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

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. and GRANT U.S. HOLDINGS GP (the "Applicants")

APPLICATION RECORD

June 23, 2009

FRASER MILNER CASGRAIN LLP
1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1B2

Alex L. MacFarlane
LSUC No. 28133Q
Telephone: 416-863-4582
Facsimile: 416 863-4592
Email: alex.macfarlane@fmc-law.com

Jane O. Dietrich
LSUC No. 49302U
Telephone: 416 863-4467
Facsimile: 416 863-4592
E-Mail: jane.dietrich@fmc-law.com

Lawyers for the Applicants Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP

TO: SERVICE LIST

SERVICE LIST

TO: **FRASER MILNER CASGRAIN LLP**
1 First Canadian Place
100 King Street West
Toronto, ON M5X 1B2

Ross W. Walker
LSUC No.: 15817R
Telephone: 416-863-4742
Facsimile: 416-863-4592
Email: ross.walker@fmc-law.com

Daniel R. Dowdall
LSUC No.: 16737D
Telephone: 416-863-4700
Facsimile: 416-863-4592
Email: dan.dowdall@fmc-law.com

Alex MacFarlane
LSUC No. 28133Q
Telephone: 416-863-4582
Facsimile: 416-863-4592
E-mail: alex.macfarlane@fmc-law.com

Jane O. Dietrich
LSUC No.
Telephone: 416-863-4467
Facsimile: 416-863-4592
Email: jane.dietrich@fmc-law.com

Lawyers for the Applicants Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP

AND TO: **ERNST AND YOUNG INC.**
P.O. Box 251
Ernst & Young Tower
Toronto-Dominion Centre
Toronto, ON M5K 1J7

Alex Morrrison
Telephone: 416-941-7743
Facsimile: 416-864-1174
Email: alex.morrison@ca.ey.com

Proposed Monitor

AND TO: **STIKEMAN ELLIOTT LLP**
5300 Commerce Court West
99 Bay Street
Toronto, Ontario M5L 1B9

Sean Dunphy
Telephone: 416-869-5662
Facsimile: 416-947-0866
Email: sdunphy@stikeman.com

Kathy L. Mah
Telephone: 416-869-5652
Facsimile: 416-947-0866
E-mail: kmah@stikeman.com

Lawyers for the Proposed Monitor

AND TO **McCARTHYS LLP**
Suite 4700, Toronto Dominion Bank Tower
Toronto, Ontario
M5K 1E6

Kevin McElcheran
Telephone: 416-601-7730
Facsimile: 416-868-0673
Email: kmcelcheran@mccarthy.ca

Barry J. Ryan
Telephone: 416-601-7799
Facsimile: 416-868-0673
Email: bryan@mccarthy.ca

Lawyers for The Toronto-Dominion Bank as agent for the First Lien Lenders

AND TO: **GOODMANS LLP**
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5B 2M6

Joe Pasquariello
Telephone: 416-597-4216
Facsimile: 416-979-1234
Email: pasquariello@goodmans.ca

Lawyers for Bank of New York Mellon as agent for the Second Lien Lenders

AND TO: **MILLER THOMSON LLP**
Barristers & Solicitors
London Office
One London Place
255 Queens Avenue, Suite 2010
London, ON N6A 5R8

Alissa K. Mitchell
Telephone: 519-931-3510
Facsimile: 519-858-8511
E-mail: amitchell@millerthomson.com

Lawyers for GE Canada Leasing Services Company

AND TO: **FASKEN MARTINEAU DUMOULIN**
66 Wellington Street West
Suite 4200, Toronto Dominion Bank Tower
Box 20, Toronto-Dominion Centre
Toronto, Ontario
M5K 1N6

Jonathan A. Levin
Telephone: 416-865-4401
Facsimile: 416-364-7813
E-mail: jlevin@tor.fasken.com

Edmond F.B. Lamek
Telephone: 416-865-4506
Facsimile: 416-364-7813
E-mail: elamek@tor.fasken.com

Lawyers for the Independent Directors of Grant Forest Products Inc.

AND TO: **BENNETT JONES LLP**
Suite 3400
One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Richard Swan
Telephone: 416-777-7479
Facsimile: 416-863-1716
E-mail: swanr@bennettjones.com

Kevin J. Zych
Telephone: 416-777-5738
Facsimile: 416-863-1716
E-mail: zychk@bennettjones.com

Lawyers for Peter Grant Sr.

AND TO: **LENCZNER SLAGHT ROYCE SMITH GRIFFIN LLP**
2600-130 Adelaide Street West
Toronto, Ontario
M5H 3P5

Peter J. Osborne
Telephone: 416-865-3094
Facsimile: 416-865-9010
E-mail: posborne@litigate.com

Lawyers for Peter Grant Jr.

AND TO **STONECREST CAPITAL INC.**
Stonecrest Capital Inc.
Suite 3130, Royal Trust Tower
77 King Street West
PO Box 33, TD Centre
Toronto, Ontario M5K 1 B7

Hap Stephen
Telephone: 416-364-0228
E-mail: hstephen@stonecrestcapital.com

Sandra Rosch
Telephone: 416-364-0730
E-mail: srosch@stonecrestcapital.com

Chief Restructuring Advisor

AND TO: **DEPARTMENT OF JUSTICE**
The Exchange Tower
130 King Street West
Suite 3400
Toronto, Ontario.

Diane Winters
Telephone: 416-973-3172
Facsimile: 416-973-0810
E-mail: diane.winters@justice.gc.ca

AND TO: **HER MAJESTY THE QUEEN**
The Ministry of Revenue Insolvency Unit
33 King Street West, 6th Floor
Oshawa, Ontario
L1H 8HT

Judy Babin
Telephone: 9050440-4210
Facsimile: 905 436-4524
E-mail: Judy.Babin@ontario.ca

AND TO: **FINANCIAL SERVICES COMMISSION OF ONTARIO (FSCO) PENSION DIVISION**
5160 Yonge Street
P.O. Box 85, 4th floor
Toronto, Ontario, M2N 6L9

Deana Stuckless
Telephone: 416-226-7890
E-mail: deana.stuckless@fsco.gov.on.ca

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TAB 1

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

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. and GRANT U.S. HOLDINGS GP (the "Applicants")

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following pages.

THIS APPLICATION will come on for a hearing before a Justice of the Superior Court of Justice (Commercial List) at Toronto on the 25th day of June, 2009, at 10:00 a.m., or as soon as practical thereafter, at the Court House, 330 University Avenue, 8th Floor, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGEMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: June 23, 2009

Issued by ______________________

Christina Irwin Local Registrar

Registrar, Superior Court of Justice

Address of court office: 330 University Ave.
7th floor
Toronto, Ontario
M5G 1R7

TO: SERVICE LIST

APPLICATION

1. The Applicants make application for an order in the form attached hereto as Schedule "A", *inter alia*:

   (a) declaring that the Applicants are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, Chapter C-36, as amended (the "**CCAA**") applies;

   (b) abridging the time for service and filing of this Notice of Application and the materials filed in support of this Application, or in the alternative, dispensing with the same;

   (c) staying proceedings as against the Applicants;

   (d) appointing Ernst & Young Inc. ("**E &Y**") as monitor of the CCAA proceedings; and

   (e) such further and other relief as this Honourable Court may deem to be just.

2. The Applicants also make application for an order:

   (a) adjourning the bankruptcy proceedings initiated against Grant Forest Products Inc. bearing Court File No. 31-OR-207630-OT31 *sine die.*

3. The grounds for the Application are:

   (a) the Applicants are insolvent;

   (b) the Applicants have assets in Canada and carry on business in Canada;

   (c) the claims against the Applicants exceed $5,000,000.00, respectively;

(d) the Applicants intend to attempt a restructuring of their businesses, as outlined in the Affidavit of Peter Lynch, sworn June 22, 2009 (the "**Lynch Affidavit**");

(e) the circumstances that exist make the Order sought by the Applicants appropriate;

(f) the Applicants urgently require a stay of proceedings from their creditors;

(g) the protection sought by the Applicants will provide the Applicants with an orderly and effective forum for addressing the various claims against them, as well as the time and opportunity necessary to assess and implement a successful restructuring strategy;

(h) such other grounds as are set out in the Lynch Affidavit and the report to court of E&Y in its capacity as proposed monitor, to be filed (the "**Proposed Monitor's Report**");

(i) the provisions of the CCAA;

(j) Rules 2.03, 3.02 and 14.05, and 16 of the Rules of Civil Procedure, R.R.O. 1990, Reg. 194; and

(k) such further and other grounds as counsel may advise and this Honourable Court permit.

4. The following documentary evidence will be used at the hearing of the Application:

(a) the Lynch Affidavit and the exhibits annexed thereto;

(b) the Proposed Monitor's Report;

(c) the consent of E & Y to act as Monitor; and

(d) such further and other evidence as counsel may advise and this Honourable Court may admit.

DATE OF ISSUE: June 23, 2009.

FRASER MILNER CASGRAIN LLP
Suite 3900
1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1B2

Alex L. MacFarlane
LSUC # 28133Q
Tel: (416) 863-4582
Fax: (416) 863-4592
Email: alex.macfarlane@fmc-law.com

Jane O. Dietrich
LSUC #49302U
Tel.: (416) 863-4467
Fax: (416) 863-4592
Email: jane.dietrich@fmc-law.com

Lawyers for the Applicants Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP

CV-09-8247-00CL

Court File No: ~~09-CL-~~

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. and GRANT U.S. HOLDINGS GP (the "Applicants")

ONTARIO

SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

FRASER MILNER CASGRAIN LLP
1 First Canadian Place
100 King Street West,
Toronto, Ontario
M5X 1B2

Lawyer: Alex L. MacFarlane / Jane Dietrich
LSUC: 28133Q / 49302U
Email: alex.macfarlane@fmc-law.com
jane.dietrich@fmc-law.com
Telephone: 416 863-4700 / 416-863-4467
Facsimile: 416 863-4592

Lawyers for the Applicants Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP

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TAB A

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	**THURSDAY, THE 25TH**
	)	
JUSTICE CAMBELL	)	**DAY OF JUNE, 2009**

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. and GRANT U.S. HOLDINGS GP

INITIAL ORDER

THIS APPLICATION, made by Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. and Grant U.S. Holdings GP (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Peter Lynch sworn June 22, 2009 and the exhibits thereto (the "**Lynch Affidavit**"), the report to Court of Ernst & Young Inc. ("**E&Y**") as proposed monitor and on hearing the submissions of counsel for the Applicants, The Toronto-Dominion Bank (the "**Agent**"), as agent for the first lien lenders (the "**First Lien Lenders**"), The Bank of New York Mellon ("**BNY**"), as agent for the second lien lenders, the board of directors of Grant Forest Products Inc.("**GFPI**"), E&Y and <>, no one else appearing although duly served as appears from the affidavit of service of Jarvis Hetu sworn June 23, 2009,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan or plans of compromise or arrangement (collectively, the "**Plan**") between, *inter alia*, the Applicants, or any of the Applicants, and one or more classes of its or their secured and/or unsecured creditors as it deems or they deem appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, the "**Assistants**") currently retained or employed by them, with liberty, subject to obtaining the prior consent of the Monitor or further order of the Court, to amend in any material manner the mandate of any Assistants or to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order (except that such consent or further order shall not be required for the Applicants to hire new employees in the ordinary course of business).

5. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee benefits and pension contributions, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, which, for greater certainty, shall not include any payments in respect of employee termination or severance; and

(b) the fees and disbursements of any Assistants retained or employed by any of the Applicants as permitted herein in respect of these proceedings or the Applicants' proposed restructuring at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and provided that the Applicants provide the Monitor with a list of their intended disbursements before making such disbursements, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course on or after this Order (or, in the case of the following subparagraph (c), prior to the date of this Order), and in carrying out the provisions of this Order including:

(a) subject to paragraph 10 below, all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including payments on account of insurance (including directors' and officers' insurance), maintenance and security services;

(b) expenses for goods or services actually supplied to any of the Applicants on or following the date of this Order; and

(c) expenses for goods or services actually supplied to any of the Applicants prior to the date of this Order provided:

    (i) such payments are critical to any Applicant's Business and are made with the prior written consent of the Monitor; or

    (ii) such payments are owing to a person or persons for the supply of logs or timber to GFPI.

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by any of the Applicants in connection with the sale of goods and services by any of the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by any of the Applicants.

8. **THIS COURT ORDERS** that the Applicants, or any of them, may, with the prior written consent of the Monitor, lend funds to Grant Allendale LP, Grant Clarendon LP and Grant US Sales Inc. (or any of them), to enable them to continue to carry on their respective businesses in the ordinary course and the Applicants, or any of them, may receive and retain any repayments made by Grant Allendale LP, Grant Clarendon LP and Grant US Sales Inc. (or any of them).

9. **THIS COURT ORDERS** that until such time as any of the Applicants repudiate a real property lease in accordance with paragraph 12(c) of this Order, the Applicants shall pay when due all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under any lease) or as otherwise may be negotiated by the Applicants from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly in advance (but not in arrears).

10. **THIS COURT ORDERS** that, except as specifically permitted herein or included in the Cash Flow Projection (as defined by the Lynch Affidavit) as amended or prepared for later periods from time to time with the Agent's approval (the "**Cash Flow Projections**"), the Applicants and their subsidiaries are hereby prohibited, without the prior written approval of the Agent and the Monitor, from:

(a) granting, or permitting to be outstanding, any lien, charge, security interest or any other encumbrance of any kind whatsoever (each an "**Encumbrance**") other than valid and enforceable Encumbrances existing on the date of this Order, charges created by this Order and liens arising solely by operation of law in the ordinary course of business of the Applicants and their subsidiaries;

(b) creating, incurring, assuming or suffering to exist, directly, contingently or otherwise, any debt or obligations other than:

A. debt or obligations existing on the date hereof; or

B. unsecured current liabilities (which are not the result of borrowing) incurred and payable in the ordinary course of business of the Applicants and their subsidiaries as permitted herein;

(c) entering into any transactions outside the ordinary course of its business;

(d) making expenditures or commitments of the Applicants on account of any capital or fixed asset account of the Applicants in the aggregate in excess of 110% of the capital expenditure amount indentified in the Cash Flow Projections, except that the Applicants may make capital expenditures or commitments for excess amounts with the Monitor's approval, to the extent required to carry on the existing oriented strand board Business;

(e) declaring any dividends or distributions to any shareholder or any person affiliated or associated with any shareholder whether by way of dividend or otherwise;

(f) guaranteeing, endorsing or otherwise becoming surety for or upon any obligations of any person;

(g) paying any amount to its employees and officers as such by way of salary, bonus, commission, directors' fees or otherwise in excess of the amounts currently being paid or at a rate in excess of the current rate thereof, provided that nothing in this Order shall prohibit the Applicants and their subsidiaries from reimbursing their employees and officers for reasonable expenses incurred by them in the ordinary course of business;

(h) paying any amount to any shareholder of GFPI, any person who owns shares of any shareholder of GFPI or any person related by blood or marriage to any such person, except for payments permitted by the immediately preceding subparagraph;

(i) making any cash payment (interest or otherwise) to any creditor including: (i) under the existing aircraft leases with GE Capital Equipment Financing; or (ii) under the First Lien Credit Agreement or the Second Lien Credit Agreement (as defined by the Lynch Affidavit);

(j) making expenditures or commitments in respect of any or all assets of an Applicant not required in connection with the Business;

(k) opening or maintaining deposit accounts other than the deposit accounts maintained with The Toronto-Dominion Bank, Wachovia Bank, National Association, Harris N.A. and Bank of Montreal as of the date hereof or such other account approved by the Agent (the "**Accounts**");

(l) making any changes to the officers or senior management, or to any of the signing authorities specified on the Accounts;

(m) making any payment of any amount owing pursuant to the tax refund purchase and sale agreement dated as of March 31, 2008 with respect to the sale by GFPI of certain of its tax refunds;

(n) entering into any interest or currency exchange agreement or any other swap agreement; and

(o) obtaining any debtor-in-possession financing from any lender other than one or more of the First Lien Lenders and in accordance with the further order of the Court.

11. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order, the Applicants shall in all respects comply with their obligations under the First Lien Credit Agreement made as of October 26, 2005 among the Agent, the First Lien Lenders, GFPI and others in respect of reporting and the provision of information. The Applicants shall cooperate fully with PricewaterhouseCoopers Inc. ("**PWC**"), the financial advisor to the First Lien Lenders, in providing such information.

RESTRUCTURING

12. **THIS COURT ORDERS** that each of the Applicants shall have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding $500,000 in any one transaction or $2 million in the aggregate, subject to the prior written consent of the Monitor and subject to subparagraph (c) of this section, if applicable;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicant and such employee or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise;

(c) in accordance with paragraphs 13 and 14, vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the

Applicant and such landlord or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise;

(d) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate on such terms as may be agreed upon between the Applicant and such counter-parties or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise; and

(e) in accordance with the Marketing Process (as hereinafter defined), pursue all avenues of refinancing and recapitalization and pursue all purchase offers for material parts of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or recapitalization or any sale (except as permitted by subparagraph (a) of this section),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. **THIS COURT ORDERS** that an Applicant shall provide the relevant landlord with notice of the applicable Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the relevant landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the applicable Applicant, or by further Order of this Court upon application by an Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If an Applicant repudiates the lease governing such leased premises in accordance with paragraph 12(c) of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a lease is repudiated by an Applicant in accordance with paragraph 12(c) of this Order, then: (a) during the notice period prior to the effective time

of the repudiation, the relevant landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

15. **THIS COURT ORDERS** that, subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the Applicants shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, the Applicants shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as it deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

MARKETING OF INVESTMENT OPPORTUNITY

16. **THIS COURT ORDERS AND DIRECTS** the Applicants to immediately commence a marketing process (the "**Marketing Process**") in accordance with the protocol attached hereto as Appendix "A" to this Order (the "**Investment Offering Protocol**") for the purpose of offering the opportunity for potential investors to purchase the business and operations of the Applicants and their subsidiaries as a going concern or to sponsor a plan of arrangement of the Applicants or any of them.

17. **THIS COURT ORDERS** that the Investment Offering Protocol is hereby approved and the Applicants and the Monitor are hereby authorized and directed to perform each of their obligations thereunder.

18. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to engage an investment offering advisor (the "**Investment Offering Advisor**") in accordance with

an Investment Offering Advisor engagement letter (the "**Investment Offering Advisor Engagement Letter**"), after it is approved by the Monitor and the Agent, to act as Investment Offering Advisor in connection with the conduct of the Marketing Process. The Investment Offering Advisor Engagement Letter shall not be affected by the Plan.

19. **THIS COURT ORDERS** that the Investment Offering Advisor shall be entitled to the benefit of and is hereby granted a charge (the "**Investment Offering Advisor Charge**") in the maximum amount of $200,000 of all Property of the Applicants to secure its fees and recoverable disbursements incurred in performing its obligations under the Investment Offering Advisor Engagement Letter but not including any indemnity or any fees or expenses incurred by the Investment Offering Advisor in connection with any right of indemnity included in the Investment Offering Advisor Engagement Letter. The Investment Offering Advisor Charge shall rank *pari passu* with the Administration Charge (as hereinafter defined) and the Applicants are directed to pay to the Investment Offering Advisor the fees and expenses payable under the Investment Offering Advisor Engagement Letter promptly when due.

20. **THIS COURT ORDERS** that the Investment Offering Advisor, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by the Applicants as Investment Offering Advisor or any matter referred to in the Investment Offering Advisor Engagement Letter except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Investment Offering Advisor in performing its obligations under the Investment Offering Advisor Engagement Letter.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

21. **THIS COURT ORDERS** that until and including July 24, 2009 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") (including the application for a bankruptcy order brought by GE Canada Leasing Services Company) shall be commenced or continued against or in respect of any of the Applicants or the Monitor, or affecting any Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all

Proceedings currently under way against or in respect of any of the Applicants or affecting any Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

22. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Applicants or the Monitor, or affecting the Business or the Property (including any right to submit a shotgun buy or sell offer with respect to GFPI's shares of Footner Forest Products Ltd. or GFPI's interest in the OSB facility at High Level, Alberta or related assets), are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on; (b) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment; (c) prevent the filing of any registration to preserve or perfect a security interest; (d) prevent the registration of a claim for lien under the *Construction Lien Act* or the *Forestry Workers Lien for Wages Act* or any other applicable statute; or (e) prevent GE Canada Leasing Services Company from selling the 1992 Dassault Falcon 50 aircraft or the 1994 Dassault Falcon 900B aircraft and related engines and parts pursuant to its lease thereof to GFPI.

NO INTERFERENCE WITH RIGHTS

23. **THIS COURT ORDERS** that, during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. **THIS COURT ORDERS** that, during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services including, without limitation, all resin supply, timber, log and wood supply, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility services or other services to the

Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Applicants, and that each of the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider, the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no creditor of any of the Applicants shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. **THIS COURT ORDERS** that, during the Stay Period and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before or arises after the date hereof and that relates to any obligations of any of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. **THIS COURT ORDERS** that each of the Applicants shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of any of the Applicants, after the date hereof, to make payments due and payable after the date of this Order of the nature referred to in subparagraphs 5(a), 7(a), 7(b), and 7(c) of this Order which they

sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of any of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

28. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on all Property, which charge shall not exceed the aggregate amount of $3,000,000, as security for the indemnity provided in paragraph 27 of this Order. The Directors' Charge shall have the priority set out in paragraph 44 of this Order.

29. **THIS COURT ORDERS** that, notwithstanding any provision of any applicable insurance policy to the contrary: (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 27 of this Order or the insurer fails to fund defence costs on a timely basis (provided the insurance beneficiaries assign to the applicable Applicant the insurance beneficiaries' rights under the applicable insurance policy to receive such defence costs paid pursuant to the Directors' Charge).

APPOINTMENT OF MONITOR

30. **THIS COURT ORDERS** that E&Y is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the Applicants' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors and Assistants shall advise the Monitor of all material steps taken by any of the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

31. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) perform its obligations under the Investment Offering Protocol;

(c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Marketing Process and such other matters as may be relevant to the proceedings herein;

(d) assist the Applicants, to the extent required the Applicants, in the dissemination to the Agent and BNY and their respective counsel on a bi-weekly basis or otherwise as required herein of financial and other information as agreed to between the Applicants and the Agent or BNY;

(e) advise the Applicants in relation to the Cash Flow Projections, including the reconciliation of actual results to Cash Flow Projections and the formulation of Cash Flow Projections as may be required herein, which information shall be reviewed with the Monitor and delivered to the Agent and its counsel on a periodic basis, but not less than bi-weekly, or as otherwise agreed to by the Agent;

(f) advise the Applicants in their development of the Plan and any amendments to the Plan;

(g) report and advise the Applicants, the Court and the Agent in relation to any offers to purchase or refinance the Business received in accordance with the Marketing Process;

(h) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(i) have full and complete access to the books, records, management, employees and advisors of the Applicants and to the Business and the Property to the extent required to perform its duties arising under this Order;

(j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(k) consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and

(l) perform such other duties as are required by this Order or by this Court from time to time.

32. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

34. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of any of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is

confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

35. **THIS COURT ORDERS** that GFPI be and is hereby authorized and directed to continue the engagement of Stonecrest Capital Inc. ("**Stonecrest**") as Chief Restructuring Advisor (the "**CRA**") with services to be provided by Hap Stephen ("**Stephen**") and Sandra Rosch ("**Rosch**") on the terms and conditions set out in the amended engagement letter dated June **[<>]**, 2009 between GFPI and Stonecrest (the "**CRA Engagement Letter**").

36. **THIS COURT ORDERS** that the CRA Engagement Letter is hereby approved and given full force and effect in accordance with its provisions and that the claims, if any, of Stonecrest, Stephen or Rosch pursuant to the CRA Engagement Letter shall not be affected by the Plan.

37. **THIS COURT ORDERS** that the CRA shall have and may exercise and perform the powers, responsibilities and duties described in the CRA Engagement Letter, together with such other powers, responsibilities and duties as may be agreed upon by the CRA and GFPI and approved by the Monitor or this Honourable Court.

PROVISIONS RELATED TO THE MONITOR, THE CRA AND OTHERS

38. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor, the CRA, Stephen and Rosch shall incur no liability or obligation as a result of their appointments or the carrying out of the provisions of this Order (or, in the case of the CRA, Stephen and Rosch, the provisions of the CRA Engagement Letter), except for any gross negligence or wilful misconduct on their respective parts. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

39. **THIS COURT ORDERS** that the Monitor, PWC, counsel to the Monitor, counsel to GFPI's board of directors and counsel to the Applicants shall be paid by the Applicants their reasonable fees and disbursements, in each case at their standard rates and charges and whether incurred before, on or after the date of this Order, and that the CRA shall be paid by the

Applicants its fees and disbursements as set out in the CRA Engagement Letter, as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, PWC, counsel to GFPI's board of directors, counsel for the Monitor, the CRA and counsel for the Applicants on a weekly basis and to pay the CRA's monthly work fee monthly in advance in accordance with the CRA Engagement Letter. Additionally, the Applicants shall pay the fees and disbursements of the Canadian and U.S. counsel to the Agent (each, "**First Lien Lenders' Agent's Counsel**") promptly on receipt of copies of their invoices.

40. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time and, for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

41. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to GFPI's board of directors, the CRA, the Applicants' counsel and the First Lien Lenders' Agent's Counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all Property, which charge shall not exceed the aggregate amount of $2,000,000, as security for all amounts owing to the Monitor, counsel to the Monitor, counsel to GFPI's board of directors, the CRA, the Applicants' counsel and the First Lien Lenders' Agent's Counsel as set out in paragraph 39 hereof, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 44 hereof.

KERP PAYMENT

42. **THIS COURT ORDERS** that the key employee retention plan agreement dated December 19, 2008 between Peter Lynch ("**Lynch**") and GFPI, as amended by an amendment agreement dated as of April 1, 2009, as described in the Lynch Affidavit (the "**KERP Agreement**") be and is hereby approved and given full force and effect in accordance with its terms and the Applicants are hereby directed to make when due the payments provided for thereunder.

43. **THIS COURT ORDERS** that Lynch shall be entitled to the benefit of and is hereby granted a charge (the "**KERP Charge**") on all Property, which charge shall not exceed the amount of $1,134,000, as security for all amounts now or hereafter owing to Lynch pursuant to

the KERP Agreement, both before and after the making of this Order. The KERP Charge shall have the priority set out in paragraph 44 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the Directors' Charge, as among them, shall be as follows:

(a) Firstly – Administration Charge (to the maximum amount of $2,000,000) and the Investment Offering Advisor Charge (to the maximum amount of an additional $200,000) on a pari passu basis; and

(b) Secondly – KERP Charge (to the maximum amount of $1,134,000) and Directors' Charge (to the maximum amount of $3,000,000) on a pari passu basis.

45. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. **THIS COURT ORDERS** that each of the Charges shall constitute charges of all Property and the Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

47. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with any of the Charges without the written consent of the Monitor, and the beneficiaries of the Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the Directors' Charge, or further Order of this Court.

48. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any applications for bankruptcy orders issued pursuant to BIA or any bankruptcy order made pursuant to such applications in respect of any of the Applicants; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA by any of the Applicants; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any of the Applicants and, notwithstanding any provision to the contrary in any Agreement:

(i) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Applicants of any Agreement to which it is a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from, the creation of the Charges; and

(iii) the payments made by any of the Applicants pursuant to this Order and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SERVICE AND NOTICE

49. **THIS COURT ORDERS** that the Applicants shall, within ten (10) business days of the date of entry of this Order, send a copy of this Order to their known creditors, other than employees and creditors to the Applicants owed less than $1,000.00, at their addresses as they appear on the Applicants' records, and shall promptly send a copy of this Order: (a) to all parties filing a Notice of Appearance in respect of this Application; and (b) to any other

interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

50. **THIS COURT ORDERS** that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

51. **THIS COURT ORDERS** that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on the Monitor's website.

GENERAL

52. **THIS COURT ORDERS** that any of the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

53. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Applicants, the Business or the Property.

54. **THIS COURT ORDERS** that the Monitor is hereby authorized to apply, after consultation with the Applicants, the Agent and BNY, for recognition of these proceedings as "Foreign Main Proceedings" in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code.*

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

56. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

57. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than four (4) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.

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APPENDIX "A"

GRANT FOREST PRODUCTS INC.

INVESTMENT OFFERING PROTOCOL

Recitals

1. Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. and Grant U.S. Holdings GP (collectively, the "**Grant Companies**") filed for protection with the Ontario Superior Court of Justice (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**").

2. Pursuant to the CCAA proceedings, Ernst & Young Inc. (the "**Monitor**") has been appointed as the monitor of the Grant Companies.

3. The Grant Companies carry on business in North America as manufacturers and distributors of oriented strand board and other similar and related products (the "**Business**").

4. The Grant Companies wish to engage **[<>]** as their investment offering advisor (the "**Investment Offering Advisor**") to assist them in identifying prospective parties and negotiating the terms of a refinancing or recapitalization of the Grant Companies and their subsidiaries or a sale of the Business, in whole or in part, in consultation with the Monitor, an agent (the "**First Lien Agent**") for the first lien secured lenders (the "**First Lien Lenders**") and the agent (the "**Second Lien Agent**") for the second lien secured lenders (the "**Second Lien Lenders**").

5. The marketing process set out herein (the "**Marketing Process**") is intended to focus the efforts of the Grant Companies and the Investment Offering Advisor (with the assistance of the Monitor and in consultation with the First Lien Agent and the Second Lien Agent) on the maximization of value for the First Lien Lenders , the Second Lien Lenders, the Grant Companies' other creditors and other stakeholders (collectively, the "**Stakeholders**") either through a refinancing or recapitalization or a sale of the Business.

Leading the Marketing Process

6. In order to ensure that the Marketing Process successfully identifies the best possible buyer or investor, among other things:

(a) the Grant Companies and the Investment Offering Advisor shall lead the marketing efforts in consultation with the Monitor, the First Lien Agent and the Second Lien Agent; and

(b) the Grant Companies shall devote all time and attention necessary to pursue the Marketing Process in a timely manner.

Objectives

7. The Marketing Process will be implemented to achieve the following objectives:

(a) value maximization for the Stakeholders of the Grant Companies;

(b) continuity of the Business; and

(c) timely implementation.

8. In order to achieve these objectives:

(a) interested parties shall be encouraged to consider:

(i) the opportunity of sponsoring a refinancing or a recapitalization of the Grant Companies and their subsidiaries through a plan of arrangement; or

(ii) the purchase of the Business in whole or in part; and

(b) interested parties shall be required to participate in the Marketing Process and to respect the timetable set out herein.

Supervision and Reporting

9. The Marketing Process shall be approved by the Court and subject to the Court's overriding supervision. The Monitor will facilitate and oversee the Marketing Process undertaken by the Investment Offering Advisor, the Grant Companies and their other advisors, all in accordance with this Protocol. Any sale of the Business must be approved by the Court in accordance with the Initial Order.

10. Whether the transaction is to be implemented by a plan of arrangement or a sale of the Business, the Monitor will provide a report to the Court including a detailed summary as to how the Marketing Process was conducted, the key elements of the resulting transaction and the Monitor's recommendation with respect to such plan or sale, as the case may be.

Reporting to Stakeholders

11. The Grant Companies and the Monitor may provide periodic updates, as appropriate, to Stakeholders which have executed confidentiality agreements including the First Lien Lenders and the Second Lien Lenders.

Selection of Investment Offering Advisor

12. The Grant Companies confirm that they have selected the Investment Offering Advisor and the Investment Offering Advisor has agreed to accept its engagement in accordance with the Investment Offering Advisor Engagement Letter filed in the CCAA proceedings and approved in the Initial Order.

Identification of Potential Interested Parties

13. The Grant Companies and the Monitor will jointly agree on a preliminary potential interested party list with input from the Investment Offering Advisor with a view to ensuring that all parties that have expressed interest in the Business prior to the CCAA proceedings and any potential interested party whose interest may be known to the Grant Companies, the Monitor or the Investment Offering Advisor are included on the preliminary list. The Stakeholders may nominate interested parties for inclusion in the preliminary list.

<u>Marketing Process</u>

14. Phase I

(a) The Grant Companies will work with the Investment Offering Advisor to prepare a one page marketing overview (the "**Teaser**"), a draft non-disclosure agreement (an "**NDA**"), a communications package, a confidential information memorandum, the data room and other relevant marketing materials. The NDA shall not prohibit any person from buying or selling any debt owing by any of the Grant Companies. The Monitor and the advisors to the First Lien Lenders shall be entitled to review and provide input into these materials as they shall deem appropriate.

(b) The Investment Offering Advisor will contact all of the parties on the final potential interested party list and provide them with a copy of the teaser memorandum and form of NDA.

(c) Interested parties that execute the NDA (or have previously executed an NDA satisfactory to the Grant Companies) will receive information and will receive access to a limited electronic data room.

(d) Each potential interested buyer or investor will be asked to submit a non-binding preliminary proposal on or before July 31, 2009.

