Court File No.: CV-09-824700CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

and

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

Respondents

TWENTY FOURTH REPORT OF THE MONITOR DATED FEBRUARY 17, 2012

INTRODUCTION

1. On June 25, 2009, Grant Forest Products Inc. ("**GFPI**"), Grant Alberta Inc. ("**GAI**"), Grant Forest Products Sales Inc. ("**GFPSI**") and Grant U.S. Holdings GP (the "**Grant Partnership**" or "**U.S. Holdings**") (collectively the "**Original Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") in order to restructure the business and affairs of the Original Applicants. Pursuant to the Order of this Court dated June 25, 2009 (the "**Initial Order**"), Ernst & Young Inc. ("**EYI**") was appointed as the Monitor of the Original Applicants (the "**Monitor**") in the CCAA proceeding. The Initial Order provided for a stay of proceedings through to July 24, 2009. The stay of proceedings was most recently extended to March 30, 2012 (the "**Stay Period**")

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

2. On March 30, 2010, Southeast Properties LLC ("**Southeast**"), Grant Newco LLC ("**Newco**"), Grant US Sales Inc. ("**U.S. Sales**"), Grant Clarendon LP ("**Clarendon**"), Grant Allendale LP ("**Allendale**") and Grant Excluded GP ("**Excluded**") were added as additional applicants to these CCAA proceedings (collectively, the "**Additional Applicants**" and together with the Original Applicants, the "**Applicants**" or "**Grant**"). Pursuant to an Order of this Court dated March 30, 2010 (the "**Supplemental Initial Order**"), EYI was appointed as the Monitor of the Additional Applicants in the CCAA proceeding.

3. The Initial Order, among other things, approved the continuation of the engagement of Stonecrest Capital Inc. ("**Stonecrest**") as Chief Restructuring Advisor (the "**CRA**") of the Applicants with services to be provided by Hap Stephen and Sandra Rosch.

4. On June 30, 2010, this Court approved the revised engagement of Stonecrest as the Chief Restructuring Organization (the "**CRO**") of the Applicants with services to be provided by Hap Stephen and Sandra Rosch.

5. Paragraph 33 of the Supplemental Initial Order set out that, upon the delivery of a certificate by the Monitor to GP International Acquisition III, Ltd. (the "**Canadian Purchaser**"), Georgia-Pacific LLC (the "**U.S. Purchaser**"), and GP Palmetto Holding LLC (the "**Additional U.S. Purchaser**") (collectively "**Georgia Pacific**"), primarily certifying that the funds related to the transaction between Georgia Pacific and Grant were received, the transaction between Georgia Pacific and Grant closed and the CCAA proceedings with respect to the Additional Applicants and the Grant Partnership were terminated. Accordingly, the Monitor was discharged as Monitor of the Additional Applicants and the Grant Partnership.

6. As a result of the completion of the sale to Georgia Pacific and the resulting termination of the CCAA proceedings of the Additional Applicants and the Grant Partnership, only GFPI, GAI and GFPSI (the "**Remaining Applicants**") continue to remain as applicants in these CCAA proceedings.

PURPOSE

7. The purpose of this Twenty Fourth Report of the Monitor (the "**Twenty Fourth Report**") is to report to this Court with respect to:

   a. the Remaining Applicants' motion for an Order declaring that the obligations owing (i) to The Toronto-Dominion Bank ("**TD**") and Toronto Dominion (Texas) LLC ("**TD Texas**") as agents (collectively, the "**First Lien Lenders' Agents**") for the first lien lenders (the "**First Lien Lenders**"); and (ii) to the First Lien Lenders by the Remaining Applicants, including pursuant to a credit agreement dated as of October 26, 2005, as amended by an agreement dated as of March 21, 2007 (the "**First Lien Credit Agreement**") are satisfied in full and that the First Lien Lenders' Agent and the First Lien Lenders have no further claims of any nature or kind against the Remaining Applicants, the CRO or the Monitor;

   b. the review of the security of the second lien lenders who are owed the principal amount of approximately $150 million plus interest pursuant to a credit agreement dated as of March 21, 2007, as amended (the "**Second Lien Credit Agreement**") (the "**Second Lien Lenders**");

   c. the Remaining Applicants' motion for an Order (the "**Distribution Order**"):

      i. authorizing the Remaining Applicants and the Monitor to distribute cash held by the Remaining Applicants and /or the Monitor in the amount of US$ 6 million to The Bank of New York Mellon ("**BNY**") as agent (the "**Second Lien Lenders' Agent**") for the Second Lien Lenders pursuant to the Second Lien Credit Agreement;

      ii. declaring that the distribution of US$ 6 million is to be applied on account of the indebtedness owing by the Remaining Applicants under the Second Lien Credit Agreement and upon the distribution of US$ 6 million, such amounts are released from the Charges (as defined in the Initial Order);

      iii. declaring that nothing in the requested Distribution Order affects paragraph 3 of the Order of the Honourable Mr. Justice Campbell made on August 26, 2011 in these proceedings or paragraph 3 of the Order of Honourable Mr. Justice Campbell made on September 21, 2011 in these proceedings (collectively the "**Pension Reserve Provisions**");

d. the actual receipts and disbursements of the Remaining Applicants from October 17, 2011 to February 5, 2012 and an updated cash flow projection from February 6, 2012 to July 1, 2012;

e. the Remaining Applicants' motion to extend the Stay Period to June 29, 2012; and

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

TERMS OF REFERENCE

8. In preparing this Twenty Fourth Report, the Monitor has been provided with, and in making the comments herein, relied upon unaudited financial information, the Remaining Applicants' books and records, financial information prepared by the Remaining Applicants and discussions with management of the Remaining Applicants. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this Twenty Fourth Report. Some of the information referred to in this Twenty Fourth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants ("**CICA**") Handbook, has not been performed. Future oriented financial information referred to in this report was prepared based on management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

9. Unless otherwise stated all monetary amounts contained herein are expressed in

U.S. Dollars.

