

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**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  
POPE & TALBOT LTD., POPE & TALBOT, INC.,  
MACKENZIE PULP LAND LTD., P&T FUNDING LTD., PENN TIMBER, INC.  
POPE & TALBOT LUMBER SALES, INC., POPE & TALBOT PULP SALES U.S., INC.  
POPE & TALBOT RELOCATION SERVICES, INC., P&T POWER COMPANY, AND  
P&T FINANCE THREE LLC  
(Collectively referred to as "P&T" or the "Company")**

**MONITOR'S EIGHTH REPORT TO COURT  
[Prepared for the February 12, 2008 Court Hearing]**

**FEBRUARY 11, 2008**

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**1 INTRODUCTION**

- 1.1 On October 29, 2007, P&T made an application under the *Companies' Creditors Arrangement Act* (the "CCAA") and an initial order (the "Initial Order") was granted by the Ontario Superior Court of Justice (Commercial List). Under the Initial Order, PricewaterhouseCoopers Inc. was appointed Monitor. The proceedings commenced by the Company under the CCAA are referred to herein as the "CCAA Proceedings".
- 1.2 On November 21, 2007, an application was made by the Company to the Supreme Court of British Columbia (this "Court" or where appropriate the "Canadian Court") to have the CCAA Proceedings transferred from the Ontario Court and for this Court to assume primary jurisdiction of the CCAA Proceedings. This Court granted such order.
- 1.3 Also, on November 21, 2007, this Court made an order amending, restating, and confirming the Initial Order. Pursuant to this order, the stay of proceedings was extended to January 16, 2008.
- 1.4 On November 19, 2007, P&T together with its U.S. Parent company and several U.S. affiliates filed a voluntary petition in the United States Bankruptcy Court (the "U.S. Court") for relief under Chapter 11 of the U.S. Bankruptcy code.
- 1.5 As a result of the cross-border nature of this restructuring, on December 14, 2007, this Court and the U.S. Court each approved a Cross-Border Insolvency Protocol that was intended to assist with the administration.
- 1.6 The Monitor has previously filed seven reports with respect to these CCAA proceedings. The most recent report was dated January 14, 2008.
- 1.7 This is the Monitor's Eighth Report to this Court. This report is prepared in order to inform this Court of the following:
  - 1.7.1 An update on the various sales processes which were previously approved by this Court (Timelines of Sales Processes is attached as Appendix A);

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- 1.7.2 The Company's request for Court approval of the sales to PT Pindo Deli Pulp and Paper Mills ("Pindo Deli") in respect of the Pulp Division assets and the Fort St. James sawmill, and Fox Lumber Sales Inc. ("Fox") in respect of the Midway sawmill;
- 1.7.3 The Company's receipts and disbursements for the period from November 10, 2007 to February 1, 2008;
- 1.7.4 The Company's updated cash flow forecast for the period from February 2, 2008 to April 4, 2008 (the "Revised Forecast"); and
- 1.7.5 The Company's request for an extension of the Stay of Proceedings to April 4, 2008.
- 1.8 Capitalized Terms not defined in this Eighth Report are as defined in the Initial Order and the Monitor's previous reports.
- 1.9 The Monitor has established a website at [www.pwc.com/car-poptal](http://www.pwc.com/car-poptal) where all materials filed with this Court by P&T and the Monitor, as well as any Orders granted by this Court, are made available in electronic form to creditors and other interested parties.
- 1.10 Materials filed and Orders granted by the U.S. Court in respect of the Chapter 11 proceedings are maintained on the website of Kurtzman Carson Consultants at <http://www.kccllc.net/popetalbot>.

**2 UPDATE ON THE SALE TO INTERFOR**

- 2.1 The sales process for the Company's Wood Products Division was approved by this Court on November 29, 2007. The Company followed this approved sales process which resulted in a definitive agreement with International Forest Products Ltd. ("Interfor") for the purchase of P&T's sawmills located in Castlegar, BC; Grand Forks, BC; and Spearfish, South Dakota, together with the related forest tenure. On January 7, 2008, this Court as well as the U.S. Court approved the sale to Interfor in a joint hearing.

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- 2.2 Through negotiations with the B.C. Government in respect of required approvals, the Company's Trout Lake property was added to the Interfor APA to maintain it as part of the Tree Farm License ("TFL"). The Trout Lake property was originally part of the Surplus Lands sales process and had an asking price of Cdn\$595,000. The Company and the Monitor both feel this was an equitable transaction.
- 2.3 Based on discussions by the Monitor with the B.C. Government and the Company, the various B.C. Government approvals for the transfer of certain licenses, permits, leases and freehold lands appears to be progressing towards an early April 2008 date. As previously raised by the Monitor, there is a narrow window of time between the anticipated date of receiving all approvals (i.e. early-April 2008) and the date upon which the Interfor agreement becomes null and void by virtue of the sunset date in the agreement (i.e. April 23, 2008).
- 2.4 The Monitor will continue to track with the Company the progress made with the Government approvals and will report to this Court thereon.

**3 UPDATE ON THE PULP PRODUCTS DIVISION SALES PROCESS**

- 3.1 The Company's proposed sale process for its Pulp Products Division was set out in the Monitor's Fourth Report to Court. The sales process was approved by this Court and the U.S. Court on December 6, 2007.
- 3.2 This sales process provided for an Asset Purchase Agreement with Pindo Deli (the "Pindo Deli APA") to serve as a "stalking horse", with an auction taking place amongst qualifying bidders on February 5, 2008.
- 3.3 The Pindo Deli APA provided for the purchase of certain assets and liabilities of the Company's Pulp Products Division, consisting of its 3 pulp mills in Mackenzie, BC; Nanaimo (Harmac), BC; and Halsey, Oregon. Initially, the targeted date for the completion of the sale was February 15, 2008.

