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

NINETEENTH REPORT OF THE MONITOR DATED MARCH 2, 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 subsequently extended to April 29, 2011 (the "**Original**

Applicants' 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 Nineteenth Report of the Monitor (the "**Nineteenth Report**") is to report to this Honourable Court with respect to:

    i. GFPI's motion for an Order (the "**Timmins Approval and Vesting Order**") (1) approving the sale transaction (the "**Timmins Transaction**") contemplated by an agreement of purchase and sale (the "**Timmins Sale Agreement**") between GFPI and EDS Decommissioning Canada Inc. ("**EDS**") made as of January 25, 2011, (2) vesting in EDS GFPI's right, title and interest, if any, in and to the assets described in the Timmins Sale Agreement free and clear of all claims and encumbrances and (3) providing the right of access to EDS as outlined in the Timmins Sale Agreement despite any exercise by the CRO of any rights under section 14.06 of the *Bankruptcy and Insolvency Act* or the appointment of a trustee in bankruptcy of GFPI or the appointment of a receiver;

    ii. Sealing and treating as confidential the Timmins Sale Agreement (attached as Appendix 'A' to this report) until further order from this Honourable Court; and

    iii. GFPI's motion to approve this Nineteenth Report and the conduct and activities of the Monitor as set forth herein.

TERMS OF REFERENCE

8. In preparing this Nineteenth 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 Nineteenth Report. Some of the information referred to in this Nineteenth 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 Nineteenth 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. With the completion of the Georgia Pacific sale and the sale of GFPI's interests in Footner, the remaining assets of the Remaining Applicants include:

    i. The Timmins Mill, which is discussed further in this Nineteenth Report; and

    ii. Certain assets which were not required for the operations of the OSB business, including an office premises and boathouse in Haileybury (the "**Haileybury Office**"), a golf course in Earlton, (the "**Golf Course**"), a 65 foot custom built motor boat which is currently located in Florida (the "**Boat**") and a lease of a hangar at the Earlton Airport (the "**Hangar Lease**") (collectively, the "**Non-Core Assets**").

19. The Timmins Mill has been idled since September, 2006.

20. The Monitor has been actively working with the Remaining Applicants and the CRO to sell the remainder of Remaining Applicants' assets.

OVERVIEW OF THE MARKETING PROCESS OF THE TIMMINS MILL

Description of the Timmins Mill

21. As described above, GFPI owns an OSB mill located in Timmins, Ontario. The Timmins Mill was purchased by GFPI in 1998 and is situated on approximately 300 acres of land and had an annual production capacity of approximately 650 million square feet of OSB (3/8 inch basis). The Timmins Mill has two wood waste landfills (one has been closed and one remains available for use). The Timmins Mill was shut down in September, 2006 as a result of a labour lockout and remains idle due to industry economics.

22. The Timmins Mill is currently in a significant state of disrepair and based on the number of newer, larger mills that have been constructed in the period since shutdown would likely be uncompetitive in the current market. While the Timmins Mill has remained idle since shut down it is supervised by a security staff and maintenance manager. GFPI continues to pay holding costs of approximately CDN $100,000 a month. These holding costs include payroll expenses for the staff at the Timmins Mill, security costs, utilities and insurance expenses.

23. On November 4, 2010, the Ontario Ministry of Labour (the "**MOL**") completed an inspection of the Timmins Mill and issued an immediate work order to repair an inadequate section of the roof. GFPI engaged an engineering firm and the repair work was completed in January, 2011. There is one outstanding matter before the work order will be released by the MOL which GFPI, the CRO and the engineering firm are working to complete.

Marketing Process

24. The Sixth Report of the Monitor dated January 15, 2010 (the "**Sixth Report**")

described in detail the marketing process to sell the business and operations of the Applicants (the "**Marketing Process**"), which included the Timmins Mill, that was conducted by the Monitor with the assistance of the CRA. The Marketing Process resulted in a purchase and sale agreement (the "**GP Sale Agreement**") between the Applicants and Georgia Pacific. As part of its transaction, Georgia Pacific elected not to acquire the Timmins Mill.

25. During the due diligence phases of the Marketing Process, a number of strategic parties provided feedback that in their view the Timmins Mill would not be competitive in the current market. Additionally, its current condition and the projected capital cost to return it to operating status would likely make uneconomical a re-start of the Timmins Mill for the purposes of OSB manufacturing.

<u>The Timmins Mill Sale Process</u>

26. Subsequent to the signing of the GP Sale Agreement, the Monitor, with the assistance of the CRA, undertook a further marketing process for the Timmins Mill (the "**Timmins Marketing Process**"), which included a 10 page summary describing the Timmins Mill and its potential uses and a Non-Disclosure Agreement ("**NDA**") for parties that were interested in being provided access to a data room. It was hoped that the Timmins Marketing Process would identify a purchaser for the Timmins Mill that would operate the facility as an OSB plant or an alternative wood products facility, and if no such purchaser was identified, then a liquidation or demolition purchaser would be identified.

27. A total of 70 parties were contacted about the Timmins Mill opportunity, comprising 42 strategic purchasers (bio-fuel and forestry products firms) and 28 demolition and auctioneering purchasers.

28. In addition to contacting the above parties, newspaper advertisements were placed in *The Timmins Times, The Globe and Mail, The Timmins Daily Press* and *The Temiskaming Speaker* on March 18 or 19, 2010. GFPI also set up an electronic data site which included materials relevant for assessing the business and operations of

the Timmins Mill.

29. As a result of the Timmins Marketing Process, 22 parties executed NDAs (and were provided with an instruction letter which detailed the elements of an offer that would be acceptable to GFPI), 11 parties conducted site tours and 10 parties submitted expressions of interest ("**EOIs**"). Subsequent to receiving the EOIs, GFPI offered each of the parties that submitted an EOI the opportunity to conduct additional due diligence and to submit a final bid ("**Bid(s)**") that would represent each parties' final offer. Further, each of these parties were provided with a Bid instructions letter which laid out the elements of a Bid that would be acceptable to GFPI, including evidence of sufficient financing to close a transaction.

30. Following additional due diligence, seven parties (four strategic firms and three demolition and auctioneering firms) submitted Bids. The Bids from demolition and auctioneering firms did not include the purchase of the land or the adjacent landfill sites. As the Bids from the strategic parties contemplated operating the Timmins Mill as a going concern and included the land, the Monitor and the CRA looked to preserve the Timmins Mill as an operating entity and initially focussed on discussions with these parties.

31. Subsequent to receipt of the Bids, GFPI commenced negotiations with one strategic party whose Bid offered the highest potential consideration and contemplated operating the Timmins Mill as a bio energy facility. The party was provided with a draft purchase and sale agreement and concurrently, GFPI requested that the party demonstrate, to the satisfaction of GFPI, that the financing to close a transaction was in place. Ultimately, the party was not able to demonstrate that the financing was available and GFPI terminated negotiations with this party.

32. Following termination of the negotiations with the party summarized above, GFPI commenced discussions with a second strategic party whose bid had contemplated restarting the Timmins Mill as an OSB facility. Similar to the process described above, this party was provided with a draft purchase and sale agreement. The agreement also included a timeline for payment of the purchase price (including a purchase price deposit to be paid at signing) that had been agreed between the party

and GFPI. Although this party was provided with a number of extensions to the timeline, it was not able to provide the deposit in a timely manner or provide satisfactory evidence to GFPI that financing to fund the balance of the purchase price was in place and GFPI terminated negotiations with this party.