(e) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will evaluate the non-binding preliminary proposals based on the ability of the potential interested parties to complete due diligence on a timely basis as well as other buyer or investor selection criteria that may be developed by the Grant Companies in consultation with the Monitor and the Investment Offering Advisor.

(f) Given that all parties recognize the need to complete a transaction as quickly as possible, the number of parties invited to participate in Phase II of the Marketing Process will be limited in number and will be jointly selected by the Monitor and the Grant Companies in consultation with the First Lien Agent and the Second Lien Agent.

15. Phase II

(a) Interested parties invited to participate in Phase II will be provided with a management presentation and full electronic data room access.

(b) Interested parties must complete due diligence and submit to the Grant Companies, the Monitor and the Investment Offering Advisor a revised proposal on or before August 30, 2009.

(c) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will review the proposals and, in full consultation with the First Lien Agent and the Second Lien Agent, jointly select one or more parties which wish to proceed to Phase III.

16. Phase III

(a) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, the First Lien Agent and the Second Lien Agent, will conduct final negotiations of an agreement to sponsor a plan of arrangement or to sell the Business with or to the interested parties selected to proceed to Phase III.

(b) The Grant Companies shall not, without the prior written approval of the First Lien Agent, at the direction of the First Lien Lenders then holding not less than 66 2/3% of the total amount of the then outstanding indebtedness owing by the Grant Companies to the First Lien Lenders:

(i) file any plan of arrangement with the Court; or

(ii) enter into an agreement to sell the Business or any material part of the Business.

(c) If the transaction is to be completed by a plan of arrangement, such plan will be filed with the Court and submitted to all required meetings of affected creditors for approval no later than September 30, 2009.

(d) If the transaction is to be completed by a sale, the asset purchase agreement will be completed and submitted by the Grant Companies to the Court for approval not later than September 30, 2009.

Adjustments to the Marketing Process

17. The Grant Companies, in consultation with the Investment Offering Advisor, may adjust the Market Process (and extend any time limits) as necessary to achieve the objectives set out in this protocol, provided the Monitor and the First Lien Agent consent to such adjustment.

TAB 2

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

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. and GRANT U.S. HOLDINGS GP (the "Applicants")

AFFIDAVIT OF PETER LYNCH
(sworn June 22, 2009)

I, **Peter Lynch**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

I am the executive vice-president and secretary of Grant Forest Products Inc. ("**Grant Forest**"), the vice-president and secretary of Grant Alberta Inc. ("**Alberta**") and the president and secretary of Grant Forest Products Sales Inc. ("**Sales**"). I am also a director of Grant Forest, Alberta and Sales. As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not possess such personal knowledge, I have stated the source of my information and, in all such cases, do verily believe it to be true.

OVERVIEW

1. This affidavit is sworn in support of the application by Grant Forest, Alberta , Sales and Grant U.S. Holdings GP ("**Grant Holdings**") (collectively, the "**Applicants**") for certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36, as amended (the "**CCAA**").

2. The organizational structure of the Applicants and certain of their subsidiaries or other related parties (collectively, the "**Subsidiaries**") is set out in the chart attached hereto as Exhibit "A".

3. Grant Forest is a leading Canadian manufacturer of oriented strand board ("**OSB**"). Grant Forest manufactures OSB in panels of varying lengths and thickness, as well as specialty products such as web stock, rim board, and oversized panels. The Applicants and the Subsidiaries have interests in three mills in Canada and two mills in the United States. Only one mill in Canada and one mill in the United States are presently operating as a result of the current reduced demand for OSB and other wood products.

4. The Applicants have two levels of primary secured debt. Each of The Toronto-Dominion Bank ("**TD**") and a related entity, Toronto Dominion (Texas) LLC ("**TD Texas**") is an agent (collectively, the "**First Lien Lenders' Agents**") for the first lien lenders (the "**First Lien Lenders**") which, as at May 31, 2009, were owed the principal amount of approximately US$398.8 million (and accrued interest of approximately US$5.3 million) 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**"). The Bank of New York Mellon ("**BNY**") is the agent for the second lien lenders (the "**Second Lien Lenders**") which, as at May 31, 2009, were owed the principal amount of approximately US$150 million (and accrued interest of approximately US$42 million) pursuant to a credit agreement dated as of March 21, 2007, as amended by an agreement dated as of April 30, 2009 (the "**Second Lien Credit Agreement**"). Each of TD and TD Texas (collectively, the "**Second Lien Lenders' Agents**") was originally an agent for the Second Lien Lenders but has resigned and transferred its interests with respect thereto to BNY as the replacement agent for the Second Lien Lenders. Grant Holdings is in default under both the First Lien Credit Agreement and the Second Lien Credit Agreement.

5. The Applicants are not able to repay the First Lien Lenders and the Second Lien Lenders but have been working with both groups to develop a restructuring plan. Grant Forest engaged Goldman, Sachs & Co. ("**Goldman Sachs**") in October 2008 to canvass the market for potential investors and engaged Stonecrest Capital Inc. ("**Stonecrest**") as chief restructuring advisor (the "**CRA**") in December 2008.

6. The Applicants have been taking steps to reduce expenses. Grant Forest returned to GE Canada Leasing Services Company ("**GE Leasing**") two corporate aircraft that Grant

Forest had leased from GE Leasing. As a consequence of an alleged deficiency claim under the applicable master aircraft lease, GE Leasing brought an application for bankruptcy order dated March 17, 2009 against Grant Forest originally returnable on April 16, 2009. Grant Forest filed a notice disputing the application on April 9, 2009 and a hearing has been scheduled for July 6, 2009.

7. The Applicants are insolvent and require a stay of proceedings in order to provide them with the time required to formulate a restructuring plan.

OVERVIEW OF THE BUSINESSES

8. Grant Forest is a privately owned corporation which carries on an oriented strand board manufacturing business. It was founded by Peter Grant Sr. in 1980. With a total capacity to produce 3.7 billion square feet of OSB per annum, the Applicants and their Subsidiaries are the third largest OSB manufacturer in North America.

9. A brief description of each of the Applicants is as follows:

(a) Grant Forest: Grant Forest is the main operating company in Canada and owns two mills located in Englehart and Timmins, Ontario and a 50% interest in one mill located in High Level, Alberta. Title to the mill in Alberta is held by Footner Forest Products Ltd., as bare trustee, and Grant Forest owns 50% of the shares of Footner Forest Products Ltd. Grant Forest owns real property in Ontario including the two mills, various woodlots, a golf course and a corporate office building under construction. Grant Forest also holds agreements and licences from the Minister of Natural Resources of the Province of Ontario with respect to the supply of wood. Grant Forest has a 99.99% partnership interest in Grant Holdings.

(b) Alberta: Alberta is a wholly owned subsidiary of Grant Forest and has a 0.01% partnership interest in Grant Holdings as its only asset.

(c) Sales: Sales is a wholly owned subsidiary of Grant Forest and purchases all of the OSB produced by Grant Forest at its Canadian mills and sells it to customers.

(d) Grant Holdings: Grant Holdings is a Delaware general partnership. Grant Holdings' two partners are Grant Forest and Alberta. Grant Holdings directly owns all the issued common shares of Southeast Properties LLC and preferred limited partnership interests in Grant Allendale LP ("**Allendale**") and Grant Clarendon LP ("**Clarendon**"). Each of Allendale and Clarendon owns an OSB mill in South Carolina. They are not included as Applicants in these proceedings.

10. Because of the present market conditions and the reduced demand for OSB and other wood products, only two of the OSB mills, owned directly or indirectly by Grant Forest located in Englehart, Ontario and Allendale, South Carolina, are presently operating. Both the mill in Timmins, Ontario and the mill in High Level, Alberta are idle. The mill in Clarendon, South Carolina is a new mill which is substantially complete but has not yet been put into production.

11. The ultimate shareholders of Grant Forest, through various holding companies, are Peter Grant Sr. and Twin Lakes Trust (a Grant family trust).

12. Grant Forest's head office is located in leased premises in Brookfield Place, Toronto. Grant Forest has administrative offices in Earlton, Ontario and an IT support office in leased premises in Mississauga, Ontario. Sales has sales and marketing offices in Mississauga, Ontario which are leased by Grant Forest.

13. Historically, the Applicants have benefited from a secure and abundant fibre supply, geographical diversification, proximity to key markets, direct-to-customer marketing strategy, large scale mills which take advantage of efficiency of operations and a strong and experienced management team. However, the recent economic slump and corresponding severe decrease in both demand and price for all building supplies, including OSB, when coupled with the debt incurred to fund the construction of the Allendale and Clarendon mills have contributed to the Applicants' current financial problems.

FINANCIAL SITUATION AND STAKEHOLDERS

14. Attached as Exhibit "B" are copies of the Applicants' financial statements, audited or unaudited, prepared during the year prior to the application made by the Applicants under the CCAA.

15. Prices for OSB have decreased dramatically since 2004. The annual average applicable per msf price for OSB each year from 2004 to 2008 was:

2004	US $375.00
2005	US $324.00
2006	US $217.00
2007	US $162.00
2008	US $170.00.

The comparable price of OSB for the first quarter of 2009 was US $155.00 and the comparable price currently is US $138.00.

16. The annual consolidated sales of Grant Forest have accordingly also decreased substantially since 2004. The annual consolidated sales of Grant Forest in each of the years from 2004 to 2008 (in U.S. dollars) were:

2004	$506 million
2005	$420 million
2006	$291 million
2007	$160 million
2008	$184 million.

17. In its 2007 and 2008 fiscal years, Grant Forest incurred consolidated losses of approximately Cdn. $36 million and Cdn. $216 million, respectively.

18. The Applicants and their Subsidiaries incurred total capital expenditures of approximately U.S. $650 million from 2005 to 2008. These were primarily related to the construction of the Allendale and Clarendon mills and the updating of the Englehart and Timmins mills.

19. The Applicants' stakeholders include their secured creditors, trade creditors, other unsecured creditors, shareholders, employees, landlords and customers. Further details of these are set out below.

Secured Creditors

20. Summaries of the results of searches of registrations against the Applicants under the *Personal Property Security Act* (Ontario) as at April 1, 2009 and the *Personal Property Security Act* (Alberta) as at April 1, 2009 are attached hereto as Exhibits "C" and "D", respectively.

21. The interests of the primary secured creditors (the First Lien Lenders and the Second Lien Lenders) are described below.

First Lien Lenders

22. The First Lien Lenders were as at May 31, 2009 owed approximately US$398.8 million principal and US$5.3 million accrued interest pursuant to the First Lien Credit Agreement. Grant Forest and Grant Holdings are direct borrowers. In addition the Applicants were, as at May 31, 2009, liable to one or more of the First Lien Lenders in the total amount of approximately $8,720,345 pursuant to interest rate swap agreements with them and such liability is also secured by their security.

23. Each of the Applicants which is not a direct borrower and each of the Subsidiaries (other than Grant Excluded GP) has guaranteed payment of such indebtedness and delivered to the First Lien Lenders' Agents security charging all its assets.

24. One of the First Lien Lenders' Agents delivered to Grant Forest or Grant Holdings notices dated April 17, 2009, May 20, 2009 and May 28, 2009 that defaults have occurred under the First Lien Credit Agreement.

Second Lien Lenders

25. The Second Lien Lenders are owed approximately US$190 million pursuant to the Second Lien Credit Agreement. Grant Holdings is the sole direct borrower.

26. Each of the other Applicants and each of the Subsidiaries (other than Grant Excluded GP) has guaranteed payment of such indebtedness and delivered to the Second Lien Lenders' Agents security charging all its assets. TD and TD Texas have assigned their interests in

such security to their successor agent, BNY. Such security ranks subordinate to the security held by the First Lien Lenders' Agents.

Intercreditor Agreement

27. The First Lien Lenders' Agents and the Second Lien Lenders' Agents executed an Intercreditor Agreement dated as of March 21, 2007. Such agreement restricts certain rights of the Second Lien Lenders and the Second Lien Lenders' Agents from enforcing their security for a period of 180 days after receipt by Grant Holdings and TD, as agent for the First Lien Lenders, from the agent for the Second Lien Lenders of notice of an event of default under the Second Lien Credit Agreement or related documents and the intention of the Second Lien Lenders to exercise remedies with respect thereto.

GE Leasing

28. Grant Forest entered into a master aircraft lease agreement dated December 22, 1999 (and various lease schedules) with GE Leasing in respect of three aircraft, two of which (a 1992 Dassault Falcon 50 and a 1994 Dassault Falcon 900B) have not been sold by GE Leasing. As of March 31, 2009, Grant Forest ceased making payments under the lease. Grant Forest has returned these two remaining aircraft to GE Leasing. GE Leasing has issued a demand for payment of approximately US$31.1 million.

29. As noted above, GE Leasing brought an application seeking a bankruptcy order against Grant Forest with respect to amounts GE Leasing is claiming under the lease.

Trade Creditors

30. A listing of the approximate total amounts of the trade accounts payable of each of the Applicants as of May 31, 2009 is attached as Exhibit "E". The approximate total amount owing by all the Applicants to their respective trade creditors as at May 31, 2009 was $4.3 million. In addition there was approximately $2.4 million owing to trade creditors which has been incurred but not billed.

31. The primary trade creditors of Grant Forest are log suppliers, log transportation providers and resin and wax suppliers.

32. I understand that many of the trade creditors which supply logs to Grant Forest may be entitled to assert a lien claim against such logs pursuant to the *Forestry Workers Lien for Wages Act*, R.S.O. 1990, c. F.28 (the "**FWLWA**"). Specifically, I understand that section 3 of the FWLWA states:

> 3(1) A person performing labour has a lien upon the logs or timber in connection with which the labour is performed for the amount due for such labour, and the lien has precedence over all other claims or liens thereon, except a claim or lien of the Crown for any dues or charges or that a timber slide company or any owner of a slide or boom may have thereon for tolls. R.S.O. 1990, c. F.28, s. 3 (1).
>
> (2) A contractor who has entered into any agreement under the terms of which the contractor personally or by others in the contractor's employ have cut, removed, taken out or driven logs or timber, shall be deemed to be a person performing labour upon logs or timber within the meaning of this section, and such cutting, removal, taking out and driving shall be deemed to be the performance of labour within the meaning of this section. R.S.O. 1990, c. F.28, s. 3 (2).

33. In part because of such lien rights of the log suppliers, the form of the initial order being sought by the Applicants under the CCAA would permit the Applicants to make payments to a person or persons for the supply of logs or timber to Grant Forest prior to, on or after the date of the order.

Major Inter-Company Unsecured Indebtedness

34. Much of the principal amounts loaned by the First Lien Lenders and the Second Lien Lenders to Grant Holdings was loaned, through various transactions, to Allendale and Clarendon. Amounts loaned to Allendale were used by Allendale to construct its mill at Allendale, South Carolina and amounts loaned to Clarendon were used by Clarendon to construct its mill at Clarendon, South Carolina.

35. The indebtedness borrowed by Allendale to construct its mill is now owing by Allendale to Grant Excluded GP and evidenced by a grid note dated August 13, 2007 in the approximate principal amount of US$295.5 million.

36. The indebtedness borrowed by Clarendon to construct its mill is now owing by Clarendon to Grant Excluded GP and evidenced by a grid note dated August 13, 2007 in the approximate principal amount of US$227.2 million.

37. Each of Allendale and Clarendon has guaranteed payment of the indebtedness owing by Grant Holdings and, in the case of the First Lien Lenders, Grant Forest, to the First Lien Lenders and the Second Lien Lenders and has granted charges of all its assets (including its general partnership interest in Grant Excluded GP) to the First Lien Lenders' Agents and the Second Lien Lenders' Agents, respectively.

38. Grant Excluded GP has no material creditors and its activities are limited by agreements with the First Lien Lenders' Agents and the Second Lien Lenders' Agents.

39. Attached as Exhibit "G" is a summary of amounts owing by any of the Applicants or by any of the Subsidiaries to any of the other Applicants or other Subsidiaries as at May 31, 2009.

Shareholder Unsecured Indebtedness

40. Grant Forest is indebted to one of its shareholders, 1308406 Ontario Inc., in the total principal amount of $50 million as evidenced by two notes dated December 6, 2004 in the respective principal amounts of $40 million and $10 million. Such indebtedness is unsecured and payable by Grant Forest to 1308406 Ontario Inc. on demand by 1308406 Ontario Inc. However 1308406 Ontario Inc. has provided postponement and subordination agreements to one of each of the First Lien Lenders' Agents and the Second Lien Lenders' Agent. Grant Forest is also indebted to Grant Forest Products Corp., the holder of preferred shares issued by Grant Forest, in the total amount of $6,160,000 with respect to dividends declared in 2006 which have not been paid.

Employees

41. As of May 31, 2009, the Applicants had approximately 253 active employees (excluding employees who have been laid off temporarily in Alberta and Ontario), the details of which are set out below:

Entity	Non-Union	Union
Grant Forest	113	122
Alberta	0	0
Sales	18	0
Grant Holdings	0	0

The foregoing do not include employees of Allendale, Clarendon or Footner Forest Products Ltd..

42. Grant Forest and Sales use a payroll service, ADP Services, to pay their respective employees. The total amount of the bi-weekly payroll remitted to such service, including government remittances, is approximately Cdn. $900,000. I understand that the government remittance obligations of Grant Forest and Sale related to payroll are current.

43. Grant Forest administers the following four pension plans registered with the Financial Services Commission of Ontario ("**FSCO**") for certain of its employees, former employees and their beneficiaries:

(a) Pension plan for the employees of Grant Forest, FSCO registration number 0940734, which is a defined contribution pension plan;

(b) Pension plan for the hourly employees of Grant Forest - Englehart Plant, FSCO registration number 1013044, which is a defined contribution pension plan;

(c) Pension plan for the hourly employees of Grant Forest - Timmins Plant, FSCO registration number 1048271, which is a defined contribution pension plan;

(d) Pension plan for the salaried employees of Grant Forest - Timmins Plant, FSCO registration number 1053008, which is a defined benefit pension plan; and

(e) Pension plan for certain executive employees of Grant Forest – FSCO registration number 0992537, which is a defined benefit pension plan.

The total amount of the monthly contributions of Grant Forest in respect of the three defined contribution pension plans is approximately $112,514. Grant Forest contributes approximately $322 each month to fund defined benefit pension plan No. 1053008 and approximately $4,080 each month to fund defined benefit pension plan No. 0992537.

Contributions to the two defined benefit pension plans have been made in accordance with the actuarial valuation reports for each plan filed with FSCO. Monthly payments for all five registered pension plans are current and not in arrears.

44. Grant Forest provides supplemental executive retirement plan ("**SERP**") benefits to certain of its current and former executive employees. The SERP benefits are not provided under a registered pension plan. "Retirement Compensation Arrangement" (as defined under the Income Tax Act of Canada) accounts have been established with Canada Revenue Agency in connection with the SERP benefits.

Landlords

45. Grant Forest leases its head office at Brookfield Place in Toronto, the term of which expires on January 31, 2010, and a sales office in Mississauga, Ontario, from which Sales operates.

46. The total approximate amount of Grant Forest's monthly rent payments is $49,500. Rents are payable monthly in advance. I understand that these rent payments are current.

Customers

47. The Applicants and the Subsidiaries have over 2,500 customers. No single customer accounts for more than 10% of total sales. Approximately 80% of these customers are retail lumber chains or buying groups which sell to member lumberyards and which in turn supply builders.

FOOTNER MILL AT HIGH LEVEL, ALBERTA

48. Grant Forest Products Corp. and Ainsworth Lumber Co. Ltd. signed a memorandum of agreement dated December 9, 1999 with respect to the construction and operation of an OSB mill at High Level, Alberta. Grant Forest acquired the interests of Grant Forest Products Corp. therein by an assignment agreement dated as of December 9, 1999. The mill is owned legally by Footner Forest Products Ltd., as bare trustee for the assignees of the parties to the memorandum of agreement. Grant Forest owns one-half of the issued common shares of Footner Forest Products Ltd. The mill is not currently operating as a result of low market demand for its products.

49. The memorandum of agreement dated December 9, 1999 contains a provision indicating that a co-owners' agreement will be entered into to govern the parties' involvement with respect to the mill and that such agreement will contain a shotgun buy/sell agreement in relation to the investments of the parties. The parties never entered into the co-owners' agreement.

50. Any use of a shotgun buy/sell arrangement during Grant Forest's CCAA restructuring period would likely disrupt the restructuring of Grant Forest and could be materially detrimental to the interests of Grant Forest's creditors and other stakeholders because Grant Forest is not in a position to finance a purchase of the other party's interests while Grant Forest is insolvent. Any exercise of any shotgun buy/sell right during the CCAA period could result in a material loss to Grant Forest and its stakeholders.

TAX REFUND SALES

51. By an agreement dated March 31, 2008, Peter Grant, Sr. agreed to purchase from Grant Forest:

(a) part of Grant Forest's income tax refund in excess of $45 million with respect to its income taxes paid for 2005 and 2006 (the "**Sold 2008 Refund**") for a purchase price of the Canadian dollar equivalent on March 31, 2008 of US $10 million; and

(b) part of Grant Forest's income tax refund in excess of $15 million with respect to its income taxes paid for 2006 (the "**Sold 2009 Refund**") for a purchase price of the Canadian dollar equivalent on January 2, 2009 of US $10 million.

The purpose of the transaction was for Peter Grant, Sr. to provide cash to Grant Forest to improve Grant Forest's liquidity.

52. On or about March 31, 2008 the sale by Grant Forest to Peter Grant, Sr. of the Sold 2008 Refund was completed, Peter Grant, Sr. paid to Grant Forest the sum of Cdn. $10,270,947 and the First Lien Lenders' Agents and the Second Lien Lenders' Agents discharged their respective security interests in the Sold 2008 Refund to facilitate such

sale. Grant Forest has paid the Sold 2008 Refund in the amount of Cdn. $10,478,857 to Peter Grant, Sr.

53. As part of the transaction, Peter Grant, Sr. also paid to Grant Forest a deposit with respect to the Sold 2009 Refund of the sum of Cdn. $10,270,947 on March 31, 2008. Grant Forest has not delivered to Peter Grant, Sr. the partial security discharges by the First Lien Lenders' Agents or the Second Lien Lenders' Agents and other documents pursuant to the agreement and is in default of its obligation to do so.

PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT

54. Because of their financial difficulties, the Applicants believe it is necessary for them to file for CCAA protection. The Applicants have begun work with the proposed monitor, Ernst & Young Inc. ("**E&Y**"), which expects to provide the Court with a preliminary report.

55. The Applicants intend to work with their advisors to develop and implement a restructuring plan if the Applicants are granted CCAA protection.

PROJECTED CASH FLOW

56. A copy of the Applicants' projected cash flow (the "**Cash Flow Projection**") for the period June 22, 2009 to September 27, 2009 is attached hereto as Exhibit "F".

57. The Cash Flow Projection indicates the Applicants do not require debtor-in-possession financing at this time.

MARKETING PROCESS

58. Grant Forest intends, with the approval of the First Lien Lenders' Agents and subject to the approval of the Court, to enter into an engagement agreement with an investment offering advisor (the "**Investment Offering Advisor**"). The agreement will appoint the Investment Offering Advisor to assist Grant Forest *inter alia* to elicit letters of intent with respect to the refinancing or recapitalization of Grant Forest and its subsidiaries or the sale of their assets in accordance with the investment offering protocol attached as

Exhibit "H". I believe that the process set out in the protocol will elicit expressions of interest which will facilitate Grant Forest's decision to complete a restructuring, recapitalization or sale which will optimize the returns for the Applicants' creditors and other stakeholders.

INITIAL CCAA ORDER SOUGHT

Need for a Stay of Proceedings

59. Because of the Applicant's financial difficulties and the bankruptcy application brought by GE Leasing, a stay of proceedings is essential for the continued operations of the Applicants' businesses. Such stay would create the necessary environment to allow the Applicants to develop and implement a restructuring plan.

60. Stability is necessary to facilitate on-going customer, supplier and employee support critical to a successful reorganization of the Applicants' businesses.

Need for a Chief Restructuring Advisor

61. Because of the challenges facing the Applicants, on December 12, 2008 Grant Forest retained Stonecrest Capital Inc. to assist it with its restructuring. Since then Stonecrest Capital Inc., and specifically Hap Stephen and Sandra Rosch, have worked with Grant Forest in this regard. Grant Forest is currently negotiating an amended engagement letter (the "**CRA Engagement Letter**") with Stonecrest Capital Inc which, I am hopeful, will be completed and presented to the Court for approval. I anticipate the CRA Engagement Letter will engage Stonecrest Capital Inc. to provide services to Grant Forest and Grant Holdings in connection with the development and implementation of a restructuring plan and to advise and assist Grant Forest and Grant Holdings with their negotiations with creditors and other stakeholders.

62. Because there will be many issues related to the CCAA proceedings and the development and implementation of the Applicants' restructuring plan, I believe that it is necessary that the Applicants have the assistance of the CRA.

63. There are a large number of stakeholders with varying interests and many issues which will need to be addressed quickly given the financial circumstances the Applicants are

facing. I believe the engagement of the CRA is critical to moving the restructuring process forward effectively. In addition, the CRA will have the independence and the objectivity necessary to facilitate the restructuring process.

64. The form of the order sought by the Applicants contains provisions authorizing the continuation of the appointment of the CRA pursuant to the CRA Engagement Letter and providing for an indemnification and charge relating to the fees and expenses of the CRA. Such charge is part of the Administration Charge described below.

Payment of Professional Fees and the Administration Charge

65. I believe it is in the interests of the Applicants and their stakeholders that the CRA, the Applicants' legal advisors, the Monitor, the Monitor's legal advisors, the legal advisors to Grant Forest's board of directors and the legal advisors to the First Lien Lenders' Agents assist throughout this process. Consequently, it is necessary to continue to pay their reasonable fees and disbursements, whether incurred before, on or after the date of the initial CCAA order requested by the Applicants and to provide the Monitor and such advisors with a first ranking charge in the total amount of $2,000,000 (the "**Administration Charge**") of all assets of the Applicants as security for all amounts now or hereafter owing by the Applicants to them.

KERP Charge

66. On December 19, 2008, Grant Forest entered into a key employee retention agreement (the "**KERP Agreement**") with me. The agreement was approved by the board of directors of Grant Forest before it was signed and was provided in recognition of my role as the principal officer of Grant Forest assigned the task of guiding the Applicants through the CCAA process and their restructuring. Such agreement provides for the payment by Grant Forest to me of an amount equivalent to three times base salary upon any of the Termination Events (as defined in the KERP Agreement) for a total maximum payment of $1,134,000.

67. The KERP Agreement required Grant Forest to provide me with a letter of credit or cash deposit in such amount as security. Because of the financial condition of Grant Forest, it

has been unable to do so and, accordingly, Grant Forest and I entered into an amendment agreement dated as of April 1, 2009 which requires Grant Forest to seek, in the initial CCAA order, a charge (the "**KERP Charge**") of the assets of the Applicants in the amount of $1,134,000 as security for payment of the amounts hereafter owing by Grant Forest to me under the KERP Agreement. The amendment agreement provides that such charge will have the same priority as the directors' charge. Copies of the KERP Agreement and such amendment agreement are attached as Exhibit "I" hereto.

Directors' Charge

68. The Applicants wish to retain their current directors and officers to assist the Applicants during the uncertainties of the restructuring period with the development and implementation of their restructuring plan. The current directors of Grant Forest (other than Peter Grant Sr. and Peter Grant Jr.) do not own any shares or other ownership interests in any of the Applicants.

69. A charge (the "**Directors' Charge**") of the Applicants' assets in favour of the directors and officers of the Applicants is required in order to provide a level of protection to the directors and officers of the Applicants with respect to liabilities imposed on individuals in their capacities as directors or officers of a corporation. The directors and officers of the Applicants require the protection afforded by the Directors' Charge due to the uncertainty created by the filing of these proceedings. The Applicants are requesting that the Directors' Charge rank second in priority, directly behind the Administration Charge and pari passu with the KERP Charge.

U.S. Subsidiaries

70. All trade payables of Allendale and Grant US Sales Inc. ("**US Sales**") are current and Grant Forest believes that sufficient revenues will be generated by Allendale and US Sales during the restructuring period to continue to pay their trade payables when due in the ordinary course. Clarendon has not yet started production at its mill. None of Southeast Properties LLC, Grant Newco LLC or Grant Excluded GP has any trade payables. Accordingly, Grant Forest does not intend to cause any of the Subsidiaries to make filings under the U.S. Bankruptcy Code unless such filings become necessary in the

future. Grant Forest is hopeful that this will simplify the Applicants' restructuring and reduce expenses.

71. Grant Forest intends to cause each of Allendale and US Sales to continue to carry on its business and to cause Clarendon to continue to maintain its mill in the ordinary course in the same manner as it has in the past. Grant Forest believes that sufficient revenues will be generated by Allendale and US Sales to finance the continuation of their businesses in the ordinary course. Grant Forest and Grant Holdings are prepared, in the event any additional funds are required by any of Allendale, US Sales or Clarendon, to lend such funds to it provided the Monitor consents to such loans. Each of Allendale, US Sales and Clarendon has guaranteed payment of all indebtedness of Grant Holdings (and, in the case of the First Lien Lenders, Grant Forest) to the First Lien Lenders and the Second Lien Lenders and charged all its existing and after-acquired assets as security for such guarantee obligations. Accordingly, any amounts loaned to Allendale, US Sales or Clarendon (and all proceeds thereof) would be charged by such security. Therefore Grant Forest believes it is unnecessary for Allendale, US Sales or Clarendon to provide security to Grant Forest or Grant Holdings as security for any such loans.

CONCLUSION

72. The Applicants believe that their core businesses and operations are viable and that, if they are provided with a reasonable period of protection, they will be in a position to develop and implement a restructuring plan to maximize value for their stakeholders and preserve jobs for Grant Forest's and Sales' employees.

73. I swear this affidavit in support of the Applicants' application for an order under the CCAA and for no other or improper purpose.

SWORN before me at the City of Toronto in the Province of Ontario this 22nd day of June, 2009	))))	
A Commissioner, etc.	))	**PETER LYNCH**

KATE STIGLER

Exhibit "**A**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

____

Commissioner for Taking Affidavits, etc.

EXHIBIT "A"

Organizational Structure of the Applicants and the Subsidiaries

June 1, 2009

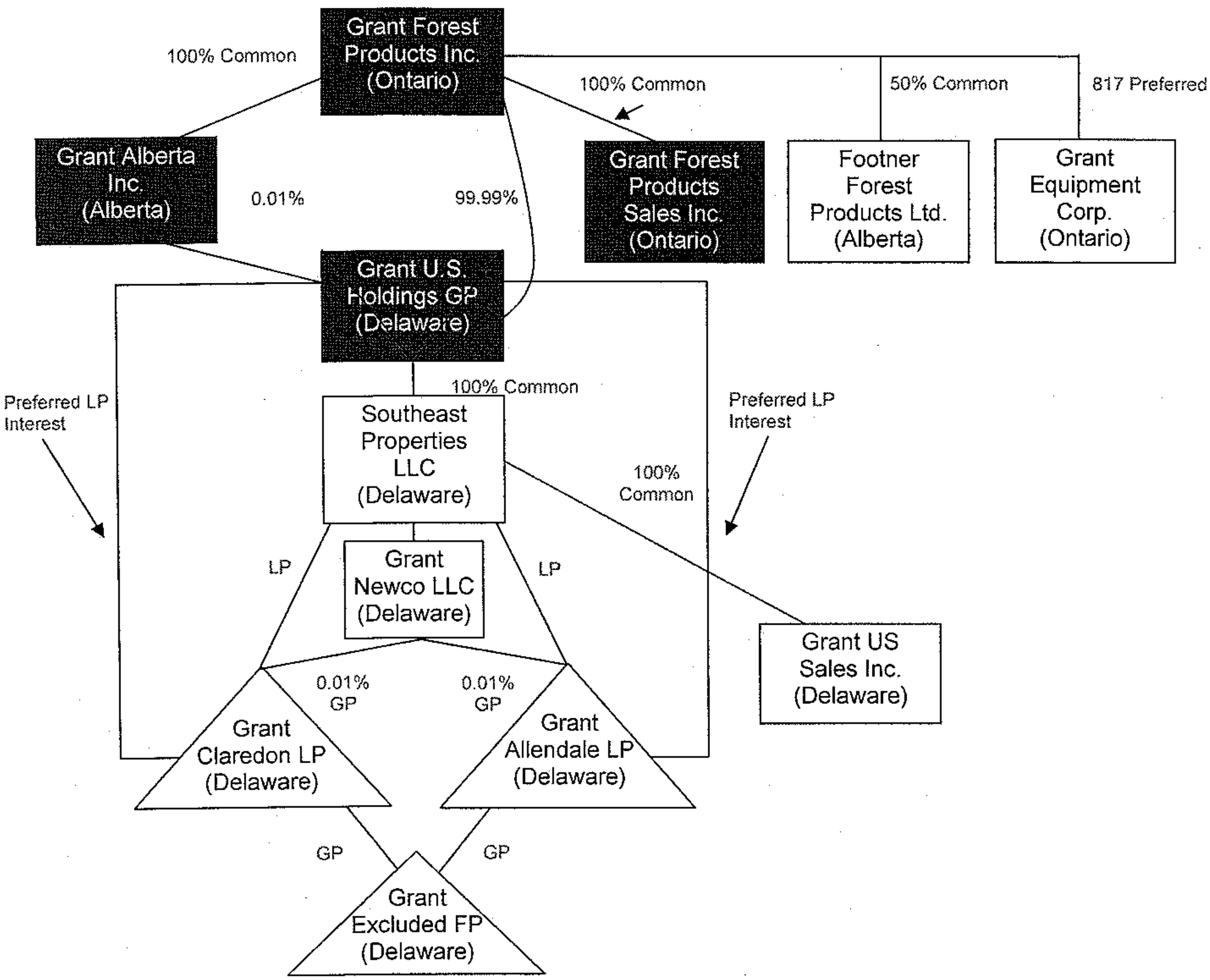

Exhibit "**B**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

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Commissioner for Taking Affidavits, etc.

