

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 TENTH REPORT TO COURT
[Prepared for the February 26, 2008 Court Hearing]**

FEBRUARY 25, 2008

**POPE & TALBOT LTD. et al
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1 INTRODUCTION

- 1.1 This is the Monitor's tenth Report to this Court with respect to the Company's filing under the *Companies' Creditors Arrangement Act* (the "CCAA"). This report is prepared in anticipation of the scheduled February 26, 2008 joint hearing of this Court and the U.S. Court. Specifically, this report is prepared in order to inform this Court of the following:
- 1.1.1 The Company's request for Court approval of a Claims Process (defined hereafter) under the CCAA and a cross-border claims protocol as described in the proposed Order and summarized in the affidavit sworn by Mr. Harold Stanton on February 22, 2008, (the "Stanton Affidavit");
- 1.1.2 The Company's request for Court approval of the Third Amendment to Debtor-In-Possession Credit and Security Agreement (the "Extended DIP" or the "Third Amendment"); and
- 1.1.3 The actual receipts and disbursements of the Company for the period from February 2, 2008 to February 15, 2008 (the "Period")

2 BACKGROUND

- 2.1 On October 29, 2007, P&T made an application under 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".
- 2.2 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.
- 2.3 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.

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- 2.4 On February 12, 2008, this Court made an order extending the stay of proceedings until April 4, 2008.
- 2.5 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.
- 2.6 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.
- 2.7 The Monitor has previously filed nine reports with respect to these CCAA proceedings. The most recent report was dated February 19, 2008.
- 2.8 Capitalized terms not defined in this Tenth Report are as defined in the Initial Order and the Monitor's previous reports.
- 2.9 The Monitor has established a website at 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.
- 2.10 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 ("KCC") at <http://www.kccllc.net/popetalbot>.

3 APPROVAL OF CLAIMS PROTOCOL AND CLAIMS PROCEDURE

3.1 Cross Border Claims Protocol

- 3.1.1 The Company is seeking the approval of this Court and the U.S. Court of a cross-border claims protocol (the "Claims Protocol") to govern the conduct of the Company, the Monitor, KCC, and all known and potential creditors in both the CCAA and Chapter 11 proceedings. A copy of the Claims Protocol is attached to the proposed Court order as Schedule C.

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- 3.1.2 A detailed description of the Claims Protocol is set out in the Stanton Affidavit, filed by the Company in connection with the motion to approve the Claims Protocol. Unless otherwise defined, capitalized terms used in this report describing the Claims Protocol shall be as set out in the Claims Protocol document.
- 3.1.3 The main points of the Claims Protocol are noted below:
 - 3.1.3.1 Any Creditor may file its Proof of Claim with either the Monitor or the Company's claim agent, Kurtzman Carson Consultants, LLC ("KCC"). In respect to claims filed with both the Monitor and KCC, the last timely claim filed shall govern.
 - 3.1.3.2 This Court shall be the forum to determine all claims asserted against the Company arising out of the Company's operations in Canada; the U.S Court shall be the forum to determine all claims asserted against the Company arising out of the Company's operations in the U.S.
 - 3.1.3.3 The Monitor and KCC shall work together to establish a common list of creditor claims in respect of each of the entities.
 - 3.1.3.4 Any disputes with respect to the Claims Protocol shall be resolved through a joint hearing, unless all parties to the dispute consent to the resolution of the dispute by a single Court.
- 3.2 The Claims Procedure
 - 3.2.1 The Company is seeking this Court's approval of a procedure for the submission, evaluation, and adjudication of claims against the Company (the "Claims Procedure"). A copy of the proposed Claims Procedure Order has not been reproduced in this report, however, it is attached to the draft order and is summarized in the Stanton Affidavit. Unless otherwise defined, capitalized terms used in this report describing the Claims Procedure shall be as defined in the Claims Procedure document.