10. Capitalized terms not defined in this Twenty Fourth Report are defined in the Initial Order, the Supplemental Initial Order or previous Reports of the Monitor.

BACKGROUND

11. GFPI and certain of its subsidiaries are privately owned corporations which carried on an oriented strand board ("**OSB**") manufacturing business from facilities located in Canada and the United States. OSB is an engineered, mat-formed panel product made of strands, flakes or wafers sliced from logs and bonded with an exterior-type binder under heat and pressure. The most common uses are sheathing in walls, floors and roofs in the construction of buildings and residential housing.

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

13. The Applicants had interests in three mills in Canada located at Englehart and Timmins in Ontario and High Level in Alberta, and two mills in the United States located in the counties of Allendale and Clarendon in South Carolina.

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

15. The OSB mills located in Allendale (the "**Allendale Mill**") and Clarendon (the "**Clarendon Mill**") in South Carolina were owned by Allendale and Clarendon respectively, each of which was owned by Southeast, which in turn was owned by the Grant Partnership. Each of these entities were Additional Applicants and were subject to these CCAA proceedings.

16. As described in the Fourteenth Report of the Monitor dated June 1, 2010 (the "**Fourteenth Report**"), the Applicants completed a sale of the Grant Partnership and the Englehart Mill to Georgia Pacific on May 26, 2010, and as such, the Allendale Mill and the Clarendon Mill are no longer owned by the Remaining Applicants.

17. As described above, GFPI also had a 50% interest in an OSB mill located at High Level in Alberta (the "**Footner Mill**"), which was described in detail in the Sixteenth Report of the Monitor dated December 20, 2010 (the "**Sixteenth Report**"). GFPI's sale of its interests in the Footner Mill was approved by this Court on January 5, 2011 and the sale closed on February 17, 2011.

18. As described above, GFPI had owned the Timmins Mill located in Timmins, Ontario, which was described in detail in the Nineteenth Report of the Monitor dated March 22, 2011 (the "**Nineteenth Report**"). GFPI's sale of the building and equipment comprising the Timmins Mill was approved by this Court on March 9, 2011 and the sale closed on March 21, 2011. GFPI's sale of the building and equipment related to the Timmins Mill to EDS Decommissioning Canada Inc. ("**EDS**") did not include the land on which the Timmins Mill is located and this land (defined below as the Timmins Land) was sold separately by GFPI as further described in the following paragraph.

19. With the completion of the Georgia Pacific sale, the sale of GFPI's interests in Footner and the sale of the Timmins Mill, GFPI had the following remaining assets:

    a. Office premises and boathouse in Haileybury, Ontario (the "**Boat House**");

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

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

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

    e. the parcel of land near Timmins, Ontario (the "**Timmins Land**") which contained the Timmins Mill, which is in the process of being dismantled and demolished by EDS; and

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

20. On September 21, 2011, this Court granted Orders approving the sale of the Boat House, the Golf Course Lands, the Hangar Lease and the Timmins Land. The sales

of the Boat House, the Golf Course Lands, the Hangar Lease and the Timmins Land closed on October 13, 2011. Further details with respect to these sales transactions are described in the Twenty Second Report of the Monitor dated September 16, 2011 (the "**Twenty Second Report**").

21. On November 16, 2011, this Court granted Orders approving the sale of the Boat and the Ogden Landfill. Further details with respect to these sales transactions are described in the Twenty Third Report of the Monitor dated November 9, 2011 (the "**Twenty Third Report**").

22. GFPI continues to own the Ogden Landfill and is working with the purchaser to close the sale transaction.

PAYMENTS TO THE FIRST LIEN LENDERS

23. As stated in the Fourteenth Report and as initially set out in the affidavit of Peter Lynch sworn June 22, 2009 in support of the Initial Order, as at May 31, 2009 the First Lien Lenders were owed the principal amount of approximately $399 million plus accrued interest of approximately $5.3 million pursuant to the First Lien Credit Agreement. Additional amounts were owed to one First Lien Lender pursuant to an interest swap agreement.

24. The Honourable Mr. Justice Campbell granted an Order dated June 4, 2010 (the "**First Lien Distribution Order**"), *inter alia*, (1) authorizing and directing the Monitor to distribute the sums of US$340,291,419.61 and CAD$30,943,214.65 to the First Lien Lenders' Agent as well as (2) an Order authorizing the Monitor and the Remaining Applicants to distribute further sums to the First Lien Lenders' Agent "from time to time at such times as the Monitor may determine in its discretion or at such times as the court may direct by subsequent order until all amounts owing to the First Lien Lenders under and pursuant to the First Lien Credit Agreement have been irrevocably paid in full."

25. As described in the Twenty Third Report, pursuant to the First Lien Distribution Order, the Monitor and the Remaining Applicants distributed US$401.3 million and CAD$36.5 million to the First Lien Lenders' Agent, which, as determined by the

First Lien Lenders' Agent and the Remaining Applicants, is an amount sufficient to pay all indebtedness owing to the First Lien Lenders except for any amounts payable as default interest under Section 4.05(2) of the First Lien Credit Agreement.

26. As further described in the Twenty Third Report, in or around March 2011, a question was raised with the Monitor as to whether the additional interest amounts provided for in Section 4.05(2) of the First Lien Credit Agreement were payable as a result of the *Interest Act*, R.S.C. 1985, c. I-15. The Monitor's counsel reviewed the issue in conjunction with counsel to the Remaining Applicants and determined that it would require the advice and direction of this Honourable Court prior to distributing any amounts pursuant to Section 4.05(2) of the First Lien Credit Agreement. Accordingly, and consistent with the terms of the First Lien Distribution Order, the Monitor advised the First Lien Lenders' Agent that the Monitor would require a further court order before it would distribute any amounts payable under s. 4.05(2) of the First Lien Credit Agreement. As a result, the First Lien Lenders' Agent served a motion record seeking the payment of default interest under Section 4.05(2) of the First Lien Credit Agreement. The background to this default interest motion is more fully described in the Twenty Third Report.

