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

TWENTIETH REPORT OF THE MONITOR DATED APRIL 15, 2011

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 most recently extended to April 29, 2011 (the "**Stay Period**")

pursuant to an Order of this Honourable Court dated February 2, 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 Honourable 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 Honourable 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 resultant 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 Twentieth Report of the Monitor (the "**Twentieth Report**") is to report to this Honourable Court with respect to:

   i. An overview of the remaining assets of the Remaining Applicants;

   ii. The Remaining Applicants' motion before this Honourable Court to commence a process for the sale of certain assets including the Haileybury Lakeside Complex, the Golf Course, the Hangar Lease, the Timmins Land and the Timmins Ogden Landfill (each of these assets are defined below);

   iii. The Remaining Applicants' motion for an order approving the settlement agreement (the "**Settlement Agreement**") between GFPI, the Corporation of the City of Timmins (the "**City of Timmins**") and Municipal Property Assessment Corporation ("**MPAC**");

   iv. The Monitor's motion for an order declaring that:

      a. any claims of the Pre Filing Suppliers (as defined below), are unsecured claims that rank behind the Applicants' secured creditors;

      b. none of the claims of the Non GFPI Suppliers (as defined below), are claims against GFPI or any of the Applicants;

      c. any claims of the Contract Termination Suppliers (as defined below), are unsecured claims that rank behind the Applicants' secured creditors; and

      d. any claims from certain customers related to the Grant Incentive Program (as defined below), are unsecured claims that rank behind the Applicants' secured creditors;

   v. Actual receipts and disbursements of the Remaining Applicants from January 17, 2011 to April 10, 2011 and an updated cash flow projection from April 11, 2011 to September 4, 2011;

   vi. The Remaining Applicants' motion to extend the Remaining Applicants' Stay Period to August 31, 2011; and

   vii. The Monitors' motion to approve this Twentieth Report and the conduct and activities of the Monitor as set forth herein.

TERMS OF REFERENCE

8. In preparing this Twentieth 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 Twentieth Report. Some of the information referred to in this Twentieth 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 Twentieth 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 Honourable 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 Honourable 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) is still owned by GFPI.

19. With the completion of the Georgia Pacific sale and the sale of GFPI's interests in Footner, the remaining assets (collectively, the "**Remaining Assets**") of the Remaining Applicants include the following:

i. Office premises and boathouse in Haileybury, Ontario (the "**Haileybury Lakeside Complex**");

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

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

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

v. a parcel of land near Timmins, Ontario which contains the Timmins Mill (the "**Timmins Land**"). The Timmins Mill is in the process of being dismantled and demolished; and

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

20. The Haileybury Lakeside Complex, the Golf Course, the Hangar Lease, the Timmins Land and the Timmins Ogden Landfill are collectively referred to as the "**Remaining Ontario Assets**". The Boat is physically located in the state of Florida.

21. The Haileybury Lakeside Complex, the Golf Course and the Hangar Lease have previously been marketed for sale to potential purchasers. In each case, the sales process did not identify bidders whose bids were acceptable to the Remaining Applicants.

OVERVIEW OF THE REMAINING ASSETS

22. The Remaining Assets are described below:

The Haileybury Lakeside Complex

The Haileybury Lakeside Compelex is located on approximately 43 acres on the shores of Lake Temiskaming in Haileybury, Ontario. The Haileybury Lakeside Complex is a building including a boathouse, an art gallery and offices. Construction of the Haileybury Lakeside Complex commenced in approximately 2005 and continued until approximately the fall of 2008 at which time construction stopped as the Applicants were facing financial difficulties. In order to become fully usable, further construction is required as a number of rooms are not fully completed;

The Golf Course

The Golf Course was formerly six holes of a golf course located in Earlton, Ontario. The Golf Course, which was built in 2007, is part of a larger facility and the remaining three holes of the golf course are owned by a party related to the Remaining Applicants. The Golf Course has not been maintained since approximately the winter of 2010;

The Hangar Lease

The Hangar Lease is GFPI's interest in the prepaid lease of an airplane hangar in Earlton, Ontario. GFPI signed and prepaid the full amount of the lease agreement in December 2002 for the property on which the hangar is built for a period of 25 years from the completion of the hangar. The lease is with the Corporation of the Township of Armstrong, (o/a Earlton – Timiskaming Regional Airport);

The Boat

The Boat is an express cruiser weighing approximately 70,000 pounds. The hull is an OSB composite, the upper deck is constructed with Honduran mahogany and the decks are completed in teak wood;

The Timmins Land

The Timmins Land is the property on which the Timmins Mill is situated. As discussed above, the Timmins Mill is in the process of being dismantled and demolished further to the sale of the building and equipment comprising the Timmins Mill to EDS; and

The Timmins Ogden Landfill

The Timmins Ogden Landfill is a landfill site located in Timmins, Ontario.

23. Each of these assets were included in the sales process conducted to market the Applicants' OSB Mills, as more fully described in the Sixth Report of the Monitor dated January 15, 2010 (the "**Sixth Report**"). These efforts did not result in acceptable offers for the Remaining Assets at the time.

24. The Boat is currently listed for sale with a Florida based boat broker.

25. The previous efforts to sell certain of the Remaining Ontario Assets consisted of the following:

    i. The Haileybury Lakeside Complex was listed on the Multiple Listing Service ("**MLS**") at a price of CDN$25 million. The listing commenced in April, 2010 and was extended until December, 2010;

    ii. The Golf Course was listed on MLS at a price of approximately CDN$1 million. The listing commenced in June, 2010 and was extended until December, 2010; and

    iii. The Hangar Lease is also listed on MLS beginning November 11, 2010 and the listing expires on May 4, 2011.

26. No acceptable bids have been received through the MLS listings on either the Haileybury Lakeside Complex, the Golf Course or the Hangar Lease.

THE MARKETING PROCESS

27. Given the unique and specialized nature of each of the Remaining Ontario Assets, the Remaining Applicants have determined that continuing to list the Haileybury Lakeside Complex, the Golf Course and the Hangar Lease on MLS is not the most efficient manner to generate offers in a timely manner and the Remaining Applicants will continue to incur further holding costs.

28. The motion materials submitted by the Remaining Applicants contemplate that a modified tender process will be run to identify purchasers of the right, title and interest of the Remaining Applicants, if any, in the Remaining Ontario Assets (the "**Marketing Process**") by June 24, 2011. The Monitor, along with the CRO, will oversee the Marketing Process and determine the Successful Bidder(s) (as defined herein).

29. A summary of the significant aspects of the Marketing Process is as follows:

- The Monitor has prepared a tender package (the "**Tender Package**") and will distribute the Tender Package to potential purchasers identified by the Remaining Applicants with the assistance of the CRO and the Monitor. A copy of the Tender Package is attached as Appendix "A" to this Twentieth Report. Additional information and materials on each of the Remaining Ontario Assets will be made available to interested purchasers who receive the Tender Package on the Applicants' electronic dataroom site;
- The Monitor will advertise the Marketing Process related the Remaining Ontaio Assets in the national edition of the Globe and Mail newspaper and two newspapers in Northern Ontario;
- There will be five parcels included in the Tender Package. Each of the Haileybury Lakeside Complex, the Golf Course, the Hangar Lease, the

Timmins Land and the Timmins Ogden Landfill Site will comprise a separate parcel;

- Bidders may submit tender offers for each of the parcels and each offer will be considered separately, unless any bidder specifies that their offer for one parcel is conditional on obtaining another parcel;

- The Monitor and the CRO are not bound to accept the highest offer for any one parcel if, in their opinion, it is beneficial to the estate of the Remaining Applicants to not accept the highest offer;

- Bidders who are interested in any of the five parcels will be instructed to send their binding offer to the Monitor by 5:00 p.m. (Toronto time) on June 24, 2011. Included with the offer must be a non-refundable deposit for 15% of the gross purchase price;

- Once the bids have been evaluated by the Monitor and the CRO, the successful bidder(s) (the "**Successful Bidder(s)**") will be notified by the Monitor;

- Each of the Successful Bidder(s) and the Remaining Applicants will finalize a purchase and sale agreement which will contain a condition that the purchase and sale agreement will be subject to the approval of this Honourable Court;

- The full amount of the cash purchase price, net of the deposit paid, will be due from each of the Successful Bidder(s) at the closing of the sale;

- Once the Monitor, in its sole discretion, has determined that the likelihood of closing the relevant sale with the Successful Bidder(s) is advanced enough, deposit cheques will be returned to the bidders whose bids were not selected, as described in the Tender Package. No interest will be paid on such deposits;

- If a closing arrangement cannot be negotiated with the Successful Bidder, the Remaining Applicants, the CRO and the Monitor have the option to open discussions with other bidders who were not the Successful Bidder;

- Bidders will have the opportunity to tour the facilities; and
- The parcels are being sold on an "as is, where is" basis.

30. Further details with respect to the terms and conditions included in the Marketing Process are set out in the Tender Package attached as Appendix "A" to this Twentieth Report.

31. The Remaining Applicants are of the view that the Marketing Process is the most effective method to identify if an appropriate offer can be obtained for each of the Remaining Ontario Assets in a timely manner. The Monitor concurs with this view. Accordingly, the Remaining Applicants are seeking the approval of the Marketing Process from this Honourable Court.

SETTLEMENT AGREEMENT WITH THE CITY OF TIMMINS

32. As mentioned previously, GFPI owned the Timmins Mill, which was located in the city of Timmins, Ontario. As described in the Nineteenth Report, the Timmins Mill was shut down in September, 2006. The sale transaction between GFPI and EDS is described in detail in the Nineteenth Report and was approved by this Honourable Court on March 9, 2011. The sale of the building and equipment that comprise the Timmins Mill to EDS did not include the Timmins Land, and GFPI continues to own the underlying real estate, which is one of the Remaining Ontario Assets that are proposed to be marketed through the Marketing Process described in this Twentieth Report.

33. Through the 2008 tax year, GFPI was paying the property taxes on the Timmins Mill as assessed by the City of Timmins. GFPI filed a notice with the Assessment Review Board (the "**ARB**") and made applications under Section 364 of the *Municipal Act 2001* and under Section 40 of the *Assessment Act* with respect to the property tax assessments for the Timmins Mill to reflect the non-operating status of

the Timmins Mill. As a result, GFPI ceased paying property tax payments in 2009, as it believed it had overpaid property taxes in 2007 and 2008 since the Timmins Mill was closed during these years. This matter was not resolved between GFPI and the City of Timmins prior to the commencement of these CCAA proceedings, and property taxes related to the Timmins Mill have not been paid by GFPI during these CCAA proceedings. In June 2010, the City of Timmins filed a claim for the outstanding property tax amounts as of August 2010, purportedly owed by GFPI totalling approximately CDN$ 1.5 million.