33. Based on the feedback from the initial parties who participated in the Timmins Marketing Process and the difficulty in soliciting a credible offer from a strategic party who could operate the Timmins Mill on a going concern basis, the Monitor and the CRO re-approached the demolition and auctioneering firms that had previously submitted EOIs to ascertain their continued interest in the Timmins Mill and to potentially include the land and landfills in an offer. Following additional discussions with the selected group of demolition and auctioneering firms, two parties, whose Bids offered the highest level of consideration, were selected to finalize negotiations on a transaction in a parallel process.

34. GFPI provided each party with a draft purchase and sale agreement. Concurrent with the provision of the draft agreement, each party was provided with the opportunity to conduct further due diligence including the opportunity to revisit the Timmins Mill site. Negotiations with each party and the decision to select a party to enter into a purchase and sale agreement comprised an assessment of the following:

   i. amount of consideration;

   ii. level of due diligence required to be completed; and

   iii. ability to close in a timely manner.

35. Based on the criteria summarized above, EDS was selected as the final party with which to enter into a purchase and sale agreement.

OVERVIEW OF TIMMINS SALE AGREEMENT

36. The Monitor and the CRO concluded negotiations with EDS and GFPI signed the Timmins Sale Agreement as of January 25, 2011, which excludes the purchase of the land and adjacent landfills. The purchase price for the Timmins Mill is set out in section 4.01 of the Timmins Sale Agreement. The assets are being sold on an "as

is, where is" basis and include:

i. the machinery and equipment;

ii. the buildings and fixtures;

iii. the books and records; and

iv. all other personal property of any nature or kind located on the real property at closing.

37. Pursuant to the Timmins Sale Agreement, the Monitor has received a deposit from EDS and the remaining purchase price is to be paid to the Monitor on closing. The closing will be the later of five business days after approval of the Timmins Sale Agreement by this Honourable Court or receipt of the demolition permit from the City of Timmins. A copy of the unredacted Timmins Sale Agreement is attached as confidential Appendix 'A' to this Nineteenth Report. A copy of the Timmins Sale Agreement redacted as per EDS's requirements is attached as Appendix 'B' to this Nineteenth Report.

38. The Timmins Sale Agreement provides for EDS to remove the equipment from the building and to demolish all structures to grade and/or concrete slab floor. The Timmins Sale Agreement also provides for the crushing of all remaining concrete and bricks into aggregate of up to 6 inches thick and the use of the crushed concrete and brick to fill in all pits and below grade areas to site grade.

39. The Timmins Sale Agreement also provides for EDS to post a surety bond in the negotiated amount in favour of GFPI to ensure EDS's obligations.

40. The surety bond provides that if EDS is in default or does not complete all of its obligations specified in Schedule 5 of the Timmins Sale Agreement, the surety company shall remedy the default or complete all of EDS's obligations under the Timmins Sales Agreement. Should the surety company not act in accordance with the above, it would be required to pay for GFPI to complete EDS's obligations under the Timmins Sale Agreement, up to the maximum amount of the bond. The surety refused to make any changes to its preferred form of surety bond.

41. The Timmins Sale Agreement provides that GFPI will seek from this Honourable

Court, the Timmins Approval and Vesting Order, which the Timmins Sale Agreement states, must be in form satisfactory to EDS and GFPI. The Timmins Approval and Vesting Order includes an authorization of the demolition of the buildings and a declaration that EDS shall not be liable for any environmental problem at Timmins (including soil and/or ground water contamination), unless it was caused by the act of EDS (or its representative) or by EDS's failure to fulfill its obligations under the Timmins Sale Agreement.

42. The Timmins Sale Agreement also provides that EDS will be entitled to unrestricted access to the Timmins Mill for the purposes of carrying out its obligations under the Timmins Sale Agreement for a period of 12 months following the closing date.

43. The conditions to closing the Timmins Transaction are described in Section 7 of the Timmins Sale Agreement. The closing conditions include the condition that a demolition permit be obtained from the City of Timmins.

44. EDS has requested that the purchase price not be disclosed publicly because it will be selling the equipment and some of the other assets purchased from GFPI pursuant to the Timmins Sale Agreement. Therefore, it has requested that the unredacted Timmins Sale Agreement be sealed.

RELEASE OF TIMBER ALLOCATED TO THE TIMMINS MILL

45. In order to supply fibre to its OSB operations at the Timmins and Engelhart Mills, GFPI was party to a wood supply agreement with the Ontario Ministry of Northern Development, Mining and Forestry ("**MNDMF**") that set out the amount of fibre available to GFPI to cut and supply each of the Timmins and Englehart Mills from Crown forest management units. The allocation of this timber was governed by four letters (collectively the "**Wood Supply Letters**") provided to GFPI by the MNDMF as follows:

i. Timmins wood supply letter dated September 25, 2008;

ii. Timmins conditional wood supply letter dated January 22, 2002;

iii. Englehart wood supply letter dated September 25, 2008; and

iv. Englehart conditional wood supply letter dated January 22, 2002.

46. The Wood Supply Letters stipulated the following for each facility respectively:

i. Geographic location or tract from which the timber could be harvested; and

ii. Volume of timber from each tract that could be harvested on an annual basis.

47. Pursuant to Georgia Pacific's purchase of the Englehart Mill, Georgia Pacific required, as a condition of the transaction that a new wood supply agreement for the Englehart Mill be provided by the MNDMF. The new wood supply would partially include certain Crown forest management units and volume that had previously been allocated to the Timmins Mill. The MNDMF agreed to provide the wood supply required by Georgia Pacific, subject to GFPI agreeing to release its remaining interests in the Wood Supply Letters and in turn the MNDMF supplying GFPI with a conditional commitment (the "**Conditional Commitment**") of wood supply for the Timmins Mill.

48. On May 20, 2010, GFPI executed the release of its interests in the Wood Supply Letters and the MNDMF provided the Conditional Commitment for the Timmins Mill.

49. As described above, no strategic party was able to credibly demonstrate the capacity to purchase the Timmins Mill and operate it as a going concern. As EDS is a decommissioning firm and will be dismantling the Timmins Mill, it does not require the wood supply for the Timmins Mill. As such, the MNDMF has requested that GFPI now release the Conditional Commitment. GFPI, the CRO and the Monitor are agreeable to the request.

RECOMMENDATIONS

50. It is the Monitor's view that the Timmins Marketing Process was conducted in a fair and structured manner, and comprised a comprehensive marketing canvass in order to solicit potential purchasers for the Timmins Mill, including a concerted effort to

solicit and consummate a transaction with a strategic party that would operate the Timmins Mill as a going concern.

51. However, as set out above, interested parties provided feedback that in their view the Timmins Mill was uncompetitive in the current market and indicated that its current condition and the capital cost to return it to operating status would make a re-start of the Timmins Mill uneconomical for the purposes of OSB manufacturing.

52. It is the Monitor's view that given the feedback summarized above and the fact that no strategic party was able to credibly demonstrate the capacity to purchase the Timmins Mill and operate it as a going concern, that the sale to EDS is the transaction which will realize the highest amount of proceeds from the Timmins Mill in a timely manner, as supported by the Timmins Marketing Process.

53. Additionally, the Monitor notes, as set out above, that GFPI is currently funding holding costs in the range of approximately CDN $100,000 per month providing a further incentive to sell the Timmins Mill in the short term.

