Court File No.: CV-09-824700CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

Applicants

ELEVENTH REPORT OF THE MONITOR DATED APRIL 9, 2010

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Sean Dunphy LSUC#: 24941J
Tel: (416) 869-5662
Kathy Mah LSUC#51077W
Tel: (416) 869-5652
Fax: (416) 947-0866

Solicitors for the Monitor, Ernst & Young Inc.

TO: THE SERVICE LIST

Court File No.: CV-09-824700CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

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

Applicants

ELEVENTH REPORT OF THE MONITOR DATED APRIL 9, 2010

INTRODUCTION

1. On June 25, 2009, Grant Forest Products Inc. ("**GFPI**"), Grant Alberta Inc. ("**GAI**"), Grant Forest Products Sales Inc. ("**GFPSI**") and Grant U.S. Holdings GP (the "**Grant Partnership**" or "**U.S. Holdings**") (collectively the "**Original Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") in order to restructure the business and affairs of the Original Applicants. Pursuant to the Order of this Honourable Court dated June 25, 2009 (the "**Initial Order**"), Ernst & Young Inc. ("**EYI**") was appointed as the Monitor of the Original Applicants (the "**Monitor**") in the CCAA proceeding. The Initial Order provided for a stay of proceedings through to July 24, 2009. The stay of proceedings was subsequently extended to June 30, 2010 (the "**Original Applicants' Stay Period**") pursuant to an Order of this Honourable Court dated February 26, 2010.

2. On March 30, 2010, Southeast Properties LLC ("**Southeast**"), Grant Newco LLC ("**Newco**"), Grant US Sales Inc. ("**U.S. Sales**"), Grant Clarendon LP ("**Clarendon**"), Grant Allendale LP ("**Allendale**"), and Grant Excluded GP

("**Excluded**") were added as additional applicants to these CCAA proceedings (collectively, the "**Additional Applicants**" and together with the Original Applicants, the "**Applicants**" or "**Grant**"). Pursuant to an Order of this Honourable Court dated March 30, 2010 (the "**Supplemental Initial Order**"), EYI was appointed as the Monitor of the Additional Applicants in the CCAA proceeding. The Supplemental Initial Order provided for a stay of proceedings against the Additional Applicants through to April 29, 2010 (the "**Additional Applicants' Stay Period**").

PURPOSE

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

    a. actual receipts and disbursements of the Original Applicants from February 8, 2010 to April 4, 2010;

    b. the Original Applicants' updated cash flow projection from April 5, 2010 to July 4, 2010; and

    c. the Additional Applicants' updated cash flow projection from March 30, 2010 to July 4, 2010.

TERMS OF REFERENCE

4. In preparing this Eleventh Report, the Monitor has been provided with and in making the comments herein relied upon unaudited financial information, the Applicants' books and records, financial information prepared by the Applicants and discussions with management of the Applicants. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Eleventh Report. Some of the information referred to in this Eleventh 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.

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

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

BACKGROUND

7. GFPI and certain of its subsidiaries are privately owned corporations carrying 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.

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

9. The Applicants and Footner have 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.

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

CCAA proceedings.

11. GFPI also has a 50% interest in an OSB mill located at High Level in Alberta (the "**Footner Mill**"). This OSB mill is held by Footner as bare trustee and GFPI owns 50% of the shares of Footner. The Footner mill itself is not directly subject to these CCAA Proceedings.

12. The OSB mills located in Allendale (the "**Allendale Mill**") and Clarendon (the "**Clarendon Mill**") in South Carolina are owned by Allendale and Clarendon respectively, each of which is owned by Southeast. Each of these entities are Additional Applicants and are subject to these CCAA proceedings.

13. The Grant Partnership, which is one of the Original Applicants, owns 100% of Southeast.

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

15. As a result of the present market conditions and the reduced demand for OSB and other wood products, only the Englehart Mill and the Allendale Mill are presently operating. Both the Timmins Mill and the Footner Mill are idle. The Clarendon Mill is a new mill which is substantially complete but has not yet been put into production.