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- 3.2.2 In summary, the significant steps of the Claims Procedure are as follows:
- 3.2.2.1 A Claims Package will be mailed out to each Known Creditor on or before March 4, 2008.
 - 3.2.2.2 A Notice to Creditors will be published in the Globe and Mail, (National Edition), the National Post (National Edition) and the Vancouver Sun prior to March 7, 2008 in order to identify unknown Creditors. Unknown Creditors responding to the Notice to Creditors will be provided a Claims Package by the Monitor upon request.
 - 3.2.2.3 The Monitor will post the Notice to Creditors and the Claims Package on the Monitor's website commencing March, 4, 2008.
 - 3.2.2.4 Proofs of Claim must be received by 4:00 pm Pacific Standard Time on Friday April 4, 2008 (the "Claims Bar Date").
 - 3.2.2.5 Proofs of Claim filed on behalf of a Governmental Agency must be received by 4:00 pm Pacific Standard Time on May 19, 2008 (the "Government Claims Bar Date"). Under the U.S. proceedings, governmental agencies must be provided with a minimum period of time to file their claims. The Company has determined to treat Canadian and U.S. governments the same.
 - 3.2.2.6 Proofs of Claim for amounts in respect of contracts repudiated after March 4, 2008, must be received by 4:00 pm Pacific Standard Time on the day which is 30 days after the date of the applicable repudiation or termination, or such other date as may be ordered by this Court (the "Subsequent Claims Bar Date").
 - 3.2.2.7 All Proofs of Claim must be received by the Monitor or KCC in writing and may be delivered by personal delivery, courier, or prepaid mail. Email and facsimile are not permitted.

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3.2.2.8 Creditors whose Claims are listed in the Schedules of Assets and Liabilities and Statements of Financial Affairs, whose claims are not listed as contingent, unliquidated or disputed, and who do not dispute the classification or amount of the Claim as set forth, are not required to file a Proof of Claim.

3.2.2.9 The Monitor and the Company shall review each Proof of Claim received and shall accept, revise, or disallow the Claim or Subsequent Claim.

3.2.3 The D&O Claims Process

3.2.3.1 The Claims Procedure incorporates a process for claims against Directors and Officers, which arose or arises in connection with the Director's or Officer's position with the Company either before or after the granting of the Initial Order.

3.2.3.2 The D&O Claims Process would begin seven days after the Closing Date, at which time the D&O Claims Process will be delivered to all known creditors and D&O Claims must be filed before 4:00 pm Pacific Standard Time 40 days after the Closing Date (the "D&O Claims Bar Date").

3.3 The Monitor's Comments on the Claims Protocol and Claims Procedure

3.3.1 The Company is seeking to establish Claims Bar Dates in order to finalize its creditor claims and thereby, facilitate the formulation of a plan of arrangement with Creditors under both the CCAA and Chapter 11 proceedings. The Company expects to finalize the sale of the majority of its operating assets by the end of April 2008. As such, identification of creditors and formulation of a plan as soon as possible is in the best interest of the Company and its creditors.

3.3.2 The Claims Protocol and Claims Procedure synchronize the Canadian and the U.S claims processes while recognizing subtle differences in the laws and customary practices in each country.

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3.3.3 The Monitor believes that the Claims Protocol and the Claims Procedure are fair and reasonable. The Monitor supports the Company's request for approval of the Claims Protocol and the Claims Procedure.

4 DEBTOR-IN-POSSESSION ("DIP") EXTENSION

4.1 DIP Credit Agreement

4.1.1 As noted in the Monitor's Eighth Report to Court, the DIP Credit Agreement expired on February 15, 2008. On February 14, 2008, the Company and its Lenders entered into the Second Amendment to Debtor-In-Possession Credit and Security Agreement (the "Second Amendment").

4.1.2 The Second Amendment contains a conditions subsequent which requires the Company to execute, deliver, and perform the Third Amendment, subject to approval by both this Court and the U.S. Court, by February 27, 2008.

4.1.3 Copies of both the Second and the Third Amendment (collectively the "Amendments") are attached as Exhibit B to the Stanton Affidavit, and a summary of the Amendments is set out beginning at paragraph 17 of the Stanton Affidavit.