54. Based on the above factors, the Monitor recommends the transaction with EDS for the following reasons:

    1) the transaction will generate cash proceeds from the sale price. This represents value to the stakeholders of the Remaining Applicants; and

    2) approval of the transaction ceases the dissipation of GFPI's assets caused by the ongoing payment of the Timmins Mill operating costs.

55. The Remaining Applicants are seeking this Honourable Court's authorization:

    i. for the Timmins Approval and Vesting Order approving the Timmins Transaction contemplated by the Timmins Sale Agreement, and vesting in EDS, GFPI's right, title and interest, if any, in and to the assets described in the Timmins Sale Agreement free and clear of all claims and encumbrances;

    ii. to seal and treat as confidential the Timmins Sale Agreement; and

    iii. approving this Nineteenth Report and the conduct and activities of the

Monitor as reported on herein.

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

All of which is respectfully submitted this 2nd day of March, 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

Daniel Sinclair
Vice President

APPENDIX A

[Redacted – Subject to a request for a Sealing Order.]

APPENDIX B

TIMMINS PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is dated as of the 25th day of January, 2011,

B E T W E E N:

EDS DECOMMISSIONING CANADA INC., a corporation incorporated under the laws of the Province of New Brunswick

(hereinafter referred to as the "**Purchaser**")

- and -

GRANT FOREST PRODUCTS INC., a corporation incorporated under the laws of the Province of Ontario

(hereinafter referred to as the "**Vendor**")

WHEREAS the Vendor was engaged in the business of, among other things, selling oriented strand board manufactured by the Vendor at its manufacturing facility located on the Real Property (as hereafter defined in Section 1.01), which manufacturing facility is herein referred to as the "Timmins Mill";

AND WHEREAS the Vendor and related parties commenced proceedings in the Ontario Superior Court of Justice (the "**CCAA Court**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") with respect to which Ernst & Young Inc. (the "**Monitor**") was appointed as the monitor of the Vendor;

AND WHEREAS, subject to the issue of the Approval and Vesting Order (as hereafter defined in Section 1.01) and other provisions of this Agreement, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, all of the Vendor's right, title and interest in and to the Purchased Assets;

NOW THEREFORE this Agreement witnesses that in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each party to the other, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1

INTERPRETATION

Section 1.01 Definitions

In this Agreement:

"Access Period" means the 12 month period commencing on the Closing Date;

"Agreement" means this agreement, as amended from time to time, and all schedules hereto;

"Agents' Liens" means the encumbrances in favour of The Toronto-Dominion Bank or The Bank of New York Mellon (and instruments related thereto) listed in Schedule 3 hereto;

"Applicable Law" means, in respect of any person, property, transaction or event, any domestic or foreign statute, law (including common law), ordinance, rule, regulation, treaty, code, by-law (zoning or otherwise) or Order that applies in whole or in part to such person, property, transaction or event;

"Approval and Vesting Order" has the meaning ascribed to that term in Section 6.01;

"Bankruptcy and Insolvency Act" means the *Bankruptcy and Insolvency Act* (Canada), as amended;

"Bill of Sale" means a bill of sale made by the Vendor in favour of the Purchaser in a form mutually acceptable to both and reflecting the sale transaction contemplated in this Agreement;

"Bond" has the meaning ascribed to that term in Section 6.03(k);

"Books and Records" means all books and records, if any, relating solely to the Purchased Assets which are located on the Real Property on Closing;

"Buildings and Fixtures" means all buildings and fixtures located on the Real Property (other than the fence and gates along the perimeter of the Real Property);

"Business Day" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Toronto are not open for the transaction of domestic business during normal banking hours;

"CCAA" has the meaning ascribed to that term in the second recital hereof;

"CCAA Court" has the meaning ascribed to that term in the second recital hereof;

"Claims" has the meaning ascribed to that term in Section 6.03(j) hereof;

"Closing" means the completion of the sale to, and purchase by, the Purchaser of the Purchased Assets;

"Closing Date" means the latest of :

(a) the 5th Business Day after the date of the Approval and Vesting Order;

(b) February 15, 2011; or

(c) the 5th Business Day after the Vendor obtains the demolition permit referred to in Schedule 6;

"Deposit" has the meaning ascribed to that term in Section 4.02(a);

"Excluded Assets" has the meaning ascribed to that term in Section 3.02;

"Flat and Clean Condition" means the condition resulting from:

(a) the demolition of all structures down to the concrete slab floor of such structures;

(b) the removal of all Purchased Assets from the Real Property;

(c) the crushing of all remaining concrete and bricks into aggregate of between 0-6 inches thick and the use of such aggregate to fill in all pits and below grade areas and to level the ground at the demolition sites; and

(d) the removal from the Real Property of all excess aggregate, debris, rubble, other resultant material and other Purchased Assets;

"Governmental Authority" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal and any governmental agency, ministry, department, Tribunal, commission, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government;

"HST" means taxes, interest, penalties and fines imposed under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder; and **"HST Legislation"** means such statute and regulations, collectively;

"Interim Inspection" has the meaning ascribed to that term in Section 6.03(i);

"Legal Proceeding" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding and includes any appeal or review and any application for any of the foregoing;

"Liens" means liens (including the Agents' Liens), claims, charges, demands, adverse claims, title retention agreements, security interests, pledges, hypothecations, mortgages and encumbrances of any and every nature and kind whatsoever.

"Machinery and Equipment" means the machinery, equipment, spare parts, tools, jigs, dies, office equipment (including computers and computer accessories), furniture, fixtures and furnishings of all kinds located on the Real Property on Closing;

"Monitor" has the meaning ascribed to that term in the second recital hereof;

"Order" means any order, directive, judgment, decree, award or writ of any Tribunal;

"Person" has the meaning ascribed to it pursuant to the *Business Corporations Act* (Ontario) as amended;

"Purchased Assets" has the meaning ascribed to that term in Section 3.01;

"Purchase Price" has the meaning ascribed to that term in Section 4.01;

"Real Property" means the real property listed in Schedule 1 hereto;

"Representative" means, in respect of a person, each director, officer, employee, agent, solicitor, accountant, professional advisor and other representative of such person;

"Time of Closing" means 10:00 a.m. (Toronto, Ontario local time) on the Closing Date or such other time on the Closing Date as the parties hereto agree in writing that the Closing shall take place; and

"Tribunal" means any court (including a court of equity), arbitrator or arbitration panel and any other Governmental Authority, professional or business organization or association or other body exercising adjudicative, regulatory, judicial or quasi-judicial powers.

Section 1.02 Currency

All references in this Agreement to monetary amounts, unless indicated to the contrary, are to the currency of Canada.

Section 1.03 Entire Agreement; Amendment; Waiver

This Agreement constitutes the entire agreement between the parties with respect to its subject matter and supersedes any and all prior negotiations, understandings and agreements between the parties. This Agreement may not be amended or modified in any respect except by written agreement signed by both parties. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the party to be bound thereby.

Section 1.04 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). Each party hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising hereunder or relating hereto.

Section 1.05 Singular, Plural and Gender

Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.

Section 1.06 Certain Words

In this Agreement, the words "including" and "includes" means "including without limitation" or "includes without limitation", respectively.

Section 1.07 Headings, Section References and Recitals

The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation hereof. Unless otherwise expressly indicated in this Agreement, any reference which is made in this Agreement to a "*Section*" means and refers to the Section of this Agreement so referenced. The recitals to this Agreement form an integral part of this Agreement and are incorporated into this Agreement by reference.