16. 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 Original Applicants with services to be provided by Hap Stephen and Sandra Rosch.

17. On March 30, 2010 this Honourable Court approved the transaction (the "**Transaction**") as contemplated by a purchase agreement (the "**PSA**") between the Applicants and 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**") to sell a substantial portion of the Applicants' assets and operations, as

set out in further detail in the Sixth Report of the Monitor dated January 15, 2010 (the "**Sixth Report**").

ACTUAL CASH RECEIPTS AND DISBURSEMENTS – ORIGIAL APPLICANTS

18. A summary of the actual receipts and disbursements of the Original Applicants as compared to the projection set out in the Tenth Report of the Monitor dated February 23, 2010 (the "**Tenth Report**") for the period from February 8, 2010 to April 4, 2010 is attached as Appendix "**A**" to this Eleventh Report.

19. The Original Applicants' actual consolidated net cash outflow for the period from February 8, 2010 to April 4, 2010 was $4.8 million. The actual net cash outflow was better than projected by approximately $1.9 million primarily as a result of higher than anticipated fibre sales and timing of certain disbursements. As discussed in the Tenth Report, the net cash outflow is primarily due to the seasonal increase in fibre purchases in the months of February and March. The increased fibre purchases during the winter months are typical in the forestry industry in Canada as it is cost efficient and easier to cut and transport timber from the forest during the winter freeze.

UPDATED CASH FLOW PROJECTION – ORIGINAL APPLICANTS

20. An updated cash flow forecast of the Original Applicants for the period from April 5, 2010 to July 4, 2010 is attached as Appendix "**B**" to this Eleventh Report, (the "**Original Applicants' Forecast**").

21. The Original Applicants' Forecast does not reflect the closing of the PSA during the forecast period and is prepared on the basis that the Original Applicants will continue to operate under normal business conditions during the projection period. The Original Applicants' Forecast has been prepared by management of the Original Applicants using probable and hypothetical assumptions set out in the notes attached to the cash flow projection.

22. The Original Applicants' cash position as at April 5, 2010 is estimated to be

approximately $16.6 million.

23. The Original Applicants are projecting a net cash inflow of approximately $10.9 million during the projection period and a forecast cash position of $26.5 million at July 4, 2010. The net cash inflow of approximately $10.8 million during the forecast period is primarily as a result of the anticipated higher receipts from OSB sales due to the projected increase in OSB prices.

UPDATED CASH FLOW PROJECTION – ADDITIONAL APPLICANTS

24. Grant, with the assistance of the Monitor, had prepared a cash flow projection for the Additional Applicants for the period from March 30, 2010 to July 4, 2010, (the "**Additional Applicants' Forecast**"), a copy of which is attached as Appendix "**C**" to this Eleventh Report. The Additional Applicants' Forecast does not reflect the closing of the PSA and is prepared on the basis that the Additional Applicants will continue to operate under normal business conditions during the projection period. The Additional Applicants' Forecast has been prepared by management of the Additional Applicants using probable and hypothetical assumptions set out in the notes attached to the cash flow projection.

25. The Additional Applicants' cash position as at March 30, 2010 is estimated to be approximately $5.0 million.

26. The Additional Applicants are projecting a net cash inflow of approximately $13.5 million during the projection period and a forecast cash position of $18.5 million at July 4, 2010. The net cash inflow of approximately $13.5 million during the forecast period is primarily due to the anticipated higher receipts from OSB sales due to the projected increase in OSB prices.

27. During the forecast period, Grant estimates that the Additional Applicants will not require funding from the Original Applicants.

28. The Additional Applicants' Forecast projects that the Additional Applicants will have sufficient liquidity to operate during the Additional Applicants' Stay Period.

All of which is respectfully submitted this 9th day of April, 2010.