27. On December 29, 2011, this Court granted an Order (the "**Default Interest Order**") declaring that the First Lien Lenders are entitled to default interest as described in Section 4.05(2) of the First Lien Credit Agreement. In accordance with the Default Interest Order, on January 30, 2012, the Monitor distributed US$8,992,780.02 and CDN$716.356.82 to the First Lien Lenders' Agent; and on February 1, 2012, the Monitor distributed CDN$248,300.84 to McCarthy Tetrault LLP.

28. The Monitor and the Remaining Applicants are not aware of any further amounts owing by the Remaining Applicants to the First Lien Lenders. Accordingly, the Remaining Applicants are seeking an Order from this Court declaring that the obligations owing to the First Lien Lenders by the Remaining Applicants are satisfied in full and that the First Lien Lenders' Agent and the First Lien Lenders have no further claims of any nature or kind against the Remaining Applicants, the CRO or the Monitor.

REVIEW OF THE SECOND LIEN LENDERS' SECURITY

29. As set out in the affidavit of Hap Stephen sworn February 14, 2012, the Second Lien Lenders are owed the principal amount of approximately $150 million plus interest pursuant to the Second Lien Credit Agreement.

30. The Monitor's counsel has conducted a security review of various security held by the Second Lien Lenders in Canada granted in their favour by each of the Remaining Applicants over each of their respective property and assets for the benefit of the Second Lien Lenders and rendered an opinion with respect to the validity and perfection thereof under the provincial laws of Ontario and Alberta and the federal laws of Canada (the "**Canadian Second Lien Security Opinion**").

31. The Canadian Second Lien Security Opinion states that, subject to the assumptions and qualifications contained therein, including those relating to statutory and possessory liens and claims that have priority by operation of law, and subject to the priority of the First Lien Lenders, the Second Lien Lenders' security is valid and enforceable and ranks in priority to the other claims with respect to the personal property secured, subject to certain registrations of secured parties made under the *Personal Property Security Act* of each of Ontario and Alberta prior to the registration of the security of the Second Lien Lenders' Agent.

32. In preparing the Canadian Second Lien Security Opinion, Monitor's counsel reviewed the security interests in the personal property of each of the Remaining Applicants registered under the *Personal Property Security Act* of each of Ontario and Alberta and notices of intention of each Canadian Applicant to give security under Section 427 of the *Bank Act* (Canada) registered with the Bank of Canada in Ontario and Alberta.

33. The Canadian Second Lien Security Opinion identifies a series of registrations under the *Personal Property Security Act* of each of Ontario and Alberta that precede the registration of the Second Lien Lenders' security. Attached as Appendix 'A' is a chart identifying all of the prior registrations. GFPI has advised the Monitor that all such prior registrations referred to in the Canadian Second Lien

Security Opinion are with respect to equipment leases.

34. In preparing the Canadian Second Lien Security Opinion, Monitor's counsel also conducted or caused to be conducted subsearches in respect of the lands described in the Second Lien Lenders' security documents (the "**Charged Lands**"). The Canadian Second Lien Security Opinion states that, at the time of each subsearch, the relevant security document remained registered against the Charged Lands. GFPI has advised that Ontario and Alberta are the only Canadian jurisdictions in which each of the Remaining Applicants owned material assets. In respect of real property, the Canadian Second Lien Security Opinion covers only the Charged Lands although the Remaining Applicants may own and lease additional parcels of land in Ontario and Alberta.

35. Legal counsel retained by the Monitor in the United States has also completed its review of the various security held by the Second Lien Lenders in the U.S. and rendered its opinion with respect to such security documents (the "**U.S. Second Lien Opinion**").

36. The U.S. Second Lien Opinion states that, subject to the assumptions and qualifications set out therein, under the relevant provisions of the Uniform Commercial Code (the "**UCC**"), the law governing the perfection of a security interest in the general partnership of Grant Partnership is the law of the jurisdiction where the Remaining Applicants have their place of business. The U.S. Second Lien Opinion further states that there are no financing statements disclosed in the UCC lien searches with respect to the Remaining Applicants that were filed prior to the Second Lien Lenders' financing statement. In addition, the U.S. Second Lien Opinion states that there are no outstanding mortgages or other instruments or agreements securing the repayment of money reflected in title commitments dated January 8, 2010 and January 14, 2010 from the Chicago Title Insurance Company with respect to real property owned by Allendale and Clarendon respectively that were filed prior to the Second Lien Lenders' mortgage.

37. Accordingly, based on the Monitor's counsel's reviews of the Second Lien Lenders'

security, the cash held by the Remaining Applicants and the Monitor, subject to the qualifications noted above and the need to maintain reserves to fund certain post filing obligations of the Remaining Applicants and the costs of the Remaining Applicants to complete the wind up of these CCAA proceedings, may appropriately be paid to the Second Lien Lenders' Agent.

DISTRIBUTION TO THE SECOND LIEN LENDERS

38. As of February 5, 2012, the Monitor holds cash of approximately US$284,000 and approximately CDN$3.2 million, which are not subject to escrow. In addition, as at February 5, 2012, GFPI holds the equivalent of approximately US$9.7 million cash on hand in its bank account. The Monitor also holds funds in escrow of approximately CDN$2.4 million. These escrow funds include the pension escrows described in paragraph 3 of the Order of the Honourable Mr. Justice Campbell made on August 26, 2011 in the amount of CDN$191,245 and paragraph 3 of the Order of Honourable Mr. Justice Campbell made on September 21, 2011 in the amount of CDN$2,185,000 and certain other escrows of approximately CDN$58,000 related to proceeds from the sale of certain aircraft parts and a deposit with respect to the sale of the Ogden Landfill. GFPI and the Monitor have prepared an analysis, which has been reviewed by the CRO, to estimate the amount of surplus cash that would be available for distribution to the Second Lien Lenders subject to maintaining certain reserves that are required to pay and to satisfy any accrued but unpaid post CCAA filing obligations of the Applicants and establishing a reserve to fund the wind up of these CCAA proceedings.