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- 3.4 The date for qualifying bidders to register with the Company in order to participate in the auction of the Pulp Products Division was February 1, 2008. Leading up to this date, the Company and its financial advisors, Rothschild Inc. (“Rothschild”), attempted to secure additional bidders to generate a competitive bidding process; however, the only additional bid that was received did not qualify as a “topping bid”. As a result, at the auction on February 5, 2008 Pindo Deli was confirmed as the successful bidder.
- 3.5 Pursuant to the Pindo Deli APA, the Closing Date of the Pindo Deli sale cannot be later than April 30, 2008.
- 3.6 The Company’s Request for Approval
- 3.6.1 The Company and Rothschild have informed the Monitor that they are not aware of any prospective bidders who did not participate in the sales process because of the process, including the tight timelines imposed. The Company and Rothschild are confident that the Pindo Deli APA represents the best available option for a sale of the 3 pulp mills. In this regard, the Company is now seeking approval of this Court and U.S. Court of the Pindo Deli APA.
- 3.6.2 As part of the approval process, the Company is requesting that certain disclosure schedules or exhibits within the Pindo Deli APA that it believes are trade secrets, be sealed by this Court and provided only to this Court, the DIP Lenders, the Office of the U.S. Trustee, the counsel to the Official Committee of Unsecured Creditors, and the Monitor. The following is a summary of the exhibits/schedules that P&T wants to keep confidential:
- Exhibit 7.02 (m) – Key Employees.
  - Disclosure Schedule:
    - Section 2.02 (a)(vi) – Unqualified Retirement Benefit Liabilities;
    - Section 3.17 – Customers and Suppliers;

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- Section 3.20 – Labour Matters;
- Section 5.04 – Conduct of Business Prior to the Closing;
- Section 6.01 (a) – Salaried Employees;
- Section 7.02 (g) – Key Contracts; and
- Section 7.02 (i) – Fiber Presentation.

3.6.3 The Monitor has been provided with copies of these exhibits/schedules. Certain of these items are clearly confidential in nature and the Monitor is respectful of the desire to keep same out of the public domain. Others of the above items seem not to be strictly confidential, although the Company has expressed various reasons for wishing to keep these confidential. The Monitor has reviewed each of the exhibits/schedules and is satisfied that the withholding of such items does not prejudice the interests of any of the stakeholders in the process. Accordingly, the Monitor does not object to the Company's request to have these items sealed.

3.7 The Purchase Price and Overall Realization Value of the Transaction

3.7.1 The overall realization value of the assets consist of the assets that are subject to the Pindo Deli APA, plus the net realizations from the related assets not being purchased by Pindo Deli (e.g. accounts receivable and finished goods inventory), less the costs not assumed by Pindo Deli.

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- 3.7.2 Rothschild and the Company have estimated the net purchase price and other asset net realizations totals US\$211 million. The Monitor thinks that the Company's estimate should be \$3 million lower as a result of certain Cure Costs not fully provided for by the Company. The Monitor's revised estimate is US\$208 million. The following is a summary of the overall realizations:

APA Purchase Price	US\$ millions
Purchase Price	105.3
Add: Estimated Price Adjustment	8.0
Less: Cure Costs <sup>1</sup>	10.0
Net Purchase Price re: APA	103.3
Add: Other Assets Realizations	104.8
<b>Total cash proceeds to P&amp;T</b>	<b>208.1</b>

Note 1: Cure Costs estimate have been increased to provide for all potential claims. See paragraph 3.5.

- 3.7.3 This estimate does not include potential upside related to the Halsey CLO2 tax credits, as described in the Monitor's Sixth Report to Court, (i.e. US\$5 million). Pindo Deli has the option to acquire these tax credits from the Company. This option can be exercised up to the date of closing.
- 3.7.4 As part of estimating the net purchase price, the Company has provided for a potential purchase price reduction related to the costs of curing certain contracts (the "Cure Costs"). The Cure Costs relate to pre-filing amounts owing to suppliers who have contracts with P&T for which the Company may assign/transfer to Pindo Deli. The Company is not yet certain which contracts Pindo Deli will assume and therefore, the amount cannot be determined at this time. The Company has estimated the maximum Cure Costs at US\$7 million. The Monitor has reviewed this estimate and thinks the total Cure Costs are likely understated by US\$3 million as a result of disputed arrears as between P&T and the creditors that have not been included. Accordingly, the Monitor has estimated the Cure Costs at US\$10 million.

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- 3.7.5 Pindo Deli continues to proceed with due diligence on the assignment of contracts and it has until February 11, 2008 to elect which contracts it wants assigned. The Monitor may be able to provide this Court with an update of the Cure Costs at the February 12<sup>th</sup> Court hearing.
- 3.7.6 Through the U.S. proceedings, the Company sent a notice of cure amounts to all contract holders. The amounts currently claimed by creditors totals US\$10 million. The break-down of this amount consists of approximately US\$7 million of Canadian creditors (i.e. creditors based in Canada supplying goods and services to Canadian operations) and approximately US\$3 million of United States creditors (i.e. creditors based in the U.S. supplying goods and services to the U.S. operations).
- 3.7.7 As noted in the Monitor's Sixth Report to this Court, there are differences in U.S. and Canadian law in relation to contracts to be assigned and the treatment of them. The Pindo Deli APA is consistent with the Interfor APA with regards to its treatment of Cure Costs. Again, it could be argued that the ultimate effect of the Pindo Deli APA may see some creditors paid pre-filing debt by reason of the selection by Pindo Deli to continue their contract. As noted in the Monitor's Sixth Report to Court, the effect of such payments may be inconsistent with Canadian insolvency Law.
- 3.7.8 Given this Court's approval of the Interfor APA, the Monitor is of the view that the advantages of the cure cost provisions outweigh the disadvantages. The Monitor recommends that this issue not interfere with the approval of the Pindo Deli APA.
- 3.8 Timelines
- 3.8.1 The Company initially targeted to complete the Pindo Deli transaction by February 15, 2008. This timing is a specific requirement of the DIP loan agreement.

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3.8.2 There remain certain government approvals for transferring licenses and freehold land that were described in the Monitor's Fourth Report to Court. It is clear to the Monitor that the transaction will not be completed by February 15, 2008 based on these government approvals. The end of March appears to be the earliest that the transaction could reasonably be completed.

3.8.3 The Pindo Deli APA provides for a sunset date of April 30, 2008 as the date which the transaction must be completed.

3.9 Environmental Liabilities

3.9.1 The Pindo Deli APA provides an exclusion of any environmental liabilities that exist at the time of closing. As previously reported by the Monitor, it may not be possible to exclude this liability contractually.

3.10 Monitor's Comments on the Sale to Pindo Deli.

3.10.1 The Monitor has reviewed the sales procedures which resulted in the Pindo Deli APA. The Monitor is satisfied that this sale represents the most favourable value that is currently available to the Company. Furthermore, the Monitor is of the view that had any further time been provided to the bidding process, it would not have created a financially superior transaction. Accordingly, the Monitor supports the sale to Pindo Deli.

3.10.2 The Monitor will continue to review the progress being made in respect of obtaining the necessary approvals. The Monitor has no reasons to think that the timelines in the Pindo Deli APA will be missed.