ERNST & YOUNG INC.
in its capacity as the Monitor of
Grant Forest Products Inc., Grant Alberta Inc.,
Grant Forest Products Sales Inc., Grant U.S. Holdings G.P.,
Southeast Properties LLC, Grant Newco LLC,
Grant US Sales Inc., Grant Clarendon LP
Grant Allendale LP and Grant Excluded GP

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

Appendix A

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP. (the "Original Applicants")
Cumulative Combined Receipts and Disbursements
For the Period From February 8 to April 4, 2010
(In Thousands of US Dollars)

	Actual	Projection	Variance	Notes
Opening Bank Balance	19,356	19,356	-	
Receipts				
OSB Sales	23,127	24,244	(1,117)	1
Fibre Sales	2,485	1,102	1,383	2
GST Collected & Refunds	1,026	853	173	
Other Receipts	496	324	171	
Corporate Tax Refund - Net	-	-	-	
Total Receipts	27,134	26,524	610	
Disbursements				
Payables-Fibre	(13,175)	(13,011)	(164)	
Freight	(3,185)	(3,341)	156	
Other Payables	(6,943)	(6,832)	(111)	
Payroll	(3,383)	(3,803)	420	3
Utilities & Fuel	(1,813)	(1,575)	(238)	
GST Remittance	(505)	(364)	(141)	
SG&A	(985)	(1,507)	523	4
Restructuring Costs	(2,212)	(2,891)	679	5
Bank Charges	(29)	(31)	2	
Foreign Exchange Impact	294	106	188	
Total Disbursements	(31,935)	(33,250)	1,316	
Net Cash Flows	(4,800)	(6,726)	1,926	
Inter-Company Transfers:				
Transfer from (to) Additional Applicants	2,631	-	2,631	6
Transfers from (to) Footner	(609)	(574)	(34)	
Total Inter-Company Transfers	2,022	(574)	2,596	
Ending Bank Balance	16,577	12,055	4,522	
Deduct: Restricted Cash	(838)	(870)	32	
Ending Cash excluding Restricted Cash	15,739	11,185	4,554	

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP. (the "Original Applicants") Combined Cumulative Actual Receipts and Disbursements For the Period February 8 to April 4, 2010 Variance Analysis

The actual receipts and disbursements are denominated in U.S. dollars. Canadian dollars are converted to U.S. dollars every week at Thursday's closing exchange rate as published by the Bank of Canada. In the projection, Canadian dollars are converted to U.S. dollars at the exchange rate of CDN$1.05=US$1.00.

1. **OSB Sales** – The unfavourable variance is primarily due to lower than anticipated sales volumes in the prior period and a timing difference. The portion of the variance caused by timing is expected to reverse in the future.

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

3. **Payroll** – The favourable variance is primarily related to timing and will reverse in the future.

4. **SG&A** – The favourable variance is primarily due to a timing difference and may reverse in the future.

5. **Restructuring Costs** – The favourable variance is primarily due to a timing difference and is expected to reverse in the future.

6. **Transfer from (to) Additional Applicants** – The actual amount represents funds transferred from Allendale and U.S. Sales to settle post-filing inter-company balance due to the Original Applicants.

Appendix B

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP. (the "Original Applicants") Consolidated Cash Flow Projection
For The Period From April 5, 2010 to July 4, 2010
(In Thousands of US Dollars)