Section 1.08 Choice of Language

The parties hereby confirm that they have requested that this Agreement and all related documentation be drawn up in English. Les parties confirment qu'elles ont requis que ce contrat et tous les contrat accessoires soient rédigés en anglais.

Section 1.09 Schedules

The parties hereby agree that disclosure made in a Schedule to this Agreement shall be deemed to be disclosure made in all other Schedules to this Agreement. The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule 1	-	Real Property
Schedule 2	-	Allocation of Purchase Price
Schedule 3	-	List of Agents' Liens
Schedule 4	-	Stages of Work and Corresponding Milestone Dates
Schedule 5	-	Form of Bond
Schedule 6	-	List of Required Government Permits
Schedule 7	-	Form of Draft Approval and Vesting Order

ARTICLE 2

APPROVAL AND VESTING ORDER

Section 2.01 Court Order Required

The Purchaser acknowledges that this Agreement contains a condition (not capable of waiver) that, prior to the Time of Closing, the Vendor shall have obtained the Approval and Vesting Order as provided by this Agreement. In the event that the Vendor shall not have so obtained the Approval and Vesting Order within 30 days of the filing by the Vendor of the initial application for such, this Agreement shall automatically terminate without any further action on the part of either party hereto and no party hereto shall be under any further obligation to the other to complete the transactions contemplated by this Agreement and each party hereto shall be released of all of its obligations hereunder, except that:

(a) the Deposit and any interest thereon shall be returned to the Purchaser as contemplated in Section 4.03; and

(b) the obligations under Section 9.01 shall not be terminated.

ARTICLE 3

PURCHASE AND SALE OF PURCHASED ASSETS

Section 3.01 Purchase and Sale of Purchased Assets

Subject to the provisions of this Agreement, the Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser hereby agrees to purchase from the Vendor, in each case at the Time of Closing, all of the right, title and interest of the Vendor in and to the following assets and property (collectively, the "**Purchased Assets**"):

(a) the Machinery and Equipment;

(b) the Buildings and Fixtures;

(c) the Books and Records; and

(d) all other personal property of any nature or kind located on the Real Property at the Time of Closing.

Section 3.02 Excluded Assets

Notwithstanding anything to the contrary in this Agreement, all assets of the Vendor other than the Purchased Assets (the "**Excluded Assets**"), shall not form part of the purchase and sale contemplated hereunder and shall remain the property of the Vendor after Closing.

Section 3.03 As Is, Where Is

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an *"as is, where is"* basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it will conduct such inspections of the condition of and title to the Purchased Assets as it deems appropriate and that it will satisfy itself with regard to these matters. No representation, warranty or condition is expressed or implied pursuant to this Agreement, any schedule to this Agreement (including any list of any Purchased Assets) or otherwise as to title, encumbrances, description, fitness for purpose, merchantability, condition, assignability, collectability, quantity, outstanding amount, value or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell any Purchased Assets, except as expressly represented or warranted in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations by the Vendor expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in any other jurisdiction shall not apply hereto and are hereby waived by the Purchaser.

ARTICLE 4

PURCHASE PRICE OF THE PURCHASED ASSETS

Section 4.01 Purchase Price

The purchase price (the "**Purchase Price**") for the Purchased Assets shall be $ in total plus any Taxes required to be paid in accordance with Section 4.05. There shall be no adjustments, deductions, set-offs or recoupments to the Purchase Price of any nature or kind.

Section 4.02 Payment of Purchase Price

The Purchaser shall pay the Purchase Price to the Monitor on behalf of the Vendor as follows:

(a) the Purchaser shall pay to the Monitor on the date hereof the sum of $ (the "**Deposit**"), as a deposit in respect of the Purchase Price (the receipt of which will be acknowledged by the Monitor), which Deposit shall be held by the Monitor in a segregated interest-bearing trust account and applied against the Purchase Price, forfeited or released to the Purchaser, as the case may be, all in accordance with Section 4.03; and

(b) the Purchaser shall pay the balance of the Purchase Price to the Monitor on Closing, by certified cheque, bank draft or wire transfer of immediately available funds to an account specified by the Monitor (or as the Monitor may otherwise direct in writing).

Section 4.03 Deposit

The Deposit (and any interest accrued thereon) shall be credited against the Purchase Price on Closing. If the transactions contemplated herein are not completed as a result of the Vendor's failure to satisfy any of the conditions set out in Section 7.01, the Deposit and all interest, if any, earned thereon will be returned to the Purchaser; however, if the transactions contemplated herein are not completed for any other reason, the Deposit and all interest earned thereon shall be the property of the Vendor.

Section 4.04 Allocation of Purchase Price

The Vendor and the Purchaser hereby agree to allocate the Purchase Price among the Purchased Assets in accordance with Schedule 2 hereto. The Vendor and the Purchaser shall report the sale and purchase of the Purchased Assets for all tax purposes in a manner consistent with such allocation.

Section 4.05 HST and Land Transfer Tax

(a) The Purchaser shall be liable for and shall pay all HST exigible in connection with the transactions contemplated hereunder. The Purchaser shall pay to the Vendor at the Time of Closing all applicable HST payable in connection with the transfer of the Purchased Assets to the Purchaser. Notwithstanding the foregoing, the Purchaser shall be liable for and shall self-assess the applicable HST payable in respect of the Buildings and Fixtures in the time and the manner prescribed by the HST Legislation.

(b) Accordingly on Closing:

(i) the Purchaser shall deliver to the Vendor:

A. a statutory declaration by an officer of the Purchaser specifying the Purchaser's HST registration number and confirming that the Buildings and Fixtures are being purchased by the Purchaser as principal for its own account; and

B. an undertaking by the Purchaser to self-assess in respect of the HST payable on the amount of the Purchase Price allocable to the Buildings and Fixtures, which undertaking shall include an indemnity by the Purchaser indemnifying the Vendor in respect of such HST and all interest and penalties payable with respect thereto; and

(ii) the Purchaser shall pay to the Vendor HST in respect of the Purchased Assets (other than the Buildings and Fixtures) in an amount equivalent to 13% of the amount of the Purchase Price allocated to such other Purchased Assets on Closing and the Vendor shall remit such HST to Canada Revenue Agency.

(c) The Purchaser shall at the Time of Closing pay directly to the appropriate taxing authority all applicable land transfer tax exigible in connection with the transactions contemplated hereunder and shall deliver evidence to the Vendor, at the Closing, to confirm the Purchaser's payment of the foregoing.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

Section 5.01 Vendor's Representations

The Vendor hereby represents and warrants to the Purchaser that:

(a) the Vendor is a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario;

(b) subject to the issuance of the Approval and Vesting Order, the Vendor has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;

(c) the Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada); and

(d) the Vendor is registered for purposes of the HST Legislation and its registration number is 87286 1265 RT0001 and such registration shall be in full force and effect on Closing.

Section 5.02 Purchaser's Representations

The Purchaser hereby represents and warrants to the Vendor that:

(a) the Purchaser is a corporation duly incorporated and validly subsisting under the laws of New Brunswick and has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;

(b) the Purchaser has taken all necessary corporate action to authorize the entering into and performance by it of this Agreement;

(c) the Purchaser is registered for purposes of the HST Legislation and its registration number is 83802 8355 RT0001 and such registration shall be in full force and effect on Closing;

(d) the Purchaser is not a non-Canadian within the meaning of the *Investment Canada Act*; and

(e) there are no government permits or government approvals required for the Purchaser to complete its demolition and other tasks set out in Section 6.03 except for the demolition permit referred to in Schedule 6.

