CERTAIN ASSETS OF GRANT FOREST PRODUCTS INC.

INTRODUCTION

Grant Forest Products Inc. ("**Grant**" or the "**Company**") was a producer of oriented strand board ("**OSB**") in Northern Ontario and Alberta. Grant, and certain related entities, filed for and obtained protection under the Companies' Creditors Arrangement Act (the "**CCAA**") on June 25, 2009 pursuant to an Order of the Ontario Superior Court of Justice. Ernst & Young Inc. ("**EYI**") was appointed as Monitor of the Company.

As part of its CCAA proceedings, Grant wishes to sell the following assets (the "**Assets**"):

- **Parcel 1** – 65,000ft^2 house, office and boathouse facility located on lakefront property (the "**Haileybury Lakeside Complex**") in Haileybury, Ontario on approximately 43 acres of land. The facility is on the shore of Lake Temiskaming. Also contained in the Haileybury Lakeside Complex is office space, an art gallery, living space, swimming pools and one slip for watercraft allowing for direct access to the building;

- **Parcel 2** – a parcel of land in Earlton, Ontario that was formerly a golf course (the "**Golf Course**"). This parcel is approximately 153 acres in size;

- **Parcel 3** – Grant's interest in the lease of an airplane hangar in Earlton, Ontario (the "**Hangar Lease**"). The remaining term on the lease (which is prepaid) is approximately 16 and a half years and expires in December, 2027. The hangar is capable of storing most business jets and is approximately 100 feet by 150 feet in size. Also included is approximately 3,200ft^2 of office space and pilots' living quarters;

- **Parcel 4** – A parcel of land near Timmins, Ontario which is approximately 300 acres which contains the Company's mill in Timmins, Ontario, which is in the process of being dismantled and demolished (the "**Timmins Land**"); and

- **Parcel 5** – A landfill site in Timmins, Ontario (the "**Timmins Ogden Landfill**").

The enclosed information is solely for the convenience of prospective purchasers. The information herein has been derived from the books and records of the Company. The recipient of this information shall be deemed to have relied on his/her own judgement, inspection and investigation. Neither the Company nor EYI shall be held liable for any incorrect information contained herein. No warranty is provided by the Company or EYI as to any matter related to these Assets. However, it is intended that title will be transferred to a successful purchaser by a vesting order granted by the Ontario Superior Court of Justice in the Company's CCAA proceedings.

PARCEL OVERVIEW

The Assets will be marketed as the following 5 parcels.

Parcel 1 – The Haileybury Lakeside Complex including all fixtures attached thereto. The Haileybury Lakeside Complex is a luxury property with potential to become a landmark residence and office. In order to become fully usable, the Haileybury Lakeside Complex requires further construction as a number of rooms are not fully completed.

Parcel 2 – This parcel includes the land of the Golf Course, which contained a 6-hole golf course. The remaining holes of the 9-hole golf course are located on an adjacent property owned by a separate party and are not included in the Assets. The Golf Course has not been maintained since the end of the 2010 golf season and would require maintenance to make it playable. Also included in this parcel is a strip of land across the road from the Golf Course.

Parcel 3 – This parcel consists of the Company's interest in the lease of hangar space at an airport located in Earlton, Ontario. The hangar is approximately 100 feet by 150 feet, with a total area of approximately 15,000ft^2 plus approximately 3,200ft^2 of office space and living quarters for pilots.

Parcel 4 – This parcel is comprised of 300 acres of land near of Timmins, Ontario. Grant's Timmins OSB plant, which is in the process of being demolished, was located on the Timmins Land.

Parcel 5 – This parcel includes a landfill site near of Timmins, Ontario.

The Assets are being sold as 5 separate parcels and any bidders submitting multiple bids will be deemed to have made a separate bid for each parcel, unless they note otherwise. Preference may be given to those bidders who submit bids for multiple parcels. **The deadline for bids is 5:00pm (Toronto time) on June 24, 2011 and selected bids will be conditional on their approval by the Ontario Superior Court of Justice.**

PARCEL INFORMATION

Photographs of the three Parcels 1and 2 are included below.

Parcel 1 – The Haileybury Lakeside Complex

Parcel 2 – The Golf Course (pictures taken while the Golf Course was being maintained)

FORM OF OFFER

Bidders wishing to submit bids for any of the Assets must complete and sign the attached form of offer and will be bound by the Terms and Conditions of Sale which follow. Those bidders who do not complete and sign this form may not be considered. The Form of Offer and Terms and Conditions of Sale are outlined below. All interested parties are asked to review these carefully.