Week Ending	Notes	11-Apr	18-Apr	25-Apr	2-May	9-May	16-May	23-May	30-May	6-Jun	13-Jun	20-Jun	27-Jun	4-Jul	Total
Opening Bank Balance	1	16,577	16,139	16,070	15,759	17,240	31,241	22,785	23,124	25,224	24,704	26,044	26,151	27,095	16,577
Receipts															
OSB Sales	2	3,033	3,248	3,821	3,821	3,821	3,821	4,203	4,203	4,203	3,362	3,699	3,578	3,578	48,390
Fibre Sales	3	-	-	-	-	21	21	21	21	43	43	43	43	43	298
GST Refunds	4	-	-	-	532	-	-	-	-	344	-	-	-	191	1,068
Other Receipts	5	29	-	7	-	29	-	7	-	7	22	7	-	7	116
Corporate Tax Refund	6	-	-	-	-	13,118	-	-	-	-	-	-	-	-	13,118
Total Receipts		3,062	3,248	3,828	4,353	16,988	3,842	4,231	4,223	4,598	3,427	3,749	3,621	3,820	62,990
Disbursements															
Payables-Fibre	7	-	(1,640)	-	(896)	-	(1,033)	-	-	(1,383)	-	(1,143)	-	(1,224)	(7,320)
Freight	8	(733)	(105)	(763)	(105)	(767)	(105)	(833)	(105)	(807)	(105)	(750)	(105)	(767)	(6,051)
Other Payables	9	(830)	(1,015)	(1,052)	(846)	(747)	(1,022)	(1,412)	(876)	(682)	(872)	(963)	(965)	(849)	(12,132)
Payroll	10	(1,271)	(34)	(729)	(309)	(1,359)	(34)	(728)	(34)	(694)	(265)	(697)	(34)	(939)	(7,130)
Utilities & Fuel	11	(51)	1	(741)	(280)	170	(220)	(497)	(199)	121	(199)	148	(888)	136	(2,498)
GST Remittance	12	-	-	(251)	-	-	-	-	(256)	-	-	-	(266)	-	(774)
SG&A	13	(84)	(115)	(141)	(193)	(78)	(227)	(190)	(94)	(1,507)	(159)	(82)	(96)	(129)	(3,095)
Restructuring Costs	14	(356)	(351)	(446)	(203)	(207)	(201)	(232)	(329)	(149)	(142)	(155)	(258)	(134)	(3,162)
Bank Charges	15	-	(40)	-	(14)	-	-	-	-	(14)	-	-	-	(14)	(83)
Capex	16	(103)	-	-	-	-	-	-	-	-	(309)	-	-	-	(412)
Tax Refund Payment	6	-	-	-	-	-	(9,418)	-	-	-	-	-	-	-	(9,418)
Foreign Exchange Impact	17	(53)	-	-	-	-	-	-	-	-	-	-	-	-	(53)
Total Disbursements		(3,481)	(3,299)	(4,123)	(2,845)	(2,988)	(12,261)	(3,892)	(1,894)	(5,116)	(2,051)	(3,643)	(2,614)	(3,920)	(52,126)
Net Weekly Cash Flows		(419)	(52)	(295)	1,508	14,001	(8,419)	339	2,330	(519)	1,376	106	1,007	(100)	10,864
Inter-Company Transfers:															
Transfer from (to) Additional Applicants	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) Footner	19	(20)	(17)	(16)	(27)	-	(37)	-	(230)	(1)	(36)	-	(63)	(74)	(520)
Total Inter-Company Transfers		(20)	(17)	(16)	(27)	-	(37)	-	(230)	(1)	(36)	-	(63)	(74)	(520)
Ending Bank Balance		16,139	16,070	15,759	17,240	31,241	22,785	23,124	25,224	24,704	26,044	26,151	27,095	26,921	26,921
Deduct: Restricted Cash	20	(828)	(828)	(828)	(828)	(828)	(828)	(436)	(436)	(412)	(412)	(412)	(412)	(412)	(412)
Ending Cash excluding Restricted Cash		15,310	15,241	14,931	16,412	30,412	21,957	22,688	24,788	24,293	25,633	25,739	26,683	26,509	26,509

In the Matter of the CCAA of Grant Forest Products Inc. Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP. ("Grant" or the "Original Applicants")
Notes to the Unaudited Cash Flows Projection

Disclaimer:

In preparing this cash flow projection (the "Original Applicants' Forecast"), the Original Applicants have relied upon unaudited financial information, and the Original Applicants have not attempted to further verify the accuracy or completeness of such information. The Original Applicants' Forecast includes estimates concerning the operations of the mills and additional assumptions discussed below with respect to the requirements. Since the Original 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 Original 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 Original Applicants' Forecast reflects cash flows from the Original Applicants' operations including inter-company transfers to and from the mill at Footner and the Additional Applicants' operations. The Original Applicants with the assistance of the Monitor have prepared the Original Applicants' Forecast based primarily on historical results and the Original Applicants' current business plan. Receipts and disbursements are denominated in both Canadian and US dollars; however the consolidated cash flow is presented in U.S. dollars. Canadian dollars are converted to US dollars at the exchange rate of CDN$1.02 = US$1.00.