34. In order to resolve this outstanding issue between GFPI and the City of Timmins, GFPI engaged a third party property tax consultant and legal counsel to advise on its options and to assist in preparation of a proposal to the City of Timmins. Based on this review, the CRO, on behalf of GFPI, in consultation with the Monitor, entered into discussions with the City of Timmins to settle the property tax dispute. Further to a number of discussions between GFPI and the City of Timmins (collectively, the "**Parties**"), on March 22, 2011, the Parties reached an agreement that requires the City of Timmins to pay a net property tax refund for the taxation years 2007 through 2011, inclusive, in the amount of CDN$700,000 to GFPI (the "**Settlement Amount**"). A copy of the Settlement Agreement is attached as Appendix "B" to this Twentieth Report.

35. GFPI is of the view that Settlement Agreement avoids a time consuming and costly ARB hearing relating to among other things, historical property value assessments and it generates CDN$700,000 in cash for the Remaining Applicants. Further, GFPI believes that the negotiated settlement is reasonable in the circumstances and provides a positive outcome to the Remaining Applicants' secured creditors. The Monitor concurs with this view. Accordingly, GFPI is seeking an order from this Honourable Court approving the Settlement Agreement.

ANALYSIS OF THE REMAINING APPLICANTS' POST FILING PAYABLES

36. Subsequent to the issuance of the Initial Order, the 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. These include supplier payments to maintain the functionality of the Applicants' operations prior to the sale of the main operating mills to Georgia Pacific. With the closing of the sale of the building and equipment of the Timmins Mill, the Applicants have now completed the sale of their OSB mill assets.

37. The Remaining Applicants have reviewed all invoices received from suppliers after the issuance of the Initial Order to assess if any final remaining amounts are owed to vendors with respect to post filing goods and services, and paying any vendor amounts, if appropriate, under the supervision of the Monitor.

38. Based on their review, the Remaining Applicants have identified 151 supplier invoices totalling approximately CDN$2.2 million which were received by the Remaining Applicants after the date of the Initial Order that will not be paid by the Remaining Applicants for the following reasons:

   i. 128 invoices (or statements of account) received from vendors totalling approximately CDN$1.7 million dated after the granting of the Initial Order, but include goods and services delivered or provided prior to the date of the Initial Order. As such, these invoices are for goods and services provided prior to the CCAA filing (the "**Pre Filing Invoices**");

   ii. 16 invoices (or statements of account) from vendors totalling approximately CDN$382,000 for the period after the date of the issuance of the Initial Order that do not properly relate to GFPI and should not be obligations of GFPI (the "**Non GFPI Invoices**"); and

   iii. 7 invoices (or statements of account) totalling approximately CDN$166,000 related to penalties and/or claims by vendors or lessors that relate to contracts repudiated or equipment returned by GFPI or GFPSI subsequent to the date of the issuance of the Initial Order (the "**Contract Termination Invoices**").

39. The Monitor has written to these suppliers to advise them as to why GFPI and

GFPSI will not make such payments related to such invoices. Each of the above invoice categories and the communication with relevant suppliers is further described below.

CLAIMS OF SUPPLIERS RELATING TO PRE FILING INVOICES

40. As described above, the Remaining Applicants, during their review of invoices and statements of account received from suppliers subsequent to the date of the Initial Order, identified certain invoices that are dated after the granting of the Initial Order, but which relate to goods and services provided to GFPI and GFPSI prior to the granting of the Initial Order.

41. The Monitor has written to each of the suppliers of the Pre-Filing Invoices (the "**Pre Filing Suppliers**") identified by GFPI and GFPSI to advise them that the Remaining Applicants will not be making payment on their invoices and that a motion would be brought seeking directions from this Honourable Court to treat such invoices as unsecured pre filing claims (the "**Pre Filing Letter**"). The Pre Filing Letter, along with relevant supporting documentation, was sent to each of the Pre Filing Suppliers by either registered mail or courier to ensure a timely delivery of these documents to each Pre Filing Supplier. In the event the Pre Filing Supplier disagreed with the determination of GFPI and/or GFPSI, the Pre Filing Letter advised the Pre Filing Supplier to call a representative of the Monitor by the particular date set out in the Pre Filing Letter. A copy of the form of Pre Filing Letter sent by the Monitor to the Pre Filing Suppliers identified by GFPI and GFPSI is attached as Appendix "C" to this Twentieth Report.

42. The Monitor received responses from seven Pre Filing Suppliers who had clarification questions about the Pre Filing Letters and, as a result of the conversation with the Monitor, understood the contents of the Pre Filing Letter. Three responses were received from Pre Filing Suppliers (specifically Bell Canada, Industrial Mechanical Integration and Fraser Milner Casgrain LLP) which indicated that their records did not match GFPI's records with respect to the pre filing amounts owed by GFPI. The Monitor is working with GFPI and these suppliers to

reconcile their records. In addition, two Pre Filing Suppliers responded that their records matched GFPI's assessment. As of April 14, 2011, the Monitor has not received responses from the remaining 116 Pre Filing Suppliers.

43. The Monitor is seeking an order from this Honourable Court declaring that with the exception of Bell Canada, Industrial Mechanical Integration and Fraser Milner Casgrain LLP, that the claims of the remaining 125 Pre Filing Suppliers totalling approximately CDN$1.5 million are pre-filing unsecured claims. A listing of the Pre Filing Suppliers is attached is Appendix "D" to this Twentieth Report.

44. As GFPI and GFPSI with the assistance of the Monitor, continue to review outstanding post filing invoices, additional Pre Filing Suppliers may be identified (the "**Additional Pre Filing Suppliers**"). Such Additional Pre Filing Suppliers, if any, will be discussed in a future report of the Monitor.

CLAIMS OF SUPPLIERS RELATING TO NON GFPI INVOICES

45. As described above, the Remaining Applicants, during their review of invoices and statements of account received by the Applicants after the CCAA filing, identified certain invoices that did not relate to GFPI.

46. The Monitor has written to the suppliers of the Non GFPI Invoices (the "**Non GFPI Suppliers**") identified by GFPI and GFPSI to advise them that the Remaining Applicants will not be making payment on their invoices as they are not obligations of GFPI and GFPSI and that a motion would be brought seeking directions from this Honourable Court to treat such invoices as claims that do not relate to GFPI or GFPSI (the "**Non GFPI Letter**"). The Non GFPI Letter, along with relevant supporting documentation, was sent to each of the Non GFPI Suppliers by either registered mail or courier to ensure a timely delivery of these documents to each Non GFPI Supplier. In the event the Non GFPI Supplier disagreed with the determination of GFPI and/or GFPSI, the Non GFPI Letter advised the Non GFPI Supplier to call a representative of the Monitor by the particular date set out in the Non GFPI Letter. A copy of the form of Non GFPI Letter sent by the Monitor to

the Non GFPI Suppliers identified by the Remaining Applicants is attached as Appendix "E" to this Twentieth Report.

47. Among the claims related to Non GFPI Suppliers is a claim from Tembec Chemical Products Group ("**Tembec**"). Tembec took the position that GFPI is obligated to pay an amount of approximately $218,000 in satisfaction of a pricing rebate that is described in a sales agreement between GFPI and Tembec dated April 24, 2008 (the "**Tembec Agreement**"). The Monitor wrote to Tembec on September 10, 2010 (the "**Tembec Letter**") indicating, among other things that since Tembec consented to the assignment of the Tembec Agreement to GP North Woods LP, an affiliate of Georgia Pacific, Tembec has no recourse for recovering its pricing rebate from GFPI. The Monitor did not receive a response from Tembec to the Tembec Letter. A copy of the Tembec Letter is attached as Appendix "F" to this Twentieth Report.

48. The Monitor received a response from one Non GFPI Supplier who had questions about the Non GFPI Letter and, as a result of the conversation with the Monitor, understood the contents of the Non GFPI Letter. Further, one response was received from a Non GFPI Supplier, Wishart Law Firm LLC ("**Wishart**"), which disagreed with GFPI's assessment. The Monitor is working with GFPI and Wishart to reconcile their records. As of April 14, 2011, the Monitor has not received responses from the remaining 14 Non GFPI Suppliers.

49. The Monitor is seeking an order from this Honourable Court declaring that with the exception of Wishart, the claims of the remaining 15 Non GFPI Suppliers totalling approximately CDN$381,000 are claims that do not relate to GFPI or the Remaining Applicants. A listing of these Non GFPI Suppliers is attached as Appendix "G" to this Twentieth Report.

50. As the Remaining Applicants, with the assistance of the Monitor, continue to review outstanding post filing invoices, additional Non GFPI Suppliers may be identified (the "**Additional Non GFPI Suppliers**"). Such Additional Non GFPI Suppliers, if any, will be discussed in a future report of the Monitor.

CLAIMS OF SUPPLIERS RELATED TO CONTRACT TERMINATION INVOICES

51. As described above, the Remaining Applicants, during their review of invoices and statements of account received from suppliers after the CCAA filing, identified certain invoices or statements of account that relate to penalties and/or claims that relate to contracts repudiated or equipment returned by GFPI or GFPSI pursuant to the Initial Order.

52. The Monitor has written to the suppliers of Contract Termination Invoices (the "**Contract Termination Suppliers**") identified by GFPI and GFPSI to advise them that the Remaining Applicants will not be making payment on their invoices and that a motion would be brought seeking directions from this Honourable Court to treat such invoices as unsecured claims (the "**Contract Termination Supplier Letter**"). The Contract Termination Supplier Letter along with relevant supporting documentation was sent to each of the Contract Termination Suppliers by either registered mail or courier to ensure a timely delivery of these documents to each Contract Termination Supplier. In the event the Contract Termination Supplier disagreed with the determination of GFPI and/or GFPSI, the Contract Termination Letter advised the Contract Termination Supplier to call a representative of the Monitor by the particular date set out in the Contract Termination Supplier Letter. A copy of the form of Contract Termination Supplier Letter sent by the Monitor to each of the Contract Termination Suppliers identified by GFPI and GFPSI is attached as Appendix "H" to this Twentieth Report.