<u>EXHIBIT "B"</u>

Financial Statements of the Applicants

GRANT FOREST PRODUCTS INC.

Financial Measures Cdn $000s unless otherwise noted

GRANT FOREST PRODUCTS INC.

Consolidated Balance Sheet

(C $ M M)

	At MAR 31 2009	DRAFT At DEC 31 2008	At SEP 30 2008	At JUN 30 2008
ASSETS				
CURRENT				
Cash and cash equivalents	42,134	68,553	76,694	58,290
Interest reserve	104	101	114	5,336
Accounts receivable	7,699	5,171	19,100	14,550
Other receivable	592	592	592	592
Inventory	35,713	30,686	33,981	32,994
Prepaid Expenses	3,571	3,243	3,074	1,817
Income Taxes Receivable	62,123	46,217	15,176	68,199
Due from related corporations	4,221	4,514	2,297	-
	156,157	159,077	151,028	181,778
CAPITAL ASSETS	613,092	608,131	560,790	575,713
CONSTRUCTION IN PROGRESS	367,219	374,372	370,524	367,654
OTHER				
Deferred Charges	7,588	8,134	8,680	9,226
Goodwill	26,073	26,073	26,073	26,073
Other deferred long-term assets	-	-	-	-
Other intangible assets	2,931	2,931	2,931	2,931
Pension assets	754	754	754	754
Other assets	14,038	13,764	13,268	13,131
Deferred asset	-	-	-	-
	51,384	51,656	51,706	52,115
	1,187,852	1,193,236	1,134,048	1,177,260
LIABILITIES				
CURRENT				
Bank indebtedness	67	16	93	24
Accounts payable and accrued liabilities	53,341	57,680	74,489	77,438
Income taxes payable	-	-	-	-
Due to related corporations	-	-	-	2,808
Current portion of long-term debt	-	-	-	-
	53,408	57,696	74,582	80,270
DEFERRED CREDIT	10,939	10,641	3,804	2,219
LONG TERM DEBT	736,640	707,347	590,007	584,214
DUE TO SHAREHOLDER	50,000	50,000	50,000	50,000
FUTURE INCOME TAXES	73,194	77,388	86,042	91,634
	924,181	903,072	804,435	808,337
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
Preferred shares	112,000	112,000	112,000	112,000
Commom shares	1	1	1	1
CONTRIBUTED SURPLUS	25,000	25,000	25,000	25,000
RETAINED EARNINGS	51,782	90,767	192,612	231,922
ACCUMULATED OTHER COMPREHENSIVE INCOM	74,888	62,396		
	263,671	290,164	329,613	368,923
	1,187,852	1,193,236	1,134,048	1,177,260

These financials statement do not reflect the final audit adjustments resulting from the 2008 year-end audit and as a result are subject to adjustment. The audit and audit adjustments can only be finalized once the company's restructuring is complete.

Financial Measures Cdn $000s unless otherwise noted

GRANT FOREST PRODUCTS INC.

Consolidated Statement of Operations

(C $ M M)

	Twelve Months Ended 31-Mar 2009	Three Months Ended 31-Mar 2009	Three Months Ended 31-Dec 2008	Three Months Ended 30-Sep 2008	Three Months Ended 30-Jun 2008
SALES	225,733	38,939	53,494	73,255	60,045
COST OF SALES	198,223	35,161	54,053	58,993	50,016
FREIGHT-OUT	36,553	4,239	7,118	12,893	12,303
AMORTIZATION	54,040	14,134	13,127	13,342	13,437
	288,816	53,534	74,298	85,228	75,756
GROSS PROFIT	(63,083)	(14,595)	(20,804)	(11,973)	(15,711)
EXPENSES					
Selling and administrative	44,088	5,324	15,587	8,792	14,385
Interest and Financial					
Interest Expense	50,177	13,140	11,254	13,376	12,407
Interest Income	(326)	(14)	(69)	(153)	(90)
Amortization of deferred financing charges	2,185	546	546	516	577
Foreign exchange loss (gain)	127,743	23,491	84,365	24,029	(4,142)
Amortization of start-up costs	-	-	-	-	-
Non-hedge derivative (gain)	4,031	298	7,251	969	(4,487)
	227,898	42,785	118,934	47,529	18,650
INCOME BEFORE PROVISION FOR INCOME TAXES	(290,981)	(57,380)	(139,738)	(59,502)	(34,361)
PROVISION FOR INCOME TAXES					
Current	(78,814)	(15,743)	(30,775)	(16,144)	(16,152)
Future	(15,862)	(4,194)	(8,655)	(5,591)	2,578
	(94,676)	(19,937)	(39,430)	(21,735)	(13,574)
NET INCOME	(196,305)	(37,443)	(100,308)	(37,767)	(20,787)

These financials statement do not reflect the final audit adjustments resulting from the 2008 year-end audit and as a result are subject to adjustment. The audit and audit adjustments can only be finalized once the company's restructuring is complete.

Financial Measures Cdn $000s unless otherwise noted

GRANT FOREST PRODUCTS INC.

Consolidated Statement of Cash Flows

(C $ M M)

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Twelve Months Ended 31-Mar 2009	Three Months Ended 31-Mar 2009	Three Months Ended 31-Dec 2008	Three Months Ended 30-Sep 2008	Three Months Ended 30-Jun 2008
OPERATING					
Net Income	(196,305)	(37,443)	(100,308)	(37,767)	(20,787)
Items not affecting cash					
Amortization of capital assets	54,040	14,134	13,127	13,342	13,437
Amortization of deferred charges	2,185	546	546	516	577
Amortization of start-up costs	-	-	-	-	-
Future income taxes	(15,862)	(4,194)	(8,655)	(5,591)	2,578
Loss (Gain) on disposal of capital assets	1,658	-	1,658	-	-
Net change in non-cash working capital items operations	(28,072)	(20,405)	(37,325)	37,648	(7,990)
	(182,356)	(47,362)	(130,957)	8,148	(12,185)
INVESTING					
(Increase) decrease in interest reserve account	12,700	(3)	13	5,222	7,468
Proceeds from disposal of capital assets	1,672	-	(11)	1,683	-
Additions to capital assets and construction in progress	(7,471)	236	(2,718)	(2,973)	(2,016)
Additions to capital assets and CIP from change in working capital	(13,479)	(8,658)	1,928	(1,016)	(5,733)
(Decrease) increase in deferred credit	5,026	298	6,837	1,585	(3,694)
(Increase) decrease in other assets	(1,133)	(274)	(496)	(137)	(226)
Increase in other long-term assets	-	-	-	-	-
	(2,685)	(8,401)	5,553	4,364	(4,201)
FINANCING					
Financing fees	-	-	-	30	(30)
Bank indebtedness	(32)	51	(77)	69	(75)
Increase in loans	154,195	29,293	117,340	5,793	1,769
Contributed Surplus	25,000	-	-	-	25,000
Dividends	-	-	-	-	-
	179,163	29,344	117,263	5,892	26,664
DECREASE IN CASH AND CASH EQUIVALENTS	(5,878)	(26,419)	(8,141)	18,404	10,278
CASH AND CASH EQUIVALENTS, BEGINNING OF QTR/YR	48,012	68,553	76,694	58,290	48,012
CASH AND CASH EQUIVALENTS, END OF QTR/YR	42,134	42,134	68,553	76,694	58,290

These financials statement do not reflect the final audit adjustments resulting from the 2008 year-end audit and as a result are subject to adjustment. The audit and audit adjustments can only be finalized once the company's restructuring is complete.

Consolidated Financial Statements of

Grant Forest Products Inc.

December 31, 2008

(UNAUDITED)

Grant Forest Products Inc.
December 31, 2008

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Grant Forest Products Inc.

Consolidated balance sheet
December 31, 2008
(in thousands of Canadian dollars)

	2008	2007
	$	$
Assets		
Current		
Cash and cash equivalents	**68,553**	54,388
Restricted cash (Note 12)	**101**	19,878
Accounts receivable (Note 5)	**5,171**	12,857
Other receivable (Note 24)	**592**	592
Income taxes receivable	**46,217**	41,969
Inventory (Note 6)	**30,686**	34,828
Prepaid expenses	**3,243**	3,618
Due from related corporations (Note 20)	**4,514**	1,579
	159,077	169,709
Capital assets (Note 7)	**982,503**	964,261
Other		
Deferred charges (Note 8)	**8,134**	10,319
Goodwill (Note 9)	**26,073**	26,073
Other intangible assets (Note 10)	**2,931**	2,931
Other deferred long-term assets (Note 22)	**53,987**	60,322
Pension asset (Note 15)	**754**	754
Other assets (Note 23)	**13,764**	12,914
Deferred asset (Note 17)	**-**	825
	105,643	114,138
	1,247,223	1,248,108
Liabilities		
Current		
Bank indebtedness	**16**	275
Accounts payable and accrued liabilities (Note 11)	**47,409**	72,912
Due to shareholder (Note 20)	**60,271**	50,000
	107,696	123,187
Deferred credit (Note 17)	**10,641**	-
Long-term debt (Note 12)	**707,347**	557,406
Future income taxes (Note 14)	**77,388**	95,198
	903,072	775,791
Contingencies and commitments (Note 18)		
Shareholders' equity		
Share capital		
Preferred shares, non-voting, retractable, cumulative and fully redeemable at $0.001 per share or $112,000 in aggregate - authorized shares: unlimited; Issued and outstanding shares: 112,000,000 for 2008 and 2007 (Note 13)	**112,000**	112,000
Class A common shares, without par value - authorized shares: unlimited; Issued and outstanding shares: 1,000 for 2008 and 2007	**1**	1
Retained earnings	**137,667**	360,316
Contributed surplus	**25,000**	-
Accumulated other comprehensive income	**69,483**	-
	344,151	472,317
	1,247,223	1,248,108

Approved by the Board

. . . . Director

. . . . Director

Grant Forest Products Inc.

Consolidated statements of shareholders' equity and comprehensive loss
December 31, 2008
(in thousands of Canadian dollars)

2008	**Common shares**	**Amount**	**Preferred shares**	**Amount**	**Retained earnings (deficit)**	**Contributed Surplus**	**Accumulated other comprehensive income**	**Comprehensive loss**	**Total**
		$		**$**	**$**		**$**	**$**	**$**
Balance, December 31, 2007	**1**	**1**	**112,000**	**112,000**	**360,316**	**-**	**-**	**-**	**472,317**
Share Issue	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	**(216,489)**	-	-	**(216,489)**	**(216,489)**
Shareholder contribution (Note 20)	-	-	-	-	-	**25,000**	-	-	**25,000**
Preferred share dividends (Note 13)	-	-	-	-	**(6,160)**	-	-	-	**(6,160)**
Other Comprehensive Income: Foreign exchange gain on self-sustaining subsidiaries	-		-	-	-	-	**69,483**	**69,483**	**69,483**
Balance, December 31, 2008	**1**	**1**	**112,000**	**112,000**	**137,667**	**25,000**	**69,483**	**(147,006)**	**344,151**

2007	Common shares	Amount	Preferred shares	Amount	Retained earnings (deficit)	Contributed Surplus	Accumulated other comprehensive income	Comprehensive loss	Total
		$		$	$		$	$	$
Balance, December 31, 2006	1	1	112,000	112,000	401,979	-	-	-	513,980
Share Issue	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	(35,503)	-	-	(35,503)	(35,503)
Shareholder contribution	-	-	-	-	-	-	-	-	-
Preferred share dividends	-	-	-	-	(6,160)	-	-	-	(6,160)
Balance, December 31, 2007	1	1	112,000	112,000	360,316	-	-	(35,503)	472,317

See notes to the consolidated financial statements.

Grant Forest Products Inc.

Consolidated statement of operations and comprehensive loss
year ended December 31, 2008

(in thousands of Canadian dollars)

	2008	2007
	$	$
Sales	**237,141**	212,165
Cost of sales	**212,199**	177,111
Freight-out	**41,106**	40,254
Amortization	**53,288**	38,609
	306,593	255,974
Gross profit	**(69,452)**	(43,809)
Expenses		
Selling and administrative	**45,336**	48,093
Interest and financial		
Interest expense	**50,828**	47,665
Interest income	**(846)**	(2,233)
Amortization of deferred financing charges	**2,185**	2,040
Foreign exchange (gain) loss	**123,027**	(63,367)
Non-hedge derivative loss	**10,205**	1,943
Amortization of start up costs	**15,781**	-
	246,516	34,141
Loss before recovery of income taxes	**(315,968)**	(77,950)
(Recovery of) provision for income taxes (Note 14)		
Current	**(81,669)**	(58,098)
Future	**(17,810)**	15,651
	(99,479)	(42,447)
Net loss	**(216,489)**	(35,503)
Other comprehensive income		
Foreign exchange gain on self-sustaining operations	69,483	-
Comprehensive Loss	**(147,006)**	**(35,503)**

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Grant Forest Products Inc.

Consolidated statement of cash flows
year ended December 31, 2008
(in thousands of Canadian dollars)

	2008	2007
	$	$
Operating activities		
Net loss	**(216,489)**	(35,503)
Items not affecting cash		
Amortization of capital assets	**53,288**	38,577
Amortization of intangible assets	**-**	32
Amortization of deferred charges	**2,185**	2,040
Amortization of start up costs	**15,781**	
Future income taxes	**(17,810)**	15,651
Loss on disposal of capital assets	**1,663**	-
Net change in non-cash working capital items (Note 19)	**(11,784)**	(8,125)
	(173,166)	12,672
Investing activities		
Change in restricted cash	**19,777**	(19,878)
Proceeds from disposal of capital assets	**1,673**	17
Additions to capital assets	**(26,334)**	(160,265)
Decrease in deferred asset	**-**	2,224
Decrease in deferred credit	**11,466**	(281)
(Increase) decrease in other receivable	**-**	1,276
Increase in other assets	**(850)**	(1,196)
Increase in other deferred long-term assets	**(4,153)**	(38,539)
	1,579	(216,642)
Financing activities		
Financing fees	**-**	(7,963)
Bank indebtedness	**(259)**	(1,679)
Increase in loans	**149,941**	240,409
Decrease in loans	**-**	(1,300)
Increase in loans from Shareholder	**10,271**	-
Equity injection from Shareholder	**25,000**	-
Dividends	**-**	-
	184,953	229,467
Effect of exchange rate changes on monetary items	**799**	-
Increase (decrease) in cash and cash equivalents	**14,165**	25,497
Cash and cash equivalents, beginning of year	**54,388**	28,891
Cash and cash equivalents, end of year (Note 19)	**68,553**	54,388
Supplemental cash flow information		
Interest received	**1,398**	2,233
Interest paid	**32,760**	31,483
Income taxes received, net	**78,233**	14,898

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Grant Forest Products Inc.

Notes to the consolidated financial statements

December 31, 2008

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

1. Description of Company

Grant Forest Products Inc. ("Grant Forest" or the "Company") was incorporated on August 18, 1998. On August 31, 1998, the Company entered into an agreement with Grant Forest Products Corp., a corporation wholly owned by the President of the Company, to acquire the operating assets and assume the liabilities of Grant Forest Products Corp. at fair market value.

On September 30, 1998, the Company completed an agreement with Malette Inc. a wholly-owned subsidiary of Tembec Inc. to purchase assets located in Timmins, Ontario (the "Timmins Mill").

The acquired operation harvests timber, manages forest land, and produces, manufactures and markets Oriented Strand Board ("OSB") which is used in the construction of housing.

On December 9, 1999, the Company entered into a memorandum of agreement with a third party for the construction and operation of an OSB facility at High Level, Alberta (the "Footner Project"). The two parties acquired the Deciduous Timber Allocation, the lands and the plant and equipment to implement the Footner Project, jointly as co-owners.

On January 1, 2002, a wholly-owned subsidiary of the Company commenced operations to sell all the Company's products in the U.S. and Canada.

In 2005, the Company formed wholly-owned subsidiaries that commenced the construction of two OSB facilities in Allendale and Clarendon counties in South Carolina ("Allendale" and "Clarendon", respectively). In 2006, construction of the Allendale plant was completed with the plant producing its first OSB board on October 30, 2006. The Allendale plant reached commercial operational capacity on January 1, 2008. At this time the start up phase ceased and amortization of previously deferred costs commenced. The Clarendon plant has been fully constructed as at December 31, 2008, however, testing, commissioning and production has not yet begun.

2. Significant accounting policies

The Company, with the unanimous consent of its shareholders, has elected to prepare its consolidated financial statements in accordance with Canadian generally accepted accounting principles using the differential reporting option described below available to non-publicly accountable enterprises.

Share capital

The Company has elected to present its preferred shares issued in tax planning arrangements under the Income Tax Act as equity. The Company would have otherwise presented these shares as liabilities, and dividends would have been treated as interest expense.

The following are the other significant accounting policies used in the preparation of the financial statements:

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, Grant Forest Products Sales Inc. (100%), Grant Alberta Inc. (100%), Grant US Holdings GP (99.99%), Southeast Properties LLC (100%), Grant US Sales Inc. (100%), Grant Allendale LP (100%), Grant Clarendon LP (100%), Newco LLC (100%), Excluded GP (100%) and the investment in the Footner Project (50%) which is proportionately consolidated.

All significant intercompany balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with an original maturity of three months or less.

2. Significant accounting policies (continued)

Inventory

Inventory is valued at the lower of cost and market value. Cost of raw materials is determined on a first-in, first-out basis. Market value is considered as replacement value or estimated realizable value, whichever is lower.

Goodwill

Goodwill is reviewed annually for impairment, unless events or changes in circumstances indicate that the carrying value may not be recoverable. In the absence of comparable market valuations, the Company compares expected future discounted cash flows to be generated by the asset or related business to its carrying value. If the carrying value exceeds the sum of the future discounted cash flows, goodwill would be adjusted to its fair value and an impairment loss would be charged to operations in the period identified.

Other intangible assets

The Company has other intangible assets that are identifiable and are recognized apart from goodwill. Other intangible assets include crown cutting rights and timber licenses that entitle the Company to harvest timber. With the exception of the forest management agreement which has a life of twenty years, these amounts are not amortized as they are perpetual rights.

Amortizable intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may be greater than fair value. An impairment loss is recognized when the estimate of undiscounted future cash flows generated by such assets is less than the carrying value. Measurement of the impairment loss is based on the fair value of the asset. Fair value is measured using discounted cash flows when quoted market prices are not available.

Other intangibles which have indefinite lives, are not subject to amortization and are tested for impairment annually, or more frequently if an event or circumstance occurs that more likely than not reduces the fair value of the other intangible asset below its carrying value, by comparing the carrying value to its fair value. When the carrying value of the asset exceeds the estimated fair value, an impairment loss is recognized in net earnings.

Capital assets

Capital assets are recorded at acquisition cost.

Amortization has been reflected in the accounts, at the following rates:

Buildings	-	straight-line over 15 years
Mobile equipment	-	30% declining-balance
Forest access roads	-	straight-line over 10 years
Mill process equipment	-	straight-line over 15 years
Other equipment	-	straight line over 10- 30 years

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. A loss is recognized when the carrying value of an asset to be held and used exceeds the sum of the undiscounted cash flows expected from its use and disposal. Losses are measured as the excess of the carrying value of the asset over its fair value.

Investments

The Company records its investments using the cost method. Earnings are recognized only to the extent they are received or receivable. The investments are assessed periodically and to the extent that there has been a permanent decline in value, the carrying value is written down to the estimated net realizable value.

2. Significant accounting policies (continued)

Deferred charges

Deferred debt financing fees are amortized on a straight-line basis over the term of the debt.

Future income taxes

Future income taxes are recorded based on differences between the carrying value of balance sheet items and their tax values. Future income taxes are measured using the substantively enacted income tax rate in effect at the balance sheet date which is expected to apply to taxable income in the periods in which the future income tax liabilities or assets are expected to be settled or realized.

The difference between the carrying value and tax value of the goodwill, the amortization of which is not deductible for tax purposes, does not result in the recognition of a future income tax liability. For all other assets and liabilities acquired in the purchase of a business, future income taxes are recognized for the tax effect of differences between the fair values assigned and the tax basis of such assets and liabilities.

Research and development tax credits and government grants

The Company is entitled to scientific research experimental development ("SR&ED") tax credits granted by the Canadian federal government. SR&ED tax credits are earned on qualified Canadian SR&ED expenditures at a rate of 20% and can only be used to offset against Federal income taxes otherwise payable. The Company has also received capital grants from the government of South Carolina for the building of the mills.

SR&ED tax credits and government grants are accounted for using the cost reduction method. Accordingly, tax credits and grants are recorded as a reduction of the related expenses or capital expenditures in the period there is reasonable assurance of receipt of cash. The refundable portion of SR&ED tax credits is recorded in the year when collection is reasonably assured. These tax credits could be subjected to a review and a possible adjustment by the authorities concerned.

Revenue recognition

Revenue is recognized when collectability is reasonably assured and the Company has transferred to the customer the significant risks and benefits of ownership, which coincides with the delivery of product to the customer.

Pre-production costs

Pre-production costs are deferred until commercial production is achieved, at which time amortization commences. The period of amortization is three years.

Foreign Currency Translation

i) Self-sustaining foreign operations

The Allendale plant in South Carolina is considered to be self-sustaining and accordingly its financial statements are translated into Canadian dollars using the current rate method. Its assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rate of the month of the transaction. Exchange gains or losses arising from the translation of the financial statements of the foreign operation is included in Accumulated Other Comprehensive Income as a separate component of shareholders' equity.

2. Significant accounting policies (continued)

Foreign Currency Translation (continued)

ii) Integrated foreign operations and accounts denominated in foreign currency

The Clarendon plant in South Carolina is considered to be integrated and accordingly their accounts are translated into Canadian dollars using the temporal method. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the average exchange rate of the month of the transaction except for amortization, which is translated at historical rates. Translation gains or losses are included in the determination of net income.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the net realizable value of inventory, the fair value of intangibles, the collectability of accounts receivable, the fair value of goodwill and useful lives of long-lived assets as well as the determination of impairment thereon and the determination of fair value of financial instruments. Actual results could differ from those estimates.

Forward sales contract for U.S. dollars

The Company uses forward sales contracts to economically hedge exposure to fluctuation in the U.S. dollar exchange rate. These instruments are not designated as hedges for accounting purposes and are carried on the balance sheet, under the captions deferred asset and deferred credit, at estimated fair market value. Realized gains or losses and unrealized gains or losses arising from changes in fair value related to the forward sales contracts are recognized in the Consolidated Statement of Operations in the period of the change as a non-hedge derivative loss/gain.

Employee future benefits

The Company has several defined benefit and contribution pension plans, covering substantially all employees of the Company (Note 15). The Company does not provide post-retirement or post-employment benefits, other than pensions for its employees.

Hedging relationships

Effective January 1, 2004, the Company prospectively adopted the recommendations of Accounting Guideline 13, Hedging Relationships ("AcG-13") and those of Emerging Committee Abstract 128, Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments ("EIC-128"). AcG-13 deals with the identification, designation, documentation and measurement of effectiveness of hedging relationships for the purpose of applying hedge accounting. AcG-13 was effective for fiscal years beginning on or after July 1, 2003 and upon implementation of AcG-13, accounting in accordance with EIC-128 is required. Under EIC-128, freestanding derivative instruments that give rise to a financial asset or financial liability and do not qualify for hedge accounting under AcG-13 or are entered into for trading or speculative purposes should be recognized in the balance sheet and measured at fair value, with changes in fair value recognized in earnings for the year.

Grant Forest Products Inc.

Notes to the consolidated financial statements

December 31, 2008

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

3. Changes in accounting policy

Effective January 1, 2008, the Company prospectively adopted, without restatement the following Canadian Institute of Chartered Accountants (CICA) Handbook Sections. These new standards relate to disclosure and presentation only and did not have any effect on financial results.

Section 1535, Capital Disclosures

New section 1535 Capital Disclosures converges with amendments to International Financial Reporting Standard IAS 1 Presentation of Financial Statements. Section 1535 establishes standards for disclosing information regarding an entity's capital and how it is managed including its compliance with any externally imposed capital requirements.

Section 3862, Financial Instruments

CICA issued new Handbook Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation, which are not in scope for the Company. The Company has maintained disclosure under guidance of CICA Handbook Sections 3861 Financial Instruments – Disclosure and Presentation.

Section 3031, Inventories

This new standard replaced Section 3030, "Inventories" and prescribes the accounting treatment for inventories such as measurement of inventories at the lower of cost and net realizable value as well as requiring additional disclosures. It provides guidance on the determination of cost and its subsequent recognition of inventory as an expense, including any write-downs to net realizable value and the reversal of previous write-downs of inventories arising from an increase in net realizable value. It also provides guidance on the cost methodologies that are used to assign costs to inventories and it describes the required disclosures on the carrying value of inventories, the value of inventories recognized as an expense and write-downs or reversal of write-downs of inventories (See Note 6).

4. Future accounting changes

The Canadian Institute of Chartered Accountants has issued four accounting standards that the Company will adopt effective January 1, 2009 except for Section 1601, consolidated financial statements:

Financial Statement Concepts (Section 1000)

The CICA has issued amendments to Section 1000, "Financial Statement Concepts" to clarify the criteria for recognition of an asset and the timing of expense recognition. The new requirements are effective for annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company will adopt the amendments to Section 1000 at the beginning of its 2009 fiscal year. The Company does not anticipate the implementation of the amendments to Section 1000 will have an impact on the Company's results of operations, financial position and disclosures.

Goodwill and Intangible Assets (Section 3064)

The CICA has issued new accounting standard Section 3064, "Goodwill and Intangible assets. This new standard replaced the existing guidance on goodwill and other intangible assets and research and development costs. The new section provides additional guidance on measuring the cost of goodwill and intangible assets. The standard is effective for annual financial statements for fiscal years beginning on or after October 1, 2008. The Company has not yet determined the impact of the adoption of this new Section on the consolidated financial statements.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

4. Future accounting changes

Consolidated Financial Statements (Section 1601)

The CICA issued Section 1601, "Consolidated Financial Statements". This new standard, together with new standard Section 1602 "Non-Controlling Interests", replaces the existing guidance in section 1600. This new section establishes standards for the preparation of consolidated financial statements. This new Section will be applicable to financial statements relating to the Company's interim and fiscal year beginning on or after January 1, 2011. Early adoption is permitted. The Company has not yet determined the impact of the adoption of this new Section on the consolidated financial statements.

5. Accounts receivable

	2008	2007
	$	$
Gross trade accounts receivable	**11,009**	11,734
Allowance for doubtful accounts	**(6,647)**	(144)
Trade accounts receivable	**4,362**	11,590
Sales taxes recoverable	**809**	1,267
	5,171	12,857

6. Inventory

	2008	2007
	$	$
Finished goods	**7,453**	13,682
Raw materials	**9,400**	8,013
Spare parts and maintenance supplies	**13,833**	13,133
	30,686	34,828

The cost of inventories recognized as an expense during the year was $212,199 (2007 - $177,111) which includes $10,028 (2007 - $78) in respect of write downs of inventory to net realizable value. No reversal of previously recorded write downs was made.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

7. Capital assets

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	**$**	**$**	$
Land, site and services	**5,646**	**-**	**5,646**	2,672
Buildings	**196,330**	**50,589**	**145,741**	41,533
Mobile equipment	**17,270**	**14,430**	**2,840**	3,427
Forest access roads	**4,541**	**4,077**	**464**	733
Mill process equipment	**683,130**	**264,745**	**418,385**	225,727
Other equipment	**63,182**	**28,127**	**35,055**	16,197
Construction in progress	**374,372**	**-**	**374,372**	673,972
	1,344,471	**361,968**	**982,503**	964,261

8. Deferred charges

The balance at December 31, 2008 represents the unamortized financing fees incurred on the October 26, 2005 syndicated bank loan, on the March 20, 2007 amendment to this loan and on the March 21, 2007 second lien facility (see Note 12). The amortization of this amount is over the term of the debt.

9. Goodwill

	2008	2007
	$	$
Goodwill	**36,665**	36,665
Accumulated amortization	**(10,592)**	(10,592)
	26,073	26,073

Goodwill is the excess of the fair value over the ascribed values of the assets acquired from Grant Forest Products Corp.

10. Other intangible assets

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	**$**	**$**	$
Forest management agreement	**828**	**210**	**618**	618
Timber rights	**2,313**	**-**	**2,313**	2,313
	3,141	**210**	**2,931**	2,931

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

11. Accounts payable and accrued liabilities

	2008	2007
	$	$
Accounts payable	**4,916**	21,770
Accrued freight	**75**	616
Accrued liabilities	**41,347**	48,087
Salaries and vacation	**1,071**	2,439
	47,409	72,912

12. Long-term debt

	2008	2007
	$	$
Revolving facility (i)	**246,645**	200,739
Canadian revolving facility (i)	**26,000**	23,200
Non-revolving facility (ii)	**210,105**	170,998
Second Lien facility (iii)	**224,597**	162,469
	707,347	557,406

On October 26, 2005, the Company entered into a syndicated bank loan agreement (the "Credit Facility") which consists of the following:

i) U.S. $227,500,000 revolving facility (the "Revolving Facility") that matures on November 1, 2010 and includes a Canadian Revolving Facility (the "Canadian Revolving Facility") in the amount of up to U.S. $25,000,000 (or the equivalent amount in Canadian dollars) and a U.S. Revolving Facility in the amount of up to U.S. $202,500,000.

The amount of interest on the Revolving Facility is dependent on the Company's total Debt to Capitalization Ratio. The rate ranges from 0.625% to 1.125% above Base Rate, U.S. Prime Rate and Canadian Prime Rate and 1.625% to 2.125% above BA Stamping Fee Rate, Letter of Credit Fee Rate or LIBOR.

(ii) U.S. $172,500,000 non-revolving term facility (the "Non-Revolving Facility") that matures on November 1, 2012. The amount of interest on the Non-Revolving Facility is dependent on the Company's Debt to Capitalization Ratio. The rate ranges from 0.875% to 1.125% above U.S. Prime Rate and 1.875% to 2.125% above LIBOR.

The security held is a first priority lien and security interest on all the following:

a) All present and future property and assets, real and personal situated in the United States.

b) All shares of capital stock or partnership units in Grant U.S. Holdings GP, Southeast Properties LLC, Grant Allendale LP and Grant Clarendon LP.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

12. Long-term debt (continued)

On March 20, 2007, the Company entered into an agreement with the syndicate banks to amend the terms of the Credit Facility. The primary amendment increases the top-tier of the interest rate range above Basic Rate, U.S. Prime Rate and Canadian Prime Rate from 1.125% to 2.0%, and above BA Stamping Fee Rate, Letter of Credit Fee Rate and LIBOR from 2.125% to 3.0%. Also pursuant to the amendment to the Credit Facility, the Company was required to establish a restricted cash account (interest reserve) of $50,000,000 to fulfill interest and fee obligations on this facility when due, however, the Company is not required to replenish amounts withdrawn.

(iii) On March 21, 2007, the Company entered into a Second Lien Secured Facility ("Second Facility") consisting of U.S. $150,000,000 non-revolving term loan. This facility matures on September 21, 2013 for which draws will be permitted at the Company's option by the way of LIBOR loans ("LIBOR Loans") or Alternative Base Rate Loan ("ABR Loans").

The amount of interest on the Second Facility loan in the case of ABR Loans is the greater of TD's NY Prime Rate or the U.S. Federal Funds rate plus 6.0%. In the case of LIBOR Loans, the rate ranges from 6.5% to 8.0% above LIBOR depending on the Company's total Debt to Capitalization Ratio.

In accordance with the above credit facilities, the Company must meet certain quarterly financial covenants which have been met at the balance sheet date. The Company recognizes the need to continue to meet these covenants in the future and intents to do so, however, due to market conditions uncertainty exists concerning its ability to meet these covenants.