The Original Applicants' Forecast assumes that three of Grant's mills, specifically, the Timmins Mill, the Footner Mill and the Clarendon Mill continue to remain closed during the forecast period. The Original Applicants' Forecast does not reflect the closing of the PSA in the forecast period. The Original Applicants' Forecast also assumes that no interest will be paid to the lenders during the projection period.

Assumptions:

1) **Opening Balance:**
   This is the anticipated opening cash balance of the Original 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) **Sales Receipts:**
   OSB Sales are calculated as the product of the projected volume and the projected price per unit. The projected volume is estimated based on Grant's historical

volumes with a discount for the decline in sales as a result of the slower U.S. housing market as compared to previous years. The projected sales price per unit is estimated using historical pricing data by Grant's sales department and market information published by independent services. Further amounts estimated for freight and GST (for sales in Canada) are added to the unit price to arrive at the gross price per unit. Grant assumes that sales are collected in two weeks, based on recent historical run rates.

3) **Fibre Sales Receipts:**
Wood sales receipts represent receipts from sales of wood not utilized in the production process. It is anticipated that such sales and the corresponding receipts will not be significant during the projection period.

4) **GST Refunds:**
Grant is typically in a net refund position as GST remittances are offset by potential input tax credits.

5) **Other Receipts:**
Other Receipts include certain intercompany reimbursements and other miscellaneous receipts.

6) **Corporate Tax Refund :**
Grant anticipates receiving a tax refund of approximately $13.11 million based on its 2009 income tax return filed with the Canada Revenue Agency. This amount is subject to CRA's review of the supporting information related to the tax refund. Approximately $9.4 million of this anticipated tax refund is required to be paid to Mr Peter Grant Sr, further to an Order from Justice Newbould, subject to a decision from the Court of Appeal.

7) **Payables – Fibre:**
The cost of fibre, including crown dues and road maintenance costs, is estimated based on recent historical run rates and current production levels. In addition to the cost of fibre, the company pays freight, which fluctuates slightly on a weekly basis.

8) **Freight:**
Freight costs are recovered from customers, however, Grant pays freight costs approximately a week after the sales are made and recovers these amounts from customers in two weeks, at the same time as payment for product as described in note 2 above.

9) **Other Payables:**
Other payables represent suppliers not included in other specific line items. Payables primarily include payments to suppliers for resin, wax, repairs & maintenance, packaging, and contract labour.

10) Payroll:

Payroll represents bonus and payroll costs including deductions for all executives and employees and is forecast based on historical run rates. Both salaried and hourly employees are paid bi-weekly through direct deposits. Grant has outsourced its payroll services to ADP. ADP is usually funded a few days prior to the payroll date. Included in the payroll line item are costs for benefits and pension.

11) Utilities & Fuel:

Utilities represent costs for electricity and natural gas. These costs are estimated based on recent historical run rates and production levels.

Fuel represents costs of refuelling both Grant owned vehicles and independent truckers that deliver wood to Englehart and finished goods to customers. The Original Applicants' Forecast includes recoveries of fuel costs from freight transport companies who use Grant's fuel pump at Englehart and the highway card lock system.

12) GST Remittance:

GST Remittance represents anticipated GST remittances of GFPSI based on projected sales. Typically, Grant on a net consolidated basis is in a GST refund position; however, the sales company is in a payable position as it has no input tax credits.

13) SG&A:

SG&A represents costs for rent, property tax, equipment rentals, general repairs and maintenance, office supplies, travel and insurance.

14) Restructuring Costs:

Restructuring costs include costs related to Grant's advisors and their counsel and the Monitor and its counsel.

15) Bank Charges:

No interest is projected to be paid to the lenders during the projection period. This line item includes agency fees for the first lien and second lien lenders.