53. The Monitor received a response from one Contract Termination Supplier who had questions about the Contract Termination Letter and as a result of the conversation with the Monitor, understood the contents of the Contract Termination Letter. As of April 14, 2011, the Monitor has not received responses from the remaining 6 Contract Termination Suppliers. A listing of these Contract Termination Suppliers is attached as Appendix I to this Twentieth Report.

54. The Monitor is seeking an order from this Honourable Court declaring that the

Contract Termination Supplier claims are unsecured claims.

GRANT INCENTIVE PROGRAM

55. Prior to the sale of its business and operations to Georgia Pacific, the Applicants had established a marketing program as an incentive to certain customers to purchase higher volumes of product from the Applicants (the "**Grant Incentive Program**"). The Grant Incentive Program focussed on groups of customers who bought OSB from the Applicants through a common buying group led by a dealer. In order to qualify for the Grant Incentive Program, the customer had to commit to purchasing certain volumes from the Applicants. These volumes were based on a formula determined by the Applicants and set out in a contract between the Applicants and the customer and such contracts were renewed annually. The purpose of the Grant Incentive Program was to build customer relationships and enable the sales staff of the Applicants to interact with customers.

56. When a customer made purchases, the customer received miles (the "**Grant Miles**") based on the volume purchased. These Grant Miles were credited to the respective customers on a quarterly basis. Grant Miles earned by customers could be used by customers at the discretion of the Applicants. The Monitor understands that the Grant Incentive Program did not have a set expiry date for Grant Miles earned, however, customers were advised that they had a period of one year to use such Grant Miles after which the Grant Miles would be forfeited.

57. Grant Miles earned could be used to by customers to attend events organised by the Applicants which included cruises, golf events, skiing trips and fishing trips. The Monitor understands that during the past couple years prior to the sale to Georgia Pacific, due to economic conditions, the Applicants did not organise events and neither did the customers request the Applicants to host events in which Grant Miles could be used.

58. The financial records of the Remaining Applicants include a liability accrual of approximately CDN$400,000 related to the Grant Incentive Program, including

Grant Miles accrued after the CCAA filing. As a result of the sale of its major operations to Georgia Pacific, the Remaining Applicants do not have any OSB operations and will not be making further sales to customers nor holding any sales events related to the Grant Incentive Program. Subsequent to the sale of its operations to Georgia Pacific, no customers have approached the Remaining Applicants to use their Grant Miles. Further, it has been a year since the majority of the Grant Miles were earned and not used and such Grant Miles would likely have been forfeited based on the Grant Incentive Program. Accordingly, the Monitor is seeking an order from this Honourable Court declaring that any claims related to the Grant Incentive Program are unsecured claims that rank behind the Remaining Applicants' secured creditors.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS OF THE REMAINING APPLICANTS

59. A summary of the actual receipts and disbursements of the Remaining Applicants as compared to the projection set out in the Eighteenth Report of the Monitor dated January 28, 2010 (the "**Eighteenth Report**") for the period from January 17, 2011 to April 10, 2011 is attached as Appendix J to this Twentieth Report. As set out in the Eighteenth Report, the projection excluded any net proceeds from the sale of the Remaining Assets due to the uncertainty in quantum and timing of receipts from the sale of such remaining assets. Further, the projection also excluded the release of funds held in escrow or in trust with the Monitor to the lenders, given the uncertainty in timing of when the relevant conditions related to the escrows would be met and the timing of their release.

60. The Remaining Applicants' actual consolidated net cash outflow for the period from January 17, 2011 to April 10, 2011, is set out in Appendix J to this Twentieth Report. In addition, Appendix J includes further details with respect to the variance in the individual receipt and disbursement line items.

61. Attached as Appendix K is a summary of the cash balances held by the Monitor in its trust and escrow accounts. As at April 10, 2011, the Monitor's trust and escrow

accounts held $320,489 in U.S. currency and $14,201,432 in Canadian currency primarily from the proceeds of previous asset sales.

UPDATED CASH FLOW PROJECTION OF THE REMAINING APPLICANTS

62. An updated cash flow forecast of the Remaining Applicants for the period from April 11, 2011 to September 4, 2011 is attached as Appendix L to this Twentieth Report (the "**Remaining Applicants' Forecast**").

63. 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.

64. The Remaining Applicants' Forecast attached to this Twentieth Report reflects receipts and disbursements to be paid over the projection period in U.S. 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 to the lenders, given the uncertainty in timing of when the relevant conditions related to certain escrows and reserves are met and the timing of their release.

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

STAY EXTENSION OF THE REMAINING APPLICANTS

66. The current Stay Period of the Remaining Applicants expires on April 29, 2011. The Remaining Applicants are seeking an extension of the Stay Period to August 31, 2011 to permit them time to complete the sales process for the Remaining Assets and continue to work towards certain remaining post closing matters related to the transaction with Georgia Pacific including the release of certain funds held in escrow with the Monitor related to payables, as described in detail in the Fourteenth

Report. Further, certain U.S. tax returns of GFPI and GAI are not expected to be filed by expiry of the current Stay Period.

67. 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 August 31, 2011 is appropriate. Accordingly, the Monitor recommends to this Honourable Court that the Stay Period be extended to such date.

RECOMMENDATIONS

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

    i. to commence a process for the sale of the Remaining Ontario Assets through the Marketing Process;

    ii. approving the Settlement Agreement with respect to property taxes related to the Timmins Land; and

    iii. approving the extension of the Stay Period to August 31, 2011.

69. The Monitor is seeking this Honourable Court's declaration for an Order that:

    i. any claims of the Pre-Filing Suppliers are unsecured claims that rank behind the Remaining Applicants' secured creditors;

    ii. none of the claims of the Non GFPI Suppliers are claims against GFPI or any of the Remaining Applicants;

    iii. any claims of the Contract Termination Suppliers are unsecured claims that rank behind the Remaining Applicants' secured creditors; and

    iv. any claims from certain customers related to the Grant Incentive Program are unsecured claims that rank behind the Remaining Applicants' secured creditors; and

    v. approving the Twentieth Report, and the conduct and activities of the Monitor as reported on herein

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

All of which is respectfully submitted this 15th day of April, 2011.

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

CERTAIN ASSETS OF GRANT FOREST PRODUCTS INC.

INTRODUCTION

Grant Forest Products Inc. ("**Grant**" or the "**Company**") was a producer of oriented strand board ("**OSB**") in Northern Ontario and Alberta. Grant, and certain related entities, filed for and obtained protection under the Companies' Creditors Arrangement Act (the "**CCAA**") on June 25, 2009 pursuant to an Order of the Ontario Superior Court of Justice. Ernst & Young Inc. ("**EYI**") was appointed as Monitor of the Company.

As part of its CCAA proceedings, Grant wishes to sell the following assets (the "**Assets**"):

- **Parcel 1** – 65,000ft^2 house, office and boathouse facility located on lakefront property (the "**Haileybury Lakeside Complex**") in Haileybury, Ontario on approximately 43 acres of land. The facility is on the shore of Lake Temiskaming. Also contained in the Haileybury Lakeside Complex is office space, an art gallery, living space, swimming pools and one slip for watercraft allowing for direct access to the building;

- **Parcel 2** – a parcel of land in Earlton, Ontario that was formerly a golf course (the "**Golf Course**"). This parcel is approximately 153 acres in size;

- **Parcel 3** – Grant's interest in the lease of an airplane hangar in Earlton, Ontario (the "**Hangar Lease**"). The remaining term on the lease (which is prepaid) is approximately 16 and a half years and expires in December, 2027. The hangar is capable of storing most business jets and is approximately 100 feet by 150 feet in size. Also included is approximately 3,200ft^2 of office space and pilots' living quarters;

- **Parcel 4** – A parcel of land near Timmins, Ontario which is approximately 300 acres which contains the Company's mill in Timmins, Ontario, which is in the process of being dismantled and demolished (the "**Timmins Land**"); and

- **Parcel 5** – A landfill site in Timmins, Ontario (the "**Timmins Ogden Landfill**").

The enclosed information is solely for the convenience of prospective purchasers. The information herein has been derived from the books and records of the Company. The recipient of this information shall be deemed to have relied on his/her own judgement, inspection and investigation. Neither the Company nor EYI shall be held liable for any incorrect information contained herein. No warranty is provided by the Company or EYI as to any matter related to these Assets. However, it is intended that title will be transferred to a successful purchaser by a vesting order granted by the Ontario Superior Court of Justice in the Company's CCAA proceedings.

PARCEL OVERVIEW

The Assets will be marketed as the following 5 parcels.

Parcel 1 – The Haileybury Lakeside Complex including all fixtures attached thereto. The Haileybury Lakeside Complex is a luxury property with potential to become a landmark residence and office. In order to become fully usable, the Haileybury Lakeside Complex requires further construction as a number of rooms are not fully completed.

Parcel 2 – This parcel includes the land and all chattels of the Golf Course, which contained a 6-hole golf course. The remaining holes of the 9-hole golf course are located on an adjacent property owned by a separate party and are not included in the Assets. The Golf Course has not been maintained since the end of the 2010 golf season and would require some maintenance to make it playable. Also included in this parcel is a strip of land across the road from the Golf Course.

Parcel 3 – This parcel consists of the Company's interest in the lease of hangar space at an airport located in Earlton, Ontario. The hangar is approximately 100 feet by 150 feet, with a total area of approximately 15,000ft^2 plus approximately 3,200ft^2 of office space and living quarters for pilots.

Parcel 4 – This parcel is comprised of 300 acres of land near of Timmins, Ontario. Grant's Timmins OSB plant, which is in the process of being demolished, was located on the Timmins Land.

Parcel 5 – This parcel includes a landfill site near of Timmins, Ontario.