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**4 UPDATE ON REMAINING WOOD PRODUCTS DIVISION SALES PROCESS**

- 4.1 The Fort St. James and Midway sawmills have been the subject of numerous sales processes by the Company beginning in 2006. In the most recent sales process within these proceedings, the Fort St. James and Midway sawmills were not included in the Interfor APA as its offer included only the Castlegar, Grand Forks, and Spearfish sawmills. The Fort St. James and Midway sawmills were then offered for sale by Rothschild as part of the Remaining Wood Products Division.
- 4.2 The Company's proposed sale process for its Remaining Wood Products Division was set out in the Monitor's Fourth Report to Court. The sales process was approved by this Court and the U.S. Court on December 6, 2007. As reported in the Monitor's Seventh Report to Court, the Company did not reach a stalking horse agreement for either the Fort St. James or the Midway sawmills.
- 4.3 The Company and Rothschild continued to work with a variety of interested parties to attempt to generate a competitive bidding process with the remaining assets leading up to the bid deadline of February 1, 2008. The Company received 2 bids for Fort St. James, 2 bids for Midway, and 1 bid that included both the Fort St. James and the Midway sawmills.

**5 THE SALE TO PINDO DELI (FORT ST. JAMES)**

- 5.1 The auction on February 5, 2008 resulted in an Asset Purchase Agreement with Pindo Deli (the "Pindo Deli APA (sawmill)"). It provides for the purchase and sale of P&T's Fort St. James sawmill and associated timber tenure. Pursuant to the agreement, the transaction must be completed by April 30, 2008.
- 5.2 The Pindo Deli APA (sawmill) has not been reproduced in this Report; however, it is contained in the application materials of the Company as Exhibit A to the February 8, 2008 affidavit of Harold Stanton. The document is also available on the Monitor's website.

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5.3 The Company's Request for Approval

5.3.1 The Company and Rothschild have informed the Monitor that they believe the Pindo Deli APA (sawmill) represents the best available option for a sale of the Fort St. James sawmill. In this regard, the Company is now seeking the approval of this Court and U.S. Court of the Pindo Deli APA (sawmill).

5.4 The Purchase Price and Overall Realization Value

5.4.1 The Pindo Deli offer has a cash purchase price of US\$6.0 million, substantially for the sawmill assets, the inventory, and the forest tenure. In addition, Pindo Deli has offered to assume up to an estimated US\$5 million in liabilities of the Company related to the operations.

5.4.2 Based on the foregoing, Rothschild and the Company have estimated the net value to the Company to be US\$11.0 million.

5.4.3 As part of the assumed liabilities, Pindo Deli is responsible for paying the Cure Costs on the assumed contracts. Pindo Deli has the ability to choose which contracts it will assume; however, this election has not been completed.

5.5 The following represents a summary of the business terms of the Pindo Deli APA (sawmill):

5.5.1 The Purchase Price:

5.5.1.1 Cash purchase price of US\$6.0 million, which includes non-finished goods inventory (i.e. raw materials and work-in-process). The purchase price is subject to downward adjustments should the inventory at the date of closing be less than US\$3.9 million. At present, the book value of inventory is US\$4.9 million.

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5.5.2 Assets included:

5.5.2.1 The Fort St. James sawmill.

5.5.2.2 The real property and leases on which the sawmill operates.

5.5.2.3 Timber tenure (Forest License A77955).

5.5.2.4 Non-finished goods inventory (i.e. raw materials and work-in-process) at the Closing Date.

5.5.2.5 Office equipment and assets related to the sawmill.

5.5.2.6 Contracts that the purchaser elects to assume.

5.5.3 Excluded assets:

5.5.3.1 Contracts that Pindo Deli does not elect to assume.

5.5.3.2 The Company's interest in Lignum Forest Products LLP.

5.5.3.3 Any assets relating to the Employee Plans.

5.5.3.4 Certain inter-company agreements as documented in the Disclosure Schedule.

5.5.4 Assumed Liabilities:

5.5.4.1 Liabilities under the Assigned Contracts, all forestry liabilities related to the timber tenure, and all Environmental Liabilities. The total of these obligations is limited to US\$8.0 million and Pindo Deli will pay the vendors directly. The estimated amount of the obligations is approximately US\$5 million.

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5.5.4.2 Liabilities to Transferred Employees with respect to accrued vacation and banked overtime, not to exceed US\$1.5 million. It is estimated by the Company that this amount will not exceed US\$1 million at closing, and the Monitor is satisfied with this estimate.

5.5.5 Required Approvals:

5.5.5.1 This Court and the U.S. Court.

5.5.5.2 Requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and the Competition Act (Canada).

5.5.5.3 Requirements under the *Investment Canada Act* (Canada).

5.5.5.4 Requirements under the *Forest Act* (British Columbia).

5.5.5.5 Federal and provincial government consent and approvals for the transfer of permits and licenses.

5.5.6 Closing Date:

5.5.6.1 The Pindo Deli APA (sawmill) transaction must be completed by April 30, 2008.

5.6 Monitor's comments on the sale process:

5.6.1 The Monitor has reviewed the sales process which resulted in the Pindo Deli APA (sawmill). The Monitor has also reviewed the Pindo Deli APA (sawmill).

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5.6.2 Approvals

5.6.2.1 The transaction includes a Forest License which will require approval of the B.C. government. The process and the timelines for obtaining such approval are not clearly laid out, particularly in relation to First Nation consultation. If a full consultation process is required, the approval process will certainly go past the April 30, 2008 deadline in the Pindo Deli APA (sawmill). Accordingly, the agreement may need to be extended.

5.6.2.2 In addition, there are other permits and licenses that will require corresponding B.C. government consents and approvals. It does not appear that these approvals will delay the transaction closing.

5.6.3 Assumed Liabilities

5.6.3.1 If Pindo Deli takes an assignment of all contracts, then the value of the assumed liabilities will total approximately US\$5 million. It is currently unclear which contracts Pindo Deli will assume and accordingly, the true value to the Company is currently not determinable. If Pindo Deli elects to assume none of the contracts, the transaction value will decline by more than US\$2 million (i.e. the estimated amount of the Cure Costs).

5.6.4 Objections to the Sales Process

5.6.4.1 Late in this process, the Monitor was advised that K&D Logging ("K&D"), the unsuccessful bidder in the February 5, 2008 auction, intends to object to the sales process. The Monitor has briefly discussed with counsel to K&D the concerns that it has. Given the complexities of the issues raised, the Monitor cannot summarily review this matter. K&D has requested that the approval be deferred until it can provide support for its issues.