13. Preferred shares

The preferred shares bear a cumulative dividend of 1.5% and a non-cumulative dividend of 4.0%. The aggregate preferred share dividend in 2008 was 5.5% (2007 – 5.5%). The preferred shares are retractable by the holders to the extent such redemptions would not result in a default under the existing Credit Facility. There are no scheduled redemptions in the next five years.

14. Income taxes

The provision for income taxes reflects an effective tax rate which differs from the statutory corporate tax rates as follows:

	2008	2007
	%	%
Combined basic statutory Canadian rate	**TBD**	35.40

	2008	2007
	$	$
Tax provision on combined basic statutory Canadian rate	**TBD**	(27,593)
Increase (decrease) in the tax provision (recovery) for the following:		
Permanent items	**TBD**	(10,538)
Tax credit for manufacturing and processing profits	**TBD**	1,278
Miscellaneous other items	**TBD**	3,535
Future tax rate reduction	**TBD**	(9,129)
	TBD	(42,447)

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

14. Income taxes (continued)

The components of the Company's net future income tax liability are as follows:

	2008	2007
	$	$
Carrying value of property, plant and equipment in excess of tax value	TBD	53,742
Impact of foreign exchange gains on long term debt	TBD	12,701
Other	TBD	28,755
	TBD	95,198

The components of the Company's net future income tax asset are as follows:

	2008	2007
	$	$
U.S. Net Operating Losses	TBD	41,698
Valuation Allowance - U.S. Net Operating Losses	TBD	(41,698)
	TBD	-

15. Company pension plans

Englehart Mill

The Company sponsors a defined contribution pension plan for hourly and salaried employees, and a defined benefit pension plan for senior employees with four active members.

For the hourly plan, the Company contributes $92 per month for each member of the plan. All liabilities are fully funded. The pension expense during the year is approximately $159,324 (2007 - $206,878).

For the salary plan, the Company contributes 4% of the employee's annual salary. The Company contributes another 2% provided the employee makes a voluntary contribution of 4%. All liabilities are currently funded. The pension expense during the year is approximately $786,616 (2007 - $904,578).

For the senior executive plan, plan liabilities are actuarially estimated from a formula which ties benefits to average earnings and years of service. The actuarially determined present values of Fund liabilities exceed the Fund assets by $158,600 on a going concern basis and there is no solvency deficiency at January 1, 2006.

Footner Project

The Footner Project matches employee registered retirement savings plan contributions to a maximum of 5% of the employee's annual salary. All liabilities are currently funded. The pension expense during the year is approximately $80,528 (2007 - $519,000).

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

15. Company pension plans (continued)

Timmins Mill

The Company sponsors a defined contribution pension plan for hourly employees and a defined benefit plan for salaried employees.

For the hourly plan the Company contributes $65 per month for each member of the plan. If a member voluntarily contributes $65 per month, the Company will contribute another $65 per month to their plan. The pension expense during the year is approximately $nil (2007 - $nil).

For the salaried plan, plan liabilities are actuarially estimated from a formula which ties benefits to average earnings and years of service. The most recent actuarial valuation as at December 31, 2008 and indicated the projected benefit obligation was approximately $2,134,000 (2007 - $3,259,000). The market value of assets was approximately $2,458,000 at December 31, 2008 (2007 - $3,199,000).

Information about this pension benefit plan, in aggregate, is as follows:

The significant actuarial assumptions adopted in measuring the accrued benefit assets and obligations for this plan are as follows:

	2008	2007
Discount Rate	**5.50%**	5.25%
Expected long-term rate of return on plan assets	**6.75%**	6.75%
Rate of compensation increase	**4.00%**	4.00%

The Company's net benefit plan expense is as follows:

	2008	2007
	$	$
Current service cost	**60**	73
Interest cost on projected benefit obligation	**173**	172
Amortization of past service credits	**(4)**	(4)
Expected return on plan assets	**(206)**	(216)
Amortization of actuarial loss	**56**	42
Net benefit plan expense	**79**	67

The total cash paid to all the various plans in 2008 was $992,721 (2007 - $1,842,356).

16. Environmental legislation

The business conducted by the Company may be affected by environmental legislation and possible future changes thereto, the impact of which is not predictable. To date, no significant environmental obligations that would have a material effect on the operations of the Company have been identified and recorded.

17. Financial instruments

(a) Foreign currency rate risk

The Company realizes a significant portion of its sales and outstanding financing in U.S. dollars. The Company is thus exposed to currency fluctuations. These potential currency fluctuations could have a significant impact on the profitability of the Company.

(b) Credit risk

The Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Company may require payment guarantees, such as letters of credit, or obtain credit insurance coverage from Export Development Corporation. Credit risk also relates to derivative contracts arising from the possibility that a counterparty to an instrument in which the Company has an unrealized gain fails to perform. The Company only transacts with highly-rated counterparties.

(c) Interest rate risk

The Company has a credit facility which bears interest at floating rates. Resultantly, the Company is exposed to interest rate risk on the facility.

(d) Commodity price risk

The Company's cash flow is subject to changes in commodity prices. Resultantly, the Company is exposed to commodity price fluctuations.

(e) Fair value of financial instruments

Fair values of financial instruments, including forward exchange contracts are determined based on estimates using net present value, mathematical approximation of market values and other valuation techniques. The estimates are significantly affected by the assumptions used including current market and contractual prices of the underlying instruments, as well as time value, and by yield curve and volatility factors underlying the positions. The carrying amount of cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the near-term maturity of those instruments. The estimated fair values attributed to the forward foreign exchange contracts at December 31, 2008 was nil as it matured by the end of the year. The interest rate swap is carried on the balance sheet under the caption deferred credit at a loss of approximately $10.6 million.

The reduction in the fair value of the derivative contracts between December 31, 2007 and December 31, 2008 amounts to $11.5 million (a $0.9 million decrease relating to the forward foreign exchange contracts, and a $10.6 million loss relating to the interest rate swap) (2007 – decrease in fair value of $2.2 million).

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

18. Contingencies and commitments

(a) Pursuant to an agreement between the Company and Malette Inc. and its affiliated company, Spruce Falls Inc., Grant Forest has agreed to buy a specific volume of fiber from these corporations. These agreements are for an initial period of 20 years, with a provision renewing them to 20 years every 5 years.

(b) The Company has operating lease commitments at December 31, 2008 as follows:

	$
2009	3,640,796
2010	2,943,517
2011	2,847,520
2012	2,821,747
2013	1,769,551
Thereafter	126,474
	14,149,605

(c) As at December 31, 2008, the Company has committed to letters of credit aggregating approximately $1,017,195 primarily relating to electrical power purchase contracts for the Footner joint venture and woodlands obligations.

(d) During the normal course of operations, the Company enters into various future timber purchase commitments to establish minimum quantities and/or prices.

(e) In the normal course of business, the Company is involved in various legal claims. Though the outcome of these various pending claims as at December 31, 2008 cannot be determined with certainty, the Company believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.

(f) The Company has various commitments relating to the construction of the U.S. facilities approximating U.S. $3,707,712 at December 31, 2008 (2007 – U.S. $18,300,000).

(g) The Company and eight other North American OSB producers have been named as defendants in several lawsuits filed in the United States District Court for the Eastern District of Pennsylvania. The lawsuits allege that these nine North American OSB producers violated United States and various state antitrust and other laws by allegedly agreeing to fix prices and reduce the supply of OSB from June 2002 through to present. On August 22, 2008, the Court primarily approved a class action settlement between the Company and the plaintiffs and authorized notice of the settlement to be disseminated to the class. In sum, the settlement provided for a payment by the Company of (US)$725,000.00, among other consideration, in return for a release and covenant not to sue, among other consideration. Seven members of the class excluded themselves from the class and the settlement, and, to our knowledge, none have filed suit against the Company.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

19. Additional information relating to the statement of cash flows

Net change in non-cash working capital items

	2008	2007
	$	$
Accounts receivable	**7,686**	5,554
Inventory	**4,142**	8,095
Prepaid expenses	**375**	(1,315)
Due from related corporations	**(2,935)**	7,360
Accounts payable and accrued liabilities	**(16,804)**	14,552
Income taxes	**(4,248)**	(42,371)
	(11,784)	(8,125)

Cash and cash equivalents

	2008	2007
	$	$
Cash	**68,553**	21,710
Term deposits	**-**	32,678
	68,553	54,388

20. Related party transactions and balances

All related party balances are shown in the consolidated financial statements.

The transactions with related party companies are recorded at the exchange amount.

The Company provides accounting and administrative services to Grant Forest Products Corp. No fees have been recorded in these financial statements in respect of these services.

Grant Forest Products Corp. has a 1.4% ownership interest in the common shares of the other co-owner in the Footner Project.

Amounts due to (from) related corporations represent amounts that are owed to (received from) corporations under the control of management or their immediate family members. These amounts are non-interest bearing and due on demand.

Amount due to shareholder represents loans made by the Company's common shareholder in the amount of $60.3 million for 2008 ($50 million for 2007), which are non-interest bearing and due on demand.

On June 30, 2008 there was a $25 million cash contribution made by the Company's common shareholder which was recorded as contributed surplus.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

21. Economic dependence

During the year ended December 31, 2008, there were no customers with sales exceeding 10% of total sales.

During the year ended December 31, 2007, there were no customers with sales exceeding 10% of total sales.

At December 31, 2008, there were four customers with accounts receivable exceeding 10% of the total trade accounts receivable balance.

At December 31, 2007, there were no customers with accounts receivable exceeding 10% of the total trade accounts receivable balance.

In 2008, greater than 71% of the Company's sales are to customers in the United States (2007 – 85%).

22. Other deferred long-term assets

Other deferred long-term assets primarily relate to expenses incurred, that are not capital in nature, which are deferred until the commencement of commercial operations for the U.S. expansion (see Note 1). The Allendale plant had reached commercial operational capacity on January 1, 2008 and the related deferred costs included in this balance are being amortized over three years. The Clarendon plant is still in its start up phase and these associated costs will be amortized over three years when commercial production commences.

23. Other assets

Other assets represent certain related assets which are being constructed for future use, for business development purposes, as well as the Company's investment in Grant Equipment Corporation.

24. Other receivable

The other receivable relates to the Company's proportion of an amount owing to the Footner Project from the other co-owner.

25. Co-ownership

The following table summarizes information contained in the financial statements relative to the co-ownership interests in the Footner Project which is accounted for on a proportionate consolidation basis:

	2008	2007
	$	$
Current assets	**10,161**	11,704
Property, plant and equipment	**68,371**	76,917
Other long-term assets	**618**	618
	79,150	89,239
Liabilities	**1,648**	3,764
Net investment in co-ownership	**77,502**	85,475
	79,150	89,239
Cash used in investing activities, net	-	(728)

26. Capital management

The Company's capital structure is comprised of shareholder's equity, a revolving line of credit, a credit arrangement and working capital. The Company's objectives when managing its capital are to maintain a capital structure which will allow the Company to both fund its growth and provide financial flexibility to execute on strategic opportunities. The line of credit and the credit arrangement have a debt to capitalization, earnings before interest, tax and amortization to interest expense, shareholders' equity and liquidity covenants.

GRANT FOREST PRODUCTS INC.

Consolidated Balance Sheet

(C $ M M)

	At SEP 30 2008	At JUN 30 2008	At MAR 31 2008	At DEC 31 2007
ASSETS				
CURRENT				
Cash and cash equivalents	76,694	58,290	48,012	54,388
Interest reserve	114	5,336	12,804	19,878
Accounts receivable	19,100	14,550	11,110	12,857
Other receivable	592	592	592	592
Inventory	33,981	32,994	37,433	34,828
Prepaid Expenses	3,074	1,817	2,367	3,618
Income Taxes Receivable	15,176	68,199	52,032	41,969
Due from related corporations	2,297	-	105	1,579
	151,028	181,778	164,455	169,709
CAPITAL ASSETS	560,790	575,713	586,377	290,289
CONSTRUCTION IN PROGRESS	370,524	367,654	368,411	673,972
OTHER				
Deferred Charges	8,680	9,226	9,773	10,319
Goodwill	26,073	26,073	26,073	26,073
Other deferred long-term assets	50,710	54,205	57,556	60,322
Other intangible assets	2,931	2,931	2,931	2,931
Pension assets	754	754	754	754
Other assets	13,268	13,131	12,905	12,914
Deferred asset	-	-	-	825
	102,416	106,320	109,992	114,138
	1,184,758	1,231,465	1,229,235	1,248,108
LIABILITIES				
CURRENT				
Bank indebtedness	93	24	99	275
Accounts payable and accrued liabilities	74,489	77,438	77,916	72,912
Income taxes payable	-	-	-	-
Due to related corporations	-	2,808	-	-
Current portion of long-term debt	-	-	-	-
	74,582	80,270	78,015	73,187
DEFERRED CREDIT	3,804	2,219	5,913	-
LONG TERM DEBT	590,007	584,214	582,445	557,406
DUE TO SHAREHOLDER	50,000	50,000	50,000	50,000
FUTURE INCOME TAXES	86,042	91,634	89,056	95,198
	804,435	808,337	805,429	775,791
SHAREHOLDERS' EQUITY				
SHARE CAPITAL				
Preferred shares	112,000	112,000	112,000	112,000
Commom shares	1	1	1	1
CONTRIBUTED SURPLUS	25,000	25,000	-	-
RETAINED EARNINGS	243,322	286,127	311,805	360,316
	380,323	423,128	423,806	472,317
	1,184,758	1,231,465	1,229,235	1,248,108

GRANT FOREST PRODUCTS INC.

Consolidated Statement of Operations

(C $ M M)

	Twelve Months Ended Sep-30 2008	Three Months Ended Sep-30 2008	Three Months Ended Jun-30 2008	Three Months Ended Mar-31 2008	Three Months Ended Dec-31 2007
SALES	230,023	73,255	60,045	50,347	46,376
COST OF SALES	202,487	58,523	49,256	50,512	44,196
FREIGHT-OUT	42,216	12,893	12,303	8,792	8,228
AMORTIZATION	50,118	13,342	13,437	13,382	9,957
	294,821	84,758	74,996	72,686	62,381
GROSS PROFIT	(64,798)	(11,503)	(14,951)	(22,339)	(16,005)
EXPENSES					
Selling and administrative	40,195	8,792	14,385	6,572	10,446
Interest and Financial					
Interest Expense	53,238	13,376	12,407	13,791	13,664
Interest Income	(1,872)	(153)	(90)	(534)	(1,095)
Amortization of deferred financing charges	2,247	516	577	546	608
Foreign exchange loss (gain)	37,915	24,029	(4,142)	18,775	(747)
Amortization of start-up costs	11,826	3,965	4,111	3,750	-
Non-hedge derivative (gain)	6,112	969	(4,487)	6,472	3,158
	149,661	51,494	22,761	49,372	26,034
INCOME BEFORE PROVISION FOR INCOME TAXES	(214,459)	(62,997)	(37,712)	(71,711)	(42,039)
PROVISION FOR INCOME TAXES					
Current	(85,737)	(16,144)	(16,152)	(18,598)	(34,843)
Future	(4,333)	(5,591)	2,578	(6,142)	4,822
	(90,070)	(21,735)	(13,574)	(24,740)	(30,021)
NET INCOME	(124,389)	(41,262)	(24,138)	(46,971)	(12,018)

GRANT FOREST PRODUCTS INC.

Consolidated Statement of Cash Flows

(C $ M M)

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES	Twelve Months Ended Jun-30 2008	Three Months Ended Sep-30 2008	Three Months Ended Jun-30 2008	Three Months Ended Mar-31 2008	Three Months Ended Dec-31 2007
OPERATING					
Net Income	(124,389)	(41,262)	(24,138)	(46,971)	(12,018)
Items not affecting cash					
Amortization of capital assets	50,110	13,342	13,437	13,382	9,949
Amortization of intangible assets	8	-	-	-	8
Amortization of deferred charges	2,247	516	577	546	608
Amortization of start-up costs	11,826	3,965	4,111	3,750	-
Future income taxes	(4,333)	(5,591)	2,578	(6,142)	4,822
Loss (Gain) on disposal of capital assets	5	-	-	5	-
Pension expense net of company contributions	-	-	-	-	-
Net change in non-cash working capital items operations	18,698	37,648	(7,990)	(2,182)	(8,778)
	(45,828)	8,618	(11,425)	(37,612)	(5,409)
INVESTING					
(Increase) decrease in interest reserve account	27,725	5,222	7,468	7,074	7,961
Proceeds from disposal of capital assets	1,684	1,683	-	1	-
Additions to capital assets and construction in progress	(44,486)	(2,973)	(2,016)	(3,915)	(35,582)
Additions to capital assets and CIP from change in working capital	(2,918)	(1,016)	(5,733)	(2,550)	6,381
Decrease (increase) in deferred asset	3,982	-	-	825	3,157
(Decrease) increase in deferred credit	3,804	1,585	(3,694)	5,913	-
Additions to other intangible assets	-	-	-	-	-
(Increase) decrease in other receivable	(592)	-	-	-	(592)
(Increase) decrease in other assets	(785)	(137)	(226)	9	(431)
Increase in other long-term assets	(16,759)	(470)	(760)	(984)	(14,545)
	(28,346)	3,893	(4,961)	6,373	(33,651)
FINANCING					
Financing fees	(62)	30	(30)	-	(62)
Bank indebtedness	(1,086)	69	(75)	(176)	(904)
Increase in loans	35,994	5,793	1,769	25,039	3,393
Contributed Surplus	25,000	-	25,000	-	-
Dividends	-	-	-	-	-
	59,846	5,892	26,664	24,863	2,427
DECREASE IN CASH AND CASH EQUIVALENTS	(14,327)	18,404	10,278	(6,376)	(36,633)
CASH AND CASH EQUIVALENTS, BEGINNING OF QTR/YR	91,021	58,290	48,012	54,388	91,021
CASH AND CASH EQUIVALENTS, END OF QTR/YR	76,694	76,694	58,290	48,012	54,388

Consolidated Financial Statements of

Grant Forest Products Inc.

December 31, 2007

Grant Forest Products Inc.
December 31, 2007

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Deloitte & Touche LLP
1 City Centre Drive
Suite 500
Mississauga ON L5B 1M2
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Auditors' Report

To the Shareholders of
Grant Forest Products Inc.

We have audited the consolidated balance sheet of Grant Forest Products Inc. as at December 31, 2007, and the consolidated statements of shareholders' equity, operations and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the differential reporting option available to non-publicly accountable enterprises, as described in Note 2 to the financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

March 7, 2008

Grant Forest Products Inc.
Consolidated balance sheet
December 31, 2007
(in thousands of Canadian dollars)

	2007	2006
	$	$
Assets		
Current		
Cash and cash equivalents	**54,388**	28,891
Restricted cash (Note 11)	**19,878**	-
Accounts receivable (Note 4)	**12,857**	18,411
Other receivable (Note 23)	**592**	1,868
Income taxes receivable	**41,969**	-
Inventory (Note 5)	**34,828**	42,923
Prepaid expenses	**3,618**	2,303
Due from related corporations (Note 19)	**1,579**	8,939
	169,709	103,335
Capital assets (Note 6)	**964,261**	891,291
Other		
Deferred charges (Note 7)	**10,319**	4,396
Goodwill (Note 8)	**26,073**	26,073
Other intangible assets (Note 9)	**2,931**	2,963
Other deferred long-term assets (Note 21)	**60,322**	21,783
Pension asset (Note 14)	**754**	754
Other assets (Note 22)	**12,914**	11,718
Deferred asset (Note 16)	**825**	3,049
	114,138	70,736
	1,248,108	1,065,362
Liabilities		
Current		
Bank indebtedness	**275**	1,954
Accounts payable and accrued liabilities (Note 10)	**72,912**	100,901
Income taxes payable	**-**	402
Due to shareholder (Note 19)	**50,000**	50,000
	123,187	153,257
Deferred credit (Note 16)	**-**	281
Long-term debt (Note 11)	**557,406**	318,297
Future income taxes (Note 13)	**95,198**	79,547
	775,791	551,382
Contingencies and commitments (Notes 15 and 17)		
Shareholders' equity		
Share capital		
Preferred shares, non-voting, retractable, cumulative and fully redeemable at $0.001 per share or $112,000 in aggregate - authorized shares: unlimited; Issued and outstanding shares: 112,000,000 for 2007 and 2006 (Note 12)	**112,000**	112,000
Class A common shares, without par value - authorized shares: unlimited; Issued and outstanding shares: 1,000 for 2007 and 2006	**1**	1
Retained earnings	**360,316**	401,979
	472,317	513,980
	1,248,108	1,065,362

Approved by the Board

. . . . Director

. . . . Director

Grant Forest Products Inc.

Consolidated statement of shareholders' equity
year ended December 31, 2007

(in thousands of Canadian dollars)

2007

	Share Capital Issued			
	Shares (in thousands)	**Amount**	**Retained Earnings**	**Total**
		$	**$**	**$**
Shareholders' equity, beginning of year	**112,001**	**112,001**	**401,979**	**513,980**
Net loss for the year	-	-	**(35,503)**	**(35,503)**
Dividends				
Common shares	-	-	-	-
Preferred shares	-	-	**(6,160)**	**(6,160)**
Shareholders' equity, end of year	**112,001**	**112,001**	**360,316**	**472,317**

2006

	Share Capital Issued			
	Shares (in thousands)	Amount	Retained Earnings	Total
		$	$	$
Shareholders' equity, beginning of year	112,001	112,001	416,969	528,970
Net loss for the year	-	-	(8,830)	(8,830)
Dividends				
Common shares	-	-	-	-
Preferred shares	-	-	(6,160)	(6,160)
Shareholders' equity, end of year	112,001	112,001	401,979	513,980

Grant Forest Products Inc.

Consolidated statement of operations
year ended December 31, 2007
(in thousands of Canadian dollars)

	2007	2006
	$	$
Sales	**212,165**	388,760
Cost of sales	**177,111**	257,644
Freight-out	**40,254**	58,797
Amortization	**38,609**	39,105
	255,974	355,546
Gross profit	**(43,809)**	33,214
Expenses		
Selling and administrative	**48,093**	51,798
Interest and financial		
Interest expense	**47,665**	12,251
Interest income	**(2,233)**	(2,666)
Amortization of deferred financing charges	**2,040**	969
Foreign exchange (gain) loss	**(63,367)**	8,655
Non-hedge derivative loss (gain)	**1,943**	(7,142)
	34,141	63,865
Loss before recovery of income taxes	**(77,950)**	(30,651)
(Recovery of) provision for income taxes (note 13)		
Current	**(58,098)**	5,866
Future	**15,651**	(27,687)
	(42,447)	(21,821)
Net loss	**(35,503)**	(8,830)

Grant Forest Products Inc.

Consolidated statement of cash flows
year ended December 31, 2007

(in thousands of Canadian dollars)

	2007	2006
	$	$
Operating activities		
Net loss	**(35,503)**	(8,830)
Items not affecting cash		
Amortization of capital assets	**38,577**	39,031
Amortization of intangible assets	**32**	74
Amortization of deferred charges	**2,040**	969
Future income taxes	**15,651**	(27,687)
Loss on disposal of capital assets	**-**	525
Pension expense net of company contributions	**-**	51
Net change in non-cash working capital items (Note 18)	**(8,125)**	(14,304)
	12,672	(10,171)
Investing activities		
Change in restricted cash	**(19,878)**	-
Proceeds from disposal of capital assets	**17**	-
Additions to capital assets	**(160,265)**	(388,438)
Decrease in deferred asset	**2,224**	48,244
Decrease in deferred credit	**(281)**	(5,190)
(Increase) decrease in other receivable	**1,276**	1,206
Increase in other assets	**(1,196)**	(1,543)
Increase in other deferred long-term assets	**(38,539)**	(20,623)
	(216,642)	**(366,344)**
Financing activities		
Financing fees	**(7,963)**	-
Bank indebtedness	**(1,679)**	(1,701)
Increase in loans	**240,409**	317,566
Decrease in loans	**(1,300)**	-
Dividends	**-**	(6,160)
	229,467	309,705
Increase (decrease) in cash and cash equivalents	**25,497**	(66,810)
Cash and cash equivalents, beginning of year	**28,891**	95,701
Cash and cash equivalents, end of year (Note 18)	**54,388**	28,891
Supplemental cash flow information		
Interest received	**2,232**	2,661
Interest paid	**31,483**	10,290
Income taxes paid, net	**(14,898)**	12,055

1. Description of company

Grant Forest Products Inc. ("Grant Forest" or the "Company") was incorporated on August 18, 1998. On August 31, 1998, the Company entered into an agreement with Grant Forest Products Corp., a corporation wholly owned by the President of the Company, to acquire the operating assets and assume the liabilities of Grant Forest Products Corp. at fair market value.

On September 30, 1998, the Company completed an agreement with Malette Inc. a wholly-owned subsidiary of Tembec Inc. to purchase assets located in Timmins, Ontario (the "Timmins Mill").

The acquired operation harvests timber, manages forest land, and produces, manufactures and markets Oriented Strand Board ("OSB") which is used in the construction of housing.

On December 9, 1999, the Company entered into a memorandum of agreement with a third party for the construction and operation of an OSB facility at High Level, Alberta (the "Footner Project"). The two parties acquired the Deciduous Timber Allocation, the lands and the plant and equipment to implement the Footner Project, jointly as co-owners.

On January 1, 2002, a wholly-owned subsidiary of the Company commenced operations to sell all the Company's products in the U.S. and Canada.

In 2005, the Company formed wholly-owned subsidiaries that commenced the construction of two OSB facilities in Allendale and Clarendon counties in South Carolina ("Allendale" and "Clarendon", respectively). In 2006, construction of the Allendale plant was completed with the plant producing its first OSB board on October 30, 2006. The Allendale plant is expected to reach a commercially operational capacity in early 2008. The construction of the Clarendon plant is in progress as at December 31, 2007.

2. Significant accounting policies

The Company, with the unanimous consent of its shareholders, has elected to prepare its consolidated financial statements in accordance with Canadian generally accepted accounting principles using the differential reporting option described below available to non-publicly accountable enterprises.

Share capital

The Company has elected to present its preferred shares issued in tax planning arrangements under the Income Tax Act as equity. The Company would have otherwise presented these shares as liabilities, and dividends would have been treated as interest expense.

The following are the other significant accounting policies used in the preparation of the financial statements:

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, Grant Forest Products Sales Inc. (100%), Grant Alberta Inc. (100%), Grant US Holdings GP (99.99%), Southeast Properties LLC (100%), Grant US Sales Inc. (100%), Grant Allendale LP (100%), Grant Clarendon LP (100%), Newco LLC (100%), Excluded GP (100%) and the investment in the Footner Project (50%) which is proportionately consolidated.

All significant intercompany balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with an original maturity of three months or less.

2. Significant accounting policies (continued)

Inventory

Inventory is valued at the lower of cost and market value. Cost of raw materials is determined on a first-in, first-out basis. Market value is considered as replacement value or estimated realizable value, whichever is lower.

Goodwill

Goodwill is reviewed annually for impairment, unless events or changes in circumstances indicate that the carrying value may not be recoverable. In the absence of comparable market valuations, the Company compares expected future discounted cash flows to be generated by the asset or related business to its carrying value. If the carrying value exceeds the sum of the future discounted cash flows, goodwill would be adjusted to its fair value and an impairment loss would be charged to operations in the period identified.

Other intangible assets

The Company has other intangible assets that are identifiable and are recognized apart from goodwill. Other intangible assets include crown cutting rights and timber licenses that entitle the Company to harvest timber. With the exception of the forest management agreement which has a life of twenty years, these amounts are not amortized as they are perpetual rights.

Amortizable intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may be greater than fair value. An impairment loss is recognized when the estimate of undiscounted future cash flows generated by such assets is less than the carrying value. Measurement of the impairment loss is based on the fair value of the asset. Fair value is measured using discounted cash flows when quoted market prices are not available.

Other intangibles which have indefinite lives, are not subject to amortization and are tested for impairment annually, or more frequently if an event or circumstance occurs that more likely than not reduces the fair value of the other intangible asset below its carrying value, by comparing the carrying value to its fair value. When the carrying value of the asset exceeds the estimated fair value, an impairment loss is recognized in net earnings.

Capital assets

Capital assets are recorded at acquisition cost.

Amortization has been reflected in the accounts, at the following rates:

Buildings	-	straight-line over 15 years
Mobile equipment	-	30% declining-balance
Forest access roads	-	straight-line over 10 years
Mill process equipment	-	straight-line over 15 years
Other equipment	-	straight line over 10- 30 years

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. A loss is recognized when the carrying value of an asset to be held and used exceeds the sum of the undiscounted cash flows expected from its use and disposal. Losses are measured as the excess of the carrying value of the asset over its fair value.

Investments

The Company records its investments using the cost method. Earnings are recognized only to the extent they are received or receivable. The investments are assessed periodically and to the extent that there has been a permanent decline in value, the carrying value is written down to the estimated net realizable value.

2. Significant accounting policies (continued)

Deferred charges

Deferred debt financing fees are amortized on a straight-line basis over the term of the debt.

Future income taxes

Future income taxes are recorded based on differences between the carrying value of balance sheet items and their tax values. Future income taxes are measured using the substantively enacted income tax rate in effect at the balance sheet date which is expected to apply to taxable income in the periods in which the future income tax liabilities or assets are expected to be settled or realized.

The difference between the carrying value and tax value of the goodwill, the amortization of which is not deductible for tax purposes, does not result in the recognition of a future income tax liability. For all other assets and liabilities acquired in the purchase of a business, future income taxes are recognized for the tax effect of differences between the fair values assigned and the tax basis of such assets and liabilities.

Research and development tax credits and government grants

The Company is entitled to scientific research experimental development ("SR&ED") tax credits granted by the Canadian federal government. SR&ED tax credits are earned on qualified Canadian SR&ED expenditures at a rate of 20% and can only be used to offset against Federal income taxes otherwise payable. The Company has also received capital grants from the government of South Carolina for the building of the mills.

SR&ED tax credits and government grants are accounted for using the cost reduction method. Accordingly, tax credits and grants are recorded as a reduction of the related expenses or capital expenditures in the period there is reasonable assurance of receipt of cash. The refundable portion of SR&ED tax credits is recorded in the year when collection is reasonably assured. These tax credits could be subjected to a review and a possible adjustment by the authorities concerned.

Revenue recognition

Revenue is recognized when collectibility is reasonably assured and the Company has transferred to the customer the significant risks and benefits of ownership, which coincides with the delivery of product to the customer.

Pre-production costs

Pre-production costs are deferred until commercial production is achieved, at which time amortization commences. The period of amortization is three years.

Foreign exchange transactions

Foreign currency transactions entered into directly by the Company, as well as the accounts of the integrated foreign subsidiary operations, are translated using the temporal method. Under this method, monetary assets and liabilities are translated at year-end exchange rates and other balance sheet items are translated at historical exchange rates. Revenues and expenses are translated at the rate in effect at the time of the transaction. Exchange gains and losses are included in the determination of net income for the current year. The Company's U.S. subsidiaries account for foreign exchange using the temporal method.

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the net realizable value of inventory, the fair value of intangibles, the collectibility of accounts receivable, the fair value of goodwill and useful lives of long-lived assets as well as the determination of impairment thereon and the determination of fair value of financial instruments. Actual results could differ from those estimates.

Forward sales contract for U.S. dollars

The Company uses forward sales contracts to economically hedge exposure to fluctuation in the U.S. dollar exchange rate. These instruments are not designated as hedges for accounting purposes and are carried on the balance sheet, under the captions deferred asset and deferred credit, at estimated fair market value. Realized gains or losses and unrealized gains or losses arising from changes in fair value related to the forward sales contracts are recognized in the Consolidated Statement of Operations in the period of the change as a non-hedge derivative loss/gain.

Employee future benefits

The Company has several defined benefit and contribution pension plans, covering substantially all employees of the Company (Note 14). The Company does not provide post-retirement or post-employment benefits, other than pensions for its employees.

Hedging relationships

Effective January 1, 2004, the Company prospectively adopted the recommendations of Accounting Guideline 13, Hedging Relationships ("AcG-13") and those of Emerging Committee Abstract 128, Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments ("EIC-128"). AcG-13 deals with the identification, designation, documentation and measurement of effectiveness of hedging relationships for the purpose of applying hedge accounting. AcG-13 was effective for fiscal years beginning on or after July 1, 2003 and upon implementation of AcG-13, accounting in accordance with EIC-128 is required. Under EIC-128, freestanding derivative instruments that give rise to a financial asset or financial liability and do not qualify for hedge accounting under AcG-13 or are entered into for trading or speculative purposes should be recognized in the balance sheet and measured at fair value, with changes in fair value recognized in earnings for the year.

