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 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

TWELFTH REPORT OF THE MONITOR DATED APRIL 26, 2010

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TO: THE SERVICE LIST

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TWELFTH REPORT OF THE MONITOR DATED APRIL 26, 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 through to April 29, 2010 (the "**Additional Applicants' Stay Period**").

3. In addition, on March 30, 2010 this Honourable Court granted an order (the "**Canadian Sale Approval Order**") approving 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**").

4. On March 31, 2010, pursuant to the terms of the Canadian Sale Approval Order, the Monitor as the foreign representative of the Applicants, filed petitions in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Bankruptcy Court**") for relief under Chapter 15 of Title 11 of the U.S. Bankruptcy Code ("**Chapter 15**"), including recognition of these CCAA proceedings as a foreign main proceeding in respect of the Applicants and an order recognizing and approving the Canadian Sale Approval Order specifically. An Order granting emergency relief under Chapter 15 to the Applicants was granted by the U.S. Bankruptcy Court on April 6, 2010. An Order granting provisional relief under Chapter 15 to the Applicants was granted by the U.S. Bankruptcy Court on April

19, 2010. A hearing for the recognition order and recognition and approval of the Canadian Sale Approval Order will be heard on April 26, 2010 in Delaware.

PURPOSE

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

   a. the status of the CCAA proceedings of the Additional Applicants;

   b. the status of the marketing process as described in the Initial Order (the "**Marketing Process**") and the marketing process of the Applicants' non-core assets (the "**Non-Core Sales Process**") as described in the Second Report of the Monitor dated July 21, 2009 (the "**Second Report**");

   c. the Applicants' motion for an Order authorizing, empowering and directing GFPI and GAI (collectively, the "**Partners**") and their respective officers to execute, file and take related actions in respect of the appropriate U.S. federal income tax returns for the applicable taxable period or alternatively appointing EYI as a filing receiver (the "**Filing Receiver**") on the terms described in the draft order attached to the motion of the Applicants dated April 21, 2010;

   d. actual receipts and disbursements of the Additional Applicants from March 30, 2010 to April 18, 2010;

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

   f. the Applicants' motion to extend the Additional Applicants' Stay Period to June 30, 2010; and

   g. the Applicants' motion to approve the Eleventh Report of the Monitor dated April 9, 2010 (the "**Eleventh Report**") and this Twelfth Report and the conduct and activities of the Monitor as set forth in these Reports.

TERMS OF REFERENCE

6. In preparing this Twelfth 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 Twelfth Report. Some of the information referred to in this Twelfth 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.

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

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

BACKGROUND

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

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

16. 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.

17. 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.

18. 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.

STATUS OF CCAA PROCEEDINGS OF THE ADDITIONAL APPLICANTS

19. On March 30 2010, this Honourable Court issued the Supplemental Initial Order which, among other things, declared that the Additional Applicants are debtor companies to which the CCAA applies and granted certain relief to the Applicants while they assess their restructuring alternatives pursuant to the CCAA. The Supplemental Initial Order set out that the Additional Applicants were entitled, but not required, to pay all obligations incurred in the ordinary course of business, whether or not incurred prior to the date of the Supplemental Initial Order. However, the Supplemental Initial Order directed the Additional Applicants to make no payments to the First Lien Lenders and the Second Lien Lenders for amounts related to principal, interest thereon or otherwise on account of amounts owing by the Additional Applicants to the First Lien Lenders or the Second Lien Lenders.

20. Pursuant to the Supplemental Initial Order, the Monitor published in The Temiskaming Speaker (in Northern Ontario), The State (in South Carolina) and The Wall Street Journal newspapers, a notice which included information on the CCAA proceedings and the toll-free number and the website address of the Monitor.

21. As required by the Supplemental Initial Order, on April 1, 2010, the Monitor sent a notice including information on the commencement of the CCAA Proceedings of the Additional Applicants and the toll-free number and the website address of the Monitor to all know creditors of the Additional Applicants with balances owing to them of greater than CDN$1,000. As further required by the Supplemental Initial Order, the Monitor posted a list of creditors not stayed by the Supplemental Initial Order on its website.