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5.6.4.2 The Monitor does not see the urgency to have the sale to Pindo Deli approved without an opportunity to investigate the concerns raised by K&D. Currently, the mill is not operating and accordingly, operations will not be adversely affected by a brief delay. Therefore, the Monitor recommends that a period of 1 week be given for K&D to present its issues, allows the Monitor to review same, and report to this Court.

5.6.4.3 Based on the representations of K&D, it is not possible for the Monitor to conclude that a fair process was conducted or that the superior offer was selected.

**6 THE SALE TO FOX (MIDWAY)**

6.1 The auction on February 5, 2008 resulted in Fox Lumber Sales Inc. ("Fox") being selected as the successful bidder. The Company accepted the Asset Purchase Agreement from Fox (the "Fox APA") and is now seeking approval of this Court and the U.S. Court. The Company believes that the Fox APA represents the best available option for the sale of the Midway sawmill.

6.2 The Fox APA has not been reproduced in this Report; however, it is contained in the application materials of the Company as Exhibit B to the February 8, 2008 affidavit of Harold Stanton. The document is also available on the Monitor's website.

6.3 The Fox APA

6.3.1 The Fox APA provides for a payment of US\$750,000 to acquire the sawmill assets and to buy-out the vendor-take-back loan in the amount of US\$490,000 from an entity related to Fox. The loan was made by P&T when it sold some assets to a related entity of Fox. Pursuant to the Fox APA, the implicit purchase price for the sawmill assets and land is between US\$260,000 and US\$300,000, depending on the present value assumptions used to value the loan.

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- 6.3.2 The vendor-take-back loan from Fox's related entity is payable to P&T in 2 instalments of US\$245,000 each, in August 2008 and 2009. Under the Fox APA, Fox will prepay this on closing as part of the US\$750,000.
- 6.3.3 The Purchase Price:
- 6.3.3.1 US\$750,000, which includes collections of the US\$490,000 receivable of the Company from Fox's related entity.
- 6.4 The Fox APA attempts to exclude the assumption of any environmental liability in respect of the owned real property or leased property relating to the business that existed prior to the Closing Date.
- 6.5 The Fox APA is silent on the Closing Date. The Company believes that it will be able to close this transaction in by April 4, 2008; however, this has not been negotiated between Fox and the Company.
- 6.6 Monitor's comments on the sale process:
- 6.6.1 At the sales process approval hearing, the Monitor commented that the Company's approach to selling the Midway sawmill through a New York City auction process seemed overly complicated given that it was an inactive operation with questionable value as a sawmill. Despite these concerns, the Company maintained that this was its preferred sales process.
- 6.6.2 Given the low effective purchase price provided for in the Fox APA for the sawmill assets and land (i.e. maximum of \$300,000), it seems likely that a sales process that broke-up the assets into equipment and land may have produced higher realizations. The property tax assessed value of the real estate alone is Cdn\$700,000.
- 6.6.3 Despite the concerns of the Monitor, there does not appear to be any interested parties prepared to oppose the sale. Furthermore, the Company is satisfied with the sales process and its results. Therefore, the Monitor does not oppose this sale.

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**7 UPDATE ON THE SURPLUS LANDS**

- 7.1.1 The Monitor's Third Report to Court listed 36 properties located in British Columbia that the Company had identified to be surplus lands and which it intended to offer for sale or was already in the process of selling.
- 7.1.2 On November 28, 2007, this Court approved the sale of 13 properties in four transactions for a total sales price of Cdn\$8.2 million. Three of the four transactions closed successfully on January 8, 2008 and the fourth transaction closed successfully on January 14, 2008 (Surplus Lands – Sales to-date is attached as Appendix D).
- 7.1.3 The net proceeds received from these four completed transactions totalled Cdn\$7.8 million. A schedule summarizing the details of each of the completed transactions is attached as Appendix C. Of the net proceeds, Cdn\$5.5 million has been paid to the Company's term lenders, pursuant to their first ranking security over the assets. The additional Cdn\$2.25 million is currently held in escrow by the Company's counsel, pending government's approval for the removal from the Tree Farm Licence.
- 7.1.4 As discussed in the Interfor APA section, the Trout Lake property has been removed from the Surplus Land Sales process.
- 7.1.5 The Company resumed the sales efforts during the week of January 28, 2008 for the remaining 22 properties. Many of the properties contain substantial timber volumes. As a result of a declining market for wood products since the initial offering, the Company has revised its valuation of the timber and therefore, original asking prices for the remaining properties has been reduced from Cdn\$43.2 million to Cdn\$39.1 million.
- 7.1.6 The Official Committee of Unsecured Creditors has requested that the Monitor review the sales process for the Surplus Land Sales in the US and report through the same process as the Canadian Surplus Land Sales. The Monitor is working with the Company to obtain information about the parcels of land and the process to date.

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**8 COMPANY OPERATIONS**

8.1 The operational status of each of the Company's mills is listed below:

Mill	Location	Products Produced	Operational Status
Castlegar	Castlegar, BC	Lumber	Currently operational, anticipated shutdown to commence March 1, 2008 due to market conditions.
Grand Forks	Grand Forks, BC	Lumber	Currently operational, anticipated shutdown to commence March 1, 2008 due to market conditions.
Fort St. James	Fort St. James, BC	Lumber	Temporary shutdown - market condition
Midway	Midway, BC	Lumber	Permanent shutdown
Spearfish	Spearfish, SD	Lumber and pellets	Operational
Harmac Pulp	Nanaimo, BC	Pulp	Operational
Halsey	Halsey, OR	Pulp	Operational
Mackenzie	Mackenzie, BC	Pulp	Operational

8.2 As a result of a combination of liquidity constraints and market conditions, sawmill operations at the Castlegar and Grand Forks are expected to be shutdown by the end of February 2008, with the planer operations following by March 15, 2008. The Company does not believe that either of these anticipated temporary shut-downs would be expected to delay or hinder the completion of the sale to Interfor.

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8.3 Cash Receipts & Disbursements to February 1, 2008

8.3.1 The following is a summary of the actual cash flow and the variance to the November 14 Forecast. The Monitor's detailed comments of the variances are set out in Appendix B.