The Assets are being sold as 5 separate parcels and any bidders submitting multiple bids will be deemed to have made a separate bid for each parcel, unless they note otherwise. Preference may be given to those bidders who submit bids for multiple parcels. **The deadline for bids is 5:00pm (Toronto time) on June 24, 2011 and selected bids will be conditional on their approval by the Ontario Superior Court of Justice.**

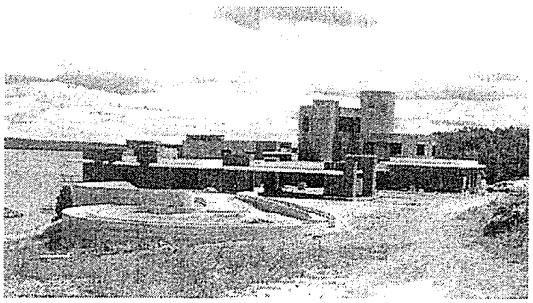
CONFIDENTIALITY

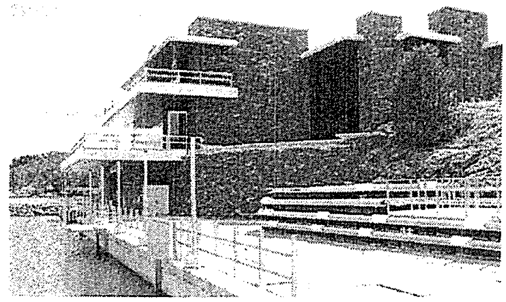
The information contained in this overview is submitted to parties on a confidential basis for use solely in connection with their consideration of the transaction opportunity described herein. By its acceptance hereof, the recipient agrees that neither it nor any of its employees or advisors shall use the information for any purpose other than the evaluation of the business opportunity, nor shall it divulge the information or distribute this Overview to any other party, in whole or in part, at any time without the prior written consent of the Company through EYI.

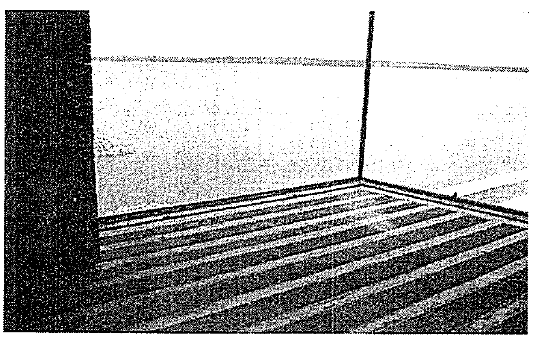
Parcel Information

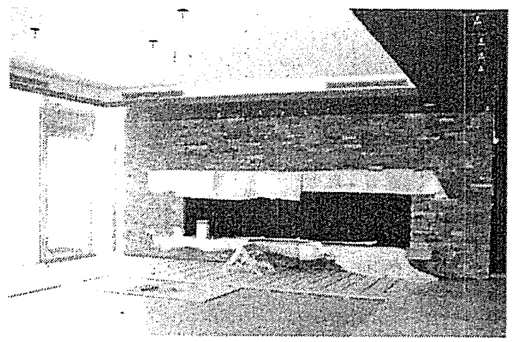
Photographs of the three Parcels 1and 2 are included below.

Parcel 1 – The Haileybury Lakeside Complex









Parcel 2 – The Golf Course (pictures taken while the Golf Course was being maintained)

FORM OF OFFER

Bidders wishing to submit bids for any of the Assets must complete and sign the attached form of offer and will be bound by the Terms and Conditions of Sale which follow. Those bidders who do not complete and sign this form may not be considered. The Form of Offer and Terms and Conditions of Sale are outlined below. All interested parties are asked to review these carefully.

To: **Ernst & Young Inc., in its capacity as Monitor of Grant Forest Products Inc. et al.**
c/o **Todd Ambachtsheer**

1. ______________________________
(Name of Offeror)

2. ______________________________
(Address of Offeror)

3. ______________________________
(Telephone Number)

4. I/We hereby submit this offer for the purchase of the parcels indicated below:

Parcel 1 Haileybury Lakeside Complex

$______________________________ (Canadian Funds)

Parcel 2 Golf Course

$______________________________ (Canadian Funds)

Parcel 3 Hangar Lease

$____(Canadian Funds)

Parcel 4 Timmins Land

$____ (Canadian Funds)

Parcel 5 Timmins Ogden Landfill

$____(Canadian Funds)

5. Enclosed is our/my certified cheque payable to Ernst & Young Inc. as a deposit in the amount of $_______________, representing 15% of the total amount of our/my Offer submitted herein.

DATED at ___________ this __________ day of *, 2011.

____________________________	____________________________
Witness	(Signature) (If Offeror is a Corporation, corporate seal must be affixed).

TERMS AND CONDITIONS OF SALE

1. The vendor is Grant Forest Products Inc. (the "**Vendor**").
2. The Monitor is requesting offers to purchase the Vendor's right, title and interest, if any, in the following assets (the "**Assets**" or the "**Purchased Property**") pursuant to these Terms and Conditions of Sale:

(i)	Parcel 1	Haileybury Lakeside Complex
(ii)	Parcel 2	Golf Course
(iii)	Parcel 3	Hangar Lease
(iv)	Parcel 4	Timmins Land
(v)	Parcel 5	Timmins Ogden Landfill

3. The description of the Assets for sale or otherwise made available by the Vendor or the Monitor through the Vendor's dataroom or any other means has been prepared solely for the convenience

of prospective offerors and <u>is not warranted to be complete or accurate</u> and does not form part of these Terms and Conditions of Sale.

4. Offers marked "**Do Not Open – Offer – Grant Forest Products**" shall be sent by e-mail, fax or courier to Ernst & Young Inc., 222 Bay Street, Suite 2400, Toronto, ON M5K 1J7, to the attention of Todd Ambachtsheer so as to be received before 5:00 PM (Toronto time) on June 24, 2011. Deposits related to offers sent by e-mail or fax are required to be received by the aforementioned deadline. Offers may be faxed to Todd Ambachtsheer's attention at (416) 943-2018. Offers may also be sent via email to todd.ambachtsheer@ca.ey.com.

5. Every offer submitted <u>must</u> be in the Form of Offer attached hereto. **If offers are not in this form, they may not be considered.**

6. Offers may be submitted by individual parcel only. Offers submitted for more than one parcel will be considered as a separate offer for each separate parcel unless the offeror specifically states that the acceptance of the offeror's offer for one parcel is conditional on the acceptance of the offeror's offer for one or more additional parcels.

7. Each offeror shall, with its offer, deliver to the Vendor a certified cheque payable to Ernst & Young Inc. for fifteen percent (15%) of the gross aggregate offered price (the "**Purchase Price**"). If the offer is accepted said cheque shall be deemed to be a cash deposit and the successful offeror (the "**Purchaser**") shall pay the balance of the Purchase Price to the Vendor, by certified cheque or bank draft on or before closing. No interest on any deposit will be paid.

8. Cheques accompanying offers that are not accepted will be returned to the offeror by prepaid regular mail addressed to the offeror at the address set out in its offer or made available for pick-up not later than ten business days following the date called for offers unless otherwise arranged with the offeror by the Vendor. No interest on any deposit will be paid.

9. If any offer is accepted by the Vendor, then such acceptance shall be communicated to the Purchaser within ten business days of the date called for offers by notice in writing by the Vendor to the Purchaser at the address set forth in its offer, such notice to be given by prepaid regular mail, e-mail, facsimile or personal delivery and to be deemed effectively given and received when deposited in the post office or when transmitted by e-mail or facsimile or when personally delivered as the case may be.

10. When an offer for any parcel(s) is accepted, the terms of the offer and the acceptance thereof, and these Terms and Conditions of Sale shall be read together and constitute an agreement of purchase and sale (the "**Agreement of Purchase and Sale**") between the Purchaser and the Vendor with respect to such parcel(s) unless otherwise agreed in writing by the Vendor and the Purchaser.

11. The closing of the Agreement of Purchase and Sale shall take place at the office of the Monitor, 222 Bay St., Suite 2400, Toronto, Ontario, Canada or, at the option of the Vendor, at the offices of the Vendor's solicitors, at no later than the tenth (10th) business day following approval of the offer by the Ontario Superior Court of Justice or at such other time as may be specified by the Vendor at its sole discretion.

12. Any Agreement of Purchase and Sale shall include a condition that the sale will be subject to approval by the Ontario Superior Court of Justice.

13. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, to such deeds, bills of sale or assignments as may be considered necessary by the Vendor to convey its right, title and interest

in the Purchased Property, if any. Any such deeds, bills of sale or assignments shall state that the Vendor does not make any representations, warranties or conditions of any kind.

14. The Purchaser shall be responsible for and pay on closing in addition to the Purchase Price all applicable federal and provincial taxes.

15. The Purchaser shall assume, at the Purchaser's cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Purchased Property and the use thereof by the Purchaser.

16. The Vendor shall not be required to produce evidence as to title, other than those in its possession.

17. Prior to closing, the Purchased Property shall be and remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After closing, the Purchased Property shall be at risk of the Purchaser. In the event of substantial damage to the Purchased Property occurring on or before closing the Purchaser may either have the proceeds of the insurance and complete the Agreement of Purchase and Sale or may cancel the Agreement of Purchase and Sale and have all monies paid, returned without interest, deduction, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to any proceeds of insurance referable to such damage, but not to any other costs, price abatements or compensation whatsoever.

18. If the Purchaser of any parcel(s) fails to comply with the Agreement of Purchase and Sale, the Purchaser's deposit shall be forfeited to the Vendor on account of liquidated damages, such parcel(s) may be resold by the Vendor and the Purchaser shall pay to the Vendor: (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement of Purchase and Sale exceeds the net sale price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Agreement of Purchase and Sale.

19. By submitting an offer, a Purchaser acknowledges that it has inspected the Purchased Property and that the Purchased Property is sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied, statutory or otherwise, as to title, description, fitness for any purpose, merchantability, quality, quantity, state, condition or location thereof or compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. All parcels are specifically offered as they now exist with no adjustments to be allowed to the Purchaser for changes in conditions, qualities or quantities of such parcels from the date hereof to the closing date. Each Purchaser acknowledges that the Vendor is not required to inspect or count, measure or provide any inspection, measurement or counting, of the Purchased Property or any part thereof and each Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer of the Purchased Property and any further documents or assurances which are necessary or desirable in the circumstances.

20. Ernst & Young Inc. acts in its capacity as court-appointed Monitor of the Company and shall have no personal or corporate liability hereunder or from any Agreement of Purchase and Sale contemplated hereby or as a result of any sale contemplated hereby.

21. The highest or any offer will not necessarily be accepted.

22. The Vendor reserves the right to sell any of the parcels in a fashion to maximize asset realizations which includes the right of the Vendor, in its sole discretion, to elect to sell the parcels in a manner other than as set out in these Terms and Conditions of Sale. Without limitation, the Vendor reserves the right to sell any and all parcels prior to the June 24, 2011, offer submission deadline set out in paragraph 4 above.