16) Capex:

Capex costs represent payments for anticipated capital expenditures.

17) Foreign Exchange Impact:

Foreign Exchange Impact represents the difference in the exchange rate between the opening cash balance in which Canadian dollars are converted to U.S. dollars at the actual exchange rate of CDN$1.0084 = US$1.00 as at the beginning of the forecast period and the Original Applicants' Forecast exchange rate of CDN$1.02 = US$1.00.

18) Transfer from (to) Additional Applicants:

Represents intercompany funding between Allendale and Clarendon and the Original Applicants. During the projection period, it is projected that Allendale and Clarendon will not require funding from the Original Applicants.

19) Transfers from (to) Footner:

Represents intercompany funding between Footner and the Original Applicants. During the projection period, it is currently projected that Footner will require approximately $0.5 million in funding from the Original Applicants.

20) Restricted Cash:

At the beginning of the forecast period it represents approximately $804,000 of restricted cash held as a reserve for certain letters of credit issued by the Original Applicants. The restricted cash amount decrease to approximately $412,000 over the projection period due to not renewing two letters of credit that had required collateral.

Appendix C

Southeast Properties LLC, Grant Clarendon LP , Grant Allendale LP, Grant US Sales Inc. Grant Newco LLC, Grant Excluded GP (the "Additional Applicants")
Consolidated Cash Flow Projection
For The Period From March 30, 2010 to July 4, 2010
(In Thousands of US Dollars)

Week Ending	Notes	4-Apr	11-Apr	18-Apr	25-Apr	2-May	9-May	16-May	23-May	30-May	6-Jun	13-Jun	20-Jun	27-Jun	4-Jul	Total
Opening Bank Balance	1	4,963	4,614	4,871	5,033	6,880	7,713	8,844	9,601	11,546	13,106	13,838	14,603	15,637	16,834	4,963
Receipts																
OSB Sales	2	1,498	2,429	2,155	3,373	3,370	3,370	3,370	3,446	3,446	3,446	3,446	2,514	3,065	3,065	41,994
Total Receipts		1,498	2,429	2,155	3,373	3,370	3,370	3,370	3,446	3,446	3,446	3,446	2,514	3,065	3,065	41,994
Disbursements																
Payables-Fibre	3	(540)	(499)	(573)	(573)	(571)	(566)	(566)	(535)	(525)	(482)	(565)	(565)	(565)	(349)	(7,474)
Freight	4	(141)	(139)	(149)	(172)	(170)	(170)	(170)	(170)	(170)	(170)	(153)	(153)	(170)	(170)	(2,268)
Other Payables	5	(719)	(758)	(768)	(722)	(1,168)	(741)	(770)	(731)	(696)	(637)	(768)	(740)	(674)	(757)	(10,652)
Payroll	6	(442)	-	(438)	-	(550)	-	(727)	-	(438)	(112)	(438)	-	(438)	(112)	(3,695)
Utilities & Fuel	7	(4)	(750)	(21)	(21)	(37)	(724)	(21)	(21)	(15)	(21)	(744)	(21)	(21)	(36)	(2,457)
SG&A	8	(1)	-	(19)	-	(4)	-	(322)	(31)	(30)	(1,280)	-	-	-	-	(1,686)
Restructuring Costs	9	-	(25)	(25)	(38)	(38)	(38)	(38)	(13)	(13)	(13)	(13)	-	-	-	(250)
Total Disbursements		(1,847)	(2,171)	(1,993)	(1,525)	(2,538)	(2,239)	(2,614)	(1,501)	(1,887)	(2,715)	(2,681)	(1,479)	(1,868)	(1,425)	(28,482)
Net Weekly Cash Flows		(349)	257	162	1,847	833	1,131	756	1,946	1,560	732	765	1,034	1,197	1,641	13,512
Inter-Company Transfers:																
Transfer from (to) the Original Applicants	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Inter-Company Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Bank Balance		4,614	4,871	5,033	6,880	7,713	8,844	9,601	11,546	13,106	13,838	14,603	15,637	16,834	18,475	18,475