ARTICLE 6

COVENANTS

Section 6.01 Approval and Vesting Order

The Vendor shall, promptly following the execution of this Agreement, seek to obtain from the CCAA Court a date for hearing a motion for an Order (the "**Approval and Vesting Order**") substantially in the form of the draft order attached as Schedule 7 hereof with such changes thereto as may be satisfactory to the Purchaser and the Vendor:

(a) approving this Agreement and the sale by the Vendor to the Purchaser of the Purchased Assets subject to and in accordance with the provisions of this Agreement and the documents contemplated hereby;

(b) containing a provision which on Closing vests absolute, clear and unencumbered title to the Purchased Assets in the Purchaser free and clear of any and all Liens;

(c) containing a declaration that the Purchaser shall not be liable for any environmental problem, including any contamination of soil or groundwater, unless such environmental problem was directly caused by the act of the Purchaser, a Representative of the Purchaser or an invitee of the Purchaser or directly caused by the Purchaser's failure to fulfil its obligations under this Agreement; and

(d) containing a provision which confirms the rights during the Access Period of the access to the Real Property granted to the Purchaser in Section 6.03(a).

The Vendor shall prepare all materials for and shall apply to the CCAA Court for the Approval and Vesting Order. Written notification and service of the motion shall be given to such persons as shall be required by Applicable Law and as may be further agreed upon by the Vendor and the Purchaser. The Vendor shall diligently and in good faith pursue such motion and shall promptly notify the Purchaser of its disposition.

Section 6.02 Purchaser's Co-operation

The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within its power as the Vendor may commercially reasonably require to obtain the Approval and the Vesting Order including such information as may be required to commercially reasonably evaluate the Purchaser's financial ability to perform its obligations hereunder.

Section 6.03 Access Period

The parties agree that, following Closing:

(a) provided that the Purchaser is then in compliance with its obligations under this Agreement, the Purchaser shall be entitled, without charge, to unrestricted access to the Real Property during the Access Period for purposes of carrying out the Purchaser's obligations as contemplated in this Section 6.03; the Vendor and its Representatives shall continue to have unrestricted access to the Real Property during the Access Period; subject to the foregoing and to Section 6.03(i), for the purpose of fulfilling its obligations and exercising its rights hereunder, the Purchaser shall assume control of access to the Real Property during the Access Period;

(b) the Vendor shall keep all electrical services to the Real Property in place until the Closing Date and the Vendor shall not be required to provide or arrange for any natural gas services to the Real Property; the Vendor agrees that, following the Time of Closing, the Purchaser may, at the Purchaser's expense, arrange for electrical services to some or all of the Real Property as reasonably required by the Purchaser in order to fulfill its obligations under this Agreement;

(c) the Purchaser shall, during the Access Period: (i) dismantle and demolish the Buildings and Fixtures, pack and remove materials, scrap, Machinery and Equipment, and other Purchased Assets, and supply all the project management, labour, supplies, tools and equipment required for such purpose; and (ii) ensure health and safety, and fire prevention, with regard to its activities at the Real Property; the Purchaser shall perform all work described herein within the estimated timeframes set out on Schedule 4 hereto and, at the end of the Access Period, shall have taken all actions necessary to leave the Real Property in Flat and Clean Condition;

(d) during the Access Period, the Purchaser shall and shall cause its Representatives and its invitees to act in a prudent and responsible manner while on the Real Property and all work done on the Real Property shall be done in a safe and workman-like manner and in compliance with all Applicable Laws;

(e) the Purchaser shall, during the Access Period, remedy, at the Purchaser's expense, in compliance with Applicable Law, environmental problems, if any, at the Real Property to the extent such environmental problems are caused by the acts or omissions of the Purchaser, any of its Representatives or any of its invitees; the Purchaser does not, by this Agreement or the performance of its rights or obligations hereunder, assume liability for the environmental problems, including contamination of soil and/or groundwater, if any, on the Real Property that exist at the Time of Closing;

(f) during the Access Period, the Purchaser shall pay all such utilities costs, long distance telephone costs, postage costs, courier services costs and supplies cost in respect of the Real Property as are required to enable the Purchaser to carry out its obligations under this Agreement;

(g) the Purchaser shall arrange liability insurance covering injuries and damages to persons and property in relation to and in connection with the Purchaser's access to, activities on, use and occupation of the Real Property and shall pay the premium costs of such insurance; such insurance shall be in form and substance satisfactory to the Vendor, acting reasonably, and shall provide for not less than $ public liability coverage per occurrence (with no deductible) and shall name the Vendor as an additional insured; the Purchaser shall provide a certified copy of such policy or polices to the Vendor on Closing;

(h) the Purchaser shall, at the end of the Access Period, leave the Real Property and the Vendor shall be entitled to exclusive possession of the Real Property;

(i) the Purchaser and the Vendor, acting reasonably, shall conduct periodic inspections of the Real Property and, without limiting the foregoing, the Vendor and Purchaser shall conduct interim inspections of the Real Property on or about each of the milestone dates set out on Schedule 5 hereto and one additional interim inspection between 25 and 15 Business Days prior to the end of the Access Period (each, an "**Interim Inspection**"); following each inspection, including without limitation, each Interim Inspection, the Vendor may identify any outstanding matters which require rectification or, where applicable, completion prior to the end of the Access Period and the Purchaser shall remedy such outstanding matters as soon as reasonably practical and in any case prior to the end of the Access Period;

(j) the Purchaser hereby agrees to indemnify the Vendor and its Representatives from and against all claims, damages, losses, injuries or costs suffered or incurred, including without limitation, reasonable counsel fees and expenses (collectively, the "**Claims**"), resulting from or relating to the breach by the Purchaser of any covenants, obligations, agreements, representations or warranties under this Agreement, including without limitation, Claims caused to property or persons by the actions or negligence of the Purchaser, its Representatives, its invitees or anyone for whom it is in law responsible; this indemnity shall survive Closing; and

(k) the Purchaser agrees to deliver to the Vendor on or before Closing a performance bond (the "**Bond**") in the amount of $ in favour of the Vendor, substantially in the form attached as Schedule 5 hereto; the following provisions shall govern the termination and return of the Bond by the Vendor following the completion of the Purchaser's obligations under this Agreement:

(i) whenever the Purchaser believes the Purchaser's obligations under this Agreement have been completed, the Purchaser shall give notice to the Vendor of such completion;

(ii) the Vendor shall, within 30 days after receipt of such notice, inspect the Real Property and give notice to the Purchaser stating that the Purchaser's obligations hereunder have been completed or stating that the Purchaser's obligations hereunder have not been completed (and, in the latter case, specifying the Purchaser's obligation or obligations to be completed (including any work to be rectified));

(iii) upon receipt by the Purchaser of notice from the Vendor that the Purchaser's obligations hereunder have been completed, the Bond shall terminate;

(iv) if the Vendor does not, within 30 days after receipt by the Vendor from the Purchaser of the notice referred to in subparagraph (i) hereof, give to the Purchaser a notice that the Purchaser's obligations hereunder have not been completed and specifying the Purchaser's obligation or obligations to be completed (including any work to be recitified), the Bond shall terminate; but if the Vendor gives such notice within such 30-day period, the Bond shall not terminate; and

(v) the Vendor shall, after the Bond terminates, promptly return the original Bond to the Purchaser.