23. Before or after the opening of and acceptance of offers, the Vendor may in its sole discretion negotiate with any offeror for changes in that offeror's offer. The Vendor shall not be obliged to negotiate with any offeror or to give any offeror an opportunity to resubmit an offer, whether or not the Vendor negotiates with another offeror or offerors. Upon receipt by the Vendor of an offer, the offeror submitting the offer shall not be entitled to retract, withdraw, revoke, vary or countermand the offer and such offer shall be irrevocable prior to acceptance or rejection thereof by the Vendor.

24. The Vendor, at its discretion, may prior to accepting any offer waive or vary any or all of the Terms and Conditions of Sale or of its notice of inviting offers, including, without limitation, the removal from the sale of any or all of parcels 1, 2, 3, 4 or 5.

25. The terms and conditions contained herein shall not merge on the closing of the transaction contemplated by any Agreement of Purchase and Sale but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

26. Any Agreement of Purchase and Sale hereunder shall be governed by and construed in accordance with the laws of Ontario, Canada, and such agreement shall enure to the benefit of and be binding on the parties thereto and their respective heirs, executors, administrators, successors or assigns as the case may be.

27. All stipulations as to time are strictly of the essence.

28. Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be tendered by cheque certified by or a bank draft of a Canadian chartered bank or Canadian trust company.

29. The obligations of the Vendor to complete an Agreement of Purchase and Sale shall be relieved if, on or before the closing of such sale, any parcel which is the subject of the sale has been removed from the control of the Vendor by any means or process, or if the sale thereof has been enjoined, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, deduction costs or compensation.

Inspection of Assets and Offers

Parties interested in inspecting the Assets and/or requiring additional information should contact Todd Ambachtsheer of EYI at (416) 943-2018. The Assets are available for viewing by appointment only. A confidential dataroom has also been set up by the Vendor. Potential purchasers should contact the undersigned to receive access.

DATED at Toronto, Ontario, this $*^{th}$ day of *, 2011.
Ernst & Young Inc., in its capacity as
Monitor of Grant Forest Products Inc.
222 Bay St., Suite 2400
Toronto, Ontario M5K 1J7

Todd Ambachtsheer
Vice President
Phone #: 416.943.2018
Email: todd.ambachtsheer@ca.ey.com

Alex Morrison
Senior Vice President
Phone #: 416.941.7743
Email: alex.f.morrison@ca.ey.com

APPENDIX B

CITY OF TIMMINS

BY-LAW NO. 2011-7056

BEING A BY-LAW to authorize The Corporation of the City of Timmins to enter into an agreement with Grant Forest Products Inc. and the Municipal Property Assessment Corporation respecting a settlement agreement on assessment in the City of Timmins.

WHEREAS Council of The Corporation of the City of Timmins considers it desirable to enter into such an agreement with Grant Forest Products Inc. and the Municipal Property Assessment Corporation.

NOW THEREFORE the Council of The Corporation of the City of Timmins enacts the following as a By-law:

1. THAT The Corporation of the City of Timmins enter into an agreement with Grant Forest Products Inc. and the Municipal Property Assessment Corporation respecting a settlement agreement on assessment in the City of Timmins, a copy of which agreements are attached hereto and marked as Schedule "A" to this By-law.
2. THAT the Mayor and Clerk be and are hereby authorized to execute the said agreement on behalf of the Corporation and to affix thereto the Official Seal of the Corporation.

READ a first, second and third time and finally passed this 28th day of March, 2011.

(SGD) THOMAS B. LAUGHREN

MAYOR

CERTIFIED TRUE COPY
OF BY-LAW NO. 2011-7056

CLERK

(SGD) R.J. WATSON

CLERK

ASSESSMENT REVIEW BOARD

Region Number:	29
Taxing Authority:	City of Timmins
Roll Number:	56 27 010 060 28101 0000
Appeal Numbers:	1902455 and 1986715

IN THE MATTER OF Section 40 of the *Assessment Act*, R.S.O. 1908, c. A.31, as amended, and in the mater of appeals with respect to taxation years 2007, 2008, 2009, 2010 and 2011 with respect to premises municipally known as 5355 Highway 101 W. Ogden MC P35806, P27383PT.

AND IN THE MATTER OF applications filed pursuant to Section 364 of the *Municipal Act*, 2001 and in the matter of appeals to this tribunal with respect to those applications.

B E T W E E N:

Grant Forest Products Inc.

Appellant

and

Municipal Property Assessment Corporation
and the City of Timmins

Respondents

SETTLEMENT AGREEMENT

WHEREAS Grant Forest Products Inc. ("Grant") was assessed in various years as the owner of the above-referenced industrial facility, hereinafter referred to as "the Property";

AND WHEREAS appeals pursuant to Section 40 of the *Assessment Act* have been filed or are deemed to have been filed with the Assessment Review Board ("ARB") for taxation years 2007 through 2011;

AND WHEREAS Grant has made applications to the City of Timmins ("City") pursuant to Section 364 of the *Municipal Act*, 2001 and the applicable Regulations and has appealed the City's refusal to grant the requested relief to the ARB;

AND WHEREAS Grant and the City wish to resolve the outstanding appeals and bring all proceedings to a conclusion;

NOW THEREFORE IT IS AGREED AS FOLLOWS:

1. Upon approval of this Settlement Agreement by the Council of the City of Timmins and upon receipt of Court approval by Grant, counsel for Grant will forthwith file with the ARB

a fully executed copy of the attached Minutes of Settlement which address and fully dispose of all *Assessment Act* and *Municipal Act*, 2001 proceedings with respect to the Property.

2. Grant and the City agree that the net effect of an implementation of the attached Minutes of Settlement will be to offset the existing property tax arrears with respect to the Property and to entitle Grant Forest, following the issuance of formal Notices of Decision by the ARB, to a net property tax refund for the taxation years 2007 through 2011, inclusive, in the amount of $700,000.

3. The parties acknowledge that their intention is to resolve all issues which have arisen, or could arise, through the end of calendar year 2011. Neither Grant nor the City have made any agreements or provided any undertakings in connection with the assessment and taxation of the property in and after taxation year 2012.

DATED at Timmins this 28th day of March, 2011.

DATED at Toronto this 22nd day of March, 2011.

CITY OF TIMMINS

Per: ____________________
Mr. Tom Laughren, Mayor

____
Mr. R.J. Watson, CMO, City Clerk

GRANT FOREST PRODUCTS INC.
By its Chief Restructuring Organization
STONECREST CAPITAL INC.

Per: ____________________
Hap Stephen, Stonecrest Capital Inc.

ASSESSMENT REVIEW BOARD

Region Number: 29
Taxing Authority: City of Timmins
Roll Number: 56 27 010 060 28101 0000
Appeal Numbers: 1902455 and 1986715

IN THE MATTER OF Section 40 of the *Assessment Act*, R.S.O. 1908, c. A.31, as amended, and in the mater of appeals with respect to taxation years 2007, 2008, 2009, 2010 and 2011 with respect to premises municipally known as 5355 Highway 101 W. Ogden MC P35806, P27383PT.

AND IN THE MATTER OF applications filed pursuant to Section 364 of the *Municipal Act*, 2001 and in the matter of appeals to this tribunal with respect to those applications.

BETWEEN:

Grant Forest Products Inc.

Appellant

and

Municipal Property Assessment Corporation
and the City of Timmins

Respondents

MINUTES OF SETTLEMENT UNDER SECTION 40 OF THE *ASSESSMENT ACT* AND UNDER 364 OF THE *MUNICIPAL ACT*, 2001

The parties here to agree to settle the assessment appeals as follows:

Tax Year	Assessment From	Assessment To
2007	LT 12,506,818 and LU 24,192	LT 9,500,000
2008	LT 12,506,818 and LU 24,192	LT 9,500,000
2009	LT 9,892,496 and LU 24,192	LT 4,000,000
2010	LT 9,892,496 and LU 19,504	LT 1,250,000
2011	LT 9,892,496 and LU 19,504	LT 1,250,000

It is agreed by the parties that all appeals before the Assessment Review Board pursuant to Section 364 of the *Municipal Act*, 2001 are hereby withdrawn. It is also agreed between the parties that the Order of the Assessment Review Board will be made in accordance with the settlement and that the City will use the revised assessments to calculate the property taxes for the property described above for the 2007 through 2011 taxation years. By signing these Minutes of Settlement the assessed person Grant Forest Products Inc. agrees and acknowledges that the complaints for taxation years 2007 through 2011, pursuant to Section 40 of the *Assessment Act*, are hereby settled and no hearing is required by the Assessment Review Board.

Municipal Property Assessment Corporation

Date: ________________ Per: ________________

GRANT FOREST PRODUCTS INC.
By its Chief Restructuring Organization
STONECREST CAPITAL INC.

Date: Mar. 22, 2011 Per: [signature]
Hap Stephen
Stonecrest Capital Inc.

CITY OF TIMMINS

Date: March 28, 2011 Per: [signature]
Mr. Tom Laughren, Mayor

[signature]
Mr. R.J. Watson, CMO, City Clerk

ASSESSMENT REVIEW BOARD

Region Number: 29
Taxing Authority: City of Timmins
Roll Number: 56 27 010 060 28101 0000
Appeal Numbers: 1902455 and 1986715

IN THE MATTER OF Section 40 of the *Assessment Act*, R.S.O. 1908, c. A.31, as amended, and in the mater of appeals with respect to taxation years 2007, 2008, 2009, 2010 and 2011 with respect to premises municipally known as 5355 Highway 101 W. Ogden MC P35806, P27383PT.

AND IN THE MATTER OF applications filed pursuant to Section 364 of the *Municipal Act*, 2001 and in the matter of appeals to this tribunal with respect to those applications.

B E T W E E N:

Grant Forest Products Inc.

Appellant

and

Municipal Property Assessment Corporation
and the City of Timmins

Respondents

MINUTES OF SETTLEMENT UNDER SECTION 40 OF THE *ASSESSMENT ACT* AND UNDER 364 OF THE *MUNICIPAL ACT*, 2001

The parties here to agree to settle the assessment appeals as follows:

Tax Year	Assessment From	Assessment To
2007	LT 12,506,818 and LU 24,192	LT 9,500,000
2008	LT 12,506,818 and LU 24,192	LT 9,500,000
2009	LT 9,892,496 and LU 24,192	LT 4,000,000
2010	LT 9,892,496 and LU 19,504	LT 1,250,000
2011	LT 9,892,496 and LU 19,504	LT 1,250,000

It is agreed by the parties that all appeals before the Assessment Review Board pursuant to Section 364 of the *Municipal Act*, 2001 are hereby withdrawn. It is also agreed between the parties that the Order of the Assessment Review Board will be made in accordance with the settlement and that the City will use the revised assessments to calculate the property taxes for the property described above for the 2007 through 2011 taxation years. By signing these Minutes of Settlement the assessed person Grant Forest Products Inc. agrees and acknowledges that the complaints for taxation years 2007 through 2011, pursuant to Section 40 of the *Assessment Act*, are hereby settled and no hearing is required by the Assessment Review Board.