	Period From 1/5/2008 - 2/1/2008				Cumulative Period From 11/10/2007 - 2/1/2008			
	Actual US\$ 000's	Forecast US\$ 000's	Variance US\$ 000's	Variance %	Actual US\$ 000's	Forecast US\$ 000's	Variance US\$ 000's	Variance %
<b>Total Receipts</b>	50,458	55,104	(4,646)	(8%)	148,294	169,909	(21,615)	(13%)
Total Bankruptcy Related Disbursements	(1,864)	(5,389)	3,525	65%	(6,831)	(17,633)	10,802	61%
Total Operating Disbursements	(56,449)	(56,615)	166	0%	(160,650)	(169,079)	8,429	5%
<b>Total Disbursements</b>	<b>(58,313)</b>	<b>(62,004)</b>	<b>3,691</b>	<b>66%</b>	<b>(167,481)</b>	<b>(186,712)</b>	<b>19,231</b>	<b>66%</b>
<b>Net Cash Flow</b>	<b>(7,855)</b>	<b>(6,900)</b>	<b>(955)</b>	<b>(14%)</b>	<b>(19,187)</b>	<b>(16,803)</b>	<b>(2,384)</b>	<b>(14%)</b>

8.3.2 For the four week period from January 5, 2008 to February 1, 2008 (the "Period") the Company incurred negative cash flow of US\$7.9 million. This was US\$955,000 lower than the corresponding period in the November 14 Forecast.

8.3.3 For the 12 week period from November 10, 2007 to February 1, 2008 (the "Cumulative Period"), the cumulative negative cash flow was US\$19.2 million, US\$2.4 million worse than the corresponding period in the November 14 Forecast.

8.3.4 As noted in the Monitor's Seventh Report to Court, the Company has attempted to pay all vendors on a "cash basis" to minimize accrued liabilities, however this is administratively complex. As at February 1, 2008, the Company has a post-filing trade accounts payable balance of approximately US\$8 million. This amount does not include unpaid US-based professional fees of approximately US\$3.8 million.

8.3.5 Pursuant to the DIP Agreement, the Company is reporting on a weekly basis to its Lenders in respect of the actual receipts and disbursements as compared to the November 14 Forecast.

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8.3.6 As noted above, to-date the Company has finalized sale of Surplus Lands for total net proceeds of Cdn\$7.8 million. Pursuant to the terms of the DIP Agreement, Cdn\$5.5 million these proceeds were immediately used to pay down the secured term borrowings. The remaining balance is held in escrow pending TFL transfer approval.

**9 OTHER MATTERS**

9.1 Revised Forecast

9.1.1 The Company has prepared the Revised Forecast though April 4, 2008 (the "Forecast Period"). A copy of the Revised Forecast is attached hereto as Appendix C. The Revised Forecast was provided to the Monitor after preparation by the management with the assistance of its financial advisors.

9.1.2 As indicated in the Revised Forecast, from operations the Company is projecting in the Forecast Period cash receipts of US\$130.7 million and cash disbursements of US\$151.1 for a net negative cash flow of US\$20.4 million. This negative net cash flow is supported by cash on hand of US\$8.8 million, an increase in borrowings of US\$9.6 million in the DIP Revolver loan, and an increase of US\$2.0 million in the DIP Term Loan.

9.1.3 The increase in borrowings is offset by anticipated reduction of the Revolver and Term Loans by US\$163 million for cash proceeds to be received from Interfor and Pindo Deli and the sale of certain surplus lands.

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9.1.4 At the end of the Forecast Period, it is anticipated that the outstanding balances of the secured loans, excluding accrued interest, will be as follows:

	Revolving Loan US\$ 000's	DIP Term Loan B US\$ 000's	Pre-Petition Term Loan Obligations US\$ 000's	Total
<b>Opening Balance - October 29, 2007</b>	37,197	-	185,440	222,637
Net increase (pay down) due to operations, fees & interest	18,151	18,937	-	37,088
Subtotal	55,348	18,937	185,440	259,725
<b>Secured Loan Pay down (note 1)</b>				
Net pay down due to sale of Surplus Lands through 2/1/08	-	-	(5,445)	(5,445)
Net pay down due to sale of Surplus Lands forecast	-	-	(5,200)	(5,200)
Net pay down due to sale of Pulp Division	(43,100)	-	(59,000)	(102,100)
Net pay down due to sale of Wood Products Division	(4,600)	-	(51,100)	(55,700)
<b>Forecast Balance at April 4, 2008 (note 2)</b>	<b>7,648</b>	<b>18,937</b>	<b>64,695</b>	<b>91,280</b>

Note 1: Paydown relates only to amount expected to be received during the week of April 4, 2008. It does not include inventory holdback, finished goods inventory, and accounts receivable amount still to be collected.

Note 2: Closing balance does not include accrued interest on pre-petition balances and any prepayment fees. Accrued interest in the Pre-Petition Term Loan is estimated at US\$10.2 million as at February 1, 2008.

9.1.5 Based on the underlying assumptions of the Revised Forecast, the Company will remain in compliance with the terms and maximum commitment for the DIP Revolving loan under the current DIP Agreement and will exceed the maximum commitment under the DIP Term Loan by US\$ 1.2 million, primarily due to Lenders interest and professional fees associated with the longer time horizon.

9.1.6 The Company will, however, exceed the maximum total borrowings on the DIP Revolver when compared to the November 14 Forecast.

9.1.7 Significant operating assumptions within the Revised Forecast include;

9.1.7.1 The Interfor and the Pindo Deli deals both close by April 4, 2008.

9.1.7.2 The Castlegar and Grand Forks sawmills consume current log inventory and run through February 29, 2008 with the planers running until March 14, 2008.

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9.1.7.3 Continued operation of the Spearfish mill on a two shift basis and continued inactivity of the Midway and Fort St. James mills through April 4, 2008.

9.1.7.4 Other revisions including the timing and pricing of collections as Company has experienced certain market challenges including, but not limited to, continuing decline in the US Lumber market and lack of capacity of ocean going freight.

9.2 DIP Loan Agreement

9.2.1 The Company reports its cash flows weekly to its DIP Lenders. During each week of the Period, the Company has generated a Material Adverse Deviation in this cash flow reporting. The Company has continued to obtain the necessary waivers in respect of the Material Adverse Deviations incurred and reported to February 1, 2008.

9.2.2 As at February 1, 2008 the total amount outstanding under the operating portion of DIP agreement was US\$55.2 million, including both the Term and the Revolver. An additional US\$2.2 million has been added to the DIP Term Loan for interest and fees.