22. Further, the Monitor has also posted all public documents related to the CCAA proceedings of the Additional Applicants on its website at www.ey.com/ca/gfp.

23. The Applicants with the assistance of the Monitor have continued to maintain the functionality of the operations of the Additional Applicants. The Monitor is not aware of any interruptions to the operations of the Additional Applicants since the commencement of the CCAA proceedings of the Additional Applicants.

STATUS OF THE MARKETING PROCESS AND THE NON-CORE SALES PROCESS

The Marketing Process

24. The Initial Order provided for the immediate commencement of the Marketing Process in accordance with the protocol attached as Appendix "A" to the Initial Order (the "**Investment Offering Protocol**") to provide interested parties with the opportunity to offer to purchase the business and operations of the Original Applicants and their subsidiaries as a going concern or offer to sponsor a plan of arrangement of the Original Applicants, or any of them. The Initial Order also authorized the Original Applicants to engage an investment offering advisor (the "**Investment Offering Advisor**") to assist in connection with the Marketing Process. The Original Applicants requested that EYI undertake the role of the Investment Offering Advisor.

25. The Sixth Report describes in detail, the Marketing Process that was conducted by the Investment Offering Advisor with the assistance of the CRA. The Marketing Process resulted in Georgia Pacific as the selected party to proceed to *Phase III* to negotiate a PSA with the Applicants.

26. As described above, on March 30, 2010 this Honourable Court granted the Canadian Sale Approval Order approving the Transaction as contemplated by the PSA between the Applicants and Georgia Pacific to sell a substantial portion of the Applicants' assets and operations, as set out in further detail in the Sixth Report. On receipt of the Canadian Sale Approval Order, and pursuant to the terms of the Canadian Sale Approval Order, the Monitor, as the foreign representative of the Applicants, filed petitions for relief under Chapter 15. An Order granting

emergency relief under Chapter 15 to the Applicants and recognition of these CCAA proceedings was granted by the U.S. Bankruptcy Court on April 6, 2010. An order granting provisional relief under Chapter 15 to the Applicants and recognition of these CCAA proceedings was granted by the U.S. Bankruptcy Court on April 19, 2010.

27. Further, pursuant to the terms of the Canadian Sale Approval Order, on April 1, 2010 the Monitor also filed a motion on behalf of the Applicants (the "**U.S. Sales Motion**") requesting the U.S. Bankruptcy Court for an order (the "**U.S. Sale Approval Order**") among other things, affirming and enforcing the Canadian Sale Approval Order, and approving the Transaction as contemplated by the PSA between the Applicants and Georgia Pacific to sell a substantial portion of the Applicants' assets and operations, as set out in further detail in the Sixth Report. A hearing for the recognition order and recognition and approval of the Canadian Sale Approval Order will be heard on April 26, 2010 in Delaware. The Monitor has been advised by its Delaware Counsel that to date, the Monitor's Delaware Counsel has not been advised of any objections having been filed with respect to such motion.

28. Assuming the U.S. Bankruptcy Court grants the U.S. Sale Approval Order, the Applicants and Georgia Pacific, with the assistance of the Monitor and the Investment Offering Advisor, will work towards closing the Transaction based on the terms set out in the PSA, the Canadian Sale Approval Order and the U.S. Sale Approval Order.

The Non-Core Sales Process

29. The Second Report of the Monitor described the Non-Core Sales Process contemplated by the Applicants with respect to its non-core assets owned by GFPI. These assets include premises 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 two office buildings located on Rockley Road (the "**Rockley Road Properties**").