Section 6.04 Ministry of Labour Work Order

The Purchaser acknowledges that the Vendor has received from the Ontario Ministry of Labour a work order with Org/Ind ID No. 1223550 with respect to part or parts of the building situated on the Real Property. The Purchaser shall, in completion of its demolition of the building and other activities pursuant to this Agreement, ensure that it complies with such work order and keeps its employees and other Representatives out of the affected areas of the building (except to the extent their entry is permitted by the Ministry of Labour or the Vendor).

ARTICLE 7

CONDITIONS

Section 7.01 Conditions for the Benefit of the Purchaser

The obligations of the Purchaser to complete the transactions contemplated by this Agreement are subject to the following conditions being fulfilled or performed, at or prior to the Time of Closing:

(a) all representations and warranties of the Vendor contained in this Agreement shall be true and correct as at the Time of Closing with the same force and effect as if made at and as of such time, and the Vendor shall have delivered to the Purchaser a certificate to that effect (provided that acceptance of such evidence and completion of the transactions contemplated hereunder shall not be a waiver of such representations and warranties);

(b) the Vendor shall have complied with and performed all of its covenants and obligations contained in this Agreement;

(c) the Vendor shall have delivered the items referred to in Section 8.02 in escrow pending the Closing;

(d) the CCAA Court shall have granted the Approval and Vesting Order which shall not have been stayed, varied or vacated;

(e) no injunction or other Order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement; and

(f) the demolition permit referred to in Schedule 6 shall have been obtained.

The foregoing conditions are for the exclusive benefit of the Purchaser and, subject to Section 2.01, any of the foregoing conditions, other than the conditions specified in Section 7.01(d), Section 7.01(e) and Section 7.01(f), may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if it is made in writing.

Section 7.02 Conditions for the Benefit of the Vendor

The obligations of the Vendor to complete the transactions contemplated by this Agreement are subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

(a) all representations and warranties of the Purchaser contained in this Agreement shall be true and correct as at the Time of Closing with the same force and effect as if made at and as of such time, and the Purchaser shall have delivered to the Vendor a certificate to that effect (provided that acceptance of such evidence and the completion of the transactions contemplated hereunder shall not be a waiver of such representations and warranties);

(b) the Purchaser shall have complied with and performed all of its covenants and obligations contained in this Agreement;

(c) the Purchaser shall have delivered to the Vendor the items and paid the amounts referred to in Section 8.03;

(d) the CCAA Court shall have granted the Approval and Vesting Order which shall not have been stayed, varied or vacated;

(e) no injunction or other Order shall have been issued to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement; and

(f) the demolition permit referred to in Schedule 6 shall have been obtained.

The foregoing conditions are for the exclusive benefit of the Vendor and, subject to Section 2.01, any of the foregoing conditions, other than the conditions specified in Section 7.02(d), Section 7.02(e) and Section 7.02 (f) may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if it is made in writing.

Section 7.03 Non-Satisfaction of Conditions

Subject to Section 2.01, if any condition set out in Section 7.01 (other than the conditions specified in Section 7.01(d), Section 7.01(e) and Section 7.01(f)) or in Section 7.02 (other than the conditions specified in Section 7.02(d), Section 7.02(e) and Section 7.02(f)) is not satisfied or performed prior to the Time of Closing, the party for whose benefit the condition is inserted may:

(a) in writing, waive compliance with the condition in whole or in part in its sole discretion by notice to the other party (if such condition is waivable pursuant to the provisions of this Agreement) and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or

(b) elect to terminate this Agreement, in which case, subject to Section 4.03 and Section 9.01, this Agreement shall be terminated and no party shall be under any further obligation to the other to complete the transactions contemplated by this Agreement, provided that the foregoing shall not release either party hereto from any liability hereunder for any breach by such party, before such termination, of any of its covenants or obligations hereunder.

ARTICLE 8

CLOSING

Section 8.01 Closing Date and Place of Closing

The transactions contemplated by this Agreement shall close and be completed at the Time of Closing on the Closing Date. The completion of the transactions contemplated hereunder shall take place at the Toronto offices of Fraser Milner Casgrain LLP or such other location as the parties may agree in writing.

Section 8.02 Deliveries on Closing by the Vendor

The Vendor shall deliver to the Purchaser at the Time of Closing:

(a) the certificate by the Vendor referred to in Section 7.01(a);

(b) copy of the Approval and Vesting Order;

(c) an executed Bill of Sale containing *inter alia* a provision similar to Section 3.03; and

(d) such other documents as are required by this Agreement.

Section 8.03 Deliveries and Payments on Closing by the Purchaser

The Purchaser shall pay to the Monitor the following amounts and deliver to the Vendor the following documents at the Time of Closing:

(a) the balance of the Purchase Price required to be paid by the Purchaser in accordance with Section 4.02(b);

(b) the HST to be collected by the Vendor pursuant to Section 4.05;

(c) the statutory declaration, undertaking and indemnity with respect to HST referred to in Section 4.05(b)(i);

(d) the certificate by the Purchaser referred to in Section 7.02(a);

(e) the certified copies of the insurance policies referred to in Section 6.03(g);

(f) the Bond referred to in Section 6.03 (k); and

(g) such other documents as are required by this Agreement.

Section 8.04 Appeal Periods

The parties shall proceed with the transaction referred to in this Agreement without waiting for the expiry of any applicable appeal period or appeal periods relating to the Approval and Vesting Order (or whether such Order becomes a final order) unless such Order is stayed pending any such appeal.

Section 8.05 Risk and Insurance

The risk of loss of the Purchased Assets shall remain with the Vendor until Closing. In the event there is any material loss or material damage to any Purchased Assets occurring between the date of this Agreement and the Closing Date, the Purchaser may terminate this Agreement or complete its purchase of the Purchased Assets without any reduction of the Purchase Price and be entitled, after such completion, to receive all insurance proceeds payable with respect to such loss or damage.

Section 8.06 Possession

The Purchaser shall, subject to Section 6.03, be entitled to possession of the Purchased Assets on and after Closing.

ARTICLE 9

MISCELLANEOUS

Section 9.01 Confidentiality

If, for any reason, the transactions contemplated by this Agreement are not completed, the Purchaser for itself and on behalf of each of its affiliates, directors, officers, employees and agents, hereby agrees to keep confidential and to refrain from using any information concerning the business and affairs of the Vendor, which it may have acquired in connection with the transactions contemplated by this Agreement and in addition, shall return all records or documents, including computer tapes and other forms of electronic media received from the Vendor. The Purchaser's obligations in this respect shall not apply to any information which:

(a) is in the public domain at the time of its disclosure to the Purchaser ;

(b) subsequently comes into the public domain without breach by the Purchaser; or

(c) the Purchaser can show was:

(i) in its possession prior to its disclosure to the Purchaser in connection with this transaction; or

(ii) independently developed by or on behalf of the Purchaser.

Section 9.02 Further Assurances

Each of the parties hereto after the Time of Closing shall, from time to time, and at the request and expense of the party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested for more effectually carrying out the true intent and meaning of this Agreement.

Section 9.03 Certain Obligations to Survive Closing

Notwithstanding the completion of the transactions contemplated hereunder or the delivery of documents pursuant to this Agreement, the obligations and covenants of the parties set out in Sections 3.03, 4.04, 4.05, 6.03, 9.01, 9.02, 9.03 and 9.11 shall survive such completion and delivery, remain in full force and effect, and not merge on Closing. All other obligations and covenants of the parties hereto shall terminate on Closing.