To: **Ernst & Young Inc., in its capacity as Monitor of Grant Forest Products Inc. et al.**
c/o **Todd Ambachtsheer**

1. ____
(Name of Offeror)

2. ____
(Address of Offeror)

3. ____
(Telephone Number)

4. I/We hereby submit this offer for the purchase of the parcels indicated below:

Parcel 1 Haileybury Lakeside Complex

$____ (Canadian Funds)

Parcel 2 Golf Course

$____ (Canadian Funds)

Parcel 3 Hangar Lease

$____(Canadian Funds)

Parcel 4 Timmins Land

$____ (Canadian Funds)

Parcel 5 Timmins Ogden Landfill

$____(Canadian Funds)

5. Enclosed is our/my certified cheque payable to Ernst & Young Inc. as a deposit in the amount of $_______________, representing 15% of the total amount of our/my Offer submitted herein.

DATED at ____________ this ___________ day of _______________, 2011.

Witness

(Signature)
(If Offeror is a Corporation, corporate seal must be affixed).

TERMS AND CONDITIONS OF SALE

1. The vendor is Grant Forest Products Inc. (the "**Vendor**").
2. The Monitor is requesting offers to purchase the Vendor's right, title and interest, if any, in the following assets (the "**Assets**" or the "**Purchased Property**") pursuant to these Terms and Conditions of Sale:

(i)	Parcel 1	Haileybury Lakeside Complex
(ii)	Parcel 2	Golf Course
(iii)	Parcel 3	Hangar Lease
(iv)	Parcel 4	Timmins Land
(v)	Parcel 5	Timmins Ogden Landfill

3. The description of the Assets for sale or otherwise made available by the Vendor or the Monitor through the Vendor's dataroom or any other means has been prepared solely for the convenience of prospective offerors and <u>is not warranted to be complete or accurate</u> and does not form part of these Terms and Conditions of Sale.
4. Offers marked "**Do Not Open – Offer – Grant Forest Products**" shall be sent by e-mail, fax or courier to Ernst & Young Inc., 222 Bay Street, Suite 2400, Toronto, ON M5K 1J7, to the attention of Todd Ambachtsheer so as to be received before 5:00 PM (Toronto time) on June 24, 2011. Deposits related to offers sent by e-mail or fax are required to be received by the aforementioned deadline. Offers may be faxed to Todd Ambachtsheer's attention at (416) 943-2018. Offers may also be sent via email to todd.ambachtsheer@ca.ey.com.
5. Every offer submitted <u>must</u> be in the Form of Offer attached hereto. **If offers are not in this form, they may not be considered**.
6. Offers may be submitted by individual parcel only. Offers submitted for more than one parcel will be considered as a separate offer for each separate parcel unless the offeror specifically states that the acceptance of the offeror's offer for one parcel is conditional on the acceptance of the offeror's offer for one or more additional parcels.
7. Each offeror shall, with its offer, deliver to the Vendor a certified cheque payable to Ernst & Young Inc. for fifteen percent (15%) of the gross aggregate offered price (the "**Purchase Price**"). If the offer is accepted said cheque shall be deemed to be a cash deposit and the successful offeror (the "**Purchaser**") shall pay the balance of the Purchase Price to the Vendor, by certified cheque or bank draft on or before closing. No interest on any deposit will be paid.

8. Once the Monitor, in its sole discretion, has determined that the likelihood of closing the relevant sale with the Successful Bidder(s) is advanced enough, deposit cheques will be returned to the bidders whose bids were not selected as described in the Tender Package. No interest will be paid on such deposits.
9. If any offer is accepted by the Vendor, then such acceptance shall be communicated to the Purchaser within ten business days of the date called for offers by notice in writing by the Vendor to the Purchaser at the address set forth in its offer, such notice to be given by prepaid regular mail, e-mail, facsimile or personal delivery and to be deemed effectively given and received when deposited in the post office or when transmitted by e-mail or facsimile or when personally delivered as the case may be.
10. When an offer for any parcel(s) is accepted, the terms of the offer and the acceptance thereof, and these Terms and Conditions of Sale shall be read together and constitute an agreement of purchase and sale (the "**Agreement of Purchase and Sale**") between the Purchaser and the Vendor with respect to such parcel(s) unless otherwise agreed in writing by the Vendor and the Purchaser.
11. The closing of the Agreement of Purchase and Sale shall take place at the office of the Monitor, 222 Bay St., Suite 2400, Toronto, Ontario, Canada or, at the option of the Vendor, at the offices of the Vendor's solicitors, at no later than the tenth (10th) business day following approval of the offer by the Ontario Superior Court of Justice or at such other time as may be specified by the Vendor at its sole discretion.
12. Any Agreement of Purchase and Sale shall include a condition that the sale will be subject to approval by the Ontario Superior Court of Justice.
13. Upon closing of the sale contemplated by the Agreement of Purchase and Sale, the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, to such deeds, bills of sale or assignments as may be considered necessary by the Vendor to convey its right, title and interest in the Purchased Property, if any. Any such deeds, bills of sale or assignments shall state that the Vendor does not make any representations, warranties or conditions of any kind.
14. The Purchaser shall be responsible for and pay on closing in addition to the Purchase Price all applicable federal and provincial taxes.
15. The Purchaser shall assume, at the Purchaser's cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Purchased Property and the use thereof by the Purchaser.
16. The Vendor shall not be required to produce evidence as to title, other than those in its possession.
17. Prior to closing, the Purchased Property shall be and remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After closing, the Purchased Property shall be at risk of the Purchaser. In the event of substantial damage to the Purchased Property occurring on or before closing the Purchaser may either have the proceeds of the insurance and complete the Agreement of Purchase and Sale or may cancel the Agreement of Purchase and Sale and have all monies paid, returned without interest, deduction, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to any

proceeds of insurance referable to such damage, but not to any other costs, price abatements or compensation whatsoever.