Municipal Property Assessment Corporation

Date: April 4/2011

Per: [signature]

GRANT FOREST PRODUCTS INC.
By its Chief Restructuring Organization
STONECREST CAPITAL INC.

Date: Mar. 22, 2011

Per: [signature]
Hap Stephen
Stonecrest Capital Inc.

CITY OF TIMMINS

Date: March 28, 2011

Per: [signature]
Mr. Tom Laughren, Mayor

[signature]
Mr. R.J. Watson, CMO, City Clerk

APPENDIX C

ERNST & YOUNG

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, ON M5K 1J7

Tel: 416 864 1234
Fax: 416 943 3300
ey.com/ca

BY REGISTERED MAIL

[Date]

- •
- •
- •
- •

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. (collectively, "Grant")

Dear Sirs:

As you are aware, on June 25, 2009, the Ontario Superior Court of Justice (the "**Court**") issued an order (the "**Initial Order**") under the Canadian *Companies' Creditors Arrangement Act* ("**CCAA**") providing for, among other things, a stay of proceedings against Grant. Pursuant to the Initial Order, Ernst & Young Inc. was appointed Monitor (the "**Monitor**") of Grant. A copy of the Initial Order is available on the Monitor's website at www.ey.com/ca/gfp. Further to the completion of the sale of its major assets, Grant is in the process of winding down its operations.

We refer to invoice number • from • sent to Grant Forest Products Inc. ("**GFPI**"). A copy of this invoice is attached to this letter.

GFPI has reviewed the above referred invoice and has determined that this invoice relates to the time period prior to the date of the issuance of the Initial Order. As such, GFPI, in accordance with the provisions of the Initial Order, is not permitted to pay such invoice.

GFPI or the Monitor intend to bring a motion to the Court in the near future to address issues related to the administration of Grant's CCAA proceeding, and intend to do so on the basis that you have an unsecured pre-filing claim for the above mentioned invoice.

If you have any questions or disagree with this assessment, please contact the undersigned representative of the Monitor by [Date].

Yours truly,

ERNST & YOUNG INC.,
Solely in its capacity as Monitor of
Grant Forest Products Inc., and not in
its personal capacity

Per:

Marie Jackson
1 877 533 6946
Attachment

APPENDIX D

Grant Forest Products Inc., Grant Forest Products Sales Inc., Grant Alberta Inc. (collectively, the "Remaining Applicants")

Summary of Pre Filing Supplier Letters

Number	Pre-Filing Supplier	Pre-Filing Letter Amount	Pre-Filing Letter Sent	US$
1	1526287 ONTARIO INC/ TAMI JULIEN	5,797.98	18-Mar-11	
2	407 EXPRESS TOLL ROUTE	71.92	18-Mar-11	
3	A&A MANUFACTURING CO. INC.	2,056.31	17-Mar-11	US
4	ACIERS J.P. INC. (LES)	5,003.23	14-Mar-11	
5	ACKLANDS - GRAINGER INC.	26,317.12	18-Mar-11	
6	ADT SECURITY SERVICES CANADA INC	7,374.75	7-Apr-11	
7	ADVANCED SECURITY & INVESTIGATION SERVICE	8,137.48	25-Feb-11	
8	AIRBAND COMMUNCATIONS, INC.	23.63	10-Mar-11	
9	AMERICAN EXPRESS	87,793.44	16-Mar-11	
10	BDI CANADA INC.	110,022.00	7-Apr-11	
11	BELL CANADA - BOX 9000	4,901.18	23-Mar-11	
12	BELL CONFERENCING INC.	195.71	17-Mar-11	
13	BELL MOBILITY INC.	271.44	18-Mar-11	
14	BLAKE, CASSELS & GRAYDON	648.59	21-Mar-11	
15	BORDEN LADNER GERVAIS	849.56	21-Mar-11	
16	BROOKFIELD PROPERTIES LTD.	135.85	24-Feb-11	
17	BROWNLEE EQUIPMENT	275.16	24-Feb-11	US
18	BURLINGTON NORTHERN SANTA FE RAILROAD	3,008.50	18-Mar-11	
19	CAIN SAFETY FIRE PROTECTION	9,786.00	24-Feb-11	
20	CAM CHAIN CO. LTD.	3,562.10	25-Feb-11	
21	CANADIAN MEASUREMENT-METROLOGY INC.	724.50	14-Mar-11	
22	CANON BUSINESS SOLUTIONS	24.34	25-Feb-11	
23	CENTRAL MAINE TRANSPORT	977.63	18-Mar-11	
24	CHARTRAND'S YOUR INDEPENDENT GROCER	79.22	25-Feb-11	
25	CN - REVENUE MANAGEMENT	310.00	18-Mar-11	
26	COGENT CANADA INC	639.65	21-Mar-11	US
27	COLE FREIGHT INC.	465.00	25-Feb-11	
28	COLE INTERNATIONAL INC.	1,126.48	24-Feb-11	
29	COMSATEC INC.	1,052.10	14-Mar-11	
30	CORPORATION OF THE TOWN OF ENGLEHART	29,669.43	18-Mar-11	
31	COUSIN'S RESTAURANT	86.47	21-Mar-11	US
32	CTS COMPUTER PRODUCTS CORP	2,877.00	7-Apr-11	
33	DENIS DENOMME TRANSPORT	420.00	11-Mar-11	US
34	DIEFFENBACHER NORTH AMERICA,INC.	492.41	7-Apr-11	
35	EARLTON-TIMISKAMING REGIONAL AIRPORT	3,117.59	25-Feb-11	
36	ELMER'S FLIGHTING SUPPLY INC.	66,336.16	7-Apr-11	
37	EMPIRE HARDWARE	3,149.37	21-Mar-11	
38	ENGLEHART ESSO	75.00	25-Feb-11	
39	EXPORT DEVELOPMENT CANADA	11,718.97	11-Mar-11	
40	FASKEN MARTINEAU DUMOULIN	13,016.98	25-Feb-11	
41	FASTENAL CANADA	79.23	14-Mar-11	
42	FEDERAL TAVERN (THE)	11.12	25-Feb-11	
43	FEDEX	461.31	16-Mar-11	
44	FEDEX TRADE NETWORKS TORONTO	41.84	14-Mar-11	
45	FRASER MILNER CASGRAIN LLP	3,858.91	21-Mar-11	
46	GABBANI COURIER SERVICE	1,931.29	25-Feb-11	
47	GLOBALSTAR CANADA SATELLITE CO.	12.23	16-Mar-11	
48	GRAND & TOY - DON MILLS	2,606.42	24-Feb-11	
49	GRAND BOULEVARD RESTAURANT INC.(LE)	58.00	18-Feb-11	
50	GRANT EQUIPMENT	14,043.75	23-Mar-11	
51	GRANT'S TRANSPORT LIMITED (N.L.) VPE	37,884.66	11-Mar-11	
52	GROUPE SAVOIE	452.00	18-Mar-11	
53	HITE SERVICES LTD.	4,675.99	11-Mar-11	
54	HKMB	100.00	14-Mar-11	
55	HONEYWELL	2,132.19	11-Mar-11	
56	HYDRO-ONE NETWORKS INC.	486,713.94	23-Mar-11	
57	IDEAL SUPPLY COMPANY LTD.	94,833.05	14-Mar-11	
58	INDUSTRIAL MECHANICAL INTEGRATION	118,424.25	7-Apr-11	
59	J&F TRUCKING CORPORATION	6,281.00	18-Mar-11	
60	J.SCOTT MCKNIGHT	90.00	14-Mar-11	
61	JAMES WALKER MFG. COMPANY	142.78	10-Mar-11	
62	J-LINE TRANSPORT LIMITED-RELOAD	1,755.00	18-Mar-11	
63	KBR WABI LIMITED (WABI DEVELOPMENT CORP)	44,038.36	8-Mar-11	
64	KEMP, ELLIOTT & BLAIR LLP	18,400.02	24-Feb-11	
65	KEMP, PIRIE	428.01	14-Mar-11	
66	KIRKLAND LAKE POWER CORP.	7,234.63	14-Mar-11	US
67	KROLL BACKGROUND AMERICAN CORPORATION	306.60	14-Mar-11	

Grant Forest Products Inc., Grant Forest Products Sales Inc., Grant Alberta Inc. (collectively, the "Remaining Applicants")