4.1.4 Both the Second Amendment and the Third Amendment are in respect to the DIP Credit Agreement described in detail in the Monitor's Second Report to Court.

4.1.5 Capitalized terms used in this report have the respective meanings given to such terms in the DIP Credit Agreement, the Second Amendment, or the Third Amendment.

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4.2 The Second Amendment

4.2.1 In addition to the provisions set out in the DIP Credit Agreement, the Company will become bound by the changes reflected in the Second Amendment, which among other things:

4.2.1.1 Extends the maturity date of the DIP Credit Agreement to February 27, 2008; and

4.2.1.2 Provides that the Company adheres to and reports on a revised budget. A copy of this budget was filed with this Court as the Revised Forecast and is attached as Appendix C to the Monitor's Eighth Report to Court.

4.3 The Third Amendment

4.3.1 In addition to the provisions set out in the DIP Credit Agreement, the Company will become bound by the changes reflected in the Third Amendment. Certain key provisions of the Third Amendment are noted below:

4.3.1.1 The Loans are due and payable upon the Final Maturity Date, which is April 4, 2008;

4.3.1.2 The Administrative Expense Priorities with respect to trade and utility expenses accrued from the Filing Date through to the earlier of the Acceleration Date and the Final Maturity Date shall not exceed US\$2 million;

4.3.1.3 Mandatory pre-payments are required in the event of recovery on any asset included in the definition of "Excluded Asset" as defined in any applicable Asset Purchase Agreement;

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- 4.3.1.4 Provides for the reduction of the Directors' Charge to the greater of:
- unpaid amounts subject to Directors' Charge Expenses after assumption of liabilities under any of the Asset Purchase Agreements or payment by the Company in respect of the Directors' Charge Expenses; and
 - US\$5 million;
- 4.3.1.5 Requires the Company to complete sales of both the pulp business and wood products business by April 4, 2008;
- 4.3.1.6 Requires the Company to appoint a Chief Restructuring Officer ("CRO") by March 1, 2008;
- 4.3.1.7 Creates an Event of Default should any of the Asset Purchase Agreements cease to be in full force and effect; and
- 4.3.1.8 Provides for an Amendment Fee in the amount of US\$50,000.
- 4.4 Monitor's Comments with Respect to the Extended DIP Loan Agreement
- 4.4.1 The Company expects to remain in compliance with the terms and maximum commitment under revolver portion of the DIP Credit Agreement. As such, neither of the Amendments provides for an increase in the amount available to the Company under the DIP Revolving Loan.
- 4.4.2 The Amendments do not address the anticipated increase under the DIP Term Loan of US\$1.2 million as provided in the Revised Forecast. This amount was provided in the Revised Forecast to cover additional Lender's interest and professional fees associated with the extension. There are no additional funds available to the Company.

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- 4.4.3 The Third Amendment provides for Administrative Expense Priorities for trade and utility expenses to a maximum of US\$2 million (i.e. previously not limited). The Company typically maintains a trade accounts payable balance of between US\$2 million and US\$8 million and accordingly, the US\$2 million caps will not likely provide for the payment of all post-filing creditors. The post-filing creditors would then need to get satisfied from a surplus after repayment of the DIP loan. Although the Company is currently anticipating that there will be a surplus available to unsecured creditors, should current estimates change, it is possible that there will not be funds available to pay post-filing trade creditors.
- 4.4.4 The Company is currently in the process of negotiating a letter of engagement for the appointment of a CRO.
- 4.4.5 Absent continued financing, it is unlikely that the Company will be able to continue operations and conclude both the CCAA and Chapter 11 Proceedings (the "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 to provide the best possible strategy for the Company to close the Agreements entered into and maximize realizations for all interested parties.
- 4.4.6 While the Monitor notes that it has not been involved in the Company's efforts to extend financing, nor was it involved in the negotiation of the Amendments, the Monitor understands that the Extended DIP Agreement represents the only additional financing that is currently available to the Company.
- 4.4.7 As noted in the Monitor's Second Report to Court, the DIP Credit Agreement provides significant restrictions and limitations on the ability of the Company to operate its business. The Company has had numerous Material Adverse Deviations and has worked with diligence under extremely tight circumstances.