9.2.3 The Company has continued to maintain compliance under the DIP Loan Agreement for total borrowings and has not exceeded amounts available under the borrowing base calculation.

<b>Revolver Balance as at February 1, 2008</b>	
	<b>Actual US\$ 000's</b>
Borrowing Base	64,649
Less: Letter of Credit Reserve	(7,037)
Net Availability	57,612
Revolver Balance	45,193
Excess of Availability	12,419

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- 9.2.4 The current DIP Loan Agreement expires on February 15, 2008. It is the understanding of the Monitor that the Company and its Lenders have not yet agreed upon an extension of the DIP Loan Agreement; however, constructive dialogue has taken place.
  - 9.2.5 While the Monitor notes that it has not been involved in the Company's efforts to extend financing, the Monitor understands that negotiations with the DIP Lenders represents the only additional financing that is currently available to the Applicants.
  - 9.2.6 Absent continued financing, it is unlikely that the Company will be able to continue operations and conclude both CCAA and Chapter 11 Proceedings. At this time, the continuation of operations is generally in the best interests of all stakeholders in order to preserve going concern value and maximize realizations through completion of the above mentioned sales processes.
  - 9.2.7 The Company requires an ongoing credit facility, and although extremely restrictive, the current facility provides the Company with its only option to focus on the sales process and complete the proceedings.
- 9.3 Stay of Proceedings
- 9.3.1 The current stay of proceedings expires on February 15, 2008. The Company is now seeking an extension of the Stay Period until April 4, 2008.
  - 9.3.2 The Monitor believes that the Applicants have acted and are acting in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
  - 9.3.3 However, the Company has not yet successfully negotiated an extension of their DIP Agreement. Based on the Revised Forecast, the Company considers the Revolving DIP funding commitment available under the existing DIP agreement to be sufficient for the Stay Period.

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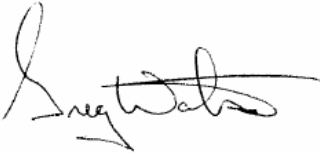
- 9.3.4 The Company anticipates a further need of its DIP Term Borrowings of US\$1.2 million, primarily to fund Lender interest and professional fees for the extended time horizon.
  - 9.3.5 The Monitor believes that additional time is required to allow the Company to realize on the sale of assets and formulate a plan for distribution of the proceeds. An extension of the Stay will provide the Company with the stability that is needed during this time.
  - 9.3.6 If the Stay Period is not extended and the stay of proceedings against the Company terminated, the Monitor believes that creditors may take action that would be highly detrimental to the sales process currently undertaken by the Company. However, the extension of the Stay Period must coincide with continued support from the DIP Lenders.
  - 9.3.7 The Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period to April 4, 2008, so long as the current DIP agreement remains in effect with the Company able to access the amounts available under the DIP Revolver.
- 9.4 Future reporting of the Monitor
- 9.4.1 The next Court application in the Company's CCAA Proceedings is scheduled for February 26, 2008, at which time the Company anticipates that it will seek this Court's approval for several surplus land sales and a Cross-Border Claims Process. This Court application is scheduled to be dealt with as a joint hearing of this Court and the U.S. Court.
  - 9.4.2 The Monitor intends to file its next report with this Court on or about February 22, 2008.

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This report is respectfully submitted this 11<sup>th</sup> day of February 2008.

**PricewaterhouseCoopers Inc.  
Court Appointed Monitor of  
Pope & Talbot Ltd. and its affiliates**



**Greg Watson  
President**



**Michael J. Vermette  
Senior Vice President**

## **APPENDIX A**

### **Timelines of Sales Processes (Canadian and U.S. Courts' Approval)**

**Timeline of Sales Processes (Canadian and U.S. Courts' Approval)**

Interfor Sale:



Pindo Deli (Pulp Division) Sale:



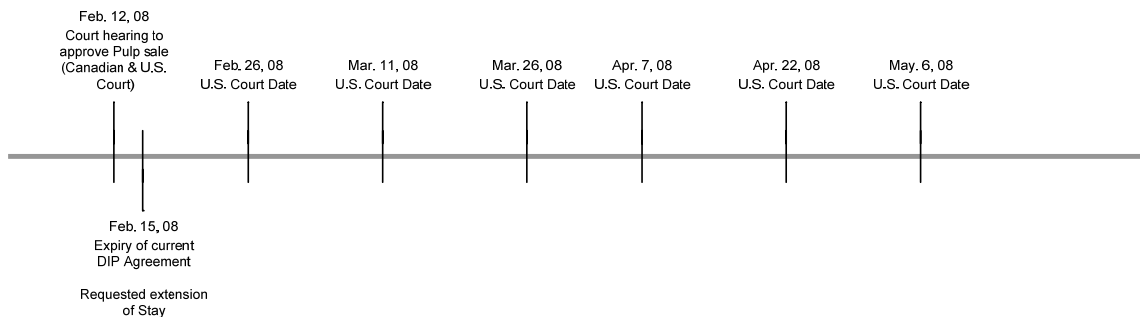
Pindo Deli (Fort St. James) Sale:



Fox Lumber (Midway) Sale:



Administration:



## **APPENDIX B**

**Variations Analysis – November 14 Forecast vs.  
the Actual Receipts and Disbursements  
for the Period to February 1, 2008**

## Appendix B

### Variances Analysis – November 14 Forecast vs. the Actual Receipts and Disbursements for the Period to February 1, 2008