Section 9.04 No Assignment by Purchaser

The Purchaser shall not, without the Vendor's prior written consent, assign any right or interest in this Agreement but the Purchaser may direct the Vendor in writing prior to the granting of the Approval and Vesting Order to transfer the Purchased Assets to a wholly-owned subsidiary of the Purchaser.

Section 9.05 Time of the Essence

Time shall be of the essence of this Agreement.

Section 9.06 Costs and Expenses

Each party hereto shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel) incurred by it in connection with this Agreement and the transactions contemplated herein.

Section 9.07 Notices

Any notice, demand or other communication required or permitted to be given to either party hereunder shall be given in writing or electronically and addressed as follows:

(a) in the case of the Vendor:

Grant Forest Products Inc.
c/o Stonecrest Capital Inc.
Suite 3130, Royal Trust Tower
77 King Street West
P.O. Box 33, Toronto-Dominion Centre
Toronto, ON M4K 1B7

Attention: Ms. Sandra Rosch
Facsimile No.: 416.364.7275
E-mail: srosch@stonecrestcapital.com

with a copy to the Monitor at the following address

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

Attention: Alex Morrison
Facsimile No.: 416-943-3365
E-mail: Alex.Morrison@ca.ey.com

(b) in the case of the Purchaser:

6555 Metropolitan Blvd. East
Suite 503
Montreal, Quebec
H1P 3H3
Attention: Sylvain Dupont
Facsimile No.: 514-321-4605
E-mail: s.dupont@theedsgroup.com

with a copy to:

Gowling Lafleur Henderson LLP
1600-100 King Street West
Toronto, Ontario
M5X 1G5
Attention: Stephen A. Pike
Facsimile No: 416-862-7661
Email: Stephen.pike@gowlings.com

Any such notice, demand or other communication shall be deemed to be sufficiently given if personally delivered or sent by facsimile, pdf or email transmission and, in each case, shall be deemed to have been received by the other party on the same day on which it was delivered or sent by facsimile, pdf or email transmission, if such day is a Business Day or, if not, on the next following Business Day.

Section 9.08 Successors and Assigns

This Agreement shall be binding on, and enure to the benefit of the parties hereto and their respective successors and permitted assigns, including any receiver, receiver and manager or trustee in bankruptcy of either of the parties.

Section 9.09 Appointment of a Trustee in Bankruptcy, Receiver or Receiver and Manager in respect of the Vendor

In the event a trustee in bankruptcy of the Vendor is appointed or a receiver or receiver and manager of the Real Property and of the Purchased Assets then owned by the Vendor is appointed, such trustee in bankruptcy, receiver or receiver and manager shall be entitled to assume this Agreement by written notice to the Purchaser and the Monitor and, in such event, such trustee in bankruptcy, receiver or receiver and manager shall succeed to all rights of the Vendor under this Agreement and shall assume all obligations of the Vendor under this Agreement without the need for any approval or consent of the Purchaser thereto and, in such event, all references in this Agreement to the Vendor shall apply *mutatis mutandis* to such trustee in bankruptcy, receiver or receiver and manager.

Section 9.10 Facsimile or PDF Execution and Counterparts

This Agreement may be executed by facsimile or pdf and in two counterparts with the same effect as if all parties had signed the same document, and both counterparts shall constitute one and the same agreement.

Section 9.11 No claim by the Purchaser to Funds held by the Monitor

Despite any other provision of this Agreement, the Purchaser shall not make or have any claim to or against any amount paid by it to the Monitor hereunder and the Purchaser shall not take any step to prevent or delay the distribution by the Monitor of any such funds to the applicable creditors of the Vendor in accordance with an Order or Orders of the CCAA Court.

Section 9.12 Third Party Beneficiaries

Each party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than the parties hereto and their respective successors and permitted assigns, and no person, other than the parties hereto and their respective successors and permitted assigns, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

[Signature page follows]

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

EDS DECOMMISSIONING CANADA INC.

Per: ______________________
Name: Sylvain Dupont
Title: PRESIDENT

GRANT FOREST PRODUCTS INC.
by its Chief Restructuring Organization,
STONECREST CAPITAL INC.

Per: ______________________
Name: Sandra Rosch
Title: President

Schedule 1

Real Property

TIMMINS MILL

5355 Highway 101 W

1. **PIN 6544-0378 (LT)**

   Location AL 937, PT of Unsubdivided Township of Ogden PT 1 6R1692 except Location RY 310 PT 1 6R276, PT Location AL 937 PT 1 & 2 6R3171, PT 2 6R7487 reserving all ores, mines or minerals which are or shall hereafter be found on or under said land; S/T easement over PT 1 6R7487 as in CB13261, City of Timmins.

2. **PIN 65441-0120 (LT)**

   PCL 24371 SEC SEC; Mining Claim P.27383 Ogden being land and land covered with the waters of Part of the Mattagami River within the boundaries of this Mining Claim excepting SRO PT 1, 6R7154; except SRO as in C106392; reserving thereout and therefrom the surface rights on and over a strip of land one chain in perpendicular width along the shore of the Mattagami River; reserving thereout and therefrom the surface rights on and over the travelled road closing the said Claim; City of Timmins.

Including all buildings, fixtures and improvements located thereon.

Schedule 2

Allocation of Purchase Price

Purchased Assets	Allocated Purchase Price	
Machinery and Equipment (chattels)		$
Buildings and Fixtures	buildings	$
	fixtures	$
Books and Records		$
TOTAL		$

Schedule 3

List of Agents' Liens

All security interests and charges granted by the Vendor to The Toronto-Dominion Bank, as Agent, or to Toronto Dominion (Texas) LLC, as Agent, in any Purchased Assets, financing statements in respect of which were filed under the *Personal Property Security Act* (Ontario)

Schedule 4

Stages of Work and Corresponding Milestone Dates

Stage	Description of Work	Estimated Milestone Date
1.	Mobilization and Sales of Equipment	Seven (7) days following the Closing Date
2.	Dismantling	Two (2) months following the Closing Date
3.	Asbestos Removal	Four (4) months following the Closing Date
4.	Demolition	Six (6) months following the Closing Date
5.	Cleaning	Eleven (11) months following the Closing Date
6.	Demobilization	Twelve (12) months following the Closing Date

PERFORMANCE BOND

No.________________________________ $

KNOW ALL MEN BY THESE PRESENTS THAT EDS DECOMMISSIONING CANADA INC as Principal, hereinafter called the Principal, and ACE INA INSURANCE INC a corporation created and existing under the laws of Canada and duly authorized to transact the business of Suretyship in Canada as Surety, hereinafter called the Surety, are held and firmly bound unto GRANT FOREST PRODUCTS INC. C/O STONECREST CAPITAL INC. as Obligee, hereinafter called the Obligee, in the amount of ($) lawful money of Canada, for the payment of which sum, well and truly to be made, the Principal and the Surety bond themselves, their heirs, successors and assigns, jointly and severally, firmly by these presents.

Whereas the principal has entered into a written contract with the Obligee, dated the ___________, for work comprising of the removal of assets and the demolition of all structures to concrete slab floors at Timmins OSB Mill Highway 101 West, PO Box 180, Timmins, Ontario, P4N 7C9 in accordance with the Contract Documents submitted therefore which are by reference made part hereof and are hereinafter referred to as the Contract.