Summary of Pre Filing Supplier Letters

Number	Pre-Filing Supplier	Pre-Filing Letter Amount	Pre-Filing Letter Sent	US$
68	KVH INDUSTRIES, INC.	45.94	25-Feb-11	
69	LOGISTIC CONNECTIONS INC.	3,393.50	18-Mar-11	
70	LUKE'S INDUSTRIAL PLUMBING	6,560.06	11-Mar-11	
71	MACDONALD STEEL LIMITED	12,600.00	11-Mar-11	
72	MAMA'S CORNER	58.00	11-Mar-11	
73	MATRIKON INC.	236.25	10-Mar-11	
74	MCDONALDS RESTAURANT (KL)	13.94	10-Mar-11	
75	MERCER (CANADA) LIMITED (REMIT)	3,008.01	10-Mar-11	
76	MINISTRY OF FINANCE	4,099.11	7-Apr-11	
77	MINISTRY OF NATURAL RESOURCES	19,353.06	8-Apr-11	
78	MINISTRY OF NORTHERN DEVELOPMENT, MINES AND FORESTRY	88,761.00	7-Apr-11	
79	MIS CONSULTANTS	8,476.13	11-Mar-11	
80	MTS ALLSTREAM	47.90	11-Mar-11	
81	NEAL, GERVER & EISENBERG LLP	712.35	11-Mar-11	
82	NEPW LOGISTICS INC.	1,368.45	18-Mar-11	
83	NEW LISKEARD SHEET METAL WORKS LTD.	1,044.75	11-Mar-11	
84	NEXSEN / PRUET	3,121.81	11-Mar-11	
85	NORARC FABRICATION LTD.	2,974.65	11-Mar-11	
86	NORFOLK SOUTHERN CORPORATION - USD	2,868.00	18-Mar-11	
87	NORTHERN TEL	6,159.45	21-Mar-11	
88	OHIO DEPARTMENT OF TAXATION	2,545.88	7-Apr-11	
89	P.S. JOHNSON VALUATION CONSULTANTS LTD.	47,700.95	21-Mar-11	
90	PCO SERVICES INC	479.33	11-Mar-11	US
91	PHIPPEN WASTE MANAGEMENT	3,131.94	17-Mar-11	
92	PITNEY BOWES INC	1.52	14-Mar-11	
93	PITTSBURGH INTERMODAL TERMINALS, INC.	30.00	18-Mar-11	
94	PRAXAIR PRODUCTS INC.-REMIT	737.61	14-Mar-11	
95	PUROLATOR COURIER LIMITED	1,102.53	16-Mar-11	
96	QUABOAG TRANSFER INC.(CARRIER)	143.66	18-Mar-11	US
97	QUADCO EQUIPMENT INC.	373.49	10-Mar-11	
98	RAILWAY GARAGES INC.	209.40	10-Mar-11	
99	RFR RESOLUTIONS	2,323.92	21-Mar-11	US
100	R-HOME SECURITY LTD	8,137.48	7-Apr-11	
101	ROGER D KNIGHT	437.50	7-Apr-11	
102	ROGERS BUSINESS SOLUTIONS	908.37	18-Mar-11	
103	ROSEDALE GOLF CLUB	81.94	7-Apr-11	
104	ROYAL TRUST CORPORATION OF CANADA	55,122.36	21-Mar-11	
105	SADLER	1,575.00	17-Mar-11	
106	SECURIT - TORONTO	75.60	17-Mar-11	
107	SHEPELL-FGI	131.25	17-Mar-11	
108	SIEMENS WESTINGHOUSE (DIV.SIEMENS CANADA	5,473.65	14-Mar-11	
109	SUPERIOR PROPANE	1,056.07	16-Mar-11	
110	TELSYNERGY TELECOMMUNICATIONS	1.79	17-Mar-11	
111	TESTMARK LABORATORIES LTD.	292.01	16-Mar-11	
112	THOMSON TERMINALS LIMITED	781.83	18-Mar-11	
113	TIMBERCO, INC. DBA TECO	11,041.84	16-Mar-11	
114	TIMISKAMING FOREST ALLIANCE INC.	1,047.41	18-Mar-11	
115	TRANS AMERICAN CHB, INC. (INV)	37.50	18-Mar-11	
116	UNICCO FACILITIES SERVICES CANADA CO.	131.25	16-Mar-11	US
117	UNION GAS LIMITED	9,496.49	17-Mar-11	
118	UPS CANADA LTD.	49.03	14-Nov-11	
119	US BANK	35,807.08	7-Apr-11	
120	VAN DE HOGEN MATERIAL HANDLING INC.	249.74	18-Mar-11	
121	VENASSE OPTICAL INC.	68.10	14-Mar-11	
122	VESUVIUS CANADA INC.	11,760.00	14-Mar-11	
123	VIPOND FIRE PROTECTION INC.- MISSISAUGA	111.51	10-Mar-11	
124	WATSON WYATT CANADA	6,129.82	10-Mar-11	
125	WCP AUTO CENTRE	209.92	10-Mar-11	
126	WIENNER & GOULD, P.C.	86.20	14-Mar-11	
127	WORKPLACE SAFETY & INSURANCE BOARD (INVS	55,994.20	24-Mar-11	
128	XEROX CANADA LTD.	1,231.46	24-Mar-11	
	Total	1,690,795.82		

APPENDIX E

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, ON M5K 1J7

Tel: 416 864 1234
Fax: 416 943 3300
ey.com/ca

BY REGISTERED MAIL

[Date]

- •
- •
- •
- •

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. (collectively, "Grant")

Dear Sirs:

As you are aware, on June 25, 2009, the Ontario Superior Court of Justice (the "**Court**") issued an order (the "**Initial Order**") under the Canadian *Companies' Creditors Arrangement Act* ("**CCAA**") providing for, among other things, a stay of proceedings against Grant. Pursuant to the Initial Order, Ernst & Young Inc. was appointed Monitor (the "**Monitor**") of Grant. A copy of the Initial Order is available on the Monitor's website at www.ey.com/ca/gfp. Further to the completion of the sale of its major assets, Grant is in the process of winding down its operations.

We refer to invoice number • from • sent to Grant Forest Products Inc. ("**GFPI**"). A copy of this invoice is attached to this letter.

GFPI has reviewed the above referred invoice and has determined that this invoice does not relate to GFPI. As such, GFPI cannot pay this amount.

GFPI or the Monitor intend to bring a motion to the Court in the near future to address issues related to the administration of Grant's CCAA proceedings, and intend to do so on the basis that you have no claim for the above mentioned invoice.

If you have any questions or disagree with this assessment, please contact the undersigned representative of the Monitor by [Date].

Yours truly,

ERNST & YOUNG INC.,
Solely in its capacity as Monitor of Grant Forest Products Inc., and not in its personal capacity

Per:

Marie Jackson
1 877 533 6946

Attachment

APPENDIX F

Ernst & Young

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, Ontario M5K 1J7
Tel: 416 864 1234
Fax: 416 864 1174
ey.com/ca

VIA EMAIL

Tembec Chemical Products Group
Sales and Marketing

September 10, 2010

Attention: Mr. Dan Bourassa

Grant Forest Products Inc.

Dear Mr.

The letters from Tembec Industries Inc. ("**Tembec**") dated June 3 and June 8, 2010 to Kyle Sinclair of Grant Forest Products Inc. ("**GFPI**") have been referred to us, in our capacity as Monitor of GFPI, for a response.

In these letters Tembec takes the position that GFPI is obligated to pay the amount of $218,433.07 in satisfaction of the "Pricing Rebate", as that term is defined in the Sales Agreement between GFPI and Tembec dated April 24, 2008 (the "**Agreement**").

Attached for your reference is a copy of Amendment No. 1 to and Partial Assignment of Sales Agreement, which was executed by GFPI, GP North Woods LP ("**GP**"), and Tembec (by Randy Fournier) (the "**Amendment and Assignment**"). Pursuant to the Amendment and Assignment, GFPI assigned all of its right, title and interest in the Agreement to GP, and GP assumed all of GFPI's liabilities and obligations under the Agreement, both in respect of the Englehart facility and not in respect of the Timmins facility. Under section 2 of the Amendment and Assignment, Tembec released GP of any liability in respect of the Pricing Rebate.

We are advised by GFPI that the accumulated Pricing Rebate for which Tembec claims payment relates entirely to the Englehart facility. Under the Agreement, it is contemplated that the accumulated Pricing Rebate will eventually be matched by payment of the "Pricing Premium", also as defined in the Agreement, in the course of future resin purchases. GFPI is not making future resin purchases. As Tembec consented to the assignment of the Agreement to GP, its recourse for recovering the accumulated Pricing Refund through payment of the Pricing Premium would have been GP, but for the release granted in the Amendment and Assignment.

With respect to the statement in Tembec's June 8, 2010 letter that GFPI made the unilateral decision to cede its accounts receivable with Tembec to GP, the Amendment and Assignment, to which Tembec is a party, provided that GFPI assigned all of its right, title and interest under the Agreement to GP. The accounts receivable is included within the assignment to GP.

Please contact us if you have any further questions on this issue.

Yours truly,

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

Per:

Alex Morrison
Senior Vice-President

Attachment

c.c.: Sandra Rosch – Stonecrest Capital Inc. [Via email]
Jane Dietrich – Fraser Milner Casgrain LLP [Via email]
Dan Murdoch – Stikeman Elliott LLP [Via email]
Kyle Sinclair – Grant Forest Products Inc. [Via email]

APPENDIX G

Grant Forest Products Inc., Grant Forest Products Sales Inc., Grant Alberta Inc. (collectively, the "Remaining Applicants")

Summary of Non GFPI Supplier Letters

Number	Non-GFPI Supplier	Non-GFPI Letter Amount	Non-GFPI Letter Sent
1	AMERICAN EXPRESS	130.00	16-Mar-11
2	BENNETT JONES VERCHERE	82,690.91	18-Feb-11
3	DAVIS NICHOLAS	769.49	7-Apr-11
4	EDHARDT & LEIMER INC.	5,749.91	7-Apr-11
5	GRANT FUELS	332.63	18-Mar-11
6	GW MURPHY BUILDERS	575.00	7-Apr-11
7	HEENAN BLAIKIE LLP	31,500.01	18-Feb-11
8	NETWORK REPORTING & MEDIATION	1,415.66	25-Feb-11
9	NORTH STAR LINEN	47.18	8-Apr-11
10	NORTHERN COMMUNICATIONS	213.57	8-Apr-11
11	ROYAL TIRE TIMMINS LTD	2,137.84	7-Apr-11
12	SMITH CONTANT MCBRIDE	36,812.10	18-Feb-11
13	TEMBEC CHEMICAL PRODUCTS GROUP	218,433.07	10-Sep-10
14	TOWN OF FAIRFAX WATER DEPARTMENT	0.00	7-Apr-11
15	UNIVERSAL FOREST PRODUCTS	580.03	7-Apr-11
16	WISHART LAW FIRM LLP	551.18	10-Mar-11
	Total	**381,938.58**	

APPENDIX H

Ernst & Young Inc.
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, ON M5K 1J7
Tel: 416 864 1234
Fax: 416 943 3300
ey.com/ca

BY REGISTERED MAIL [Date]

- •
- •
- •
- •

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. (collectively, "Grant")

Dear Sirs:

As you are aware, on June 25, 2009, the Ontario Superior Court of Justice (the "**Court**") issued an order (the "**Initial Order**") under the Canadian *Companies' Creditors Arrangement Act* ("**CCAA**") providing for, among other things, a stay of proceedings against Grant. Pursuant to the Initial Order, Ernst & Young Inc. was appointed Monitor (the "**Monitor**") of Grant. A copy of the Initial Order is available on the Monitor's website at www.ey.com/ca/gfp. Further to the completion of the sale of its major assets, Grant is in the process of winding down its operations.

We refer to invoice number • from • sent to Grant Forest Products Inc. ("**GFPI**"). A copy of this invoice is attached to this letter.