3. Future accounting changes

The Canadian Institute of Chartered Accountants has issued four accounting standards that the Company will adopt effective January 1, 2008:

Section 3855, Financial Instruments – Recognition and Measurement,

This Section is effective for fiscal years beginning on or after October 1, 2007 for non-publicly accountable enterprises. This section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial instrument. Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value. The impact of remeasuring the Company's financial assets and liabilities at fair value will be recognized in opening deficit and opening accumulated other comprehensive income as appropriate.

Section 1530, Comprehensive Income

This Section is effective for fiscal years beginning on or after October 1, 2007. It describes reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income is the change in shareholders' equity, which results from transactions other than those resulting from investments by shareholders and distributions to shareholders. These transactions and events include unrealized gains and losses resulting from changes in fair value of certain financial instruments.

Section 3865, Hedges

This Section is effective for fiscal years beginning on or after October 1, 2007 for non-publicly accountable enterprises. The recommendations expand the guidelines outlined in Accounting Guideline 13 ("AcG-13"), Hedging Relationships. This Section describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains and losses, revenues and expenses from the derivative financial instruments in the same period as for those related to the hedged item.

Section 3031, Inventories

In March 2007, the CICA issued Section 3031, "Inventories", replacing Section 3030, "Inventories". The Section prescribes the accounting treatment for inventories such as measurement of inventories at the lower of cost and net realizable value. It provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-downs to net realizable value and the reversal of previous write-downs of inventories arising from an increase in net realizable value. It also provides guidance on the cost methodologies that are used to assign costs to inventories and it describes the required disclosures on the carrying amount of inventories, the amount of inventories recognized as an expense and the amount of write-downs or reversal of write-downs of inventories. The Section is effective for fiscal years commencing on or after January 1, 2008.

Section 1535, Capital disclosures

This new standard establishes disclosure requirements about an entity's capital and how it is managed. The purpose will be to enable users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital. The Section is effective for fiscal years commencing on or after October 1, 2007.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

3. Future accounting changes (continued)

Section 3064, Goodwill and Intangible assets

This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The Section is effective for fiscal years commencing on or after October 1, 2008.

The Company is in the process of evaluating the financial impact and disclosure requirements of these new standards.

4. Accounts receivable

	2007	2006
	$	$
Gross trade accounts receivable	11,734	16,469
Allowance for doubtful accounts	(144)	(296)
Trade accounts receivable	11,590	16,173
Sales taxes recoverable	1,267	2,238
	12,857	18,411

5. Inventory

	2007	2006
	$	$
Finished goods	13,682	13,851
Raw materials	8,013	21,259
Spare parts and maintenance supplies	13,133	7,813
	34,828	42,923

6. Capital assets

			2007	2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Land, site and services	2,672	-	2,672	7,529
Buildings	79,850	38,317	41,533	44,212
Mobile equipment	17,031	13,604	3,427	4,488
Forest access roads	4,541	3,808	733	824
Mill process equipment	451,804	226,077	225,727	253,826
Other equipment	40,876	24,679	16,197	11,828
Construction in progress	673,972	-	673,972	568,584
	1,270,746	306,485	964,261	891,291

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

7. Deferred charges

The balance at December 31, 2007 represents the unamortized financing fees incurred on the October 26, 2005 syndicated bank loan, on the March 20, 2007 amendment to this loan and on the March 21, 2007 second lien facility (see Note 11). The amortization of this amount is over the term of the debt.

8. Goodwill

	2007	2006
	$	$
Goodwill	**36,665**	36,665
Accumulated amortization	**(10,592)**	(10,592)
	26,073	26,073

Goodwill is the excess of the fair value over the ascribed values of the assets acquired from Grant Forest Products Corp.

9. Other intangible assets

			2007	2006
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
	$	**$**	**$**	$
Forest management agreement	**828**	**210**	**618**	650
Timber rights	**2,313**	**-**	**2,313**	2,313
	3,141	**210**	**2,931**	2,963

10. Accounts payable and accrued liabilities

	2007	2006
	$	$
Accounts payable	**21,770**	18,718
Accrued freight	**616**	797
Accrued liabilities	**48,087**	79,296
Salaries and vacation	**2,439**	2,090
	72,912	100,901

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

11. Long-term debt

	2007	2006
	$	$
Revolving facility (i)	**200,739**	167,097
Canadian revolving facility (i)	**23,200**	24,500
Non-revolving facility (ii)	**170,998**	126,700
Second Lien facility (iii)	**162,469**	-
	557,406	318,297

On October 26, 2005, the Company entered into a syndicated bank loan agreement (the "Credit Facility") which consists of the following:

i) U.S. $227,500,000 revolving facility (the "Revolving Facility") that matures on November 1, 2010 and includes a Canadian Revolving Facility (the "Canadian Revolving Facility") in the amount of up to U.S. $25,000,000 (or the equivalent amount in Canadian dollars) and a U.S. Revolving Facility in the amount of up to U.S. $202,500,000.

The amount of interest on the Revolving Facility is dependent on the Company's total Debt to Capitalization Ratio. The rate ranges from 0.625% to 1.125% above Base Rate, U.S. Prime Rate and Canadian Prime Rate and 1.625% to 2.125% above BA Stamping Fee Rate, Letter of Credit Fee Rate or LIBOR.

(ii) U.S. $172,500,000 non-revolving term facility (the "Non-Revolving Facility") that matures on November 1, 2012. The amount of interest on the Non-Revolving Facility is dependent on the Company's Debt to Capitalization Ratio. The rate ranges from 0.875% to 1.125% above U.S. Prime Rate and 1.875% to 2.125% above LIBOR.

The security held is a first priority lien and security interest on all the following:

a) All present and future property and assets, real and personal situated in the United States.

b) All shares of capital stock or partnership units in Grant U.S. Holdings GP, Southeast Properties LLC, Grant Allendale LP and Grant Clarendon LP.

On March 20, 2007, the Company entered into an agreement with the syndicate banks to amend the terms of the Credit Facility. The primary amendment increases the top-tier of the interest rate range above Basic Rate, U.S. Prime Rate and Canadian Prime Rate from 1.125% to 2.0%, and above BA Stamping Fee Rate, Letter of Credit Fee Rate and LIBOR from 2.125% to 3.0%. Also pursuant to the amendment to the Credit Facility, the Company was required to establish a restricted cash account (interest reserve) of $50,000,000 to fulfill interest and fee obligations on this facility when due.

(iii) On March 21, 2007, the Company entered into a Second Lien Secured Facility ("Second Facility") consisting of U.S. $150,000,000 non-revolving term loan. This facility matures on September 21, 2013 for which draws will be permitted at the Company's option by the way of LIBOR loans ("LIBOR Loans") or Alternative Base Rate Loan ("ABR Loans").

The amount of interest on the Second Facility loan in the case of ABR Loans is the greater of TD's NY Prime Rate or the U.S. Federal Funds rate plus 6.0%. In the case of LIBOR Loans, the rate ranges from 7.125% to 9.5% above LIBOR depending on the Company's total Debt to Capitalization Ratio.

In accordance with the above credit facilities, the Company must meet certain quarterly financial covenants which have been met at the balance sheet date. The Company recognizes the need to continue to meet these covenants in the future and intents to do so, however, due to market conditions uncertainty exists concerning its ability to meet these covenants.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

12. Preferred shares

The preferred shares bear a cumulative dividend of 1.5% and a non-cumulative dividend of 4.0%. The aggregate preferred share dividend in 2007 was 5.5% (2006 – 5.5%). The preferred shares are retractable by the holders to the extent such redemptions would not result in a default under the existing Credit Facility. There are no scheduled redemptions in the next five years.

13. Income taxes

The provision for income taxes reflects an effective tax rate which differs from the statutory corporate tax rates as follows:

	2007	2006
	%	%
Combined basic statutory Canadian rate	**35.40**	35.41

	2007	2006
	$	$
Tax provision on combined basic statutory Canadian rate	**(27,593)**	(10,854)
Increase (decrease) in the tax provision (recovery) for the following:		
Permanent items	**(10,538)**	1,299
Tax credit for manufacturing and processing profits	**1,278**	436
Miscellaneous other items	**3,535**	(4,023)
Future tax rate reduction	**(9,129)**	(8,679)
	(42,447)	(21,821)

The components of the Company's net future income tax liability are as follows:

	2007	2006
	$	$
Carrying value of property, plant and equipment in excess of tax value	**53,742**	60,079
Impact of foreign exchange gains on long term debt	**12,701**	-
Other	**28,755**	19,468
	95,198	79,547

The components of the Company's net future income tax asset are as follows:

	2007	2006
	$	$
U.S. Net Operating Losses	**41,698**	-
Valuation Allowance - U.S. Net Operating Losses	**(41,698)**	-
	-	-

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

14. Company pension plans

Englehart Mill

The Company sponsors a defined contribution pension plan for hourly and salaried employees, and a defined benefit pension plan for senior employees with four active members.

For the hourly plan, the Company contributes $92 per month for each member of the plan. All liabilities are fully funded. The pension expense during the year is approximately $206,878 (2006 - $208,755).

For the salary plan, the Company contributes 4% of the employee's annual salary. The Company contributes another 2% provided the employee makes a voluntary contribution of 4%. All liabilities are currently funded. The pension expense during the year is approximately $904,578 (2006 – $830,291).

For the senior executive plan, plan liabilities are actuarially estimated from a formula which ties benefits to average earnings and years of service. The actuarially determined present values of fund liabilities exceed the fund assets by $158,600 on a going concern basis and there is no solvency deficiency at January 1, 2006.

Footner Project

The Footner Project matches employee registered retirement savings plan contributions to a maximum of 5% of the employee's annual salary. All liabilities are currently funded. The pension expense during the year is approximately $519,000 (2006 - $665,000).

Timmins Mill

The Company sponsors a defined contribution pension plan for hourly employees and a defined benefit plan for salaried employees.

For the hourly plan the Company contributes $65 per month for each member of the plan. If a member voluntarily contributes $65 per month, the Company will contribute another $65 per month to their plan. The pension expense during the year is approximately nil (2006 - $145,778).

For the salaried plan, plan liabilities are actuarially estimated from a formula which ties benefits to average earnings and years of service. The most recent actuarial valuation as at December 31, 2007 and indicated the projected benefit obligation was approximately $3,259,000 (2006 - $3,274,000). The market value of assets was approximately $3,199,000 at December 31, 2007 (2006 - $3,238,000).

Information about this pension benefit plan, in aggregate, is as follows:

The significant actuarial assumptions adopted in measuring the accrued benefit assets and obligations for this plan are as follows:

	2007	2006
Discount Rate	**5.25%**	5.00%
Expected long-term rate of return on plan assets	**6.75%**	6.75%
Rate of compensation increase	**4.00%**	4.00%

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

14. Company pension plans (continued)

The Company's net benefit plan expense is as follows:

	2007	2006
	$	$
Current service cost	**73**	89
Interest cost on projected benefit obligation	**172**	167
Amortization of past service credits	**(4)**	(4)
Expected return on plan assets	**(216)**	(201)
Amortization of actuarial loss	**42**	70
Net benefit plan expense	**67**	121

The total cash paid to all the various plans in 2007 was $1,842,356 (2006 - $1,937,824).

15. Environmental legislation

The business conducted by the Company may be affected by environmental legislation and possible future changes thereto, the impact of which is not predictable. To date, no significant environmental obligations that would have a material effect on the operations of the Company have been identified and recorded.

16. Financial instruments

(a) Foreign currency rate risk

The Company realizes a significant portion of its sales and outstanding financing in U.S. dollars. The Company is thus exposed to currency fluctuations. These potential currency fluctuations could have a significant impact on the profitability of the Company.

(b) Credit risk

The Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. The Company may require payment guarantees, such as letters of credit, or obtain credit insurance coverage from Export Development Corporation. Credit risk also relates to derivative contracts arising from the possibility that a counterparty to an instrument in which the Company has an unrealized gain fails to perform. The Company only transacts with highly-rated counterparties.

(c) Interest rate risk

The Company has a credit facility which bears interest at floating rates. Resultantly, the Company is exposed to interest rate risk on the facility.

16. Financial instruments (continued)

(d) Commodity price risk

The Company's cash flow is subject to changes in commodity prices. During the year ended December 31, 2002, the Company entered into a 5-year arrangement with Ontario Power Generation Inc. ("Risk Leveler Swap") to economically hedge its electrical energy prices. The Company has fixed its megawatt hourly rate ("MWH") at $47.10 on a total volume of 760,912 MWH. The arrangement ended on April 30, 2007. The fair value of the Risk Leveler Swap at December 31, 2007 and 2006 was nil. As the Company does not qualify for hedge accounting under AcG-13 for this instrument, the Company had recorded a $4,010,000 deferred liability at January 1, 2004 of which approximately $281,000 was included in income in 2007 (2006 - $802,000) as part of the non-hedge derivative gains. The reduction in the fair value of nil (a reduction of $4,241,000 in 2006) was also included in income as a non-derivative hedge gain.

(e) Fair value of financial instruments

Fair values of financial instruments, including forward exchange contracts are determined based on estimates using net present value, mathematical approximation of market values and other valuation techniques. The estimates are significantly affected by the assumptions used including current market and contractual prices of the underlying instruments, as well as time value, and by yield curve and volatility factors underlying the positions. The carrying amount of cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the near-term maturity of those instruments. The estimated fair values attributed to the forward foreign exchange contracts ($3.6 million) and interest rate swap (loss of $2.8 million) are carried on the balance sheet under the caption deferred asset at approximately $0.8 million.

On January 1, 2004, upon adoption of AcG-13, the Company recorded a deferred derivative asset and deferred liability in the amount of approximately $23.2 million to represent the fair value of derivative contracts on that date that no longer qualified for hedge accounting under AcG-13 ($19.2 million related to the foreign exchange forward sales contracts and $4.0 related to a commodity derivative contract). The deferred liability was reduced and taken into income as part of the non-hedge derivative gains (losses) as the derivative contracts matured ($0.3 million in 2007 and $5.2 million in 2006). The deferred derivative asset balance fluctuated with the change in fair value of the derivatives with the changes in realized and unrealized gain or loss being included in the statement of operations as non-hedge derivative gain/loss. As at December 31, 2007, the balance of the deferred derivative asset and deferred liability set-up on adoption of AcG-13 was nil.

The reduction in the fair value of the derivative contracts between December 31, 2006 and December 31, 2007 amounts to $2.2 million (a $3.5 million increase relating to the forward foreign exchange contracts, offset by a $5.7 million loss relating to the interest rate swap) (2006 – decrease in fair value of $48.3 million).

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

17. Contingencies and commitments

(a) Pursuant to an agreement between the Company and Malette Inc. and its affiliated company, Spruce Falls Inc., Grant Forest has agreed to buy a specific volume of fiber from these corporations. These agreements are for an initial period of 20 years, with a provision renewing them to 20 years every 5 years.

(b) The Company has operating lease commitments at December 31, 2007 as follows:

	$
2008	4,239
2009	4,172
2010	3,662
2011	2,887
2012	2,762
Thereafter	1,849
	19,571

(c) As part of its normal business operations, the Company has entered into forward sales contracts for U.S. dollars. The Company has contracts outstanding at December 31, 2007 of U.S. $2,000,000 for each month in 2008 at an average exchange rate of 1.1445.

(d) As at December 31, 2007, the Company has committed to letters of credit aggregating approximately $1,578,000 primarily relating to electrical power purchase contracts for the Footner joint venture and woodlands obligations.

(e) During the normal course of operations, the Company enters into various future timber purchase commitments to establish minimum quantities and/or prices.

(f) In the normal course of business, the Company is involved in various legal claims. Though the outcome of these various pending claims as at December 31, 2007 cannot be determined with certainty, the Company believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.

(g) The Company has various commitments relating to the construction of the U.S. facilities approximating U.S. $18,300,000 at December 31, 2007 (2006 – U.S. $106,000,000).

(h) The Company and eight other North American OSB producers have been named as defendants in several lawsuits filed in the United States District Court for the Eastern District of Pennsylvania. The lawsuits allege that these nine North American OSB producers violated United States and various state antitrust and other laws by allegedly agreeing to fix prices and reduce the supply of OSB from June 2002 through to present. The named plaintiffs seek to have the cases certified as class actions. One group of plaintiffs seeks to certify a class of persons and entities that purchased OSB in the United States directly from any of the named North American OSB producers between June 2002 and the present. Other plaintiffs seek to certify one or more classes of persons and entities that purchased OSB in various states and the District of Columbia indirectly between June 1, 2002 and the present. The Company believes that the lawsuits are entirely without merit and intends to defend this matter vigorously.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

18. Additional information relating to the statement of cash flows

Net change in non-cash working capital items

	2007	2006
	$	$
Accounts receivable	**5,554**	10,809
Inventory	**8,095**	3,397
Prepaid expenses	**(1,315)**	1,949
Due from related corporations	**7,360**	(5,602)
Accounts payable and accrued liabilities	**14,552**	(18,668)
Income taxes	**(42,371)**	(6,189)
	(8,125)	(14,304)

Cash and cash equivalents

	2007	2006
	$	$
Cash	**21,710**	14,943
Term deposits	**32,678**	13,948
	54,388	28,891

19. Related party transactions and balances

All related party balances are shown in the consolidated financial statements.

The transactions with related party companies are recorded at the exchange amount.

The Company provides accounting and administrative services to Grant Forest Products Corp. No fees have been recorded in these financial statements in respect of these services.

Grant Forest Products Corp. has a 33.7% ownership interest in the common shares of the other co-owner in the Footner Project.

Amounts due to (from) related corporations represent amounts that are owed to (received from) corporations under the control of management or their immediate family members. These amounts are non-interest bearing and due on demand.

Amount due to shareholder represents a loan made by the Company's common shareholder in the amount of $50.0 million. This amount is non-interest bearing and due on demand.

(Tabular amounts in thousands of Canadian dollars unless otherwise specified)

20. Economic dependence

During the year ended December 31, 2007, there were no customers with sales exceeding 10% of total sales.

During the year ended December 31, 2006, there was one customer with sales exceeding 10% of total sales. Sales to this customers amounted to $40,441,000 (10.4%).

At December 31, 2007, there were no customers with accounts receivable exceeding 10% of the total trade accounts receivable balance.

At December 31, 2006, there were no customers with accounts receivable exceeding 10% of the total trade accounts receivable balance.

In 2007, greater than 85% of the Company's sales are to customers in the United States (2006 – 89%).

21. Other deferred long-term assets

Other deferred long-term assets primarily relate to expenses incurred, that are not capital in nature, which have been deferred until the commencement of commercial operations for the U.S. expansion (see Note 1). These costs will be amortized over three years when commercial production commences.

22. Other assets

Other assets represent certain related assets which are being constructed for future use, for business development purposes, as well as the Company's investment in Grant Equipment Corporation.

23. Other receivable

The other receivable relates to the Company's proportion of an amount owing to the Footner Project from the other co-owner.

24. Co-ownership

The following table summarizes information contained in the financial statements relative to the co-ownership interests in the Footner Project which is accounted for on a proportionate consolidation basis:

	2007	2006
	$	$
Current assets	**11,704**	18,952
Property, plant and equipment	**76,917**	84,823
Other long-term assets	**618**	650
	89,239	104,425
Liabilities	**3,764**	6,514
Net investment in co-ownership	**85,475**	97,911
	89,239	104,425
Cash used in investing activities, net	**(728)**	(1,123)

GRANT ALBERTA INC.

Grant Forest Products Inc.
Grant Alberta
Canadian $
As of Dec, 2008

Assets	**Dec 2008 Unconsolidated B/S**
Current Assets	
Investment in Grant US Holdings	15,177
	15,177
Shareholder's Equity	
Common Shares	15,177
Retained earnings	-
	15,177

Grant Forest Products Inc.
Grant Alberta
Canadian $
As of June, 2008

Assets	June 2008 Unconsolidated B/S
Current Assets	
Investment in Grant US Holdings	15,177
	15,177
Shareholder's Equity	
Common Shares	15,177
Retained earnings	
	15,177

GRANT FOREST PRODUCTS SALES INC.

Grant Forest Products Sales Inc.
Balance Sheet
(in '000s of Cdn dollars)
As of December, 2008

Assets	
Current Assets	
Cash and Cash Equivalents	5,303
Accounts Receivable	2,761
Other Receivable	0
Inventory	1,097
Prepaid Expenses	0
Due from Assoc. Co's	(5,742)
Current Assets	**3,418**
Assets	**3,418**
Liabilities	
Current Liabilities	
Trade Payables and Accruals	789
Income Tax Payable (Receivable)	(22)
Current Liabilities	**767**
Liabilities	**767**
Shareholder's Equity	
Retained Earnings	2,651
Equity	**2,651**
Liabilities & Shareholder's Equity	**3,418**

Grant Forest Products Sales Inc.
Income Statement
(in '000s of Cdn dollars)
For the 12 Months Ending December, 2008

Sales	
Sales	28,737
Other Income	(2,120)
Freight Out	(23,281)
Revenues	**3,336**
Variable Costs	
Cost of Sales	1,930
Variable Costs	**1,930**
Gross Margin	**1,406**
Fixed Costs	0
Total Variable and Fixed Costs	**1,930**
Total Cost of Operations	**1,930**
Earnings(Loss)from Operation	1,406
Selling, General & Administrative	
Sales & Marketing	1,831
Total Corporate Expenses	1,831
Financial Expense (Income)	
Selling, General & Administrative	**1,831**
EBITDA	(425)
Interest Expense	53
Interest Income	(46)
Foreign Exchange Loss (Gain)	(55)
Sub-total	(48)
Income Before Taxes	(377)
Net Income	(377)

GRANT U.S. HOLDINGS GP

Grant Forest Products Inc.
Grant US Holdings
US $
As of June, 2008

	June 2008 Unconsolidated B/S
Assets	
Current Assets	
Cash and Cash Equivalents	5,233,105
Marketable Securities	0
Accounts Receivable	0
Other Receivable	0
Inventory	0
Prepaid Expenses	0
Notes Recievable	0
Due from Assoc. Co's	(2,240)
Current Assets	5,230,865
Long Term Assets	
Investments	0
Deferred Charges (Gator Financing)	5,442,222
Goodwill	0
Start-up Costs	0
Other Intangible Assets	0
Pension Assets	0
Investment in South East Properties	65,340,165
Investment in Clarendon LP	227,207,129
Investment in Allendale LP	295,514,191
Other Assets	0
Deferred Derivative Assets	0
Long Term Assets	593,503,707
Fixed Assets	
Fixed Assets	0
Other Capitalized Items	0
A/D Fixed Assets	0
A/D-Other Capital'd Items	0
PA's and Cost Collectors	0
Construction in Progress	0
Fixed Assets	0
Assets	**598,734,571**
Liabilities	
Current Liabilities	
Trade Payables and Accruals	3,217,340
Payroll Accruals	0
Taxes Payable	0
Income Tax Payable (Receivable)	0
Notes Payable	0
Allowance for Obsolescence	0
Timber Dues Payable	0
Due to Shareholders	0
Current Liabilities	**3,217,340**
Other Liabilities	
Future Income Taxes	0
Deferred Derivative	0
Other Liabilities	0
Long Term Liabilities	
Long Term Debt	549,684,815
Long Term Liabilities	549,684,815
Liabilities	552,902,155
Shareholder's Equity	
Partner's Contribution- GFPI	124,987,500
Partner's Contribution- Alberta	12,500
Opening Retained Earnings	(27,357,996)
Net income July 1- June 30/08	(51,809,588)
Ending Retained Earnings	(79,167,584)
Equity	45,832,416
Liabilities & Shareholder's Equity	**598,734,571**
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Grant US Holdings
Income Statement
US$
For the Months Ending June, 2008

	July 1/07- June 30/08
Sales	
Other Income	0
Revenues	**0**
Variable Costs	
Gross Margin	**0**
Energy	
Operations Support	
Salaries, wages and burden	0
Other Overheads	0
Operations Support	**0**
Fixed Costs	**0**
Total Variable and Fixed Costs	**0**
Total Cost of Operations	**0**
Earnings(Loss)from Operation	**0**
Selling, General & Administrative	
Admin & Exec	2,241
Sub-total	2,241
Financial Expense (Income)	376,964
Selling, General & Administrative	**379,205**
EBITDA	(379,205)
Interest Expense	51,809,312
Interest Income	(1,471,639)
Amortization of Deferred Financing Charg	1,092,710
Sub-total	51,430,383
Income Before Taxes	(51,809,588)
Net Income	**(51,809,588)**

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Giant US Holdings
Income Statement
US$
For the Months Ending Dec, 2008

	Dec 1- Dec 31/08
Sales	
Other Income	(0)
Revenues	**(0)**
Variable Costs	
Gross Margin	**0**
Energy	
Operations Support	
Salaries, wages and burden	0
Other Overheads	0
Operations Support	**0**
Fixed Costs	**0**
Total Variable and Fixed Costs	**0**
Total Cost of Operations	**0**
Earnings(Loss)from Operation	**0**
Selling, General & Administrative	
Admin & Exec	38,241
Sub-total	38,241
Financial Expense (Income)	0
Selling, General & Administrative	**38,241**
EBITDA	(38,241)
Interest Expense	45,861,247
Interest Income	(242,803)
Amortization of Deferred Financing Charg	1,053,335
Sub-total	46,671,778
Income Before Taxes	(46,710,019)
Net Income	**(46,710,019)**

Grant Forest Products Inc.
Grant US Holdings
US $
As of Dec 31, 2008

	Dec 2008 Unadjusted Consolidated B/S
Assets	
Current Assets	
Cash and Cash Equivalents	82,791
Marketable Securities	0
Accounts Receivable	0
Other Receivable	0
Inventory	0
Prepaid Expenses	0
Notes Recievable	0
Due from Assoc. Co's	(7,222,501)
Current Assets	**(7,139,710)**
Long Term Assets	
Investments	0
Deferred Charges (Gator Financing)	4,915,555
Goodwill	0
Start-up Costs	0
Other Intangible Assets	0
Pension Assets	0
Investment in South East Properties	65,340,165
Investment in Clarendon LP	227,207,129
Investment in Allendale LP	295,514,191
Other Assets	0
Deferred Derivative Assets	0
Long Term Assets	**592,977,040**
Fixed Assets	
Fixed Assets	0
Other Capitalized Items	0
A/D Fixed Assets	0
A/D-Other Capital'd Items	0
PA's and Cost Collectors	0
Construction in Progress	0
Fixed Assets	**0**
Assets	**585,837,330**
Liabilities	
Current Liabilities	
Trade Payables and Accruals	1,596,365
Payroll Accruals	0
Taxes Payable	0
Income Tax Payable (Receivable)	(25)
Notes Payable	0
Allowance for Obsolescence	0
Timber Dues Payable	0
Due to Shareholders	0
Current Liabilities	**1,596,340**
Other Liabilities	
Future Income Taxes	0
Deferred Derivative	0
Other Liabilities	**0**
Long Term Liabilities	
Long Term Debt	559,398,174
Long Term Liabilities	**559,398,174**
Liabilities	**560,994,514**
Shareholder's Equity	
Partner's Contribution- GFPI	124,987,500
Partner's Contribution- Alberta	12,500
Opening Retained Earnings	(53,447,165)
Net income Jan 1- Dec 31/08	(46,710,019)
Ending Retained Earnings	**(100,157,184)**
Equity	24,842,816
Liabilities & Shareholder's Equity	**585,837,330**

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Exhibit "**C**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

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Commissioner for Taking Affidavits, etc.

EXHIBIT "C"

Summary of Ontario PPSA Search Results as at April 1, 2009 with respect to each of the Applicants

Ontario

Grant Forest Products Inc.

PPSA (Ontario) Search Results

(File Currency: Wednesday April 1, 2009)

#1

Debtor	Grant Forest Products Inc. / Grant Forest Products Ltd.
Debtor Address	Box 160, Hwy. 11 North, Earlton, ON P0J 1E0
Secured Party / Registering Agent	Xerox Canada Ltd.
Secured Party / Registering Agent Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20080822 1703 1462 4734
File No.	647961237
Registration Date	August 22, 2008
Registration Period	4 years
Collateral Classification	Equipment, Other, No Fixed Maturity Date
Motor Vehicle Description	None
General Collateral Description	None

#2

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party / Registering Agent	Xerox Canada Ltd.
Secured Party / Registering Agent Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20080630 1702 1462 3170
File No.	646522722
Registration Date	June 30, 2008
Registration Period	5 years
Collateral Classification	Equipment, Other, No Fixed Maturity Date
Motor Vehicle Description	None
General Collateral Description	None

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#3

Debtor	Grant Forest Products Inc.
Debtor Address	Hwy. 11 North, Earlton, ON P0J 1E0
Secured Party / Registering Agent	Xerox Canada Ltd.
Secured Party / Registering Agent Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20071205 1426 1462 9510
File No.	641182437
Registration Date	December 5, 2007
Registration Period	5 years
Collateral Classification	Equipment, Other, No Fixed Maturity Date
Motor Vehicle Description	None
General Collateral Description	None

#4

Debtor	Grant Forest Products Inc.
Debtor Address	Hwy. 11 N Box 960, Englehart, ON P0J 1H0
Secured Party	GMAC Leaseco Corporation
Secured Party Address	3250 Bloor Street Wset, 8th floor, Toronto, ON M8X 2Y5
Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 200 – 4126 Norland Avenue, Burnaby, BC V5G 3S8
Registration No.	20070508 1459 1530 9250
File No.	635094747
Registration Date	May 8, 2007
Registration Period	4 years
Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 59859
Motor Vehicle Description	Year = 2007, Make = GMC, Model = Sierra, VIN = 1GTHK23K27F517412
General Collateral Description	None
Amended by	Registration No. 20070516 1457 1530 5515. To amend name entered for debtor on page 1 line 3 of registration number 20070508 1459 1530 9250

#5

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900 – 10180 101 Street, Edmonton, AB T5J 3V5

Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070319 1809 1590 1448
File No.	633577041
Registration Date	March 19, 2007
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Others, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0931 1590 9916. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1357 1590 9799. Discharge from the security granted by Grant Forest Products Inc. of the sold 2008 refund (as defined by the tax refund purchasae 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.

#6

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900 – 10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion [Texas] LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	20070319 1811 1590 1449
File No.	633577068
Registration Date	March 19, 2007
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Others, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9917. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1356 1590 9798. Discharge from the security granted by Grant Forest Products Inc. of the sold 2008 refund (as defined by the tax refund purchasae 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.

#7

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900 – 10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070319 1811 1590 1450
File No.	633577077
Registration Date	March 19, 2007
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Others, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9918. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1355 1590 9797. Discharge from the security granted by Grant Forest Products Inc. of the sold 2008 refund (as defined by the tax refund purchasae 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.

#8

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900 – 10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion [Texas] LLC, as collateral agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	20070319 1813 1590 1451
File No.	633577086
Registration Date	March 19, 2007
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Others, Motor Vehicle Included
Motor Vehicle Description	None

General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9919. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1358 1590 9800. Discharge from the security granted by Grant Forest Products Inc. of the sold 2008 refund (as defined by the tax refund purchasae 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.

#9

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070312 1411 1590 1167
File No.	633396663
Registration Date	March 12, 2007
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Others, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20080411 1353 1590 9796. Discharge from the security granted by Grant Forest Products Inc. of the sold 2008 refund (as defined by the tax refund purchasae 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.

#10

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	Hwy. 11 N Box 160, Earlton, ON P0J 1E0
Secured Party	GMAC Leaseco Corporation
Secured Party Address	3250 Bloor Street West, 8th floor, Toronto, ON M8X 2Y5
Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 200 – 4126 Norland Avenue, Burnaby, BC V5G 3S8
Registration No.	20070104 1450 1530 6780
File No.	631873107
Registration Date	January 4, 2007
Registration Period	4 years

Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 57020, No Fixed Maturity Date
Motor Vehicle Description	Year = 2007, Make = GMC, Model = Yukon, VIN = 1GKFK66867J180999
General Collateral Description	None.
Amended by	Registration No. 20070105 1456 1530 9772. To amend name entered for debtor on page 1 line 3 of registration number 20070104 1450 1530 6780. Registration No. 20070502 1457 1530 1330. Transfor debtor from Grant Forest Products Inc. to Robert McLeod (dob. Oct. 8. 1945), address = 555 Lakeshore Road Box 398, Haileybury, ON P0J 1K0.