30. The Applicants with the assistance of the Monitor have listed the Haileybury Office and the Rockley Road Properties on the Multiple Listing Service (the "**MLS**") in Ontario through a real estate agent with Royal LePage Best Choice Ltd. (the "**Realtor**") who is based in New Liskeard in Northern Ontario. The Real Estate Agent has advised the Monitor that to date, there have been several showings of the Rockley Road Properties and subsequent information requests with respect to same. The Haileybury Office listing has attracted several inquiries which are being pursued by the Realtor. The Applicants with the assistance of the Monitor continue to determine alternatives with respect to the Boat and the Golf Course.

FILING OF CERTAIN U.S. FEDERAL TAX RETURNS OF THE PARTNERS

31. Section 11.01(q)(A) of the PSA provides that the Partners are to file a certain U.S. tax return on Form 1120F (the "**U.S. Tax Returns**"). The Monitor understands that the U.S. Tax Returns are filed shortly after the end of the taxable years of the Partners which is December 31, 2010. Accordingly, these Tax Returns could be filed in January, 2011.

32. Pursuant to the terms of the PSA, the Applicants are seeking that this Honourable Court grant an order authorizing empowering and directing the Partners and their respective officers to execute, file and take related actions in respect of the U.S. Tax Returns for the applicable taxable period.

33. Due to concerns by Georgia Pacific that there may not be any officers of the Partners remaining at the time when the U.S. Tax Returns are required to be filed, Section 11.01(q)(B) of the PSA provides for the appointment of a court appointed receiver to file the U.S. Tax Returns in the event there are no officers of the Partners left at the time the U.S. Tax Returns need to be filed.

34. The draft order attached to the motion of the Applicants dated April 21, 2010 contemplates the appointment of EYI as the Filing Receiver based on the following terms:

a. the Filing Receiver is empowered, authorized and directed to file the U.S.

Tax Returns if the Partners do not file the U.S. Tax Returns by February 15, 2011 or if there are no longer any officers of the Partners to file the U.S. Tax Returns;

b. neither the Filing Receiver or EYI in any capacity shall have any personal or corporate liability as a result of the appointment or the carrying out of the provisions of the draft order attached to the Applicants' motion dated April 21, 2010;

c. in the event the U.S. Internal Revenue Service (the "**IRS**") determines that taxes are owing with respect to the Tax Returns, neither the Filing Receiver or EYI in any capacity shall have any personal or corporate liability to any party, including the IRS, for any such taxes owing with respect to the Tax Returns; and

d. the Filing Receiver and counsel to the Filing Receiver shall be paid by the Applicants their reasonable fees and disbursements at their standard rates and charges whether incurred before or after the date of the draft order attached to the Applicants' motion dated April 21, 2010. In addition, the Filing Receiver and counsel to the Filing Receiver shall be entitled to the benefit of the Administration Charge set out in paragraph 41 of the Initial Order.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS OF THE ADDITIONAL APPLICANTS

35. A summary of the actual receipts and disbursements of the Additional Applicants as compared to the projection set out in the Eleventh Report for the period from March 30, 2010 to April 18, 2010 is attached as Appendix "**A**" to this Twelfth Report.

36. The Additional Applicants' actual consolidated net cash outflow for the period from March 30, 2010 to April 18, 2010 was $141,000. The actual net cash outflow was greater than projected by approximately $212,000 primarily as a result of a timing difference in OSB sales, partially offset by the timing of certain disbursements.

Appendix A includes further details with respect to the variance in individual receipt and disbursement line items.

UPDATED CASH FLOW PROJECTION OF THE ADDITIONAL APPLICANTS

37. An updated cash flow forecast of the Additional Applicants for the period from March 30, 2010 to July 4, 2010 was attached as Appendix "**C**" to the Eleventh Report (the "**Additional Applicants' Forecast**"). A copy of the Additional Applicants' Forecast is reproduced as Appendix "**B**" to this Twelfth Report.

38. The Additional Applicants' Forecast does not reflect the closing of the PSA during the forecast period and is prepared on the basis that the Additional Applicants will continue to operate under normal business conditions during the forecast 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.