	Period From 1/5/2008 - 2/1/2008				Cumulative Period From 11/10/2007 - 2/1/2008			
	Actual US\$ 000's	Forecast US\$ 000's	Variance US\$ 000's	Variance %	Actual US\$ 000's	Forecast US\$ 000's	Variance US\$ 000's	Variance %
<b>Total Receipts</b>	<b>50,458</b>	<b>55,104</b>	<b>(4,646)</b>	<b>(8%)</b>	<b>148,294</b>	<b>169,909</b>	<b>(21,615)</b>	<b>(13%)</b>
<b>Bankruptcy Related Disbursements</b>								
Utility Deposits	-	-	-	-	(133)	(2,000)	1,867	93%
Prepetition Freight, Shippers & Warehouseurs	-	-	-	-	(551)	(2,700)	2,149	80%
Prepetition Critical Vendors	-	(1,000)	1,000	100%	(885)	(5,000)	4,115	82%
Prepetition Sales Agent	-	-	-	-	-	(400)	400	100%
Professional Fees	(1,492)	(4,389)	2,897	66%	(4,890)	(7,533)	2,643	35%
Other	(372)	-	(372)	-	(372)	-	(372)	-
<b>Total</b>	<b>(1,864)</b>	<b>(5,389)</b>	<b>3,525</b>	<b>65%</b>	<b>(6,831)</b>	<b>(17,633)</b>	<b>10,802</b>	<b>61%</b>
<b>Operating Cash Disbursements</b>								
Payroll	(6,496)	(8,804)	2,308	26%	(19,356)	(24,192)	4,836	20%
Payroll Taxes and Benefits	(6,229)	(4,378)	(1,851)	(42%)	(17,343)	(12,025)	(5,318)	(44%)
Logs & Fiber	(18,868)	(18,911)	43	0%	(48,429)	(57,066)	8,637	15%
Utilities / Energy	(5,720)	(4,918)	(802)	(16%)	(15,730)	(13,150)	(2,580)	(20%)
Freight	(6,076)	(6,104)	28	0%	(18,358)	(19,556)	1,198	6%
Chemicals	(4,069)	(3,619)	(450)	(12%)	(12,845)	(11,240)	(1,605)	(14%)
Operating Supplies	(1,986)	(1,799)	(187)	(10%)	(4,448)	(5,353)	905	17%
Maintenance Materials & Contract Services	(2,395)	(3,262)	867	27%	(6,932)	(12,721)	5,789	46%
Lease Payments	(928)	(529)	(399)	(75%)	(1,918)	(1,589)	(329)	(21%)
Lumber Duties	-	(981)	981	100%	(1,415)	(2,856)	1,441	50%
Taxes (Property & Other)	(138)	-	(138)	-	(499)	(181)	(318)	(176%)
Brussels Office	-	-	-	-	(19)	(184)	165	90%
Insurance	(594)	-	(594)	-	(1,046)	(538)	(509)	(95%)
Professional Fees	(204)	(211)	7	3%	(398)	(489)	91	19%
Interest and Financing Costs on Revolver	(430)	(426)	(4)	(1%)	(1,319)	(1,395)	76	5%
Capital Expenditures	-	(203)	203	100%	(157)	(1,496)	1,339	90%
Other	(935)	(912)	(23)	(3%)	(9,057)	(3,491)	(5,566)	(159%)
<b>Total Operating Disbursements</b>	<b>(56,449)</b>	<b>(56,615)</b>	<b>166</b>	<b>0%</b>	<b>(160,650)</b>	<b>(169,079)</b>	<b>8,429</b>	<b>5%</b>
<b>Total Disbursements</b>	<b>(58,313)</b>	<b>(62,004)</b>	<b>3,691</b>	<b>6%</b>	<b>(167,481)</b>	<b>(186,712)</b>	<b>19,231</b>	<b>10%</b>
<b>Net Cash Flow</b>	<b>(7,855)</b>	<b>(6,900)</b>	<b>(955)</b>	<b>(14%)</b>	<b>(19,187)</b>	<b>(16,803)</b>	<b>(2,384)</b>	<b>(14%)</b>

**Variations Analysis – November 14 Forecast vs. the Actual Receipts and Disbursements  
for the Period to February 1, 2008**

**Total Receipts**

- 1 Receipts for the Period were unfavourable by US\$4.7 million. This is primarily due to lower sales in the Wood Products division as Fort St. James remained closed, and lower collections in the Pulp Division due to logistical issues encountered during the period immediately subsequent to the filing of the CCAA. The receipts were aided by the exercise of a US\$2 million letter of credit for the benefit of the Company related to an outstanding accounts receivable.

**Disbursements**

- 2 Total Bankruptcy Related Disbursements excluding Professional Fees were US\$8.2 million favourable for the Cumulative Period. As identified in the Monitor's Seventh Report to Court, this is likely a permanent difference.
- 3 During the Period the Company did made disbursements of US\$1.4 million in professional fees which included US\$483,000 as the first approved payments to US based professionals. For the Cumulative Period, the Company has a positive variance of US\$2.6 million in professional fees, which is primarily a timing issue due to the US Bankruptcy Code imposed delay in payment of US-based professionals. As noted in the Monitor's Fifth Report to Court, during the Cumulative Period the Company paid US\$1.42 million to the lenders advisors which was not included in the November 14 Forecast. As noted earlier in this report, the Company continues to accrue significant professional fees.
- 4 The positive variance in the Period of US\$2.3 million in Payroll is due to limited operations at Fort St. James and over-budgeting at Harmac. This favourable variance is offset by an unfavourable variance in Payroll Taxes and Benefits of US\$1.8 million. The Payables Taxes and Benefits forecast were prepared using a percentage load factor for benefits, and certain key payments were missed. The Payroll Taxes and Benefits line in the Revised Forecast has been thoroughly analyzed by the Company and its advisors.
- 5 As noted in the Monitor's previous Report's to Court, the Company has experienced a continued favourable variance in Logs and Fiber purchases due to less than forecast buying at the sawmills coupled with limited fiber availability at the pulp mills. Although this is likely a permanent variance, the Company is continually re-evaluating its Logs and Fiber needs.

**Variations Analysis – November 14 Forecast vs. the Actual Receipts and Disbursements  
for the Period to February 1, 2008**

- 6 The Company continues to experience negative variances in both the Period and the Cumulative Period for Utilities & Chemicals. Part of this variance is due to higher chemical costs than forecast at certain pulp mills, and also deposits that have been paid to certain utility providers in excess of the actual usage. The Company has reconciled their utility deposit amounts and expects certain amount of this cumulative variance to reverse.
  
- 7 The Company continues to experience favourable variances in Maintenance Materials and Contract Services (Cumulative Period variance of US\$5.7 million) and Capital Expenditure (Cumulative Period variance of US\$1.3 million). As noted in previous Reports to Court, both of the Lumber and the Pulp Asset Purchase Agreements require the Company to maintain the assets in good standing, therefore it will be imperative for the Company to monitor ongoing maintenance carefully.