18. If the Purchaser of any parcel(s) fails to comply with the Agreement of Purchase and Sale, the Purchaser's deposit shall be forfeited to the Vendor on account of liquidated damages, such parcel(s) may be resold by the Vendor and the Purchaser shall pay to the Vendor: (i) an amount equal to the amount, if any, by which the Purchase Price under the Agreement of Purchase and Sale exceeds the net sale price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Agreement of Purchase and Sale.

19. By submitting an offer, a Purchaser acknowledges that it has inspected the Purchased Property and that the Purchased Property is sold on an "as is, where is" basis at the time of closing and that no representation, warranty or condition is expressed or implied, statutory or otherwise, as to title, description, fitness for any purpose, merchantability, quality, quantity, state, condition or location thereof or compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. All parcels are specifically offered as they now exist with no adjustments to be allowed to the Purchaser for changes in conditions, qualities or quantities of such parcels from the date hereof to the closing date. Each Purchaser acknowledges that the Vendor is not required to inspect or count, measure or provide any inspection, measurement or counting, of the Purchased Property or any part thereof and each Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer of the Purchased Property and any further documents or assurances which are necessary or desirable in the circumstances.

20. Ernst & Young Inc. acts in its capacity as court-appointed Monitor of the Company and shall have no personal or corporate liability hereunder or from any Agreement of Purchase and Sale contemplated hereby or as a result of any sale contemplated hereby.

21. The highest or any offer will not necessarily be accepted.

22. The Vendor reserves the right to sell any of the parcels in a fashion to maximize asset realizations which includes the right of the Vendor, in its sole discretion, to elect to sell the parcels in a manner other than as set out in these Terms and Conditions of Sale. Without limitation, the Vendor reserves the right to sell any and all parcels prior to the June 24, 2011, offer submission deadline set out in paragraph 4 above.

23. Before or after the opening of and acceptance of offers, the Vendor may in its sole discretion negotiate with any offeror for changes in that offeror's offer. The Vendor shall not be obliged to negotiate with any offeror or to give any offeror an opportunity to resubmit an offer, whether or not the Vendor negotiates with another offeror or offerors. Upon receipt by the Vendor of an offer, the offeror submitting the offer shall not be entitled to retract, withdraw, revoke, vary or countermand the offer and such offer shall be irrevocable prior to acceptance or rejection thereof by the Vendor.

24. The Vendor, at its discretion, may prior to accepting any offer waive or vary any or all of the Terms and Conditions of Sale or of its notice of inviting offers, including, without limitation, the removal from the sale of any or all of parcels 1, 2, 3, 4 or 5.

25. The terms and conditions contained herein shall not merge on the closing of the transaction contemplated by any Agreement of Purchase and Sale but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.

26. Any Agreement of Purchase and Sale hereunder shall be governed by and construed in accordance with the laws of Ontario, Canada, and such agreement shall enure to the benefit of and be binding on the parties thereto and their respective heirs, executors, administrators, successors or assigns as the case may be.
27. All stipulations as to time are strictly of the essence.
28. Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be tendered by cheque certified by or a bank draft of a Canadian chartered bank or Canadian trust company.
29. The obligations of the Vendor to complete an Agreement of Purchase and Sale shall be relieved if, on or before the closing of such sale, any parcel which is the subject of the sale has been removed from the control of the Vendor by any means or process, or if the sale thereof has been enjoined, whereupon the only obligation of the Vendor shall be to return the applicable deposit, without interest, deduction costs or compensation.

INSPECTION OF ASSETS AND OFFERS

Parties interested in inspecting the Assets and/or requiring additional information should contact Todd Ambachtsheer of EYI at (416) 943-2018. The Assets are available for viewing by appointment only. A confidential dataroom has also been set up by the Vendor. Potential purchasers should contact the undersigned to receive access.

DATED at Toronto, Ontario, this 4th day of May, 2011.
Ernst & Young Inc., in its capacity as
Monitor of Grant Forest Products Inc.
222 Bay St., Suite 2400
Toronto, Ontario M5K 1J7

Todd Ambachtsheer
Vice President
Phone #: 416.943.2018
Email: todd.ambachtsheer@ca.ey.com

Alex Morrison
Senior Vice President
Phone #: 416.941.7743
Email: alex.f.morrison@ca.ey.com