#11

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	815A Great Northern Road, Sault Ste Marie, ON P6A 5K7
Secured Party	Irwin Commercial Finance Canada Corporation
Secured Party Address	Suite 300, 666 Burrard St., Vancouver, BC V6C 2X8
Registering Agent	Advanced Validation Systems LP
Registering Agent Address	20A 100 Kal Lake Rd, Vernon, BC V1T 9G1
Registration No.	20060804 1440 1902 0338
File No.	627726591
Registration Date	August 4, 2006
Registration Period	6 years
Collateral Classification	Equipment, Other
Motor Vehicle Description	None
General Collateral Description	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 dealings 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.
Amended by	Registration No. 20060921 1210 1902 3036. On file reference number 627726591, change debtor from Grant Forest Products, 815A Great Northern Road, Sault Ste Marie, ON P6A 5K7 to Grant Equipment Corp., 815A Great Northern Road, Sault Ste Marie, ON P6A 5K7

#12

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	Hwy. 11 N, Englehart, ON P0J 1H0
Secured Party	GMAC Leaseco Corporation
Secured Party Address	3250 Bloor Street Wset, 8th floor, Toronto, ON M8X 2Y5

Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 200 – 4126 Norland Avenue, Burnaby, BC V5G 3S8
Registration No.	20060801 1453 1530 8811
File No.	627592473
Registration Date	August 1, 2006
Registration Period	4 years
Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 67267, No Fixed Maturity Date
Motor Vehicle Description	Year = 2007, Make = GMC, Model = Yukon, VIN = 1GKFK16347J189319
General Collateral Description	None
Amended by	Registration No. 20060802 1456 1530 1275. To amend name entered for debtor on page 1 line 3 of registration number 20060801 1453 1530 8811.

#13

Debtor	Grant Forest Products Inc.
Debtor Address	Hwy 11 North, Englehart, ON P0J 1H0
Secured Party / Registering Agent	Xerox Canada Ltd.
Secured Party / Registering Agent Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20060725 1704 1462 0877
File No.	627378732
Registration Date	July 25, 2006
Registration Period	5 years
Collateral Classification	Equipment, Other, No Fixed Maturity Date
Motor Vehicle Description	None
General Collateral Description	None

#14

Debtor	Grant Forest Products Inc. / Grant Forest Prduct In
Debtor Address	160 – Hwy 11 N Box, Earlton, ON P0J 1E0
Secured Party	GMAC Leaseco Corporation
Secured Party Address	3250 Bloor Street Wset, 8th floor, Toronto, ON M8X 2Y5
Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 200 – 4126 Norland Avenue, Burnaby, BC V5G 3S8
Registration No.	20060710 1456 1530 7055
File No.	626900445
Registration Date	July 10, 2006

Registration Period	5 years
Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 114137, No Fixed Maturity Date
Motor Vehicle Description	Year = 2007, Make = Cadillac, Model = Escalade, VIN = 1GYFK63867R209669
General Collateral Description	None
Amended by	Registration No. 20061120 1941 1531 8550. To amend name entered for debtor on page 1 line 3 of registration number 20060710 1456 1530 7055.

#15

Debtor	Grant Forest Products Inc.
Debtor Address	Box 160 – Hwy 11 North, Earlton, ON P0J 1E0
Secured Party / Registering Agent	Xerox Canada Ltd.
Secured Party / Registering Agent Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20060704 1419 1462 5464
File No.	626708178
Registration Date	July 4, 2006
Registration Period	5 years
Collateral Classification	Equipment, Other, No Fixed Maturity Date
Motor Vehicle Description	None
General Collateral Description	None

#16

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	Hwy 11 N Box 160, New Liskeard, ON P0J 1P0
Secured Party	GMAC Leaseco Corporation
Secured Party Address	3250 Bloor Street West, 8th floor, Toronto, ON M8X 2Y5
Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 200 – 4126 Norland Avenue, Burnaby, ON V5G 3S8
Registration No.	20060411 1457 1530 3155
File No.	624196368
Registration Date	April 11, 2006
Registration Period	4 years
Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 49817, No Fixed Maturity Date
Motor Vehicle Description	Year = 2006, Make = Subaru, Model = Legacy, VIN = 4S3BP676666305137
General Collateral	None

Description	

#17

Debtor	Grant Forest Products Inc.
Debtor Address	Hwy 11, North Englehart, ON P0J 1H0
Secured Party / Registering Agent	Xerox Canada Ltd.
Secured Party / Registering Agent Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20060217 1703 1462 2512
File No.	622812222
Registration Date	February 17, 2006
Registration Period	5 years
Collateral Classification	Equipment, Other, No Fixed Maturity Date
Motor Vehicle Description	None
General Collateral Description	None

#18

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	Hwy 11 N Box 160, Earlton, ON P0J 1E0
Secured Party	GMAC Leaseco Corporation
Secured Party Address	3250 Bloor Street West, 8th floor, Toronto, ON M8X 2Y5
Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 200 – 4126 Norland Avenue, Burnaby, ON V5G 3S8
Registration No.	20060208 1452 1530 5031
File No.	622601064
Registration Date	February 8, 2006
Registration Period	4 years
Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 42911, No Fixed Maturity Date
Motor Vehicle Description	Year = 2006, Make = Pontiac, Model = Montana, VIN = 1GMDV33L76D113404
General Collateral Description	None

#19

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	Hwy 11N Box 160, Earlton, ON P0J 1E0
Secured Party	General Motors Acceptance Corporation of Canada, Limited
Secured Party Address	3250 Bloor Street West, 8th floor, Toronto, ON M8X 2Y5
Registering Agent	Canadian Securities Registration Systems
Registering Agent	Suite 200 – 4126 Norland Avenue, Burnaby, BC V5G 3S8

Address	
Registration No.	20060109 1442 1530 3445
File No.	621867078
Registration Date	January 9, 2006
Registration Period	4 years
Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 37419, No Fixed Maturity Date
Motor Vehicle Description	Year = 2006, Make = GMC, Model = Canyon, VIN = 1GTDT196568209721
General Collateral Description	None

#20

Debtor	Grant Forest Products Inc.
Debtor Address	BCE Place, 1520 – 181 Bay Street, Toronto, ON M5J 2T3
Secured Party	Pitney Bowes Global Credit Services
Secured Party Address	5500 Explorer Drive, Mississauga, ON L4W 5C7
Registering Agent	Rent Check Corporation
Registering Agent Address	805 – 80 Richmond Street West, Toronto, ON M5H 2A4
Registration No.	20051121 1652 1651 2295
File No.	620652096
Registration Date	November 21, 2005
Registration Period	6 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Amount = 38717, No Fixed Maturity Date
Motor Vehicle Description	None
General Collateral Description	Copier. All items as listed and defined under Pitney Bowes Contract #480527.

#21

Debtor	Grant Forest Products Inc. / Grant Forest Products Corp.
Debtor Address	Highway 11, Box 130, New Liskeard, ON P0J 1P0
Secured Party	The Toronto-Dominion Bank
Secured Party Address	43 Elm Street, Sudbury, ON P3E 4R7
Registering Agent	Desmarais, Keenan LLP
Registering Agent Address	#100-30 Durham Street, Sudbury, ON P3C 5E5
Registration No.	20051110 1451 1530 0627
File No.	620404254
Registration Date	November 10, 2005
Registration Period	5 years
Collateral Classification	Accounts, Other
Motor Vehicle	None

Description	
General Collateral Description	Postponement & Assignment of Creditor's Claim

#22

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20051021 1523 1590 6013
File No.	619883595
Registration Date	October 21, 2005
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20080411 1352 1590 9795. 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.

#23

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	Hwy 11N Box 160, Earlton, ON P0J 1E0
Secured Party	GMAC Leaseco Corporation
Secured Party Address	3250 Bloor Street West, 8th floor, Toronto, ON M8X 2Y5
Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 180 – 13571 Commerce Parkway, Richmond, BC V6V 2L1
Registration No.	20041230 1518 1530 5576
File No.	611688798
Registration Date	December 30, 2004
Registration Period	5 years
Collateral Classification	Consumer Goods, Equipment, Other, Motor Vehicle Included, Amount = 129969, No Fixed Maturity Date
Motor Vehicle Description	Year = 2005, Make = Cadillac, Model = Escalade, VIN = 3GYFK66NX5G159776
General Collateral Description	None

#24

Debtor	Grant Forest Products Inc.
Debtor Address	3500 Hwy 11 North, Box 6718, North Bay, ON P0H 2G0
Secured Party	National Leasing Group Inc. L# 2271912
Secured Party Address	1558 Willson Place, Winnipeg, MB R3T 0Y4
Registration No.	20040910 1029 6005 1286
File No.	608881311
Registration Date	September 10, 2004
Registration Period	5 years
Collateral Classification	Equipment
Motor Vehicle Description	All photocopiers/print/fax, paper tray or every nature or kind described in Lease Number 2271912, between the secured party, as lessor and the debtor as lesee, as amended from time to time, together with all attachments, accessories and substitutions.
General Collateral Description	None

#25

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	Post Office Box 160, Earlton, ON P0J 1E0
Secured Party	1499570 Ontario Inc.
Secured Party Address	174 Francis Street, North Bay, ON P1C 1B2
Registering Agent	Applied Business Services
Registering Agent Address	370 McIntyre Street West, North Bay, ON P1B 2Z1
Registration No.	20040907 1124 0026 5269
File No.	087077799
Registration Date	September 7, 2004
Registration Period	5 years
Collateral Classification	Equipment
Motor Vehicle Description	None
General Collateral Description	1 Neopost 1J 35 Mailing Machine with base, sealer and scale serial no. 03401878.

#26

Debtor	Grant Forest Products Inc.
Debtor Address	Timmins Hill, Timmins, ON P4N 7E1
Secured Party / Registering Agent	Xerox Canada Ltd.
Secured Party / Registering Agent Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20040518 1004 1462 9851
File No.	605566611

Registration Date	May 18, 2004
Registration Period	5 years
Collateral Classification	Equipment, Other
Motor Vehicle Description	None
General Collateral Description	References XOA 919415 Date 2004 / 05 / 12

#27

Debtor	Grant Forest Products Inc.
Debtor Address	104 – 2233 Argentia Rd., Mississauga, ON L5N 2X7
Secured Party	Xerox Canada Ltd.
Secured Party Address	33 Bloor Street East, 3rd floor, Toronto, ON M4W 3H1
Registration No.	20040504 1032 1715 3880
File No.	605166588
Registration Date	May 4, 2004
Registration Period	5 years
Collateral Classification	Equipment, Other
Motor Vehicle Description	None
General Collateral Description	None

#28

Debtor	Grant Forest Products Inc.
Debtor Address	P.O. Box 130, New Liskeard, ON P0J 1P0
Secured Party	GE Capital Canada Leasing Services Inc.
Secured Party Address	5420 North Service Road, Burlington, ON L7L 6C7
Registering Agent	McCarthy Tetrault LLP (Steven J. Rapkin)
Registering Agent Address	Ste. 4700, TD Bank Tower, TD Centre, Toronto, ON M5K 1E6
Registration No.	20020208 1441 1862 2513
File No.	880460847
Registration Date	February 8, 2002
Registration Period	13 years
Collateral Classification	Equipment, Other
Motor Vehicle Description	
General 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, 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.
Amended by	Registration No. 20030328 1110 1862 0554. To add to the collateral description, "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 manufactuer'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. Registration No. 20031127 1137 1862 7517. To reflect the new name of the secured party (GE Canada Leasing Services Company) and to add "Accounts" to the collateral classification.

#29

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	Bank of Montreal, as agent
Secured Party Address	1 First Canadian Place, 23rd floor, Toronto, ON M5X 1A1
Registration No.	20010704 1628 1590 7482
File No.	874098351
Registration Date	July 4, 2001
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None

#30

Debtor	Grant Forest Products Inc. / Grant Forest Products Corp.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank
Secured Party Address	P.O. Box 420, North Bay, ON P1B 8H8
Registration No.	20010118 1614 2014 7575
File No.	869225994
Registration Date	January 18, 2001
Registration Period	5 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20031017 1937 1531 7037. Assignment from the assignor, The Toronto-Dominion Bank to the assignee, The Toronto-Dominion Bank – North Bay CBC, 31202 CAS 3471, 240 Main Street East, North Bay, ON P1B 1B1. Registration No. 20051216 1456 1530 0283. Renewal of 5 years.

#31

Debtor	Grant Forest Products Inc.
Debtor Address	P.O. Box 130, New Liskeard, ON P0J 1P0
Secured Party	GE Capital Canada Leasing Services Inc.
Secured Party Address	2300 Meadowvale Blvd., Mississauga, ON L5N 5P9
Registering Agent	Mccarthy Tetrault (Norie Campbell)
Registering Agent Address	Ste. 4700, TD Bank Tower, TD Centre, Toronto, ON M5K 1E6
Registration No.	19991217 1439 9065 4458
File No.	857729169
Registration Date	December 17, 1999
Registration Period	11 years
Collateral Classification	Equipment, Accounts, Other
Motor Vehicle Description	None
General Collateral Description	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 numbers 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.
Amended by	Registration No. 19991222 1012 1081 3250. To amend line 13 on registration no. 19991217 1439 9065 4458. Registratio No. 19991222 1013 1081 3251. Renewal of 2 years. Registration No. 20030328 1110 1862 0552. Renewal of 2 years. Registration No. 20030328 1110 1862 0553. 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, 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." Registration No. 20031127 1137 1862 7516. To reflect the new name of the secured party, GE Canada Leasing Services Company.

#32

Debtor	Grant Forest Products Inc. / Grant Forest Products
Debtor Address	P.O. Box 960, Ennismore, ON P0J 1H0
Secured Party	IBM Canada Ltd. – PPSA Administrators
Secured Party Address	3600 Steeles Avenue East F4, Markham, ON L3R 9Z7
Registering Agent	Canadian Securities Registration Systems
Registering Agent Address	Suite 180 – 13571 Commerce Parkway, Richmond, BC V6V 2L1
Registration No.	19980924 1819 1531 3351
File No.	844695423
Registration Date	September 24, 1998
Registration Period	5 years
Collateral Classification	Equipment, Accounts, Other
Motor Vehicle Description	None
General Collateral	None

Description	
Amended by	Registration No. 20030904 1203 1529 7257. Renewal of 2 years. Registration No. 20050829 1949 1531 6181. Renewal of 3 years. Registration No. 20071030 1946 1531 5030. Amend debtor name to include "Inc.". Registration No. 20071120 1450 1530 5048. Amend debtor location from "Ennismore" to "Englehart", Ontario. Registration No. 20080826 1947 1531 1256. Renewal of 4 years.

Grant Alberta Inc.

PPSA (Ontario) Search Results

(File Currency: Wednesday April 1, 2009)

#1

Debtor	Grant Alberta Inc.
Debtor Address	2900 – 10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20051021 1526 1590 6015
File No.	619883649
Registration Date	October 21, 2005 [Current Expiry: October 21, 2015]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None

#2

Debtor	Grant Alberta Inc.
Debtor Address	2900 – 10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070312 1413 1590 1168
File No.	633396699
Registration Date	March 12, 2007 [Current Expiry: March 12, 2017]

Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None

#3

Debtor	Grant Alberta Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070319 1809 1590 1448
File No.	633577041
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0931 1590 9916. To change debtor name from Grant U.S. Holdings LLP to Grant Holdings GP. Registration No. 20080411 1357 1590 9799. 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.

#4

Debtor	Grant Alberta Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion [Texas] LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	20070319 1811 1590 1449
File No.	633577068
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]

Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9917. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1356 1590 9798. 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.

#5

Debtor	Grant Alberta Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070319 1811 1590 1450
File No.	633577077
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9918. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1355 1590 9797. 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.

#6

Debtor	Grant Alberta Inc. / Grant U.S. Holdings LLP / Grant Forest Products

	Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion [Texas] LLC, as collateral agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	20070319 1813 1590 1451
File No.	633577086
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9919. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1358 1590 9800. 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.

Grant U.S. Holdings GP

PPSA (Ontario) Search Results

(File Currency: Wednesday April 1, 2009)

#1

Debtor	Grant U.S. Holdings GP / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070319 1809 1590 1448
File No.	633577041
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years

Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0931 1590 9916. To change debtor name from Grant U.S Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1357 1590 9799. 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.

#2

Debtor	Grant U.S. Holdings GP / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion [Texas] LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	20070319 1811 1590 1449
File No.	633577068
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9917. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1356 1590 9798. 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.

#3

Debtor	Grant U.S. Holdings GP / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827

	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070319 1811 1590 1450
File No.	633577077
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9918. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1355 1590 9797. 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.

#4

Debtor	Grant U.S. Holdings GP / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc.
Debtor Address	9918 Buford's Bridge Road, P.O. Box 1000, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion [Texas] LLC, as collateral agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	20070319 1813 1590 1451
File No.	633577086
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None
Amended by	Registration No. 20070820 0932 1590 9919. To change debtor name from Grant U.S. Holdings LLP to Grant U.S. Holdings GP. Registration No. 20080411 1358 1590 9800. 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.

Grant Forest Products Sales Inc.

PPSA (Ontario) Search Results

(File Currency: Wednesday April 1, 2009)

#1

Debtor	Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20051021 1525 1590 6014
File No.	619883631
Registration Date	October 21, 2005 [Current Expiry: October 21, 2015]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None

#2

Debtor	Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	20070312 1414 1590 1169
File No.	633396753
Registration Date	March 12, 2007 [Current Expiry: March 12, 2017]
Registration Period	10 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None

#3

Debtor	Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	Bank of Montreal, as agent
Secured Party Address	1 First Canadian Place, 23rd floor, Toronto, ON M5X 1A1
Registration No.	20020509 1315 1590 7945
File No.	881268021
Registration Date	May 5, 2002 [Current Expiry: May 5, 2011]
Registration Period	9 years
Collateral Classification	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
Motor Vehicle Description	None
General Collateral Description	None

Exhibit "**D**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

Commissioner for Taking Affidavits, etc.

EXHIBIT "D"

Summary of Alberta PPSA Search Results as at April 1, 2009 with respect to each of the Applicants

Alberta

Grant Forest Products Inc.

PPSA (Alberta) Search Results

(Date of Search: Thursday April 2, 2009)

Search ID #: Z01020206

#1

Debtor	Grant Forest Products Inc.
Debtor Address	P.O. Box 130, New Liskeard, ON P0P 1P0
Secured Party	GE Capital Canada Leasing Services Inc. / GE Canada Leasing Services Company
Secured Party Address	2300 Meadowvale Blvd., Mississauga, ON L5N 5P9
Registration No.	99122222344
File No.	
Registration Date	December 22, 1999 [Current Expiry: December 22, 2012]
Registration Period	13 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	(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.
Collateral: Serial Number Goods	Serial Number = CGGFP, Year = 1992, Make and Model = Dassafult Falcon 50, Category = AC – Aircraft Canada
Amended by	Registration No. 03120128578. Deleted GE Capital Canada Leasing Services Inc. and added GE Canada Leasing Services Company as a secured party. Added "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." to the General Collateral Description.

#2

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	Bank of Montreal, as agent
Secured Party Address	1 First Canadian Place, 23rd floor, Toronto, ON M5X 1A1
Registration No.	01070517162
File No.	
Registration Date	July 5, 2001 [Current Expiry: July 5, 2011]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Personal Property.

#3

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	Bank of Montreal, as agent
Secured Party Address	1 First Canadian Place, 23rd floor, Toronto, ON M5X 1A1
Registration No.	01070517212
File No.	
Registration Date	July 5, 2001
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#4

Debtor	Grant Forest Products Inc. / Flightexec Corp.
Debtor Address	P.O. Box 130, New Liskeard, ON P0J 1P0 Bag 5400, High Level, AB T0H 1Z0

	2530 Blair Boulevard, London, ON N5V 3Z9
Secured Party	GE Capital Canada Leasing Services Inc. / GE Canada Leasing Services Company
Secured Party Address	5420 North Service Road, Burlington, ON L7L 6C7
Registration No.	02020726390
File No.	
Registration Date	February 7, 2002 [Current Expiry: February 7, 2015]
Registration Period	13 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	(1) One (1) 1994 Dassault Falcon 900B Aircraft bearing Canadian Department of Transportation 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; (3) Proceeds: All of the debtor's present and after-acquired personal property derived from any disposition or dealing with the foregoing collateral.
Collateral: Serial Number Goods	Serial Number = CFGFI, Year = 1994, Make and Model = Dassafult Falcon 900B, Category = AC – Aircraft Canada
Amended by	Registration No. 02020826224. Added Flightexec Corp. as a debtor. Registration No. 03120128511. Deleted GE Capital Canada Leasing Services Inc. and added GE Canada Leasing Services Company as a secured party. Added "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." to the General Collateral Description.

#5

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent

Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128385
File No.	
Registration Date	October 21, 2005 [Current Expiry: October 21, 2015]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Property of the Debtor.
Amended by	Registration No. 08041125794. Deleted "All Present and After-Acquired Property of the Debtor" and replaced with "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" under the General Collateral Description.

#6

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128435
File No.	
Registration Date	October 21, 2005
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#7

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031307890
File No.	
Registration Date	March 13, 2007 [Current Expiry: March 13, 2017]
Registration Period	10 years

Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Property of the Debtor.
Amended by	Registration No. 08041126407. Deleted "All Present and After-Acquired Property of the Debtor" and replaced with "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" under the General Collateral Description.

#8

Debtor	Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031307999
File No.	
Registration Date	March 13, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#9

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031934974
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	

General Collateral Description	All present and after-acquired property of the debtors.
Amended by	Registration No. 07082007571. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041123689. Deleted "All present and after-acquired property of the debtors" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#10

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935021
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082007738. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses

	between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#11

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935088
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtors.
Amended by	Registration No. 07082007803. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041126679. Deleted "All present and after-acquired property of the debtors" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#12

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827

	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935096
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082007910. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#13

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935138
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired personal property.
Amended by	Registration No. 07082008074. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners.

	Registration No. 08041125425. Deleted "All present and after-acquired personal property" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#14

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935179
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082008306. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#15

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935252
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired personal property.
Amended by	Registration No. 07082008462. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041124993. Deleted "All present and after-acquired personal property" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#16

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935286
File No.	

Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082008710. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#17

Debtor	Grant Forest Products Inc. / Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128278
File No.	
Registration Date	October 21, 2005 [Current Expiry: October 21, 2015]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtor.

#18

Debtor	Grant Forest Products Inc. / Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128336
File No.	
Registration Date	October 21, 2005
Registration Period	Infinity
Collateral Classification	
Motor Vehicle	

Description	
General Collateral Description	

#19

Debtor	Grant Forest Products Inc. / Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031308070
File No.	
Registration Date	March 13, 2007 [Current Expiry: March 13, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property.

#20

Debtor	Grant Forest Products Inc. / Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031308245
File No.	
Registration Date	March 13, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

Grant Alberta Inc.

PPSA (Alberta) Search Results

(Date of Search: Thursday April 2, 2009)

Search ID #: Z01020195

#1

Debtor	Grant Alberta Inc.
Debtor Address	2900 – 10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128518
File No.	
Registration Date	October 21, 2005 [Current Expiry: October 21, 2015]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtor.

#2

Debtor	Grant Alberta Inc.
Debtor Address	2900 – 10180 101 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128559
File No.	
Registration Date	October 21, 2005
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#3

Debtor	Grant Alberta Inc.
Debtor Address	2900 – 10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent

Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031308492
File No.	
Registration Date	March 13, 2007 [Current Expiry: March 13, 2007]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtor. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#4

Debtor	Grant Alberta Inc.
Debtor Address	2900 – 10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031308583
File No.	
Registration Date	March 13, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#5

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031934974

File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtor.
Amended by	Registration No. 07082007571. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041123689. Deleted "All present and after-acquired property of the debtor" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#6

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935021
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	

General Collateral Description	
Amended by	Registration No. 07082007738. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#7

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935088
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtor.
Amended by	Registration No. 07082007803. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041126679. Deleted "All present and after-acquired property of the debtor" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The

	Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#8

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935096
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082007910. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#9

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935138
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	

Motor Vehicle Description	
General Collateral Description	All present and after-acquired property.
Amended by	Registration No. 07082008074. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041125425. Deleted "All present and after-acquired property" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#10

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935179
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082008306. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners.

	Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#11

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as collateral agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935252
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired personal property.
Amended by	Registration No. 07082008462. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041124993. Deleted "All present and after-acquired personal property" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#12

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as collateral agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935286
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082008710. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007, of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

Grant U.S. Holdings GP

PPSA (Alberta) Search Results

(Date of Search: Thursday April 2, 2009)

Search ID#: Z01020216

#1

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031934974
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtors.
Amended by	Registration No. 07082007571. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041123689. Deleted "All present and after-acquired property of the debtors" and replaced "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#2

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935021
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082007738. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#3

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935088
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtors.

Amended by	Registration No. 07082007803. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041126679. Deleted "All present and after-acquired property of the debtors" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#4

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935096
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082007910. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor

	address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#5

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935138
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired personal property.
Amended by	Registration No. 07082008074. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041125425. Deleted "All present and after-acquired personal property" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#6

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5

Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935179
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082008306. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#7

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935252
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired personal property.
Amended by	Registration No. 07082008462. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041124993. Deleted "All present and after-

	acquired personal property" and replaced with "All present and after-acquired property of the debtors 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" in the General Collateral Description field. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#8

Debtor	Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935286
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082008710. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

Grant Forest Products Sales Inc.

PPSA (Alberta) Search Results

(Date of Search: Thursday April 2, 2009)

Search ID #: Z01020222

#1

Debtor	Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128278
File No.	
Registration Date	October 21, 2005 [Current Expiry: October 21, 2015]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property of the debtor.

#2

Debtor	Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128336
File No.	
Registration Date	October 21, 2005
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#3

Debtor	Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2

Registration No.	07031308070
File No.	
Registration Date	March 13, 2007 [Current Expiry: March 13, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All present and after-acquired property.

#4

Debtor	Grant Forest Products Sales Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031308245
File No.	
Registration Date	March 13, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#5

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc.
Debtor Address	P.O. Box 130, New Liskeard, ON P0P 1P0
Secured Party	GE Capital Canada Leasing Services Inc. / GE Canada Leasing Services Company
Secured Party Address	2300 Meadowvale Blvd., Mississauga, ON L5N 5P9
Registration No.	99122222344
File No.	
Registration Date	December 22, 1999 [Current Expiry: December 22, 2012]
Registration Period	13 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	(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.
Collateral: Serial Number Goods	Serial Number = CGGFP, Year = 1992, Make and Model = Dassafult Falcon 50, Category = AC – Aircraft Canada
Amended by	Registration No. 03120128578. Deleted GE Capital Canada Leasing Services Inc. and added GE Canada Leasing Services Company as a secured party. Added "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." to the General Collateral Description.

#6

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	Bank of Montreal, as agent
Secured Party Address	1 First Canadian Place, 23rd floor, Toronto, ON M5X 1A1
Registration No.	01070517162
File No.	
Registration Date	July 5, 2001 [Current Expiry: July 5, 2011]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Personal Property.

#7

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3

Secured Party	Bank of Montreal, as agent
Secured Party Address	1 First Canadian Place, 23rd floor, Toronto, ON M5X 1A1
Registration No.	01070517212
File No.	
Registration Date	July 5, 2001
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#8

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc. / Flightexec Corp.
Debtor Address	P.O. Box 130, New Liskeard, ON P0J 1P0 Bag 5400, High Level, AB T0H 1Z0 2530 Blair Boulevard, London, ON N5V 3Z9
Secured Party	GE Capital Canada Leasing Services Inc. / GE Canada Leasing Services Company
Secured Party Address	5420 North Service Road, Burlington, ON L7L 6C7
Registration No.	02020726390
File No.	
Registration Date	February 7, 2002 [Current Expiry: February 7, 2015]
Registration Period	13 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	(1) One (1) 1994 Dassault Falcon 900B Aircraft bearing Canadian Department of Transportation 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; (3) Proceeds: All of the debtor's present and after-acquired personal

	property derived from any disposition or dealing with the foregoing collateral.
Collateral: Serial Number Goods	Serial Number = CFGFI, Year = 1994, Make and Model = Dassafult Falcon 900B, Category = AC – Aircraft Canada
Amended by	Registration No. 02020826224. Added Flightexec Corp. as a debtor. Registration No. 03120128511. Deleted GE Capital Canada Leasing Services Inc. and added GE Canada Leasing Services Company as a secured party. Added "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." to the General Collateral Description.

#9

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128385
File No.	
Registration Date	October 21, 2005 [Current Expiry: October 21, 2015]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Property of the Debtor.
Amended by	Registration No. 08041125794. Deleted "All Present and After-Acquired Property of the Debtor" and replaced with "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" under the General Collateral Description.

#10

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	05102128435
File No.	
Registration Date	October 21, 2005

Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#11

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031307890
File No.	
Registration Date	March 13, 2007 [Current Expiry: March 13, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Property of the Debtor.
Amended by	Registration No. 08041126407. Deleted "All Present and After-Acquired Property of the Debtor" and replaced with "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" under the General Collateral Description.

#12

Debtor	Grant Forest Products Sales Inc. / Grant Forest Products Inc.
Debtor Address	181 Bay Street, Suite 1520, Toronto, ON M5J 2T3
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031307999
File No.	
Registration Date	March 13, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	

#13

Debtor	Grant Forest Products Sales Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031934974
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Property of the Debtor.
Amended by	Registration No. 07082007571. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041123689. Deleted "All Present and After-Acquired Property of the Debtor" and replaced with "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" under the General Collateral Description. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#14

Debtor	Grant Forest Products Sales Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre

	Toronto, ON M5K 1A2
Registration No.	07031935021
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082007738. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#15

Debtor	Grant Forest Products Sales Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935088
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Property of the Debtor.
Amended by	Registration No. 07082007803. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041126679. Deleted "All Present and After-Acquired Property of the Debtor" and replaced with "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" under the General Collateral Description. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#16

Debtor	Grant Forest Products Sales Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	Toronto Dominion (Texas) LLC, as agent
Secured Party Address	31 West 52nd Street, 22nd floor, New York NY 10019
Registration No.	07031935096
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	
Amended by	Registration No. 07082007910. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#17

Debtor	Grant Forest Products Sales Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5

Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935138
File No.	
Registration Date	March 19, 2007 [Current Expiry: March 19, 2017]
Registration Period	10 years
Collateral Classification	
Motor Vehicle Description	
General Collateral Description	All Present and After-Acquired Property of the Debtor.
Amended by	Registration No. 07082008074. Grant U.S. Holdings LLP converted to a general partnership and changed its name to Grant U.S. Holdings GP on or about August 17, 2007 of which Grant Forest Products Inc. and Grant Alberta Inc. are its partners. Registration No. 08041125425. Deleted "All Present and After-Acquired Property of the Debtor" and replaced with "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" under the General Collateral Description. Note: There is a discrepancy in one of the debtor's addresses between the PPSA (Ontario) and PPSA (Alberta) searches. The Alberta searches have a debtor address of "2900-10180 **181** Street, Edmonton, AB T5J 3V5" compared to the Ontario search of a debtor address of "2900-10180 **101** Street, Edmonton, AB T5J 3V5".

#18

Debtor	Grant Forest Products Sales Inc. / Grant U.S. Holdings LLP / Grant Forest Products Inc. / Grant Alberta Inc. / Grant U.S. Holdings GP
Debtor Address	9918 Buford's Bridge Road, Fairfax, SC 29827 181 Bay Street, Suite 1520, Toronto, ON M5J 2T3 2900-10180 181 Street, Edmonton, AB T5J 3V5
Secured Party	The Toronto-Dominion Bank, as collateral agent
Secured Party Address	77 King Street West, 18th floor, Royal Trust Tower, TD Centre Toronto, ON M5K 1A2
Registration No.	07031935179
File No.	
Registration Date	March 19, 2007
Registration Period	Infinity
Collateral Classification	

Exhibit "**E**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

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Commissioner for Taking Affidavits, etc.

EXHIBIT "E"

List of Approximate Amounts of Trade Accounts Payable of each Applicant

as at May 31, 2009

Grant Forest	**U.S. $702,245.80** **Cdn. $3,334,040.60**
Alberta	**Nil**
Sales	**U.S. $111,111.04** **Cdn. $147,113.00**
Grant Holdings	**Nil**

Exhibit "**F**" to the Affidavit of **Peter Lynch**, sworn before me this 23rd day of June, 2009.

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Commissioner for Taking Affidavits, etc.