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4.4.8 The resulting Amendments continue these restrictions on the Company's restructuring alternatives. Accordingly, it is possible that the Applicants could be in default of its obligations prior to the Final Maturity Date, and the DIP Lender could exercise its enforcement rights and remedies under the DIP Credit Agreement.

4.4.9 The Company requires an ongoing credit facility in order to focus on completing the established sales agreements and advancing the administration. There is no alternative financing other than the DIP Credit Agreement currently available to the Company. Accordingly, the Monitor supports the Company entering the Amendments of the DIP Credit Agreement and seeking Court approval thereof.

5 UPDATE ON THE VARIOUS SALES PROCESSES

5.1 The Company believes that it remains on schedule to complete the sale of the majority of its operating assets by the end of April, 2008 (timelines of sales processes is attached as Appendix A). As noted in the Monitor's previous reports, the Company has signed Asset Purchase Agreements (the "Agreements") for each of its operating assets. The following is a summary of the estimated net proceeds to be received from each of the Agreements.

US\$ Millions	Interfor Sawmills	PT Pindo Pulp mills	PT Pindo FSJ	Fox Midway	Total
Purchase Price	69.0	105.3	6.0	0.3	180.6
Add: Estimated Price Adjustment	3.1	8.0	-	-	11.1
Less: Other Contractual Adjustments	6.7	8.8	-	-	15.6
Net Purchase Price re: APA	65.4	104.5	6.0	0.3	176.1
Add: Other Assets Realizations	4.0	103.6	-	0.5	108.1
Less: Other Estimated Disbursements	12.7	-	-	-	12.7
Total net proceeds to P&T	56.7	208.1	6.0	0.8	271.5

5.2 As noted in the Monitor's Eighth Report to Court, the Company is in the process of winding down operations at both the Castlegar and Grand Forks sawmills. Therefore the majority of working capital realizations related to these two sawmills will occur prior to the closing of the Interfor APA.

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- 5.3 The US\$105.3 million purchase price for the PT Pindo Pulp APA includes a non-finished goods inventory target of US\$39.0 million. The PT Pindo APA provides for the purchase price to be adjusted in the event that actual non-finished goods inventory at closing differs from the target. Due to the overall fibre shortage encompassing the pulp industry it is possible that the Company will not meet this minimum requirement. Therefore it may be expected that the net proceeds received from the PT Pindo deal will be less than the US\$208.1 million identified in the Monitor's Eighth Report to Court.
- 5.4 Subsequent to the closing of these Agreements, the Company's operations will be limited to finalizing the sale of the surplus lands, realizing on the remaining working capital assets which are not sold as part of the Agreements, and if there are proceeds after payment of secured creditors, administering the plan of arrangement with Creditors.

6 COMPANY OPERATIONS

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

Mill	Location	Products Produced	Operational Status	Sale Status
Castlegar	Castlegar, BC	Lumber	Currently operational, anticipated sawmill shutdown to commence February 25, 2008 due to market conditions.	Signed APA with Interfor
Grand Forks	Grand Forks, BC	Lumber	Currently operational, anticipated sawmill shutdown to commence February 25, 2008 due to market conditions.	Signed APA with Interfor
Fort St. James	Fort St. James, BC	Lumber	Planner to operate for a two-week period starting February 25, 2008. Sawmill to remain temporarily shutdown.	Signed APA with PT Pindo
Midway	Midway, BC	Lumber	Permanent shutdown	Signed APA with Fox Lumber
Spearfish	Spearfish, SD	Lumber and pellets	Operational	Signed APA with Interfor
Harmac Pulp	Nanaimo, BC	Pulp	Operational	Signed APA with PT Pindo
Halsey	Halsey, OR	Pulp	Operational	Signed APA with PT Pindo
Mackenzie	Mackenzie, BC	Pulp	Operational	Signed APA with PT Pindo