39. Based on the analysis, the Remaining Applicants are requesting this Court's approval to distribute US$6 million to the Second Lien Lenders (the "**Distribution**"). The Distribution will be made from the funds held by the Monitor and the Remaining Applicants. After the Distribution of such amount, GFPI and the Monitor will continue to hold approximately US$4.0 million and approximately CDN$3.2 million, which are not subject to escrow. In addition, as described above, the Monitor will continue to hold approximately CDN$2.4 million which is subject to escrow.

40. The Remaining Applicants are also seeking the approval of this Court declaring that the Distribution is to be applied on account of the indebtedness owing by the Remaining Applicants under the Second Lien Credit Agreement and upon the Distribution such amounts are released from the Charges (as defined in the Initial Order) and further declaring that nothing in the Distribution Order affects the Pension Reserve Provisions.

ACTUAL CASH RECEIPTS AND DISBURSEMENTS OF THE REMAINING APPLICANTS

41. A summary of the actual receipts and disbursements of the Remaining Applicants as compared to the projection set out in the Twenty Third Report for the period from October 17, 2011 to February 5, 2012 is attached as Appendix 'B' to this Twenty Fourth Report. As set out in the Twenty Third Report, the projection excluded any net proceeds from the sale of any assets due to the uncertainty in quantum and timing of receipts from the sale of such assets. Further, the projection also excluded the release of funds held in escrow or in trust with the Monitor to the lenders, given the uncertainty in timing of such distributions, due to the default interest motion of the First Lien Lenders' Agent described in the Twenty Third Report.

42. The Remaining Applicants' actual consolidated net cash outflow for the period from October 17, 2011 to February 5, 2012, is set out in Appendix 'B' to this Twenty Fourth Report. In addition, Appendix 'B' includes further details with respect to the variance in the individual receipt and disbursement line items.

43. Attached as Appendix 'C' is a summary of the cash balances held by the Monitor in its trust and escrow accounts. As at February 5, 2012 the Monitor's trust and escrow accounts held $284,000 in U.S. currency and $5.6 million in Canadian currency primarily from the proceeds of previous asset sales.

UPDATED CASH FLOW PROJECTION OF THE REMAINING APPLICANTS

44. An updated cash flow forecast of the Remaining Applicants for the period from February 6, 2012 to July 1, 2012 is attached as Appendix 'D' to this Twenty Fourth

Report (the "**Remaining Applicants' Forecast**").

45. The Remaining Applicants' Forecast has been prepared by management of the Remaining Applicants with the assistance of the Monitor, using probable and hypothetical assumptions set out in the notes attached to the Remaining Applicants' Forecast.

46. The Remaining Applicants' Forecast reflects receipts and disbursements to be paid over the projection period in U.S. currency. No net proceeds from the sale of the remaining assets are projected in this period due to the uncertainty in quantum and timing of receipts from the sale of such remaining assets. Further, the Remaining Applicants' Forecast also excludes the release of funds held in escrow or in trust with the Monitor to the lenders, given the uncertainty in timing of when the relevant conditions related to certain escrows and reserves are met and the timing of their release.

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

STAY EXTENSION OF THE REMAINING APPLICANTS

48. The current Stay Period of the Remaining Applicants expires on March 30, 2012. The Remaining Applicants are seeking an extension of the Stay Period to June 29, 2012 to permit them time to complete the sale of the Ogden Landfill and certain outstanding litigation and continue to work towards the wind-down of these CCAA proceedings.

49. Based on its observation of the Remaining Applicants' wind-down process, the Monitor considers the Remaining Applicants to be acting in good faith and with due diligence. In the Monitor's view, the extension of the Stay Period to June 29, 2012 is appropriate. Accordingly, the Monitor recommends to this Honourable Court that the Stay Period be extended to such date.

RECOMMENDATIONS

50. The Remaining Applicants are seeking this Honourable Court's authorization for the following Orders:

    i. declaring that the obligations owing to the First Lien Lenders are satisfied in full and that the First Lien Lenders' Agent and the First Lien Lenders have no further claims of any nature or kind against the Remaining Applicants, the CRO or the Monitor;

    ii. authorizing the Remaining Applicants and the Monitor to distribute cash held by the Remaining Applicants and /or the Monitor in the amount of US$ 6 million to the Second Lien Lenders' Agent;

    iii. declaring that the Distribution is to be applied on account of the indebtedness owing by the Remaining Applicants under the Second Lien Credit Agreement;

    iv. declaring that nothing in the requested Distribution Order affects the Pension Reserve Provisions;

    v. approving the extension of the Stay Period to June 29, 2012; and

    vi. approving this Twenty Fourth Report and the conduct and activities of the Monitor as reported on herein.

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

All of which is respectfully submitted this 17th day of February, 2012.

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

Per:

Alex Morrison
Senior Vice President

Simone Carvalho
Vice President

APPENDIX "A"

SCHEDULE "B-3"

RESULTS OF PERSONAL PROPERTY SEARCHES CONTAINING PRIOR REGISTRATIONS

(ONTARIO)

(See attached)

DEFINED TERMS

A	Accounts	AS	Amount Secured	BD	Book Debts
CG	Consumer Goods	DM	Date of Maturity	E	Equipment
I	Inventory	MVI	Motor Vehicle Included	N/A	Information Not Available
NFMD	No Fixed Maturity Date	O	Other	*	Registration that Applies to a Similar Name

SEARCH CONDUCTED AGAINST
Grant Forest Products Inc.