EXHIBIT "F"

Cash Flow Projection

Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP. ("Applicants") Consolidated Cash Flow Projection
For The Period From June 22, 2009 to September 27, 2009
(In Thousands of US Dollars)

Week Ending	Notes	28-Jun	5-Jul	12-Jul	19-Jul	26-Jul	2-Aug	9-Aug	16-Aug	23-Aug	30-Aug	6-Sep	13-Sep	20-Sep	27-Sep	Total
Opening Bank Balance	1	26,729	26,203	24,262	23,585	22,750	21,882	20,435	20,453	20,193	20,515	20,326	20,235	20,207	20,238	26,729
Receipts																
OSB Sales	2	720	1,080	1,065	1,065	705	1,065	1,065	1,080	1,080	1,080	1,080	1,080	1,063	850	14,077
Wood Sales	3	-	21	-	42	-	42	-	21	-	21	-	21	-	21	190
GST Collected & Refunds	4	10	15	14	264	10	14	14	264	15	15	15	264	14	12	939
Interest Income	5	-	23	-	-	-	-	20	-	-	-	18	-	-	-	62
Total Receipts		730	1,139	1,079	1,371	714	1,121	1,100	1,365	1,095	1,116	1,112	1,365	1,077	883	15,267
Disbursements																
Payables-Wood	6	-	(664)	(476)	(476)	(476)	(476)	(53)	(53)	(15)	(15)	(15)	(22)	(22)	-	(2,761)
Freight	7	(176)	(348)	(115)	(174)	(174)	(176)	(176)	(176)	(176)	(176)	(174)	(139)	(174)	(174)	(2,529)
Other Payables	8	(239)	(271)	(270)	(280)	(309)	(260)	(260)	(291)	(205)	(184)	(268)	(268)	(268)	(268)	(3,640)
Payroll	9	(21)	(851)	(21)	(675)	(21)	(934)	(21)	(675)	(21)	(706)	(198)	(675)	(21)	(805)	(5,643)
Utilities & Fuel	10	(317)	(78)	(100)	(152)	(81)	(44)	(81)	(147)	(74)	(23)	(94)	(57)	(191)	(11)	(1,450)
GST Remittance	11	-	(86)	-	-	-	(53)	-	-	-	-	(73)	-	-	-	(212)
SG&A	12	(119)	(249)	(103)	(88)	(109)	(229)	(62)	(62)	(104)	(62)	(81)	(81)	(122)	(81)	(1,551)
Restructuring Costs	13	(249)	(249)	(249)	(249)	(249)	(249)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(113)	(2,402)
Bank Charges	14	-	(15)	-	-	-	-	(15)	-	-	-	(15)	-	-	-	(44)
Capex	15	(86)	(263)	(208)	(49)	(124)	(138)	(231)	(12)	(25)	(16)	(104)	(38)	-	-	(1,293)
Total Disbursements		(1,207)	(3,073)	(1,542)	(2,142)	(1,542)	(2,559)	(1,012)	(1,529)	(733)	(1,296)	(1,134)	(1,393)	(911)	(1,452)	(21,524)
Net Weekly Cash Flows		(477)	(1,934)	(462)	(771)	(828)	(1,438)	87	(164)	362	(180)	(21)	(28)	167	(569)	(6,257)
Inter-Company Transfers:																
Transfer from (to) US Companies	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) Footner	17	(49)	(7)	(214)	(63)	(40)	(9)	(70)	(95)	(40)	(9)	(70)	-	(135)	-	(803)
Total Inter-Company Transfers		(49)	(7)	(214)	(63)	(40)	(9)	(70)	(95)	(40)	(9)	(70)	-	(135)	-	(803)
Ending Bank Balance		26,203	24,262	23,585	22,750	21,882	20,435	20,453	20,193	20,515	20,326	20,235	20,207	20,238	19,669	19,669

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 "Applicants")
Notes to the Unaudited Cash Flows

Disclaimer:

In preparing this cash flow projection (the "Projection"), the Applicants have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Projection includes estimates concerning the operations of the mills and additional assumptions discussed below with respect to the requirements and impact of a Companies' Creditors Arrangement Act ("CCAA") filing. Since the Projection is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Projection period will vary from the Projections, 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 Projection reflects cash flows from Grant's operations including inter-company transfers to and from the mill at Footner and Grant's U.S. operation. The Applicants with the assistance of the Monitor have prepared the projection based primarily on historical results and Grant's 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$1.1032 = US$1.00. The Projection assumes that Grant files for protection under the CCAA during the week of June 22, 2009.

The Projection assumes that three of Grant's mills, specifically, Timmins, Footner and Clarendon continue to remain closed during the projection period. The Projection 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 Applicants at the commencement of the CCAA proceedings. The opening balance includes certain outstanding cheques that may be stayed subsequent to filing for CCAA. The opening balance also includes approximately $400,000 of restricted cash held as a reserve for certain letters of credit issued by the Applicants.

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 further discount for the decline in sales as a result of the slower U.S.

housing market. The projected sales price per unit is estimated using historical pricing data by Grant's sales department and market forecasts 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 historical run rates.

3) **Wood 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. Further, Grant is responsible for the construction of roads and other infrastructure with respect to the transportation of wood to its mills. This cost is reflected in the cash flow as a negative receipt.

4) **GST Collected & Refunds:**
It is estimated that 32% of Grant's OSB sales are to Canadian Customers based on Grant's most recent sales trend. GST is calculated at 5% of such sales. It is assumed that GST invoiced is collected after two weeks, similar to the receipts of sales as described above. Grant is typically in a net refund position as GST remittances are offset by potential input tax credits.

5) **Interest Income:**
Interest income is estimated at 1% of the previous month's bank balance and is projected to be received in the first week of each month.

6) **Payables – Wood:**
The mill receives wood daily until the end of August, which lasts through to the end of the calendar year. The cost of wood is estimated based on historical run rates and current production levels which are curtailed to approximately 50% of total capacity due to the weak demand in the housing markets. In addition to the cost of wood, the company pays freight, which fluctuates slightly on a weekly basis. Payments for wood are made on the first and 16th of each month until the end of August.

7) **Freight:**

Freight costs are recovered from customers, however, Grant pays freight costs 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.

8) **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.

9) **Payroll:**
Payroll represents payroll costs 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, pension, and WSIB. Payroll deductions are paid monthly.

10) **Utilities & Fuel:**

Utilities represent costs for electricity and natural gas which are paid on a monthly basis. These costs are estimated based on historical run rates and production levels.

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

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

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

13) **Restructuring Costs:**
Restructuring costs include costs related to Grant's advisors and their counsel and the Monitor and its counsel.

14) **Bank Charges**
No interest in projected to be paid to the lenders during the projection period.

15) **Capex:**
Capex costs represent payments for anticipated capital expenditures.

16) **Transfer from (to) US Companies:**
Represents intercompany funding between Allendale and Clarendon and the CCAA filing entities. No transfers of funds are currently projected between Grant and its U.S. entities during the projection period.

17) **Transfers from (to) Footner:**

Represents intercompany funding between Footner and the CCAA filing entities. During the projection period, it is currently projected that Footner will require approximately $0.7 million in funding from the CCAA filing entities.

Exhibit "**G**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

Commissioner for Taking Affidavits, etc.

EXHIBIT "G"

Summary of Inter-Company Debt

Grant Forest Products Inc.
Consolidated Due from Associated Companies
As of May 31, 2009

	GFP Inc. (2)	GFP Sales Inc. (5)	GFPI - Footner (6)	Grant US Holdings LP (10)	Southeast Properties Inc. (11)	Grant Allendale LP (12)	Grant Clarendon LP (14)	GFP US Sales Inc (15)	Excluded GP (18)
Assets									
Intercompany receivable Co 2			328,437						
Intercompany receivable Co 5	4,076,480							3,256,789	
Intercompany receivable Co 6									
Intercompany receivable Co 10						13,581,778			
Intercompany receviable Co 11						8,803	8,577,351		
Intercompany receivable Co 12	63,969,425	1,536,000			9,755,623				
Intercompany receivable Co 14	12,139,694	19,419				11,225,408		13,117,703	
Intercompany receivable Co 15	201,265					25,206,042			
Loan Receivable Allendale									340,063,546
Loan Receivable Clarendon									259,246,401
	80,386,864	1,555,419	328,437	0	9,755,623	50,022,031	8,577,351	16,374,492	599,309,947
Liabilities									
Intercompany payable Co 2		4,076,480				63,969,425	12,139,694	201,265	
Intercompany payable Co 5						1,536,000	19,419		
Intercompany payable Co 6	328,438								
Intercompany payable Co 11						9,755,623			
Intercompany payable Co 12				13,581,778	8,803		11,225,408	25,206,042	
Intercompany payable Co 14					8,577,351				
Intercompany payable Co 15		3,256,789					13,117,702		
Loan Payable Excluded GP						340,063,546	259,246,401		
	328,438	7,333,269	0	13,581,778	8,586,154	415,324,594	295,748,624	25,407,307	0

Exhibit "**H**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

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Commissioner for Taking Affidavits, etc.

EXHIBIT "H"

Investment Offering Protocol

GRANT FOREST PRODUCTS INC.

INVESTMENT OFFERING PROTOCOL

Recitals

1. Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. and Grant U.S. Holdings GP (collectively, the "**Grant Companies**") filed for protection with the Ontario Superior Court of Justice (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**").

2. Pursuant to the CCAA proceedings, Ernst & Young Inc. (the "**Monitor**") has been appointed as the monitor of the Grant Companies.

3. The Grant Companies carry on business in North America as manufacturers and distributors of oriented strand board and other similar and related products (the "**Business**").

4. The Grant Companies wish to engage [<>] as their investment offering advisor (the "**Investment Offering Advisor**") to assist them in identifying prospective parties and negotiating the terms of a refinancing or recapitalization of the Grant Companies and their subsidiaries or a sale of the Business, in whole or in part, in consultation with the Monitor, an agent (the "**First Lien Agent**") for the first lien secured lenders (the "**First Lien Lenders**") and the agent (the "**Second Lien Agent**") for the second lien secured lenders (the "**Second Lien Lenders**").

5. The marketing process set out herein (the "**Marketing Process**") is intended to focus the efforts of the Grant Companies and the Investment Offering Advisor (with the assistance of the Monitor and in consultation with the First Lien Agent and the Second Lien Agent) on the maximization of value for the First Lien Lenders , the Second Lien Lenders, the Grant Companies' other creditors and other stakeholders (collectively, the "**Stakeholders**") either through a refinancing or recapitalization or a sale of the Business.

Leading the Marketing Process

6. In order to ensure that the Marketing Process successfully identifies the best possible buyer or investor, among other things:

(a) the Grant Companies and the Investment Offering Advisor shall lead the marketing efforts in consultation with the Monitor, the First Lien Agent and the Second Lien Agent; and

(b) the Grant Companies shall devote all time and attention necessary to pursue the Marketing Process in a timely manner.

Objectives

7. The Marketing Process will be implemented to achieve the following objectives:

(a) value maximization for the Stakeholders of the Grant Companies;

(b) continuity of the Business; and

(c) timely implementation.

8. In order to achieve these objectives:

(a) interested parties shall be encouraged to consider:

(i) the opportunity of sponsoring a refinancing or a recapitalization of the Grant Companies and their subsidiaries through a plan of arrangement; or

(ii) the purchase of the Business in whole or in part; and

(b) interested parties shall be required to participate in the Marketing Process and to respect the timetable set out herein.

Supervision and Reporting

9. The Marketing Process shall be approved by the Court and subject to the Court's overriding supervision. The Monitor will facilitate and oversee the Marketing Process undertaken by the Investment Offering Advisor, the Grant Companies and their other advisors, all in accordance with this Protocol. Any sale of the Business must be approved by the Court in accordance with the Initial Order.

10. Whether the transaction is to be implemented by a plan of arrangement or a sale of the Business, the Monitor will provide a report to the Court including a detailed summary as to how the Marketing Process was conducted, the key elements of the resulting transaction and the Monitor's recommendation with respect to such plan or sale, as the case may be.

Reporting to Stakeholders

11. The Grant Companies and the Monitor may provide periodic updates, as appropriate, to Stakeholders which have executed confidentiality agreements including the First Lien Lenders and the Second Lien Lenders.

Selection of Investment Offering Advisor

12. The Grant Companies confirm that they have selected the Investment Offering Advisor and the Investment Offering Advisor has agreed to accept its engagement in accordance with the Investment Offering Advisor Engagement Letter filed in the CCAA proceedings and approved in the Initial Order.

Identification of Potential Interested Parties

13. The Grant Companies and the Monitor will jointly agree on a preliminary potential interested party list with input from the Investment Offering Advisor with a view to ensuring that all parties that have expressed interest in the Business prior to the CCAA proceedings and any potential interested party whose interest may be known to the Grant Companies, the Monitor or the Investment Offering Advisor are included on the preliminary list. The Stakeholders may nominate interested parties for inclusion in the preliminary list.

Marketing Process

14. Phase I

(a) The Grant Companies will work with the Investment Offering Advisor to prepare a one page marketing overview (the "**Teaser**"), a draft non-disclosure agreement (an "**NDA**"), a communications package, a confidential information memorandum, the data room and other relevant marketing materials. The NDA shall not prohibit any person from buying or selling any debt owing by any of the

Grant Companies. The Monitor and the advisors to the First Lien Lenders shall be entitled to review and provide input into these materials as they shall deem appropriate.

(b) The Investment Offering Advisor will contact all of the parties on the final potential interested party list and provide them with a copy of the teaser memorandum and form of NDA.

(c) Interested parties that execute the NDA (or have previously executed an NDA satisfactory to the Grant Companies) will receive information and will receive access to a limited electronic data room.

(d) Each potential interested buyer or investor will be asked to submit a non-binding preliminary proposal on or before July 31, 2009.

(e) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will evaluate the non-binding preliminary proposals based on the ability of the potential interested parties to complete due diligence on a timely basis as well as other buyer or investor selection criteria that may be developed by the Grant Companies in consultation with the Monitor and the Investment Offering Advisor.

(f) Given that all parties recognize the need to complete a transaction as quickly as possible, the number of parties invited to participate in Phase II of the Marketing Process will be limited in number and will be jointly selected by the Monitor and the Grant Companies in consultation with the First Lien Agent and the Second Lien Agent.

15. Phase II

(a) Interested parties invited to participate in Phase II will be provided with a management presentation and full electronic data room access.

(b) Interested parties must complete due diligence and submit to the Grant Companies, the Monitor and the Investment Offering Advisor a revised proposal on or before August 30, 2009.

(c) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will review the proposals and, in full consultation with the First Lien Agent and the Second Lien Agent, jointly select one or more parties which wish to proceed to Phase III.

16. Phase III

(a) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, the First Lien Agent and the Second Lien Agent, will conduct final negotiations of an agreement to sponsor a plan of arrangement or to sell the Business with or to the interested parties selected to proceed to Phase III.

(b) The Grant Companies shall not, without the prior written approval of the First Lien Agent, at the direction of the First Lien Lenders then holding not less than 66 2/3% of the total amount of the then outstanding indebtedness owing by the Grant Companies to the First Lien Lenders:

(i) file any plan of arrangement with the Court; or

(ii) enter into an agreement to sell the Business or any material part of the Business.

(c) If the transaction is to be completed by a plan of arrangement, such plan will be filed with the Court and submitted to all required meetings of affected creditors for approval no later than September 30, 2009.

(d) If the transaction is to be completed by a sale, the asset purchase agreement will be completed and submitted by the Grant Companies to the Court for approval not later than September 30, 2009.

Adjustments to the Marketing Process

17. The Grant Companies, in consultation with the Investment Offering Advisor, may adjust the Market Process (and extend any time limits) as necessary to achieve the objectives set out in this protocol, provided the Monitor and the First Lien Agent consent to such adjustment.

Exhibit "**I**" to the Affidavit of **Peter Lynch**, sworn before me this 22nd day of June, 2009.

____

Commissioner for Taking Affidavits, etc.

EXHIBIT "I"

KERP Agreement and amendment

KEY EMPLOYEE RETENTION AGREEMENT

THIS AGREEMENT is dated as of the 19th day of December, 2008

B E T W E E N:

GRANT FOREST PRODUCTS INC.
having offices at
BCE Place, 181 Bay Street, Suite 1520,
Toronto, Ontario, Canada M5J 2T3 (the "**Company**")

- and -

PETER LYNCH, Chief Financial Officer (the "**Employee**")

Recitals:

The Company anticipates that commencing in Q1, 2009, the Company will be required to implement a recapitalization or restructuring of its affairs (collectively the "**Restructuring**"), including a recapitalization or restructuring of the Company's obligations to its first lien lending syndicate (the "**Senior Lenders**") and the Company's obligations to its second lien lending syndicate (the "**Second Lien Lenders**").

The Company has determined that it is vital to the Restructuring and is in the best interests of all of the Company's stakeholders, including the Senior Lenders and the Second Lien Lenders, to take immediate steps to secure the continued employment of the Employee during the Restructuring and thereafter, and to provide the Employee with certain financial inducements and protections.

NOW THEREFORE in consideration of the covenants and agreements set out in this agreement and for other good and valuable consideration given by each party hereto to the other, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereby agree as follows:

1. Upon the occurrence of the earliest of any of the events listed in section 2 of this Agreement (a "**Termination Event**") at any time between the date of this Agreement and the date on which the Employee turns 65 years of age (the "**Term**"), the Company shall pay to the Employee, within five days after such Termination Event, an amount (net of applicable withholding taxes) equivalent to three times the Employee's base salary ("**Base Salary**") for the fiscal year of the Company during which such Termination Event occurs. For the purposes hereof, the amount of the Base Salary shall be the amount thereof for the whole of such fiscal year as if the Employee were employed for the whole of such fiscal year.

2. For purposes of this Agreement, a Termination Event means the earliest to occur of one of the following events:

(a) the termination of the Employee's employment with the Company for any reason (including, without limitation, as a result of the bankruptcy or insolvency of the Company), other than:

(i) just cause; or

(ii) voluntary resignation by the Employee;

(b) constructive dismissal of the Employee which, for purposes of this Agreement, shall include:

(i) a significant change in the current position, duties, responsibilities or status of the Employee; or

(ii) a significant change in the current reporting responsibilities, titles or offices of the Employee; or

(iii) a reduction of the Employee's Base Salary; or

(iv) the removal of the Employee from his current position;

(c) through one or more transactions, the sale of the business, or substantially all of the business, or a material part of the assets of the Company considered on a consolidated basis through a sale, merger, amalgamation, arrangement, partnership or otherwise; or

(d) a change in control of the Company which, for purposes of this Agreement, shall mean that Peter Grant Sr. and his direct or indirect descendants and the Peter Grant Family Trust cease to own beneficially, directly or indirectly, more than a majority of the outstanding equity voting shares or interests in the Company computed on a fully diluted basis.

3. In the event that Termination gives rise to entitlements of the Employee to participate in any contractual or other profit sharing, incentive or bonus program from time to time established by the Company (**"Other Bonus"**), the amounts payable under this Agreement shall be in addition to such Other Bonus payment.

4. In the event that, upon Termination, the Employee is indebted to the Company in respect of any loans made by the Company to the Employee (**"Employee Loans"**), the amount of the Employee Loans shall:

(a) firstly be set off against the amount owing by the Company to the Employee under this Agreement; and

(b) secondly be set off against any Other Bonus payable to the Employee,

in each case, to the extent such set-off does not contravene any applicable law and net of any applicable withholding taxes, provided that any such set-off shall only be effected to the extent that there remains any amount owing by the Employee with respect to any Employee Loans as at the time of such set off.

5. The Employee agrees that amounts payable under this Agreement shall constitute the only notice or compensation to which the Employee is entitled in lieu of reasonable notice for termination of the Employee's employment, and upon receipt of such amount by the Employee the Company will have no further obligations to the Employee with respect to the termination of his employment including, without limitation, common law or statutory entitlements upon termination of employment, except such amounts as may have been specifically agreed to by the Company in writing on account of any Other Bonus.

6. In order to secure the obligations of the Company to the Employee under this Agreement, the Company shall, within 30 days of the date of the execution of this Agreement, arrange for and deliver to the Employee an irrevocable letter of credit, in form satisfactory to the parties hereto acting reasonably, issued pursuant to the Company's letter of credit facility established with the Senior Lenders, with a face amount equivalent to three times the Employee's Base Salary for the Company's fiscal year ending December 31, 2008 (as amended from time to time, the "**Severance LC**"). The Company shall, throughout the Term, from time to time extend the expiry date of the Severance LC before the 30th day prior to its then current expiry date, and shall thereupon increase the amount of the Severance LC to reflect any increase in the Employee's Base Salary from the amount thereof as at the date hereof. If the Company does not so extend any expiry date of the Severance LC before such 30th day, the Employee may draw on the Severance LC and hold the proceeds therefrom as security for payment of the Company's obligations to the Employee under this Agreement. The provisions of the Severance LC shall state that the Employee shall be entitled to draw on the Severance LC by delivering a certificate to the issuer, executed by the Employee, certifying that:

(a) the Employee has given not less than ten days' written notice to the Company of his intention to draw down such Severance LC;

(b) the Employee is entitled to be paid, pursuant to the provisions of this Agreement, an amount at least equivalent to the amount of such draw; and

(c) the Employee has not been paid such amount.

Notwithstanding the foregoing, if the Company fails to deliver the Severance LC within the aforesaid period of 30 days of the date of execution of this Agreement, the Company shall, after the Company obtains the necessary consents of the Senior Lenders and the Second Lien Lenders, deposit an amount of cash equal to three times the Employee's Base Salary for 2008 in a trust for the sole benefit of the Employee, with the trustee to be a professional trustee or the Company's outside law firm (or a corporation used by such firm for such purpose) and with the terms of such trust to be consistent with the provisions hereof and to be on terms satisfactory to the parties hereto acting reasonably. Such trust shall secure the Company's payment obligations to the Employee under this Agreement. The Company shall use its commercially reasonable efforts to obtain such consents of the Senior Lenders and the Second Lien Lenders if the Severance LC is not delivered within 30 days after the date of execution of this Agreement.

7. The Company represents that:

(a) the Company's board of directors and the independent committee of its board have authorized the Company to enter into this Agreement; and

(b) this Agreement has been entered into with the Employee as if on an arm's-length basis in order to encourage the Employee to remain with the Company.

8. The Employee shall not be entitled to assign its rights under this Agreement, in whole or in part.

9. In the event that any provision or part of this Agreement shall be deemed void or invalid by a court of competent jurisdiction or an arbitration tribunal, the remaining provisions or parts of this Agreement shall be and remain in full force and effect.

10. The Employee hereby acknowledges and confirms that he has obtained independent legal advice with respect to the nature, contents, terms and effects of this Agreement or has had the opportunity to do so but has declined to obtain such independent legal advice in his absolute and sole discretion, and that the Employee voluntarily accepts the consideration provided by Company for the purpose of entering this Agreement.

11. This Agreement may be executed in one or more counterparts, both of which will be taken together and constitute one agreement, and the execution page and one or more of such counterparts may be delivered by facsimile or other electronic transmission.

12. This Agreement shall be governed by and construed, performed and enforced in accordance with the law of Ontario.

IN WITNESS WHEREOF the parties have executed this Agreement as and with effect from the date first above written.

GRANT FOREST PRODUCTS INC.

Per:______________________________
Peter J. Grant Sr.
Chairman and CEO

____
PETER LYNCH

Formal Date of Execution of this Agreement: January 6th, 2009

AMENDMENT NO. 1 to
KEY EMPLOYEE RETENTION AGREEMENT

THIS AGREEMENT is dated as of the 1st day of April, 2009,

B E T W E E N :

GRANT FOREST PRODUCTS INC.
having offices at
BCE Place, 181 Bay Street, Suite 1520,
Toronto, Ontario, Canada M5J 2T3 (the "**Company**")

-and-

PETER LYNCH, Executive Vice President & Secretary of the Company (the "**Employee**")

Recitals:

WHEREAS the Company and the Employee entered into a key employee retention agreement dated as of the 19th day of December, 2008 (the "**Key Employee Retention Agreement**");

AND WHEREAS paragraph 6 of the Key Employee Retention Agreement contemplated the delivery to the Employee of the Severance LC (as defined by the Key Employee Retention Agreement) or the deposit in trust for the Employee of the amount of cash referred to therein;

AND WHEREAS the Severance LC has not been delivered to the Employee and no amount of cash was deposited in trust for the Employee;

AND WHEREAS the Company is contemplating filing for protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**");

NOW THEREFORE in consideration of the payment of the sum of $10.00 and other good and valuable consideration given by each party hereto to the other, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereby agree as follows:

1. Paragraph 6 of the Key Employee Retention Agreement is hereby amended by the addition of the following sentence at the end thereof:

> Notwithstanding the foregoing, if the Company makes an application under the *Companies' Creditors Arrangement Act*, the Company shall seek an order, on terms satisfactory to the Employee, creating a charge in the amount of $1,050,000 over all property of the Company and the other applicants with priority satisfactory to the Employee as security for payment of all obligations of the Company to the Employee under this Agreement. The Company shall not request the Court to discharge such charge unless the Company provides alternate security to the

Employee in form and amount satisfactory to the Employee, acting reasonably.

2. The parties hereto hereby confirm all provisions of the Key Employee Retention Agreement, as amended by this agreement.

3. If there is any conflict between any provision of this agreement and any provision of the Key Employee Retention Agreement, the provision of this agreement shall prevail.

4. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

5. This agreement may be executed in one or more counterparts, in original or telecopied form, each of which shall be deemed to be an original and which taken together shall be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as and with effect from the date first above written.

GRANT FOREST PRODUCTS INC.

By: ____________________
Name: Peter J. Grant Sr.
Title: President

____

PETER LYNCH

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

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. and GRANT U.S. HOLDINGS GP (the "Applicants")

ONTARIO

SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF PETER LYNCH
(Sworn June 22, 2009)

FRASER MILNER CASGRAIN LLP
1 First Canadian Place
100 King Street West,
Toronto, Ontario
M5X 1B2

Lawyer: Alex L. MacFarlane / Jane Dietrich
LSUC: 28133Q / 49302U
Email: alex.macfarlane@fmc-law.com
jane.dietrich@fmc-law.com
Telephone: 416 863-4700 / 416-863-4467
Facsimile: 416 863-4592

Lawyers for the Applicants Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP

TAB 3

~~September 12, 2006~~

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ~~□□□□□~~MR.	)	**~~Week Day~~THURSDAY, THE # 25TH**
	)	
JUSTICE ~~□□□□□~~ CAMBELL	)	**DAY OF ~~Month~~JUNE, ~~20Yr~~2009**

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 ~~[APPLICANT'S NAME] (the "Applicant")~~GRANT FOREST PRODUCTS INC., GRANT ALBERTA INC., GRANT FOREST PRODUCTS SALES INC. and GRANT U.S. HOLDINGS GP

INITIAL ORDER[1]
~~(Long Form)~~

THIS APPLICATION, made by ~~the Applicant~~Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc. and Grant U.S. Holdings GP (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the ~~"~~"**CCAA**~~"~~") was heard this day at ~~393~~330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Peter Lynch sworn ~~[DATE] and the Exhibits thereto~~June 22, 2009 and the exhibits thereto (the "**Lynch Affidavit**"), the report to Court of Ernst & Young Inc. ("**E&Y**") as proposed monitor and on hearing the submissions of counsel for ~~[NAMES]~~the Applicants, The Toronto-Dominion Bank (the "**Agent**"), as agent for the first lien lenders (the "**First Lien Lenders**"), The Bank of New York Mellon ("**BNY**"), as agent for the

~~[1] The CLUC Subcommittee has proceeded to draft this Model Order without incorporating specific changes mandated by Bill C-55. When Bill C-55 (or a version thereof) is declared to be in force, the CLUC Subcommittee will update this and other Model Orders to make the necessary changes.~~

second lien lenders, the board of directors of Grant Forest Products Inc.("**GFPI**"), E&Y and <>, no one else appearing ~~for [NAME]~~ although duly served as appears from the affidavit of service of ~~[NAME] sworn [DATE] and on reading the consent of [MONITOR'S NAME] to act as the Monitor,~~Jarvis Hetu sworn June 23, 2009,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan or plans of compromise or arrangement (~~hereinafter referred to as~~collectively, the ~~"~~"**Plan**~~"~~") between, *inter alia*, the ~~Applicant~~Applicants, or any of the Applicants, and one or more classes of its or their secured and/or unsecured creditors as it deems or they deem appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remain in possession and control of ~~its~~their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the ~~"~~"**Property**~~"~~"). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its business~~their businesses (the ~~"~~"**Business**~~"~~") and Property. The ~~Applicant~~Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively~~"~~, the "**Assistants**~~"~~") currently retained or employed by ~~it, with liberty~~them, with liberty, subject to obtaining the prior consent of the Monitor or further order of the Court, to

amend in any material manner the mandate of any Assistants or to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order (except that such consent or further order shall not be required for the Applicants to hire new employees in the ordinary course of business).

~~5. [Note: This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies] THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.~~

5. ~~6.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee benefits and pension ~~benefits~~contributions, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, which, for greater certainty, shall not include any payments in respect of employee termination or severance; and

(b) the fees and disbursements of any Assistants retained or employed by ~~the Applicant~~any of the Applicants as permitted herein in respect of these proceedings~~,~~ or the Applicants' proposed restructuring at their standard rates and charges.

6. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein~~, the Applicant~~ and provided that the Applicants provide the Monitor with a list of their intended disbursements before making such disbursements, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course on or after this Order (or, in the case of the following subparagraph (c), prior to the date of this Order), and in carrying out the provisions of this Order~~, which expenses shall include, without limitation:~~ including:

(a) subject to paragraph 10 below, all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including~~, without limitation,~~ payments on account of insurance (including directors' and officers' insurance), maintenance and security services; ~~and~~

(b) ~~payment~~expenses for goods or services actually supplied to any of the ~~Applicant~~Applicants on or following the date of this Order~~.~~; and

(c) expenses for goods or services actually supplied to any of the Applicants prior to the date of this Order provided:

(i) such payments are critical to any Applicant's Business and are made with the prior written consent of the Monitor; or

(ii) such payments are owing to a person or persons for the supply of logs or timber to GFPI.

7. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages~~,~~ including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, ~~"~~“**Sales Taxes**~~"~~”) required to be remitted by any of the ~~Applicant~~Applicants in connection with the sale of goods and services by any of the ~~Applicant~~Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order~~,~~; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by any of the ~~Applicant~~Applicants.

8. **THIS COURT ORDERS** that the Applicants, or any of them, may, with the prior written consent of the Monitor, lend funds to Grant Allendale LP, Grant Clarendon LP and Grant US Sales Inc. (or any of them), to enable them to continue to carry on their respective businesses in the ordinary course and the Applicants, or any of them, may receive and retain any repayments made by Grant Allendale LP, Grant Clarendon LP and Grant US Sales Inc. (or any of them).

9. **THIS COURT ORDERS** that until such time as any of the ~~Applicant repudiates~~Applicants repudiate a real property lease in accordance with paragraph ~~[11~~12(c)~~]~~ of this Order, the ~~Applicant~~Applicants shall pay when due all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under ~~the~~any lease) or as otherwise may be negotiated by the ~~Applicant~~Applicants from time to time

(""**Rent**""), for the period commencing from and including the date of this Order, ~~bi-weekly,~~monthly in advance (but not in arrears).

10. ~~THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.~~ **THIS COURT ORDERS** that, except as specifically permitted herein or included in the Cash Flow Projection (as defined by the Lynch Affidavit) as amended or prepared for later periods from time to time with the Agent's approval (the "**Cash Flow Projections**"), the Applicants and their subsidiaries are hereby prohibited, without the prior written approval of the Agent and the Monitor, from:

(a) granting, or permitting to be outstanding, any lien, charge, security interest or any other encumbrance of any kind whatsoever (each an "**Encumbrance**") other than valid and enforceable Encumbrances existing on the date of this Order, charges created by this Order and liens arising solely by operation of law in the ordinary course of business of the Applicants and their subsidiaries;

(b) creating, incurring, assuming or suffering to exist, directly, contingently or otherwise, any debt or obligations other than:

A. debt or obligations existing on the date hereof; or

B. unsecured current liabilities (which are not the result of borrowing) incurred and payable in the ordinary course of business of the Applicants and their subsidiaries as permitted herein;

(c) entering into any transactions outside the ordinary course of its business;

(d) making expenditures or commitments of the Applicants on account of any capital or fixed asset account of the Applicants in the aggregate in excess of 110% of the capital expenditure amount indentified in the Cash Flow Projections, except that the Applicants may make capital expenditures or commitments for excess amounts with the Monitor's approval, to the extent required to carry on the existing oriented strand board Business;

(e) declaring any dividends or distributions to any shareholder or any person affiliated or associated with any shareholder whether by way of dividend or otherwise;

(f) guaranteeing, endorsing or otherwise becoming surety for or upon any obligations of any person;

(g) paying any amount to its employees and officers as such by way of salary, bonus, commission, directors' fees or otherwise in excess of the amounts currently being paid or at a rate in excess of the current rate thereof, provided that nothing in this Order shall prohibit the Applicants and their subsidiaries from reimbursing their employees and officers for reasonable expenses incurred by them in the ordinary course of business;

(h) paying any amount to any shareholder of GFPI, any person who owns shares of any shareholder of GFPI or any person related by blood or marriage to any such person, except for payments permitted by the immediately preceding subparagraph;

(i) making any cash payment (interest or otherwise) to any creditor including: (i) under the existing aircraft leases with GE Capital Equipment Financing; or (ii) under the First Lien Credit Agreement or the Second Lien Credit Agreement (as defined by the Lynch Affidavit);

(j) making expenditures or commitments in respect of any or all assets of an Applicant not required in connection with the Business;

(k) opening or maintaining deposit accounts other than the deposit accounts maintained with The Toronto-Dominion Bank, Wachovia Bank, National

Association, Harris N.A. and Bank of Montreal as of the date hereof or such other account approved by the Agent (the "**Accounts**");

(l) making any changes to the officers or senior management, or to any of the signing authorities specified on the Accounts;

(m) making any payment of any amount owing pursuant to the tax refund purchase and sale agreement dated as of March 31, 2008 with respect to the sale by GFPI of certain of its tax refunds;

(n) entering into any interest or currency exchange agreement or any other swap agreement; and

(o) obtaining any debtor-in-possession financing from any lender other than one or more of the First Lien Lenders and in accordance with the further order of the Court.

11. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order, the Applicants shall in all respects comply with their obligations under the First Lien Credit Agreement made as of October 26, 2005 among the Agent, the First Lien Lenders, GFPI and others in respect of reporting and the provision of information. The Applicants shall cooperate fully with PricewaterhouseCoopers Inc. ("**PWC**"), the financial advisor to the First Lien Lenders, in providing such information.

RESTRUCTURING

12. ~~11.~~ **THIS COURT ORDERS** that each of the ~~Applicant shall, subject to such covenants as may be contained in the Definitive Documents (as hereinafter defined),~~ Applicants shall have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding $□□□□ 500,000 ~~in any one transaction or~~ $□□□□□2 million ~~in the aggregate,~~

subject to ~~paragraph [11(c)]~~the prior written consent of the Monitor and subject to subparagraph (c) of this section, if applicable;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicant and such employee~~,~~ or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise;

(c) in accordance with paragraphs ~~[12]~~13 and ~~[13],~~14, vacate, abandon or quit any leased premises and/or repudiate any real property lease and any ancillary agreements relating to any leased premises, on not less than seven (7) days' notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant and such landlord~~,~~ or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise;

(d) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate on such terms as may be agreed upon between the Applicant and such counter-parties~~,~~ or, failing such agreement, to deal with the consequences thereof in the Plan or otherwise; and

(e) in accordance with the Marketing Process (as hereinafter defined), pursue all avenues of refinancing and recapitalization and pursue all purchase offers for material parts of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or recapitalization or any sale (except as permitted by subparagraph (a)~~, above~~ of this section),

all of the foregoing to permit the ~~Applicant~~Applicants to proceed with an orderly restructuring of the Business (the ~~"~~"**Restructuring**~~"~~").

13. ~~12.~~ **THIS COURT ORDERS** that ~~the~~an Applicant shall provide ~~each of~~ the relevant ~~landlords~~landlord with notice of the applicable Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The

relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the relevant landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the applicable Applicant, or by further Order of this Court upon application by ~~the~~an Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If ~~the~~an Applicant repudiates the lease governing such leased premises in accordance with paragraph ~~[11~~12(c)~~]~~ of this Order, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the repudiation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

14. ~~13.~~ **THIS COURT ORDERS** that if a lease is repudiated by ~~the~~an Applicant in accordance with paragraph ~~[11~~12(c)~~]~~ of this Order, then : (a) during the notice period prior to the effective time of the repudiation, the relevant landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~Applicants and the Monitor 24 hours'' prior written notice~~,~~; and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the ~~Applicant~~Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

15. ~~14.~~ **THIS COURT ORDERS** that, subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the ~~Applicant~~Applicants shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, the ~~Applicant~~Applicants shall have the right to realize upon the Property and other assets in such manner and at such locations,

including leased premises, as it deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

MARKETING OF INVESTMENT OPPORTUNITY

16. **THIS COURT ORDERS AND DIRECTS** the Applicants to immediately commence a marketing process (the "**Marketing Process**") in accordance with the protocol attached hereto as Appendix "A" to this Order (the "**Investment Offering Protocol**") for the purpose of offering the opportunity for potential investors to purchase the business and operations of the Applicants and their subsidiaries as a going concern or to sponsor a plan of arrangement of the Applicants or any of them.

17. **THIS COURT ORDERS** that the Investment Offering Protocol is hereby approved and the Applicants and the Monitor are hereby authorized and directed to perform each of their obligations thereunder.

18. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to engage an investment offering advisor (the "**Investment Offering Advisor**") in accordance with an Investment Offering Advisor engagement letter (the "**Investment Offering Advisor Engagement Letter**"), after it is approved by the Monitor and the Agent, to act as Investment Offering Advisor in connection with the conduct of the Marketing Process. The Investment Offering Advisor Engagement Letter shall not be affected by the Plan.

19. **THIS COURT ORDERS** that the Investment Offering Advisor shall be entitled to the benefit of and is hereby granted a charge (the "**Investment Offering Advisor Charge**") in the maximum amount of $200,000 of all Property of the Applicants to secure its fees and recoverable disbursements incurred in performing its obligations under the Investment Offering Advisor Engagement Letter but not including any indemnity or any fees or expenses incurred by the Investment Offering Advisor in connection with any right of indemnity included in the Investment Offering Advisor Engagement Letter. The Investment Offering Advisor Charge shall rank *pari passu* with the Administration Charge (as hereinafter defined) and the Applicants are

directed to pay to the Investment Offering Advisor the fees and expenses payable under the Investment Offering Advisor Engagement Letter promptly when due.

20. **THIS COURT ORDERS** that the Investment Offering Advisor, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by the Applicants as Investment Offering Advisor or any matter referred to in the Investment Offering Advisor Engagement Letter except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Investment Offering Advisor in performing its obligations under the Investment Offering Advisor Engagement Letter.

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~APPLICANTS OR THE PROPERTY

21. ~~15.~~ **THIS COURT ORDERS** that until and including ~~[DATE - MAX. 30 DAYS],~~July 24, 2009 or such later date as this Court may order (the ~~"~~"**Stay Period**~~"~~"), no proceeding or enforcement process in any court or tribunal (each, a ~~"Proceeding"~~"**Proceeding**") (including the application for a bankruptcy order brought by GE Canada Leasing Services Company) shall be commenced or continued against or in respect of any of the ~~Applicant~~Applicants or the Monitor, or affecting ~~the~~any Business or the Property, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the ~~Applicant~~Applicants or affecting ~~the~~any Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

22. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being ~~"~~"**Persons**~~"~~" and each being a ~~"~~"**Person**~~"~~") against or in respect of any of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, (including any right to submit a shotgun buy or sell offer with respect to GFPI's shares of Footner Forest Products Ltd. or GFPI's interest in the OSB facility at High Level, Alberta or related assets), are hereby stayed and suspended except with the written consent of the

~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall : (~~i~~a) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants are not lawfully entitled to carry on~~,~~; (~~ii~~b) exempt the ~~Applicant~~Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment~~,~~; (~~iii~~c) prevent the filing of any registration to preserve or perfect a security interest~~, or~~; (~~iv~~d) prevent the registration of a claim for lien under the *Construction Lien Act* or the *Forestry Workers Lien for Wages Act* or any other applicable statute; or (e) prevent GE Canada Leasing Services Company from selling the 1992 Dassault Falcon 50 aircraft or the 1994 Dassault Falcon 900B aircraft and related engines and parts pursuant to its lease thereof to GFPI.

NO INTERFERENCE WITH RIGHTS

23. ~~17.~~ **THIS COURT ORDERS** that, during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the ~~Applicant~~Applicants, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

24. ~~18.~~ **THIS COURT ORDERS** that, during the Stay Period, all Persons having oral or written agreements with any of the ~~Applicant~~Applicants or statutory or regulatory mandates for the supply of goods and/or services~~,~~ including, without limitation ~~all~~, all resin supply, timber, log and wood supply, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation~~,~~ services, utility services or other services to the Business or any of the ~~Applicant~~Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the ~~Applicant~~Applicants, and that each of the ~~Applicant~~Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ~~Applicant~~Applicants in accordance with normal payment practices of the ~~Applicant~~Applicants or such other practices as may be agreed upon by the supplier or service

provider~~ and each of~~, the ~~Applicant~~Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

25. ~~19.~~ **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no creditor of any of the ~~Applicant~~Applicants shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to any of the ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

26. ~~20.~~ **THIS COURT ORDERS** that, during the Stay Period~~,~~ and except as permitted by subsection 11.5(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before or arises after the date hereof and that relates to any obligations of any of the ~~Applicant~~Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

27. ~~21.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of any of the Applicants, after the date hereof, to make payments due and payable after the date of this Order of the nature referred to in subparagraphs ~~[6~~5(a)~~]~~, ~~[8~~7(a)~~]~~, ~~[8~~7(b)~~]~~, and ~~[8~~7(c)~~]~~ of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of any of the Applicants except to the extent that, with respect to any officer or director, such officer or director has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

28. ~~22.~~ **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~Applicants shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Directors' Charge**~~"~~") on ~~the~~all Property, which charge shall not exceed ~~an~~the aggregate amount of $~~□□□□□,~~3,000,000, as security for the indemnity provided in paragraph ~~[21]~~27 of this Order. The Directors' Charge shall have the priority set out in ~~paragraphs [39] and [41] herein~~paragraph 44 of this Order.

29. ~~23.~~ **THIS COURT ORDERS** that, notwithstanding any ~~language in~~provision of any applicable insurance policy to the contrary~~,~~; (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge~~,~~; and (b) the ~~Applicant's~~Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[21] of this Order~~27 of this Order or the insurer fails to fund defence costs on a timely basis (provided the insurance beneficiaries assign to the applicable Applicant the insurance beneficiaries' rights under the applicable insurance policy to receive such defence costs paid pursuant to the Directors' Charge).

APPOINTMENT OF MONITOR

30. ~~24.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~E&Y is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property and the ~~Applicant's~~Applicants' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~Applicants and ~~its~~their shareholders, officers, directors~~,~~ and Assistants shall advise the Monitor of all material steps taken by any of the ~~Applicant~~Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations.

31. ~~25.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the ~~Applicant's~~Applicants' receipts and disbursements;

(b) perform its obligations under the Investment Offering Protocol;

(c) ~~(b)~~ report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Marketing Process and such other matters as may be relevant to the proceedings herein;

(d) ~~(c)~~ assist the ~~Applicant~~Applicants, to the extent required ~~by~~ the ~~Applicant~~Applicants, in ~~its~~the dissemination~~,~~ to the ~~DIP Lender~~Agent and ~~its~~BNY and their respective counsel on a ~~[TIME INTERVAL]~~bi-weekly basis or otherwise as required herein of financial and other information as agreed to between the ~~Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender~~Applicants and the Agent or BNY;

(e) ~~(d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender~~advise the Applicants in relation to the Cash Flow Projections, including the reconciliation of actual results to Cash Flow Projections and the formulation of Cash Flow Projections as may be required herein, which information shall be reviewed with the Monitor and delivered to the ~~DIP Lender~~Agent and its counsel on a periodic basis, but not less than ~~[TIME INTERVAL]~~bi-weekly, or as otherwise agreed to by the ~~DIP Lender~~Agent;

(f) ~~(e)~~ advise the ~~Applicant~~Applicants in ~~its~~their development of the Plan and any amendments to the Plan;

(g) report and advise the Applicants, the Court and the Agent in relation to any offers to purchase or refinance the Business received in accordance with the Marketing Process;

(h) ~~(f)~~ assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(i) ~~(g)~~ have full and complete access to the books, records ~~and~~, management, employees and advisors of the ~~Applicant~~Applicants and to the Business and the Property to the extent required to perform its duties arising under this Order;

(j) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(k) ~~(i)~~ consider, and if deemed advisable by the Monitor, prepare a report and assessment on the Plan; and

(l) ~~(j)~~ perform such other duties as are required by this Order or by this Court from time to time.

32. ~~26.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. ~~27.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, ~~"~~"**Possession**~~"~~") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the ~~"~~"**Environmental Legislation**~~"~~"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the

Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

34. ~~28.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of ~~the Applicant and the DIP Lender~~any of the Applicants with information provided by the ~~Applicant~~Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Applicants may agree.

APPOINTMENT OF CHIEF RESTRUCTURING ADVISOR

35. **THIS COURT ORDERS** that GFPI be and is hereby authorized and directed to continue the engagement of Stonecrest Capital Inc. ("**Stonecrest**") as Chief Restructuring Advisor (the "**CRA**") with services to be provided by Hap Stephen ("**Stephen**") and Sandra Rosch ("**Rosch**") on the terms and conditions set out in the amended engagement letter dated June [<>], 2009 between GFPI and Stonecrest (the "**CRA Engagement Letter**").

36. **THIS COURT ORDERS** that the CRA Engagement Letter is hereby approved and given full force and effect in accordance with its provisions and that the claims, if any, of Stonecrest, Stephen or Rosch pursuant to the CRA Engagement Letter shall not be affected by the Plan.

37. **THIS COURT ORDERS** that the CRA shall have and may exercise and perform the powers, responsibilities and duties described in the CRA Engagement Letter, together with such other powers, responsibilities and duties as may be agreed upon by the CRA and GFPI and approved by the Monitor or this Honourable Court.

PROVISIONS RELATED TO THE MONITOR, THE CRA AND OTHERS

38. ~~29.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor, the CRA, Stephen and

Rosch shall incur no liability or obligation as a result of ~~its appointment~~their appointments or the carrying out of the provisions of this Order~~, save and~~ (or, in the case of the CRA, Stephen and Rosch, the provisions of the CRA Engagement Letter), except for any gross negligence or wilful misconduct on ~~its part~~their respective parts. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

39. ~~30.~~ **THIS COURT ORDERS** that the Monitor, PWC, counsel to the Monitor, counsel to GFPI's board of directors and counsel to the ~~Applicant~~Applicants shall be paid by the Applicants their reasonable fees and disbursements, in each case at their standard rates and charges~~, by the Applicant~~ and whether incurred before, on or after the date of this Order, and that the CRA shall be paid by the Applicants its fees and disbursements as set out in the CRA Engagement Letter, as part of the costs of these proceedings. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, PWC, counsel to GFPI's board of directors, counsel for the Monitor, the CRA and counsel for the ~~Applicant~~Applicants on a ~~[TIME INTERVAL]~~weekly basis and~~, in addition, the Applicant is hereby authorized~~ to pay ~~to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of $□□□□□ [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~CRA's monthly work fee monthly in advance in accordance with the CRA Engagement Letter. Additionally, the Applicants shall pay the fees and disbursements of the Canadian and U.S. counsel to the Agent (each, "**First Lien Lenders' Agent's Counsel**") promptly on receipt of copies of their invoices.

40. ~~31.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time~~,~~ and, for this purpose, the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

41. ~~32.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any, and the Applicant's counsel~~counsel to GFPI's board of directors, the CRA, the Applicants' counsel and the First Lien Lenders' Agent's Counsel shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Administration Charge**~~"~~") on ~~the~~all Property, which charge shall not exceed ~~an~~the aggregate amount of $~~□□□□□, as security for their professional fees and disbursements~~

~~incurred at the standard rates and charges of the Monitor and such counsel~~2,000,000, as security for all amounts owing to the Monitor, counsel to the Monitor, counsel to GFPI's board of directors, the CRA, the Applicants' counsel and the First Lien Lenders' Agent's Counsel as set out in paragraph 39 hereof, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in ~~paragraphs **[39]** and **[41]** hereof.~~paragraph 44 hereof.

~~DIP FINANCING~~

~~33. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $□□□□□ unless permitted by further Order of this Court.~~

~~34. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~35. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

KERP PAYMENT

42. **THIS COURT ORDERS** that the key employee retention plan agreement dated December 19, 2008 between Peter Lynch ("**Lynch**") and GFPI, as amended by an amendment agreement dated as of April 1, 2009, as described in the Lynch Affidavit (the "**KERP**

Agreement") be and is hereby approved and given full force and effect in accordance with its terms and the Applicants are hereby directed to make when due the payments provided for thereunder.

43. ~~36.~~ **THIS COURT ORDERS** that ~~the DIP Lender~~Lynch shall be entitled to the benefit of and is hereby granted a charge (the ~~"DIP Lender's~~"**KERP** **Charge**~~"~~") on ~~the~~all Property, which charge shall not exceed the ~~aggregate amount owed to the DIP Lender under the Definitive Documents. The DIP Lender's~~amount of $1,134,000, as security for all amounts now or hereafter owing to Lynch pursuant to the KERP Agreement, both before and after the making of this Order. The KERP Charge shall have the priority set out in ~~paragraphs [39] and [41]~~paragraph 44 hereof.

~~37. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~

~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon □□□□□ days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant, and upon the occurrence of an event of default under the terms of the Definitive Documents, the DIP Lender shall be entitled to seize and retain proceeds from the sale of the Property and the cash flow of the Applicant to repay amounts owing to the DIP Lender in accordance with the Definitive Documents and the DIP Lender's Charge, but subject to the priorities as set out in paragraphs **[39]** and **[41]** of this Order; and~~

~~(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.~~

~~38. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. ~~39.~~ **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, the~~ Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the ~~DIP Lender's~~Directors' Charge, as among them, shall be as follows:

(a) ~~First~~Firstly – Administration Charge (to the maximum amount of $~~□ □□□~~ 2,000,000)~~;Second – DIP Lender's Charge;~~ and the Investment

Offering Advisor Charge (to the maximum amount of an additional $200,000) on a pari passu basis; and

(b) ~~Third~~ Secondly – KERP Charge (to the maximum amount of $1,134,000) and Directors' Charge (to the maximum amount of $~~□□□□□)~~3,000,000) on a pari passu basis.

45. ~~40.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the~~ Administration Charge ~~or the DIP Lender's~~, the Investment Offering Advisor Charge, the KERP Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. ~~41.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~Charges shall constitute ~~a charge on the~~charges of all Property and ~~such~~the Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

47. ~~42.~~ **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with~~, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Applicant also obtains the prior~~ any of the Charges without the written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors'~~Administration Charge, the Investment Offering Advisor Charge, the KERP Charge and the ~~Administration~~Directors' Charge, or further Order of this Court.

48. ~~43.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**~~") and/or the DIP Lender thereunder~~") shall

not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any ~~application(s)~~applications for bankruptcy ~~order(s)~~orders issued pursuant to BIA~~,~~ or any bankruptcy order made pursuant to such applications in respect of any of the Applicants; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA by any of the Applicants; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances~~,~~ contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an ~~"~~"**Agreement**~~"~~") which binds any of the ~~Applicant,~~Applicants and, notwithstanding any provision to the contrary in any Agreement:

(i) ~~(a) neither~~ the creation of the Charges ~~nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ shall not create or be deemed to constitute a breach by any of the ~~Applicant~~Applicants of any Agreement to which it is a party;

(ii) ~~(b)~~ none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from ~~the Applicant entering into the Commitment Letter~~, the creation of the Charges~~, or the execution, delivery or performance of the Definitive Documents~~; and

(iii) ~~(c)~~ the payments made by any of the ~~Applicant~~Applicants pursuant to this Order~~, the Commitment Letter or the Definitive Documents,~~ and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

SERVICE AND NOTICE

49. ~~44.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall, within ten (10) business days of the date of entry of this Order, send a copy of this Order to ~~its~~their known

creditors, other than employees and creditors to ~~which~~ the ~~Applicant owes~~Applicants owed less than $~~□□□□□□,~~1,000.00, at their addresses as they appear on the ~~Applicant's~~Applicants' records, and shall promptly send a copy of this Order ; (a) to all parties filing a Notice of Appearance in respect of this Application~~,~~; and (b) to any other interested Person requesting a copy of this Order, and the Monitor is relieved of its obligation under Section 11(5) of the CCAA to provide similar notice, other than to supervise this process.

50. ~~45.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

51. ~~46.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels~~'~~' email addresses as recorded on the Service List from time to time, in accordance with the E-filing protocol of the Commercial List to the extent practicable, and the Monitor may post a copy of any or all such materials on ~~its~~the Monitor's website ~~at [INSERT WEBSITE ADDRESS]~~.

GENERAL

52. ~~47.~~ **THIS COURT ORDERS** that any of the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

53. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the ~~Applicant~~Applicants, the Business or the Property.

54. **THIS COURT ORDERS** that the Monitor is hereby authorized to apply, after consultation with the Applicants, the Agent and BNY, for recognition of these proceedings as "Foreign Main Proceedings" in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code.*

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

56. ~~50.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants and the Monitor be at liberty and ~~is~~are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

57. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than ~~seven~~four (~~7~~4) days'' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern ~~Standard~~Daylight Time on the date of this Order.

~~□□□□□~~

____

APPENDIX "A"

GRANT FOREST PRODUCTS INC.

INVESTMENT OFFERING PROTOCOL

Recitals

1. Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP (collectively, the "**Grant Companies**") filed for protection with the Ontario Superior Court of Justice (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**").

2. Pursuant to the CCAA proceedings, Ernst & Young Inc. (the "**Monitor**") has been appointed as the monitor of the Grant Companies.

3. The Grant Companies carry on business in North America as manufacturers and distributors of oriented strand board and other similar and related products (the "**Business**").

4. The Grant Companies wish to engage [<>] as their investment offering advisor (the "**Investment Offering Advisor**") to assist them in identifying prospective parties and negotiating the terms of a refinancing or recapitalization of the Grant Companies and their subsidiaries or a sale of the Business, in whole or in part, in consultation with the Monitor, an agent (the "**First Lien Agent**") for the first lien secured lenders (the "**First Lien Lenders**") and the agent (the "**Second Lien Agent**") for the second lien secured lenders (the "**Second Lien Lenders**").

5. The marketing process set out herein (the "**Marketing Process**") is intended to focus the efforts of the Grant Companies and the Investment Offering Advisor (with the assistance of the Monitor and in consultation with the First Lien Agent and the Second Lien Agent) on the maximization of value for the First Lien Lenders , the Second Lien Lenders, the Grant Companies' other creditors and other stakeholders (collectively, the "**Stakeholders**") either through a refinancing or recapitalization or a sale of the Business.

Leading the Marketing Process

6. In order to ensure that the Marketing Process successfully identifies the best possible buyer or investor, among other things:

(a) the Grant Companies and the Investment Offering Advisor shall lead the marketing efforts in consultation with the Monitor, the First Lien Agent and the Second Lien Agent; and

(b) the Grant Companies shall devote all time and attention necessary to pursue the Marketing Process in a timely manner.

Objectives

7. The Marketing Process will be implemented to achieve the following objectives:

(a) value maximization for the Stakeholders of the Grant Companies;

(b) continuity of the Business; and

(c) timely implementation.

8. In order to achieve these objectives:

(a) interested parties shall be encouraged to consider:

(i) the opportunity of sponsoring a refinancing or a recapitalization of the Grant Companies and their subsidiaries through a plan of arrangement; or

(ii) the purchase of the Business in whole or in part; and

(b) interested parties shall be required to participate in the Marketing Process and to respect the timetable set out herein.

Supervision and Reporting

9. The Marketing Process shall be approved by the Court and subject to the Court's overriding supervision. The Monitor will facilitate and oversee the Marketing Process undertaken by the Investment Offering Advisor, the Grant Companies and their other advisors, all in accordance with this Protocol. Any sale of the Business must be approved by the Court in accordance with the Initial Order.

10. Whether the transaction is to be implemented by a plan of arrangement or a sale of the Business, the Monitor will provide a report to the Court including a detailed summary as to how the Marketing Process was conducted, the key elements of the resulting transaction and the Monitor's recommendation with respect to such plan or sale, as the case may be.

Reporting to Stakeholders

11. The Grant Companies and the Monitor may provide periodic updates, as appropriate, to Stakeholders which have executed confidentiality agreements including the First Lien Lenders and the Second Lien Lenders.

Selection of Investment Offering Advisor

12. The Grant Companies confirm that they have selected the Investment Offering Advisor and the Investment Offering Advisor has agreed to accept its engagement in accordance with the Investment Offering Advisor Engagement Letter filed in the CCAA proceedings and approved in the Initial Order.

Identification of Potential Interested Parties

13. The Grant Companies and the Monitor will jointly agree on a preliminary potential interested party list with input from the Investment Offering Advisor with a view to ensuring that all parties that have expressed interest in the Business prior to the CCAA proceedings and any potential interested party whose interest may be known to the Grant Companies, the Monitor or the Investment Offering Advisor are included on the

preliminary list. The Stakeholders may nominate interested parties for inclusion in the preliminary list.

Marketing Process

14. Phase I

(a) The Grant Companies will work with the Investment Offering Advisor to prepare a one page marketing overview (the "**Teaser**"), a draft non-disclosure agreement (an "**NDA**"), a communications package, a confidential information memorandum, the data room and other relevant marketing materials. The NDA shall not prohibit any person from buying or selling any debt owing by any of the Grant Companies. The Monitor and the advisors to the First Lien Lenders shall be entitled to review and provide input into these materials as they shall deem appropriate.

(b) The Investment Offering Advisor will contact all of the parties on the final potential interested party list and provide them with a copy of the teaser memorandum and form of NDA.

(c) Interested parties that execute the NDA (or have previously executed an NDA satisfactory to the Grant Companies) will receive information and will receive access to a limited electronic data room.

(d) Each potential interested buyer or investor will be asked to submit a non-binding preliminary proposal on or before July 31, 2009.

(e) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will evaluate the non-binding preliminary proposals based on the ability of the potential interested parties to complete due diligence on a timely basis as well as other buyer or investor selection criteria that may be developed by the Grant Companies in consultation with the Monitor and the Investment Offering Advisor.

(f) Given that all parties recognize the need to complete a transaction as quickly as possible, the number of parties invited to participate in Phase II of the Marketing Process will be limited in number and will be jointly selected by the Monitor and the Grant Companies in consultation with the First Lien Agent and the Second Lien Agent.

15. Phase II

(a) Interested parties invited to participate in Phase II will be provided with a management presentation and full electronic data room access.

(b) Interested parties must complete due diligence and submit to the Grant Companies, the Monitor and the Investment Offering Advisor a revised proposal on or before August 30, 2009.

(c) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, will review the proposals and, in full consultation with the First Lien Agent and the Second Lien Agent, jointly select one or more parties which wish to proceed to Phase III.

16. Phase III

(a) The Grant Companies and the Monitor, in consultation with the Investment Offering Advisor, the First Lien Agent and the Second Lien Agent, will conduct final negotiations of an agreement to sponsor a plan of arrangement or to sell the Business with or to the interested parties selected to proceed to Phase III.

(b) The Grant Companies shall not, without the prior written approval of the First Lien Agent, at the direction of the First Lien Lenders then holding not less than 66 2/3% of the total amount of the then outstanding indebtedness owing by the Grant Companies to the First Lien Lenders:

(i) file any plan of arrangement with the Court; or

(ii) enter into an agreement to sell the Business or any material part of the Business.

(c) If the transaction is to be completed by a plan of arrangement, such plan will be filed with the Court and submitted to all required meetings of affected creditors for approval no later than September 30, 2009.

(d) If the transaction is to be completed by a sale, the asset purchase agreement will be completed and submitted by the Grant Companies to the Court for approval not later than September 30, 2009.

Adjustments to the Marketing Process

17. The Grant Companies, in consultation with the Investment Offering Advisor, may adjust the Market Process (and extend any time limits) as necessary to achieve the objectives set out in this protocol, provided the Monitor and the First Lien Agent consent to such adjustment.

Document comparison done by DeltaView on Tuesday, June 23, 2009 11:51:45 AM

Input:	
Document 1	interwovenSite://TORDMS01.TORONTO.LAWFIRM/TorDocs/5610972/1
Document 2	interwovenSite://TORDMS01.TORONTO.LAWFIRM/TorDocs/6931493/18
Rendering set	FMC Strikethrough, no moves

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	515
Deletions	406
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	921

TAB 4

Court File No. 31-OR-2076

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF
GRANT FOREST PRODUCTS INC.,
carrying on business from premises located
in the City of Mississauga, Regional Municipality of Peel, Province of Ontario

APPLICATION FOR BANKRUPTCY ORDER

GE CANADA LEASING SERVICES COMPANY of the City of Mississauga, in the Province of Ontario, the Applicant Creditor herein, hereby applies to the Court that Grant Forest Products Inc. be adjudged bankrupt and that a Bankruptcy Order be made in respect of the property of Grant Forest Products Inc. of the City of Mississauga, Regional Municipality of Peel, Province of Ontario, and says:

1. That the said Grant Forest Products Inc., has at some time during the six (6) months next preceding the filing of this Bankruptcy Application carried on business in the City of Mississauga, Regional Municipality of Peel, Province of Ontario within the jurisdiction of this Court.

2. That the said Grant Forest Products Inc. is justly and truly indebted to the Applicant Creditor in the approximate amount of $31,080,806.61 USD as at March 13, 2009 together with further interest thereon at the rate of 18% per annum.

3. That the Applicant Creditor holds security in respect of the assets of Grant Forest Products Inc. for payment of the said sum, the value of which is presently estimated at $24,088,000.00.

4. That the said Grant Forest Products Inc. has, within the six (6) months next preceding the date of the filing of this Bankruptcy Application, committed the following acts of bankruptcy, namely:

   (a) it has ceased to meet its liabilities generally as they become due in that it has failed to meet its obligations to the Applicant Creditor and other creditors;

(b) it has given notice to the Applicant Creditor that it is about to suspend payment of its debts.

5. That Grant Thornton Limited of the City of Toronto, in the Regional Municipality of Metropolitan Toronto, Province of Ontario is qualified to act as Trustee of the property of the said debtor, has agreed to act as such and is acceptable to the Applicant Creditor.

CREDITOR	**ADDRESS**	**AMOUNT OF DEBT**
GE Canada Leasing Services Company	2300 Meadowvale Boulevard Mississauga, ON L5N 5P9	$31,080,806.61 USD, as at March 13, 2009 plus further interest and costs

DATED at Montreal, Quebec this 17th day of March, 2009.

SIGNED by the Applicant Creditor in my presence

Witness

Carlo Fargnoli
VP Credit

GE CANADA LEASING SERVICES COMPANY

Name: A. LEBLANC
Title: Sr. CREDIT MANAGER

Issued at the City of Toronto, in the Province of Ontario this 19th day of March, 2009.

S.W. NETTIE
REGISTRAR IN BANKRUPT

Deputy Registrar in Bankruptcy

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF
GRANT FOREST PRODUCTS INC.,
carrying on business from premises located
in the City of Mississauga, Regional Municipality of Peel, Province of Ontario

AFFIDAVIT

I, **ALEXANDRE LEBLANC**, of the City of Montreal, in the Province of Quebec, **MAKE OATH AND SAY:**

1. That I am the Senior Credit Manager – Workout Group of GE Canada Leasing Services Company (the "Applicant Creditor") herein and as such have knowledge of the facts to which are hereinafter deposed.

2. That I have been authorized by the Applicant Creditor to make this Affidavit and to present the Bankruptcy Application on behalf of the Applicant Creditor.

3. Grant Forest Products Inc. is justly and truly indebted to the Applicant Creditor in the sum of $31,080,806.61 USD as at the 13th day of March, 2009 as stated in the said Bankruptcy Application.

4. That the facts alleged in the said Bankruptcy Application are within my own knowledge true.

SWORN before me at the City of Montreal, in the Province of Quebec this 17 day of March, 2009

Manon Dulude
A Commissioner for taking Affidavits,, Etc.

COMMISSAIRE À L'ASSERMENTATION
MANON DULUDE
71347
DISTRICT JUDICIAIRE DE MONTRÉAL

Alexandre LeBlanc
Alexandre LeBlanc

31-OK-201650-1

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

TO: GRANT FOREST PRODUCTS INC.

TAKE NOTICE THAT an application for a bankruptcy order has been made in respect of your property will be heard before the presiding Judge in Chambers (or, if unopposed, before the Registrar in Chambers), at 330 University Avenue, in the City of Toronto, Province of Ontario, on Thursday, ~~[illegible]~~, the 16th day of April 2009, at the hour of 10:00 o'clock in the forenoon, or so soon thereafter as the application can be heard.

AND FURTHER TAKE NOTICE THAT if notice of cause against the application is not filed in Court and a copy thereof served on the solicitors for the applicant at least two days before the hearing, and if you do not appear at the hearing, the Court may make a bankruptcy order on such proof of the statements in the application as the Court shall think sufficient.

Dated at the City of London, Ontario, this 18th day of March, 2009.

MILLER THOMSON LLP
One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Alissa K. Mitchell
Tel: 519.931.3510
Fax: 519.858.8511
LSUC#: 35104E

Solicitors for the Applicant

IN THE MATTER OF THE BANKRUPTCY OF GRANT FOREST PRODUCTS INC., carrying on business from premises located in the City of Mississauga, Regional Municipality of Peel, Province of Ontario

APPLICATION FOR BANKRUPTCY ORDER

MILLER THOMSON LLP
One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Alissa K. Mitchell
Tel: 519.931.3510
Fax: 519.858.8511
LSUC#: 35104E

Solicitors for the Applicant

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

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. and GRANT U.S. HOLDINGS GP (the "Applicants")

ONTARIO

SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT TORONTO

APPLICATION RECORD

FRASER MILNER CASGRAIN LLP
1 First Canadian Place
100 King Street West,
Toronto, Ontario
M5X 1B2

Lawyer: Alex MacFarlane / Jane Dietrich
LSUC: 28133Q / 49302U
Email: alex.macfarlane@fmc-law.com / jane.dietrich@fmc-law.com
Telephone: 416 863-4582 / 416-863-4467
Facsimile: 416 863-4592

Lawyers for the Applicants Grant Forest Products Inc., Grant Alberta Inc., Grant Forest Products Sales Inc., and Grant U.S. Holdings GP