39. The Additional Applicants projected 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 projected during the forecast period is primarily due to the anticipated higher receipts from OSB sales due to the projected increase in OSB prices. Management has advised that OSB prices have continued to increase substantially since the Additional Applicants' Forecast attached to the Eleventh Report and Management is of the view that these increases in OSB prices which are anticipated to be sustainable through the forecast period will likely result in future positive variances to the Additional Applicants' Forecast.

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

STAY EXTENSION OF THE ADDITIONAL APPLICANTS

41. The current stay of proceedings under the Supplemental Initial Order expires on

April 29, 2010. The Additional Applicants are seeking an extension of the Additional Applicants Stay Period to June 30, 2010 in order to permit them time to complete the closing of the Transaction. Further, the extension of the Additional Applicants' Stay Period until June 30, 2010, will synchronize the stay for both the Original Applicants and the Additional Applicants.

42. The updated cash flows described earlier in this Twelfth Report which cover the period from March 30, 2010 to July 4, 2010 indicate that the Additional Applicants will have sufficient liquidity to sustain ordinary course operations during the forecast period.

43. It is the Monitor's view that the Additional Applicants have acted in accordance with the Supplemental Initial Order and are working on the Marketing Process diligently. Accordingly, the Monitor is satisfied that the Additional Applicants are acting in good faith and with due diligence.

RECOMMENDATIONS

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

   a. authorizing, empowering and directing the Partners and their respective officers to execute, file and take related actions in respect of the appropriate U.S. federal income tax returns for the applicable taxable period or alternatively appointing Ernst & Young Inc. as the Filing Receiver on the terms described in the draft order attached to the motion of the Applicants dated April 21, 2010;

   b. extending the Additional Applicants' Stay Period to June 30, 2010; and

   c. approving the Eleventh Report and this Twelfth Report of the Monitor and the conduct and activities of the Monitor as reported on herein.

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

All of which is respectfully submitted this 26th 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

Southeast Properties LLC, Grant Clarendon LP , Grant Allendale LP, Grant US Sales Inc. Grant Newco LLC, Grant Excluded GP (the "Additional Applicants")
Combined Receipts and Disbursements
For the Period From March 30 to April 18, 2010
(In Thousands of US Dollars)

	Actual	Projection	Variance	Notes
Opening Bank Balance	4,963	4,963	(0)	
Receipts				
OSB Sales	5,700	6,081	(381)	1
Other Receipts	8	-	8	
Total Receipts	5,709	6,081	(373)	
Disbursements				
Payables-Fibre	(1,608)	(1,612)	4	
Freight	(418)	(429)	11	
Other Payables	(2,376)	(2,245)	(130)	2
Payroll	(934)	(880)	(54)	
Utilities & Fuel	(480)	(775)	295	3
SG&A	(33)	(19)	(14)	
Restructuring Costs	-	(50)	50	
Total Disbursements	(5,850)	(6,011)	161	
Net Weekly Cash Flows	(141)	71	(212)	
Inter-Company Transfers:				
Transfer from (to) Original Applicants	-	-	-	
Total Inter-Company Transfers	-	-	-	
Ending Bank Balance	4,821	5,033	(212)	

Southeast Properties LLC, Grant Clarendon LP , Grant Allendale LP, Grant US Sales Inc. Grant Newco LLC, Grant Excluded GP (the "Additional Applicants")
Combined Actual Receipts and Disbursements
For the Period March 30 to April 18, 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$1.02=US$1.00.

1. **OSB Sales** – The unfavourable variance is primarily due to a timing difference and is expected to reverse in the future.

2. **Other Payables** – The unfavourable variance is primarily as a result of higher than anticipated production volume.

3. **Utilities & Fuel** – The favourable variance is primarily due to a timing difference and is expected to reverse in the future.

Appendix B

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 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")

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced at Toronto

TWELFTH REPORT OF THE MONITOR,
ERNST & YOUNG INC.
(Dated APRIL 26, 2010)

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