CURRENCY: January 3, 2010

PERSONAL PROPERTY SECURITY ACT (ONTARIO)

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
1.	631873107	20070104 1450 1530 6780 Reg. 4 years	Grant Forest Products	GMAC Leaseco Corporation	CG, E, O, MVI, NFMD AS $57,020 2007 GMC Yukon, VIN
	"	20070105 1456 1530 9772 (Amendment)	Grant Forest Products Inc.		To amend name entered for debtor
	"	20070502 1457 1530 1330 (Transfer)	Robert McLeod (dob 08Oct1945)		Transfer by debtor

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
2.	627726591	20060804 1440 1902 0338 Reg. 6 years	Grant Forest Products	Irwin Commercial Finance Canada Corporation	E, O Copier (s) together with all attachments accessories accessions replacements substitutions additions and improvements thereto and all proceeds in any form derived directly or indirectly from any sale and or dealing with the collateral and a right to an insurance payment or other payment that indemnifies or compensates for loss or damage to the collateral or proceeds of the collateral
	"	20060921 1210 1902 3036 (Amendment)	Grant Equipment Corp.		Change debtor
3.	627592473	20060801 1453 1530 8811 Reg. 4 years	Grant Forest Products	GMAC Leaseco Corporation	CG, E, O, MVI, NFMD AS $67,267 2007 GMC Yukon, VIN
	"	20060802 1456 1530 1275 (Amendment)	Grant Forest Products Inc		To amend name entered for debtor
4.	627378732	20060725 1704 1462 0877 Reg. 5 years	Grant Forest Products Inc.	Xerox Canada Ltd	E, O, NFMD Unspecified
5.	626900445	20060710 1456 1530 7055 Reg. 5 years	Grant Forest Product In	GMAC Leaseco Corporation	CG, E, O, MVI, NMFD AS $114,137 2007 Cadillac Escalade, VIN

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
	"	20061120 1941 1531 8550 (Amendment)	Grant Forest Products Inc		To amend name entered for debtor
6.	626708178	20060704 1419 1462 5464 Reg. 5 years	Grant Forest Products Inc.	Xerox Canada Ltd	E, O, NFMD Unspecified
7.	624196368	20060411 1457 1530 3155 Reg. 4 years	Grant Forest Products	GMAC Leaseco Corporation	CG, E, O, MVI, NFMD AS $49,817 2006 Subaru Legacy, VIN
8.	622812222	20060217 1703 1462 2512 Reg. 5 years	Grant Forest Products Inc	Xerox Canada Ltd	E, O, NFMD Unspecified
9.	622601064	20060208 1452 1530 5031 Reg. 4 years	Grant Forest Products	GMAC Leaseco Corporation	CG, E, O, MVI, NFMD AS $42,911 2006 Pontiac Montana, VIN
10.	621867078	20060109 1442 1530 3445 Reg. 4 years	Grant Forest Products	General Motors Acceptance Corporation of Canada, Limited	CG, E, O, MVI, NFMD AS $37,419 2006 GMC Canyon, VIN
11.	620404254	20051110 1451 1530 0627 Reg. 5 years	Grant Forest Products Corp.	The Toronto-Dominion Bank	A, O Postponement & assignment of creditor's claim
	"	20090708 1118 1793 5763 (Amendment)	Grant Forest Products Limited		Amend to change the debtor's name
	"	20090731 1414 1793 6441 (Amendment)	Grant Forest Products Corp.		Amend to change the debtor's name
12.	619883595	20051021 1523 1590 6013 Reg. 10 years	Grant Forest Products Inc.	The Toronto-Dominion Bank, as agent	I, E, A, O, MVI Unspecified

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
	"	20080411 1352 1590 9795 (Partial Discharge)			Discharge from the security granted by Grant Forest Products Inc. of the sold 2008 refund (as defined by the tax refund purchase and sale agreement dated as of March 31, 2008 between Grant Forest Products Inc. as vendor and Peter Grant Sr. as purchaser) as such sold 2008 refund may be adjusted in accordance with such agreement.
13.	880460847	20020208 1441 1862 2513 Reg. 13 years	Grant Forest Products Inc.	GE Capital Canada Leasing Services Inc.	E, O Without limitation, one (1) 1994 Dassault Falcon 900B aircraft bearing Canadian registration mark C-FGFI and airframe manufacturer's serial number 138, together with three (3) Garrett (Allied Signal) model TFE731-5BR-1C engines bearing manufacturer's serial numbers P-101217, P-101214 and P-101231 and any airframe replacing the foregoing airframe, and any other engine from time to time attached to such airframe (including any engine replacing the foregoing engines), and all

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
					parts, accessories, appliances, appurtenances, components, furnishings, instruments, modules, navigational and communications equipment and all other goods, tangible personal property and other equipment of whatever nature (the "parts") that may from time to time be incorporated or installed in or attached to the foregoing airframe or engines (collectively, the "aircraft"), and all records, logs, maintenance records, manuals, technical data, training aids, computer software and other materials relating to the aircraft and any property substituted for any of the foregoing.
	"	20030328 1110 1862 0554 (Amendment)	Grant Forest Products Inc.	GE Capital Canada Leasing Services Inc.	E, O Without limitation, one (1) 1992 Dassault Falcon 50 Aircraft, bearing Canadian registration mark C GGFP and airframe manufacturer's serial number 227, together with three (3) Garret (Allied Signal) model TFE731-3-1C engines bearing

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
					manufacturer's serial numbers 76821, 76824 and 76825 and any airframe replacing the foregoing airframe, and any other engine from time to time attached to such airframe (including any engine replacing the foregoing engines) and all parts, accessories, appliances, appurtenances, components, furnishings, instruments, modules, navigational and communications equipment and all other goods, tangible personal property and other equipment of whatever nature that may from time to time be incorporated or installed in or attached to the foregoing airframe or engines (the "aircraft"), and all records, logs, maintenance records, manuals, technical data, training aids, computer software and other materials relating to the aircraft and any property substituted for any of the foregoing.
	"	20031127 1137 1862 7517 (Amendment)	Grant Forest Products Inc.	GE Capital Canada Leasing Services Company	E, A, O

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
14.	857729169	19991217 1439 9065 4458 Reg. 11 years	Grant Forest Products Inc.	GE Capital Canada Leasing Services Inc.	E, A, O Without limitation, one (1) 1992 Falcon 50 bearing Canadian registration mark C-GGFP and airframe manufacturer's serial number 227, together with three (3) Garrett TFE731-3-1C engines bearing manufacturer's serial number 76821, 76824 and 76825 and any engine replacing any of the foregoing engines, together with all parts, accessories, appliances, appurtenances, components, furnishings, instruments, modules, navigational and communications equipment and other equipment incorporated or installed in or attached to the foregoing airframe or engines, and all records, logs, manuals, technical data, computer software and other materials relating to the aircraft, airframe or any engine and any property substituted for any of the foregoing.
	"	19991222 1012 1081 3250 (Amendment)			To amend line 13 on registration no. 19991217