In the Matter of the CCAA of Southeast Properties LLC, Grant Clarendon LP , Grant Allendale LP, Grant US Sales Inc. Grant Newco LLC, Grant Excluded GP (collectively the "Additional Applicants")

Notes to the Unaudited Cash Flows Projection

Disclaimer:

In preparing this cash flow projection (the "**Additional Applicants' Forecast**"), the Additional Applicants have relied upon unaudited financial information, and the Additional Applicants have not attempted to further verify the accuracy or completeness of such information. The Additional Applicants' Forecast includes estimates concerning the operations of the mills and additional assumptions discussed below with respect to the requirements. Since the Additional 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 Additional 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 Additional Applicants' Forecast reflects cash flows from the Additional Applicants' operations including inter-company transfers to and from Original Applicants' operations. The Additional Applicants with the assistance of the Monitor have prepared the Additional Applicants' Forecast based primarily on historical results and the Additional Applicants' current business plan. Receipts and disbursements are denominated in U.S. dollars.

The Additional Applicants' Forecast assumes that one of the Additional Applicants' mill, specifically; the Clarendon Mill continues to remain closed during the forecast period. The Additional Applicants' Forecast does not reflect the closing of the PSA in the forecast period. In addition, the Additional Applicants' Forecast also assumes that no interest will be paid to the lenders during the projection period.

Assumptions:

1) **Opening Balance:**
This is the anticipated opening cash balance of the Additional Applicants at the commencement of the stay period and includes funds held in U.S. dollars.

2) **Sales Receipts:**
OSB Sales are calculated as the product of the projected volume and the projected price per unit. The projected volume is estimated based on the Additional Applicants' recent historical volumes. The projected sales price per unit is estimated using recent historical pricing data by the Additional Applicants' sales

department and market information published by independent services. Further amounts estimated for freight are added to the unit price to arrive at the gross price per unit. The Additional Applicants assume that sales are collected in two weeks, based on recent historical run rates.

3) **Payables – Fibre:**
The cost of fibre is estimated based on recent historical run rates and current production levels. In addition to the cost of fibre, the company pays freight on such fibre, which fluctuates slightly on a weekly basis.

4) **Freight:**
Freight costs are recovered from customers, however, the Additional Applicants pay freight costs approximately a week after the sales are made and recover these amounts from customers in two weeks, at the same time as payment for product sold as described in note 2 above.

5) **Other Payables:**
Other payables represent suppliers not included in other specific line items. Payables primarily include payments to suppliers for resin, wax, repairs & maintenance, packaging, and contract labour.

6) **Payroll:**
Payroll represents bonus and payroll costs including deductions for all executives and employees and is forecast based on historical run rates. Both salaried and hourly employees are paid bi-weekly through direct deposits. The Additional Applicants have outsourced their payroll services to ADP. ADP is usually funded a few days prior to the payroll date. Included in the payroll line item are costs for benefits and pension.

7) **Utilities & Fuel:**
Utilities represent costs for electricity. These costs are estimated based on recent historical run rates and production levels.

Fuel represents cost for natural gas, hog fuel, gas and diesel used in the production process. These costs are estimated based on recent historical run rates and production levels.

8) **SG&A:**
SG&A represents costs for property tax, customer rebates, and insurance premiums.

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

10) Transfer from (to) the Original Applicants:

Represents intercompany funding between the Original Applicants and the Additional Applicants. During the projection period, it is currently projected that Allendale and Clarendon will not require funding from the Original Applicants.

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

Court File No. CV-09-824700CL

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

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto

ELEVENTH REPORT OF THE MONITOR, ERNST & YOUNG INC.
(Dated APRIL 9, 2010)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Sean Dunphy LSUC # 24941J
Tel: (416) 869-5662
Kathy Mah LSUC# 51077W
Tel: (416) 869-5652
Fax: (416) 947-0866

Solicitors for the Monitor, Ernst & Young Inc.