GFPI has reviewed the above referred invoice and has determined that this invoice relates to GFPI's repudiation of the contract with • as set out in the attached letter from GFPI and, in accordance with the provisions of the Initial Order, GFPI is not permitted to pay such invoice.

GFPI or the Monitor intend to bring a motion to the Court in the near future to address issues related to the administration of Grant's CCAA proceeding, and intend to do so on the basis that you have an unsecured claim for the above mentioned invoice.

If you have any questions or disagree with this assessment, please contact the undersigned representative of the Monitor by [Date].

Yours truly,

ERNST & YOUNG INC.,
Solely in its capacity as Monitor of Grant Forest Products Inc., and not in its personal capacity

Per:

Marie Jackson
1 877 533 6946
Attachment

APPENDIX I

Grant Forest Products Inc., Grant Forest Products Sales Inc., Grant Alberta Inc. (collectively, the "Remaining Applicants")

Summary of Contract Termination Suppliers

Number	Contract Termination Supplier	Contract Termination Letter Amount	Contract Termination Letter Sent
1	XEROX CANADA LTD.	40,426.88	24-Mar-11
2	HUSKY ENERGY MARKETING INC.	107,336.88	17-Mar-11
3	NEOPOST	660.37	17-Mar-11
4	PITNEY BOWES GLOBAL CREDIT SERVICES	319.74	18-Mar-11
5	GENERAL MOTORS ACCEPTANCE CORP.	14,472.44	24-Mar-11
6	MUSKOKA INTEGRATORS PLUS	2,289.00	24-Mar-11
7	TOYOTA FINANCIAL SERVICES	546.95	24-Mar-11
	Total	**166,052.26**	

APPENDIX J

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 January 17, 2011 to April 10, 2011
(In Thousands of US Dollars)

	Actual	Projection	Variance	Notes
Opening Bank Balance	15,569	15,569	-	
Receipts				
GST/HST Collected & Refunds	127	223	(95)	1
Other Receipts	1,052	280	772	2
Post-Transaction Trade Receipts	-	-	-	
Corporate Tax Refund - Net	-	-	-	
Total Receipts	1,179	503	677	
Disbursements				
Payroll	(355)	(341)	(14)	
Other Payables	(64)	(351)	287	3
SG&A	(472)	(628)	157	4
GST/HST Remittance	(466)	-	(466)	5
Restructuring Costs	(2,859)	(1,432)	(1,427)	6
Bank Charges	(40)	(116)	75	
Foreign Exchange Impact	43	(37)	80	
Total Disbursements	(4,213)	(2,905)	(1,309)	
Inter-Company Transfers:				
Transfers from (to) Footner	(112)	(246)	135	7
Total Inter-Company Transfers	(112)	(246)	135	
Net Cash Flows	(3,146)	(2,648)	(497)	
Ending Bank Balance	12,423	12,921	(498)	
Deduct: Restricted Cash	(130)	(125)	(5)	
Ending Cash excluding Restricted Cash	12,293	12,797	(503)	

Funds Held by the Monitor in Escrow and in Trust

	USD	CAD	Notes
Opening Bank Balance	$ 25,498	2,806	
Receipts	7,100	21,367	8
Disbursements	(32,278)	(9,972)	8
Net Cash Inflow/(Outflow)	(25,178)	11,395	
Ending Bank Balance	321	14,201	9

Grant Forest Products Inc., Grant Alberta Inc. and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Combined Cumulative Actual Receipts and Disbursements
For the Period January 17, 2011 to April 10, 2011
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 Refunds** – GST/HST credits were deducted from the remittance of GST collected on the proceeds from the sale of the Fooner mill. As a result, the cash flow reflects the GST/HST refunds through the reduction of the GST remittance amount. Accordingly, the unfavourable variance is related to the classification of GST/HST refunds and has no cash impact.

2. **Other receipts** – The favourable variance is primarily due to following receipts that were not reflected in the projection:
   - GST collected from the sale of the Footner mill;
   - HST collected from the sale of the Timmins mill; and
   - Miscellaneous receipts such as vendor refunds.

3. **Other payables** – The favourable variance is due to timing and lower than anticipated expenditure. The portion related to timing is expected to reverse in the future.

4. **SG&A** – The favourable variance is primarily due to a timing difference and lower than anticipated expenses. The portion caused by timing is expected to reverse in the future.

5. **GST/HST Remittance** – The unfavourable variance is primarily due to the remittance of GST collected from the sale of the Footner mill, partially offset by input tax credits. The projection did not include the Footner mill transaction.

6. **Restructuring** – The projection did not include certain of the Chief Restructuring Advisor's fees as these fees are related to recoveries on assets and not paid until distributions are made to the secured creditors.

7. **Transfers to Footner** – The favourable variance is primarily due to the finalization of working capital adjustments related to the closing of the sale of the Footner mill on February 17, 2011.

8. **Receipts and Disbursements of the Escrow and Trust Accounts** –Transactions in the escrow and trust accounts during this period are summarized as follows:

   Receipts
   - ► U.S. dollar receipts represent a transfer of approximately CDN$7.0 million into U.S. currency for purposes of distributions to the first lien lenders.
   - ► Canadian dollar receipts amount to approximately CDN$21.4 million, including:
     - ► Approximately CDN$20 million proceeds from the sale of the Footner mill;

- Approximately CDN$20 million proceeds from the sale of the Footner mill;
- Approximately CDN$ 1.25 million proceeds from the sale of the Timmins Mill;
- Approximately CDN$53,000 for the escrow related to certain woodland contractor costs being negotiated by the Remaining Applicants and Ainsworth;
- Approximately CDN$56,500 proceeds including HST from the sale of the Remaining Applicants' aviation parts, and
- Interest income on the funds held in the escrow and trust accounts.

Disbursements

- U.S. dollar disbursements represent a distribution of US$32.3 million to the First Lien Lenders.
- Canadian dollar disbursements amount to $10.0 million, including:
    - The conversion of CDN$7.0 million to U.S. currency as discussed above; and
    - A distribution of CDN$3 million to the First Lien Lenders.

9. **Closing balance of the escrow and trust accounts** – The escrow and trust accounts held funding as at April 10, 2011 as set out in the summary attached in Appendix "A".

APPENDIX K

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Summary of Funds in Escrow Account
As at April 10, 2011

USD Account		**Amount**
Purchased Assets and Purchase Price Adjustment	$	151,793
Other Payables Escrow		168,697
Total USD Account		320,489

CDN Account	**Amount**
Purchased Assets and Purchase Price Adjustment	14,137,865
Woodland Contractor Escrow	53,243
Interest	10,325
Total CDN Account	14,201,432

Note
All account balances are net of bank charges.

APPENDIX L

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants") Combined Cash Flow Projection
For The Period From April 11, 2011 to September 4, 2011
(In Thousands of US Dollars)

		Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	
Period Ending	Notes	17-Apr-11	24-Apr-11	1-May-11	8-May-11	15-May-11	22-May-11	29-May-11	5-Jun-11	12-Jun-11	19-Jun-11	26-Jun-11	3-Jul-11	10-Jul-11	17-Jul-11	24-Jul-11	31-Jul-11	7-Aug-11	14-Aug-11	21-Aug-11	28-Aug-11	4-Sep-11	Total
Opening Bank Balance	1	12,423	12,132	11,707	11,448	12,004	11,906	11,788	11,755	11,553	11,436	11,326	11,262	11,114	10,971	10,861	10,797	10,636	10,499	10,398	10,324	10,247	12,423
Receipts																							
GST/HST Refunds	2	-	-	-	-	-	-	69	-	-	-	-	70	-	-	-	51	-	-	-	54	-	244
Other Receipts	3	-	-	-	722	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	722
Sale of Assets	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		-	-	-	722	-	-	69	-	-	-	-	70	-	-	-	51	-	-	-	54	-	966
Disbursements																							-
Payroll	5	-	(21)	-	(15)	-	(13)	-	(19)	-	(15)	-	(18)	-	(14)	-	(14)	-	(14)		(17)	-	(167)
Other Payables	6	(180)	(180)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(361)
SG&A	7	(56)	(11)	(122)	(9)	(42)	(10)	(11)	(11)	(11)	(10)	(11)	(16)	(11)	(10)	(11)	(11)	(32)	(9)	(12)	(9)	(14)	(439)
Restructuring Costs	8	(54)	(124)	(136)	(141)	(55)	(93)	(90)	(172)	(106)	(45)	(52)	(164)	(112)	(85)	(52)	(184)	(166)	(77)	(61)	(105)	(145)	(2,279)
GST/HST Remittance	9	-	(89)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(89)
Bank Charges	10	(1)	-	-	-	(1)	-	-	-	-	(1)	-	-	-	(1)	-	-	-	-	(1)	-	-	(5)
Foreign Exchange Impact	11	(0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0)
Total Disbursements		(291)	(425)	(259)	(165)	(99)	(118)	(102)	(202)	(117)	(110)	(64)	(218)	(143)	(110)	(64)	(212)	(137)	(101)	(74)	(131)	(199)	(3,341)
Net Cash Flows		(291)	(425)	(259)	557	(99)	(118)	(32)	(202)	(117)	(110)	(64)	(148)	(143)	(110)	(64)	(161)	(137)	(101)	(74)	(78)	(199)	(2,375)
Ending Bank Balance		12,132	11,707	11,448	12,004	11,906	11,788	11,755	11,553	11,436	11,326	11,262	11,114	10,971	10,861	10,797	10,636	10,499	10,398	10,324	10,247	10,048	10,048
Deduct: Restricted Cash	12	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)	(128)
Ending Cash excluding Restricted Cash		12,004	11,579	11,319	11,876	11,777	11,659	11,627	11,425	11,308	11,198	11,134	10,986	10,842	10,733	10,669	10,508	10,371	10,270	10,196	10,118	9,919	9,919

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. Canadian dollars are converted to US dollars at the exchange rate of CDN$0.97 = US$1.00.

To date all of Grant's OSB 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 comprising 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 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 primarily reflect property tax refunds based on a settlement with the City of Timmins.

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. 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.

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.

6) **Other Payables:**
Other payables include primarily certain post-filing accounts payables.

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) **GST/HST Remittance:**
This amount reflects the remittance of HST collected on proceeds from the sale of the Timmins mill. .

10) **Bank Charges:**
This line item primarily includes fees related to the lenders.

11) **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$0.9585 = US$1.00 as at the beginning of the forecast period and the Remaining Applicants' Forecast exchange rate of CDN$0.97 = US$1.00.

12) **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.