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
					1439 9065 4458 Without limitation, one (1) 1992 Dassault Falcon 50 bearing Canadian
	"	19991222 1013 1081 3251 (Renewal - 2 year)			Renewal
	"	20030328 1110 1862 0552 (Renewal - 2 years)			Renewal
	"	20030328 1110 1862 0553 (Amendment)			To add to the collateral description Without limitation, one (1) 1994 Dassault Falcon 900B aircraft bearing Canadian registration mark C-FGFI and airframe manufacturer's serial number 138, together with three (3) Garrett (Allied Signal) model TFE731-5BR-1C engines bearing manufacturer's serial numbers P-101217, P-101214 and P-101231 and any airframe replacing the foregoing airframe, and any other engine from time to time attached to such airframe (including any engine replacing the foregoing engines), and all parts, accessories, appliances, appurtenances, components, furnishings,

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
					instruments, modules, navigational and communications equipment and all other goods, tangible personal property and other equipment of whatever nature (the "parts") that may from time to time be incorporated or installed in or attached to the foregoing airframe or engines (the "aircraft"), and all records, logs, maintenance records, manuals, technical data, training aids, computer software and other materials relating to the aircraft and any property substituted for any of the foregoing.
	"	20031127 1137 1862 7516 (Amendment)		GE Canada Leasing Services Company	To reflect the new name of the secured party
15.	844695423	19980924 1819 1531 3351 Reg. 5 years	Grant Forest Products	IBM Canada Ltd - PPSA administrator	E, A, O Unspecified
	"	20030904 1203 1529 7257 (Renewal - 2 years)			Renewal
	"	20050829 1949 1531 6181 (Renewal - 3 years)			Renewal
	"	20071030 1946 1531 5030 (Amendment)	Grant Forest Products Inc.		Amend debtor name to include "Inc."

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
	"	20071120 1450 1530 5048 (Amendment)	"		Amend debtor location
	"	20080826 1947 1531 1256 (Renewal - 4 years)			Renewal

DEFINED TERMS

A	Accounts	**AS**	Amount Secured	**BD**	Book Debts
CG	Consumer Goods	**DM**	Date of Maturity	**E**	Equipment
I	Inventory	**MVI**	Motor Vehicle Included	**N/A**	Information Not Available
NFMD	No Fixed Maturity Date	**O**	Other	*	Registration that Applies to a Similar Name

SEARCH CONDUCTED AGAINST
Grant Forest Products Sales Inc.

CURRENCY: January 3, 2010

PERSONAL PROPERTY SECURITY ACT (ONTARIO)

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
1.	619883631	20051021 1525 1590 6014 Reg. 10 years	Grant Forest Products Sales Inc.	The Toronto-Dominion Bank, as agent	I, E, A, O, MVI Unspecified

DEFINED TERMS

A	Accounts	AS	Amount Secured	BD	Book Debts
CG	Consumer Goods	DM	Date of Maturity	E	Equipment
I	Inventory	MVI	Motor Vehicle Included	N/A	Information Not Available
NFMD	No Fixed Maturity Date	O	Other	*	Registration that Applies to a Similar Name

SEARCH CONDUCTED AGAINST
Grant Alberta Inc.

CURRENCY: January 3, 2010

PERSONAL PROPERTY SECURITY ACT (ONTARIO)

	File No.	Registration #	Debtor(s)	Secured Party	Collateral/Description
1.	619883649	20051021 1526 1590 6015 Reg. 10 years	Grant Alberta Inc.	The Toronto-Dominion Bank, as agent	I, E, A, O, MVI Unspecified

SCHEDULE "B-4"

RESULTS OF PERSONAL PROPERTY SEARCHES CONTAINING PRIOR REGISTRATIONS

(ALBERTA)

GRANT FOREST

1. As of 11:28 a.m. on January 4, 2010, the following registrations were registered against Grant Forest as debtor:

(a) **Security Agreement**: in favour of GE Canada Leasing Services Company, registered on December 22, 1999, as registration number 99122222344, expiring on December 22, 2012.

Collateral: Serial Number Goods:

Serial Number	Year	Make and Model	Category
CGGFP	1992	Dassault Falcon 50	Aircraft Canada

General Collateral: (a) One (1) 1992 Dassault Falcon 50 bearing Canadian registration mark CGGFP and airframe manufacturer's serial number 227, together with three (3) Garrett TFE731-3-1C engines bearing manufacturer's serial numbers 76821, 76824 and 76825 and any airframe replacing the foregoing aircraft or any other engine from time to time attached to such airframe (including any engine replacing any of the foregoing engines), and all parts, accessories, appliances, appurtenances, components, furnishings, instruments, modules, navigational and communications equipment and all other goods, tangible personal property and other equipment of whatever nature (the "Parts") that may from time to time be incorporated or installed in or attached to the foregoing airframe or engine, and any and all Parts removed from the foregoing airframe or engine (collectively the "Aircraft") and all records, logs, manuals, maintenance records, technical data, training aids, computer property and other materials relating to the Aircraft, airframe or any engine and any property substituted for any of the foregoing. (b) The goods described herein and all rights, receivables and chattel paper derived from or evidencing the lease or rental thereof by the Debtor to third parties and all attachments, accessories, accessions, spare parts and intangibles relating thereto. (c) Proceeds: all present and after acquired personal property. All of the right, title and interest of the Debtor in and to the Operations and Maintenance Agreement dated as of November 1, 2003 between the Debtor and Grant Executive Jets. Inc.

(b) **Security Agreement**: in favour of GE Canada Leasing Services Company, registered on February 7, 2002, as registration number 02020726390, expiring on February 7, 2015.