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION is such that if the Principal shall promptly and faithfully perform the Contract then this obligation shall be null and void; otherwise it shall remain in full force and effect until issue of the Final Certificate as defined in the Contract.

The Surety hereby waives notice of any, omission, addition, extra work or extension of time made by the Obligee.

Whenever, the Principal shall be, and declared by the Obligee to be, in default under the Contract, the Obligee having performed the Obligee's obligations thereunder, the Surety shall either within ten (10) days, remedy the default, or complete the execution of the Contract in accordance with it's terms and conditions.

If the Surety does not act as hereinbefore specified, the Obligee shall have the right to complete the Works in accordance with the Contract, by whatever means the Obligee may deem expedient, but without undue delay or expense, and the Surety shall make available as work progresses (even though there should be a default, or a succession of defaults, under the contract or contracts of completion, arranged under this paragraph) sufficient funds to pay the cost of completion less the balance of the Contract price; but not exceeding, including other costs and damages for which the Surety may be liable hereunder, the amount set forth in the first paragraph hereof. The term "balance of the Contract price", as used in this paragraph, shall mean the total amount payable by the Obligee to the Principal under the Contract and any amendments thereto, less the amount properly paid by the Obligee to the Principal.

Any suit under this bond must be instituted before the expiration of two (2) years from the date on which final payment under the Contract falls due.

The Surety shall not be liable for a greater sum than the specified penalty of the bond.

No right of action shall accrue on this bond, to or for the use of, any person or corporation other than the Obligee named herein, or the heirs, executors, administrators or successors of the Obligee.

IN WITNESS WHEREOF, the Principal and the Surety have signed and sealed this Bond this ____ day of ___________ 2010.

SIGNED AND SEALED
In presence of

____
Principal

____
Surety

Schedule 5

Form of Bond

Schedule 6

List of Required Government Permits

Demolition permit to be issued by the City of Timmins

Schedule 7

Form of Draft Approval and Vesting Order

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

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

THE HONOURABLE MR.	)	●DAY, THE ● DAY
	)	
JUSTICE CAMPBELL	)	OF FEBRUARY, 2011

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST PRODUCTS SALES INC., GRANT ALBERTA INC., GRANT U.S. HOLDINGS GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT ALLENDALE LP, GRANT US SALES INC., GRANT NEWCO LLC AND GRANT EXCLUDED GP

Applicants

-and-

THE TORONTO-DOMINION BANK, in its capacity as agent for secured lenders holding first lien security and THE BANK OF NEW YORK MELLON, in its capacity as agent for secured lenders holding second lien security

Respondents

APPROVAL AND VESTING ORDER (TIMMINS)

THIS MOTION made by Grant Forest Products Inc. (“**GFPI**”), for an order *inter alia*: (i) approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between GFPI and EDS Decommissioning Canada Inc. (the “**Purchaser**”) dated ●, 2011 and appended to the nineteenth report to Court (the “**Nineteenth Report**”) of Ernst & Young Inc. in its capacity as court-appointed monitor (the “**Monitor**”) of GFPI; (ii) vesting in the Purchaser, GFPI’s right, title and interest in and to the Purchased Assets as defined in the

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

ON READING the Nineteenth Report, the Affidavit of Hap Stephen sworn February ●, 2011 and on hearing submissions of counsel for GFPI, the Monitor, First Lien Lenders' Agents, the Purchaser and no one appearing for any other person on the service list, although properly served as appears from the affidavit of <> sworn February ●, 2011 filed:

1. THIS COURT ORDERS that the timing and method of service and filing of the notice of motion and GFPI's motion record are hereby abridged so that this motion is properly returnable today.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution and delivery of the Sale Agreement by GFPI are hereby authorized and approved, with such minor amendments as GFPI and the Purchaser may deem necessary and the demolition referred to in the Sale Agreement is hereby authorized and approved. GFPI is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the sale of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery to the Purchaser of a Monitor's certificate substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of GFPI's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens,

encumbrances, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated June 25, 2009, (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, and (iii) those Claims listed on Schedule "C" hereto (all of which are collectively referred to as the "Encumbrances"); and, for greater certainty, this Court orders that all of the Claims affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that, for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

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

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

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

8. THIS COURT ORDERS that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of GFPI and any bankruptcy order issued pursuant to any such application; and

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order and the right of access to the Purchased Assets and to the real property on which the Purchased Assets are located granted to the Purchaser in the Sale Agreement shall be binding on any trustee in bankruptcy that may be appointed in respect of GFPI and shall not be void or voidable by creditors of GFPI, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

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

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

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, or in the United States to give effect to this Order and to assist GFPI, the Monitor and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist GFPI, the Monitor and their agents in carrying out the terms of this Order.

Schedule "A" – Form of Monitor's Certificate

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

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRANT FOREST PRODUCTS INC., GRANT FOREST PRODUCTS SALES INC., GRANT ALBERTA INC., GRANT U.S. HOLDINGS GP, SOUTHEAST PROPERTIES LLC, GRANT CLARENDON LP, GRANT ALLENDALE LP, GRANT US SALES INC., GRANT NEWCO LLC AND GRANT EXCLUDED GP

Applicants

-and-

THE TORONTO-DOMINION BANK, in its capacity as agent for secured lenders holding first lien security and THE BANK OF NEW YORK MELLON, in its capacity as agent for secured lenders holding second lien security

Respondents

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Campbell of the Ontario Superior Court of Justice (the "**Court**") dated ●, 2011, the Court approved the agreement of purchase and sale made as of ●, 2011 (the "**Sale Agreement**") between Grant Forest Products Inc. ("**GFPI**") and EDS Decommissioning Canada Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of GFPI's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), which vesting is to be effective upon the delivery by Ernst & Young Inc. in its capacity as court-appointed monitor (the "**Monitor**") of GFPI to the Purchaser of a certificate confirming: (i) the payment by the

Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by GFPI and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by GFPI and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Monitor.

4. This Certificate was delivered by the Monitor at ________ [TIME] on _______ [DATE].

Ernst & Young Inc., in its capacity as court-appointed monitor of Grant Forest Products Inc., and not in its personal capacity

Per: ________________________________

Name:

Title:

Schedule "B" – Real Property

5355 Highway 101 W

1. PIN 65441-0378 LT

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

2. Pcl 24371 SEC — PIN 65441-0120 LT

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

3. Pcl 23975 SEC — PIN 65441-0121 LT

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

4. PIN 65441-0376 LT

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

5. Pcl 18740 SEC —PIN 65441-0324 LT

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

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

Off-site Landfill

6. Pcl 24714 SEC — PIN 65441-0321 LT

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

Earlton-Timiskaming Regional Airport Hangar

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

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

Schedule "C" - Encumbrances

5355 Highway 101 W

1. PIN 65441-0378 LT

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

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

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

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

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

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

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

2. Pcl 24371 SEC — PIN 65441-0120 LT

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

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

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

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

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

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

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

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

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 (the "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 (the "Respondents")

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER
(TIMMINS)

FRASER MILNER CASGRAIN LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, Ontario
M5K 0A1

Lawyer: Jane O. Dietrich
LSUC: 49302U
Email: jane.dietrich@fmc-law.com
Telephone: 416 863-4467
Facsimile: 416-863-4592

Lawyers for the Applicants Grant Forest Products Inc., Grant Forest Products Sales Inc., and Grant Alberta Inc.

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