payables	-	(300)	300	4
SG&A	(153)	(126)	(27)	
Restructuring Costs	(654)	(531)	(124)	5
Bank Charges	(4)	(3)	(1)	
Foreign Exchange Impact	(14)	-	(14)	
Interim Distribution	(6,000)	-	(6,000)	6
Total Disbursements	(6,989)	(1,054)	(5,935)	
Net Cash Flows	(6,793)	(985)	(5,808)	
Ending Bank Balance	3,067	8,875	(5,808)	
Deduct: Restricted Cash	(121)	(125)	4	
Ending Cash excluding Restricted Cash	2,946	8,751	(5,804)	

Funds Held by the Monitor in Trust

	USD	CAD	Notes
Opening Bank Balance	$ 284	$ 5,617	
Receipts	-	34	7
Disbursements	-	-	
Net Cash Inflow/(Outflow)	-	34	
Ending Bank Balance	284	5,652	8

Grant Forest Products Inc., Grant Alberta Inc. and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Cumulative Combined Actual Receipts and Disbursements
For the Period February 6, 2012 to June 3, 2012
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$1.00 =US$1.00.

1. **GST/HST Collected & Refunds** – The favourable variance is primarily due to higher than expected disbursements discussed below and a timing difference.

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

3. **Payroll** – The unfavourable variance is primarily due to the payment of certain amounts to the WSIB with respect to premium adjustments for prior years related to the period after the CCAA filing, which payment was not reflected in the projection.

4. **Other Payables** – The favourable variance is primarily due to a timing difference, which will likely reverse in the future.

5. **Restructuring** – The unfavourable variance is primarily due to the projection not reflecting certain professional fees for the Chief Restructuring Organization ("**CRO**"), partly offset by a favourable timing difference. Such CRO's fees are based on asset recoveries and become payable when distributions are made to the lenders. The portion related to timing is expected to reverse in the future.

6. **Interim Distribution** – Pursuant to the Court Order dated February 23, 2012, the Remaining Applicants made a distribution of US$6 million to the Second Lien Lenders. This distribution was not included in the projection.

7. **Receipts and disbursements of trust accounts** – Receipts represent interest on funds held in the trust accounts.

8. **Closing balance of the escrow and trust accounts** – The escrow and trust accounts held funding as at June 3, 2012 as set out in Appendix "C" to the Twenty Fifth Report.

APPENDIX “C”

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Summary of Funds in Trust Account
As at June 3, 2012

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

	Amount
CDN Account	
Trust Account	3,206,495
Pension Escrow	2,387,530
Aircraft Parts Escrow	50,000
Tender Process Deposits	7,585
Total CDN Account	5,651,610

Note
All account balances are net of bank charges.

APPENDIX “D”

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 4, 2012 to February 3, 2013
(In Thousands of US Dollars)

		Week	Week	Week	Week	Week	Week	Week	Week	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	
Period Enging	Notes	10-Jun-12	17-Jun-12	24-Jun-12	1-Jul-12	8-Jul-12	15-Jul-12	22-Jul-12	29-Jul-12	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Total
Opening Bank Balance	1	3,067	3,050	2,974	2,957	2,895	2,878	2,807	2,790	2,777	2,651	2,495	2,363	2,162	2,053	3,067
Receipts																
GST/HST Refunds	2	-	-	-	17	-	-	-	18	12	20	-	30	13	15	126
Sale of Assets	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		-	-	-	17	-	-	-	18	12	20	-	30	13	15	126
Disbursements																
Payroll	4	-	(5)	-	(12)	-	(1)	-	(12)	(2)	-	-	-	-	-	(32)
Other Payables	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SG&A	6	(3)	(4)	(3)	(12)	(3)	(4)	(3)	(4)	(23)	(25)	(19)	(84)	(15)	(26)	(230)
Restructuring Costs	7	(14)	(66)	(14)	(54)	(14)	(65)	(15)	(14)	(113)	(150)	(112)	(145)	(107)	(134)	(1,015)
Bank Charges	8	-	(1)	-	-	-	(1)	-	-	(1)	(1)	(1)	(1)	(1)	(1)	(8)
Total Disbursements		(17)	(76)	(17)	(79)	(17)	(71)	(18)	(30)	(139)	(175)	(132)	(230)	(123)	(161)	(1,285)
Net Cash Flows		(17)	(76)	(17)	(62)	(17)	(71)	(18)	(12)	(127)	(156)	(132)	(200)	(109)	(146)	(1,160)
Ending Bank Balance		3,050	2,974	2,957	2,895	2,878	2,807	2,790	2,777	2,651	2,495	2,363	2,162	2,053	1,907	1,907
Deduct: Restricted Cash	9	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Ending Cash excluding Restricted Cash		2,926	2,850	2,833	2,771	2,754	2,683	2,665	2,653	2,526	2,371	2,238	2,038	1,929	1,783	1,783

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 relevant 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$1.00 = US$1.00.

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. Further, the Grant's 50% interest in the Footner mill was sold to Ainsworth Lumber Co. Ltd. The building and equipment related to the Timmins mill was sold to EDS Decommissioning Canada.

Assumptions:

1) **Opening Balance:**
   This is the 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.

3) **Sale of Assets:**
The Remaining Applicants' Forecast does not reflect any net proceeds from the sale of the Ogden Landfill and proceeds from the Settlement Agreement related to the Grant Entities in this forecast period due to the uncertainty in the timing of such receipts. In addition, 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.

4) **Payroll:**
Payroll represents salaries and benefits for one remaining employee, who will be retained on a part-time basis after June 2012 until approximately the end of August 2012 to continue to assist with the wind up process.

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

6) **SG&A:**
SG&A represents costs for insurance, rent, office supplies and IT related expenses.

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

8) **Bank Charges:**
Bank charges primarily include monthly bank charges and fees.

9) **Restricted Cash:**
At the beginning of the forecast period Restricted Cash represents approximately $125,000 of restricted cash held as a reserve for a letter of credit required by a municipal authority.