Collateral: Serial Number Goods:

Serial Number	Year	Make and Model	Category
CFGFI	1994	Dassault Falcon 900B	Aircraft Canada

General Collateral: (1) One (1) 1994 Dassault Falcon 900b aircraft bearing Canadian department of transport registration mark C-FGFI and airframe manufacturer's serial number 138 together with three (3) Garrett (Allied Signal) engines model TFE731-5BR-1C bearing manufacturer's serial numbers P-101217, P-101214 and P-101231 (the "Aircraft"); (2) any airframe replacing the Aircraft or any other engine from time to time attached to any such airframe (including any engine replacing the foregoing engines) together with all parts, accessories, appliances, appurtenances, components, furnishings, instruments, modules, navigational and communications equipment and other equipment incorporated or installed in or attached to the foregoing airframe or engines, and all records, logs, manuals, technical data, computer software and other materials relating to the Aircraft, airframe or any engine, and any property substituted for any of the foregoing;

Proceeds: all of the Debtor's present and after-acquired personal property derived from any disposition or dealing with the foregoing collateral. All of the right, title and interest of the debtor in and to the operations and maintenance agreement dated as of November 1, 2003 between the Debtor and Grant Executive Jets Inc.

(c) **Security Agreement**: in favour of The Toronto-Dominion Bank, as Agent, registered on October 21, 2005, as registration number 05102128385, expiring on October 21, 2015.

General Collateral: all present and after-acquired property of the Debtor except the sold 2008 refund (as defined by the Tax Refund Purchase and Sale Agreement dated as of March 31, 2008 between Grant Forest Products Inc. as Vendor and Peter Grant Sr. as Purchaser) as such sold 2008 refund may be adjusted in accordance with such Agreement.

(d) **Land Charge**: in favour of The Toronto-Dominion Bank, as Agent, registered on October 21, 2005, as registration number 05102128435. This registration does not expire.

ALBERTA

2. Personal Property Security Act (Alberta) and Civil Enforcement Act (Alberta)As of 11:29 a.m., on January 4, 2010, the following registrations were registered against Alberta as debtor:

(a) **Security** Agreement: in favour of The Toronto-Dominion Bank, as Agent, registered on October 21, 2005, as registration number 05102128518, expiring on October 21, 2015.

General Collateral : All present and after-acquired property of the Debtor.

(b) **Land Charge**: in favour of The Toronto-Dominion Bank, as Agent, registered on October 21, 2005, as registration number 05102128559. This registration does not expire.

SALES

3. *Personal Property Security Act* (Alberta) and *Civil Enforcement Act* (Alberta)

As of 11:29 a.m. on January 4, 2010, the following registrations were registered against Sales as debtor:

(a) **Security Agreement**: in favour of The Toronto-Dominion Bank, as Agent, registered on October 21, 2005, as registration number 05102128278, expiring on October 21, 2015.

General Collateral: All present and after-acquired property of the Debtor.

(b) **Land Charge**: in favour of The Toronto-Dominion Bank, as Agent, registered on October 21, 2005, as registration number 05102128336. This registration does not expire.

APPENDIX “B”

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Cumulative Combined Receipts and Disbursements
For the Period from October 17, 2011 to February 5, 2012
(In Thousands of US Dollars)

	Actual	Projection	Variance	Notes
Opening Bank Balance	10,952	10,952	-	
Receipts				
GST/HST Collected & Refunds	79	119	(40)	1
Other Receipts	9	-	9	
Sale of Assets	-	-	-	
Total Receipts	87	119	(31)	
Disbursements				
Payroll	(80)	(102)	21	
Other Payables	-	(270)	270	2
SG&A	(163)	(322)	160	3
Restructuring Costs	(936)	(799)	(137)	4
Bank Charges	(3)	(3)	-	
Foreign Exchange Impact	3	-	3	
Total Disbursements	(1,180)	(1,496)	316	
Net Cash Flows	(1,092)	(1,377)	285	
Ending Bank Balance	9,860	9,575	285	
Deduct: Restricted Cash	(125)	(122)	(2)	
Ending Cash excluding Restricted Cash	9,735	9,453	282	

Funds Held by the Monitor in Trust

	USD	CAD	Notes
Opening Bank Balance	$ 321	$ 15,177	
Receipts	9,067	504	5
Disbursements	(9,104)	(10,065)	
Net Cash Inflow/(Outflow)	(36)	(9,561)	
Ending Bank Balance	284	5,617	6

Grant Forest Products Inc., Grant Alberta Inc. and Grant Forest Products Sales Inc. (the "Remaining Applicants") Cumulative Combined Actual Receipts and Disbursements For the Period October 17, 2011 to February 5, 2012 Variance Analysis

The actual receipts and disbursements are denominated in U.S. dollars. Canadian dollars are converted to U.S. dollars every week at Thursday's closing exchange rate as published by the Bank of Canada. In the projection, Canadian dollars are converted to U.S. dollars at the exchange rate of CDN$1.02 =US$1.00.

1. **GST/HST Collected & Refunds** – The unfavourable variance is primarily due to lower than anticipated disbursements and timing differences as discussed below.

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

3. **SG&A** – The favourable variance is primarily due to lower than anticipated insurance premiums related to non-core assets.

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

5. **Receipts and disbursements of trust accounts** – Transactions in the escrow and trust accounts during this period are summarized as follows:

   Receipts:
   - U.S. dollar receipts represent a transfer of approximately CDN$ 9.1 million into U.S. currency for the purpose of distributions to the First Lien Lenders; and
   - Canadian dollar receipts include proceeds from the sale of non-core assets and interest income.

   Disbursements:
   - U.S. dollar disbursements total to approximately US$9.1 million, including:
     - A distribution of approximately US$9.0 million to First Lien Lenders with respect to default interest pursuant to the Court Order dated December 29, 2011, and
     - Payments with respect to the closing of the sales of certain non-core assets, including a settlement payment to the boat builder on the closing of the transaction related to the sale of the boat and commissions and other payments related to the sale of the boat.
   - CDN dollar disbursements totalled approximately CDN$10.1 million, including:
     - The transfer of CDN$9.1 million into U.S. currency as discussed above; and
     - CDN$965,000 paid to the First Lien Lenders for default interest and legal costs pursuant to the Court Order dated January 29, 2011.