# **APPENDIX C**

## **Revised Forecast**

**Pope & Talbot Weekly Cash Forecast**  
**Forecast - All Sites Consolidated**  
**(USD \$000's)**

APPENDIX C

Week in Fiscal Year Cash Forecast Week	ACTUAL												Totals
	3	4	5	6	7	8	9	10	11	12	13	14	
	1	2	3	4	5	6	7	8	9	10	11	12	
Current Week Ending	1/18/2008	1/25/2008	2/1/2008	2/8/2008	2/15/2008	2/22/2008	2/29/2008	3/7/2008	3/14/2008	3/21/2008	3/28/2008	4/4/2008	
<b>Operating Cash Flow</b>													
<b>Total Receipts</b>	11,924	12,117	10,500	9,687	15,425	13,877	16,485	9,070	12,417	13,852	17,123	12,296	154,773
<b>Bankruptcy Related Disbursements</b>													
Utility Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepetition Freight, Shippers & Warehouse	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepetition Critical Vendors	-	-	-	(400)	-	-	-	-	-	-	-	-	-
Prepetition Lien Holders	-	-	-	-	-	-	-	-	-	-	-	-	(400)
Prepetition Sales Agent	-	-	-	-	-	-	-	-	-	-	-	-	-
Management Incentive Plan	-	-	(436)	-	-	-	-	-	-	-	-	-	-
Professional Fees	(280)	(473)	(1,040)	(350)	-	(2,790)	-	(350)	-	(4,320)	-	(382)	(818)
Other	-	-	-	-	-	-	-	-	-	-	-	(350)	(9,953)
<b>Total</b>	(280)	(473)	(1,476)	(750)	-	(2,790)	-	(350)	-	(4,320)	-	(732)	(11,171)
<b>Operating Cash Disbursements</b>													
Payroll	(1,159)	(1,612)	(1,369)	(1,421)	(1,369)	(1,343)	(1,369)	(1,310)	(488)	(1,915)	(444)	(3,319)	(17,116)
Vacation Payout	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes and Benefits	(2,227)	(1,283)	(1,433)	(1,273)	(1,433)	(1,255)	(1,433)	(1,238)	(561)	(1,915)	(561)	(3,464)	(18,077)
Logs & Fiber	(3,647)	(4,976)	(4,118)	(4,615)	(4,489)	(5,286)	(4,760)	(4,722)	(4,760)	(4,722)	(4,776)	(4,468)	(56,274)
Utilities / Energy	(2,095)	(1,544)	(659)	(1,191)	(1,374)	(2,041)	(1,527)	(720)	(1,054)	(1,765)	(1,566)	(490)	(16,026)
Freight	(1,525)	(1,734)	(1,813)	(2,361)	(2,330)	(2,326)	(2,315)	(1,961)	(1,951)	(1,951)	(1,911)	(1,489)	(23,665)
Chemicals	(873)	(1,120)	(901)	(974)	(928)	(979)	(901)	(974)	(928)	(974)	(926)	(974)	(11,452)
Operating Supplies	(365)	(261)	(406)	(390)	(412)	(400)	(396)	(401)	(432)	(401)	(418)	(331)	(4,612)
A/P Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Materials & Contract Services	(503)	(680)	(589)	(529)	(521)	(518)	(512)	(517)	(571)	(570)	(604)	(530)	(6,645)
Sales Commissions	-	-	-	-	-	(410)	-	-	-	(385)	-	-	(794)
Lease Payments	(220)	(33)	(145)	(83)	(103)	(89)	(148)	(73)	(94)	(95)	(111)	(30)	(1,223)
Lumber Duties	-	-	(357)	-	-	-	(561)	-	-	-	-	-	(542)
Pension Contribution	(1,381)	-	-	-	-	-	-	-	-	-	-	-	(1,381)
Taxes (Property & Other)	-	(138)	(340)	(375)	(581)	(409)	(513)	(362)	(353)	(379)	(484)	(337)	(4,272)
Brussels Office	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	(371)	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	(11)	(122)	(23)	(24)	(23)	(271)	(23)	(21)	(26)	(271)	(23)	(21)	(597)
Interest and Financing Costs on Revolver	-	-	(470)	-	-	-	-	(428)	-	-	-	-	(855)
Capital Expenditures	-	-	(112)	(49)	(73)	(73)	(73)	(73)	(99)	(73)	(73)	(73)	(1,417)
Other	(364)	(152)	(350)	(131)	(146)	(135)	(501)	(145)	(131)	(131)	(136)	(132)	(772)
<b>Total Operating Disbursements</b>	(14,741)	(13,653)	(13,085)	(13,415)	(13,782)	(15,535)	(16,154)	(12,981)	(11,448)	(15,546)	(12,033)	(16,716)	(169,091)
<b>Total Disbursements</b>	\$ (15,022)	\$ (14,126)	\$ (14,561)	\$ (14,165)	\$ (13,782)	\$ (18,325)	\$ (16,154)	\$ (13,331)	\$ (11,448)	\$ (19,866)	\$ (12,033)	\$ (17,448)	\$ (180,262)
<b>Net Cash Flow</b>	\$ (3,097)	\$ (2,009)	\$ (4,061)	\$ (4,478)	\$ 1,643	\$ (4,448)	\$ 331	\$ (4,261)	\$ 969	\$ (6,014)	\$ 5,090	\$ (5,153)	\$ (25,489)
DIP Commitment Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Term Lender Advisor Fees	-	-	(1,000)	-	-	-	-	(1,000)	-	-	-	(1,000)	(3,000)
<b>Grand Total Net Cash Flow</b>	\$ -	\$ -	\$ (1,000)	\$ -	\$ -	\$ -	\$ -	\$ (1,000)	\$ -	\$ -	\$ -	\$ (1,000)	\$ (28,489)

[1] Cash collections during the week ending 2/1/08 are presented on the consolidated summary only as the estimated receipts for the week were not available by division at time of analysis.

## **APPENDIX D**

### **Surplus Lands – Sales to-date**

Appendix D

Surplus Lands – Sales to-date

Property Number / Name	Asking Price Cdn\$	Purchase Price Cdn\$	Less: Commissions and Taxes Cdn\$	Net Purchase Price Cdn\$	Date of Closing
36 – Beaverdell South	549,000	550,000	28,895.62	521,104.38	January 8, 2008
22 – Deer Park	395,000	751,000	39,498.60	711,501.40	January 8, 2008
20 – Shields Creek	1,295,000	1,350,000	70,987.15	1,279,012.85	January 8, 2008
01 - Blanket Cr	4,721,000	5,563,627	292,080.42	5,271,546.58	January 14, 2008
03 - Beaton Complex					
04 - Beaton Schedule A					
05 - Galena Bay Thumb					
06 - Arrowhead					
07 - Galena Bay					
23 - Taite Cr					
27 - Tuzo Junction					
29 - Kettle River Park North					
30 - Kettle River Park South					
<b>Total cash proceeds to P&amp;T</b>				<b>7,783,165.21</b>	