6. **Closing balance of the escrow and trust accounts** – The escrow and trust accounts held funding as at February 5, 2012 as set out in the summary attached in Appendix "C" to the Twenty Fourth Report.

APPENDIX “C”

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants")
Summary of Funds in Trust Account
As at February 5, 2012

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

	Amount
CDN Account	
Trust Account	3,180,270
Pension Escrow	2,379,566
Tender Process Deposits	7,559
Aircraft Parts Escrow	50,000
Total CDN Account	5,617,396

Note
All account balances are net of bank charges.

APPENDIX “D”

Grant Forest Products Inc., Grant Alberta Inc., and Grant Forest Products Sales Inc. (the "Remaining Applicants") Combined Cash Flow Projection
For The Period From February 6, 2012 to July 1 , 2012
(In Thousands of US Dollars)

		Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Week	Month	Month	
Period Enging	Notes	12-Feb-12	19-Feb-12	26-Feb-12	4-Mar-12	11-Mar-12	18-Mar-12	25-Mar-12	1-Apr-12	8-Apr-12	15-Apr-12	22-Apr-12	29-Apr-12	May 2012	June 2012	Total
Opening Bank Balance	1	9,860	9,803	9,775	9,718	9,700	9,672	9,616	9,575	9,237	9,214	9,158	9,105	9,088	8,875	9,860
Receipts																
GST/HST Refunds	2	-	-	19	-	-	-	18	-	-	-	-	18	15	18	88
Sale of Assets	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		-	-	19	-	-	-	18	-	-	-	-	18	15	18	88
Disbursements																
Payroll	4	(5)	-	(16)	(0)	(5)	-	(5)	(11)	(5)	-	(5)	(11)	(28)	(21)	(115)
Other Payables	5	-	-	-	-	-	-	-	(300)	-	-	-	-	-	-	(300)
SG&A	6	(4)	(3)	(15)	(4)	(9)	(3)	(4)	(11)	(4)	(3)	(4)	(3)	(56)	(23)	(149)
Restructuring Costs	7	(47)	(23)	(45)	(14)	(14)	(51)	(48)	(16)	(14)	(51)	(43)	(21)	(143)	(129)	(660)
Bank Charges	8	-	(1)	-	-	-	(1)	-	-	-	(1)	-	-	(1)	(1)	(5)
Foreign Exchange Impact	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		(57)	(28)	(76)	(18)	(28)	(56)	(58)	(338)	(23)	(56)	(52)	(36)	(227)	(174)	(1,228)
Net Cash Flows		(57)	(28)	(57)	(18)	(28)	(56)	(40)	(338)	(23)	(56)	(52)	(18)	(212)	(156)	(1,140)
Ending Bank Balance		9,803	9,775	9,718	9,700	9,672	9,616	9,575	9,237	9,214	9,158	9,105	9,088	8,875	8,720	8,720
Deduct: Restricted Cash	10	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Ending Cash excluding Restricted Cash		9,678	9,651	9,593	9,576	9,547	9,491	9,451	9,112	9,089	9,033	8,981	8,963	8,751	8,595	8,595

In the Matter of the CCAA of Grant Forest Products Inc. Grant Alberta Inc., and Grant Forest Products Sales Inc., ("Grant" or the "Remaining Applicants") Notes to the Unaudited Combined Cash Flow Projection

Disclaimer:

In preparing this cash flow projection (the "**Remaining Applicants' Forecast**"), the Remaining Applicants have relied upon unaudited financial information, and the Remaining Applicants have not attempted to further verify the accuracy or completeness of such information. Since the Remaining Applicants' Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the forecast period will vary from the Remaining Applicants' Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Remaining Applicants' Forecast reflects projected cash flows in respect of the Remaining Applicants' operations. The Remaining Applicants with the assistance of the Monitor have prepared the Remaining Applicants' Forecast based primarily on their current cost base and historical results. Receipts and disbursements are denominated in both Canadian and US dollars; however, the consolidated cash flow is presented in U.S. dollars. Canadian dollars are converted to US dollars at par.

All of Grant's mills have been sold. Georgia-Pacific has acquired three of Grant's mills, specifically, the Englehart Mill, the Allendale Mill and the Clarendon Mill. Ainsworth Lumber Co. Ltd. acquired Grant's 50% interest in the Footner mill, the building and equipment related to the Timmins mill was to EDS Decommissioning Canada and the land to Canadian Land Corporation.

Assumptions:

1) **Opening Balance:**
   This is the anticipated opening cash balance of the Remaining Applicants at the commencement of the stay extension period and includes funds held in Canadian dollars and U.S. dollars that were converted into U.S. dollars at the exchange rate noted above.

2) **GST/HST Refunds:**
   Grant projects GST/HST refunds based on input tax credits during the forecast period. The Remaining Applicants' Forecast no longer reflects HST remittances on OSB and fibre sales pursuant to the closing of the transactions related to the mills.

3) Sale of Assets:
The Remaining Applicants' Forecast does not reflect any net proceeds from the sale of the Remaining Applicants' remaining assets in this forecast period due to the uncertainty in the quantum and timing of such receipts. In addition, this line item also excludes the release of funds held in escrow or in trust with the Monitor due to the uncertainty in timing of when the relevant conditions related to the escrows are met and the timing of their release.

4) Payroll:
Payroll represents salaries, and benefits, including deductions for one remaining employee and certain independent contractors, and is forecast based on current run rates. This employee is paid bi-weekly through direct deposits.

5) Other Payables:
Other payables include certain post-filing accounts payables.

6) SG&A:
SG&A represents costs for insurance, rent, property tax, repairs and maintenance related to the remaining non-core assets, office supplies and travel.

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

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

9) Foreign Exchange Impact:
The Remaining Applicants' Forecast does not reflect any foreign exchange impact due to the uncertainty in its quantum and timing.

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