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6.2 Cash Receipts & Disbursements to February 15, 2008

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

	Period From 2/2/2008 - 2/15/2008			
	Actual US\$ 000's	Forecast US\$ 000's	Variance US\$ 000's	Variance %
Total Receipts	21,819	25,112	(3,293)	(13%)
Total Bankruptcy Related Disbursements	(173)	(750)	577	77%
Total Operating Disbursements	(27,611)	(27,197)	(414)	(2%)
Total Disbursements	(27,784)	(27,947)	163	75%
Net Cash Flow	(5,965)	(2,835)	(3,130)	(110%)

6.2.2 During the two week period from February 2, 2008 to February 15, 2008 (the "Period") the Company incurred negative cash flow of US\$6.0 million. This was US\$3.1 million lower than the corresponding period in the Revised Forecast.

6.2.3 For the period October 29, 2007 to February 15, 2008 (the "CCAA Period") the Company has had negative cash flow of US\$20.8 million, and expects to have further negative cash flow of US\$13.5 million for the remainder of the Revised Forecast. A detailed cash flow for the CCAA Period is attached to this report as Appendix B.

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6.3 Reporting Under the DIP Credit Agreement

6.3.1 Pursuant to the DIP Credit Agreement, 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 15, 2008.

6.3.2 As at February 15, 2008 the total amount outstanding under the operating portion of the DIP Credit Agreement was US\$65.9 million. This includes outstanding revolver borrowings of US\$53.9 million and DIP Term Borrowings of US\$12 million.

6.3.3 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.

Revolver Balance as at February 15, 2008	
	Actual US\$ 000's
Borrowing Base	67,735
Less: Letter of Credit Reserve	(7,036)
Net Availability	60,699
Revolver Balance	53,929
Excess of Availability	6,770

7 OTHER MATTERS

7.1 Application in the U.S. Court Regarding Advisor's to the Official Committee of Unsecured Creditors (the "OCC")

7.1.1 Pursuant to the sections 328(a) and 1103 of chapter 11 of title 11 of the United States Code, and Rule 2014(a) of the Federal Rules of Bankruptcy Procedure, the OCC is seeking an order in the U.S. Court authorizing it to retain Jefferies & Company, Inc. ("Jefferies") as financial advisor to the OCC *nunc pro tunc* to November 29, 2007 (the "Jefferies Order").

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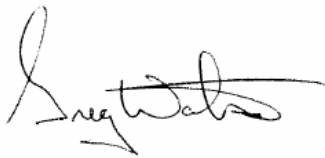
- 7.1.2 Jefferies has been engaged by the OCC to provide various financial and restructuring services.
 - 7.1.3 The compensation of Jefferies consists of both a monthly work fee and a success fee. The success fee will be based on the likelihood of the unsecured creditors obtaining financing or the amount of distributions made to the unsecured creditors.
- 7.2 Potential Surplus to Unsecured Creditors
- 7.2.1 As sworn in the Stanton Affidavit, the objective of the CCAA filing is to sell the Company's operations as a going concern in order to maximize recoveries for creditors.
 - 7.2.2 Should the Company close the Agreements approved by this Court and the U.S. Court, as well as realize on its other assets in a timely manner, it is anticipated that there may be a surplus available for unsecured creditors.
 - 7.2.3 The Company has not yet developed a plan as to how the anticipated surplus will be distributed. The Company maintains a complex inter-company structure which leaves several P&T entities as significant creditors to others. The Monitor has not yet determined what the effect, if any, these inter-company claims would have on any potential plan of arrangement, and whether any plan of arrangement would be sought on a substantively consolidated or unconsolidated basis.
 - 7.2.4 The Monitor will work with the Company to evaluate the various alternatives associated with the plan of arrangement.
- 7.3 Future reporting of the Monitor
- 7.3.1 The Monitor will report in advance of the Company's next Court application, which is expected to be in respect of surplus land sale approvals.

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This report is respectfully submitted this 25th day of February 2008.

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



**Greg Watson
President**

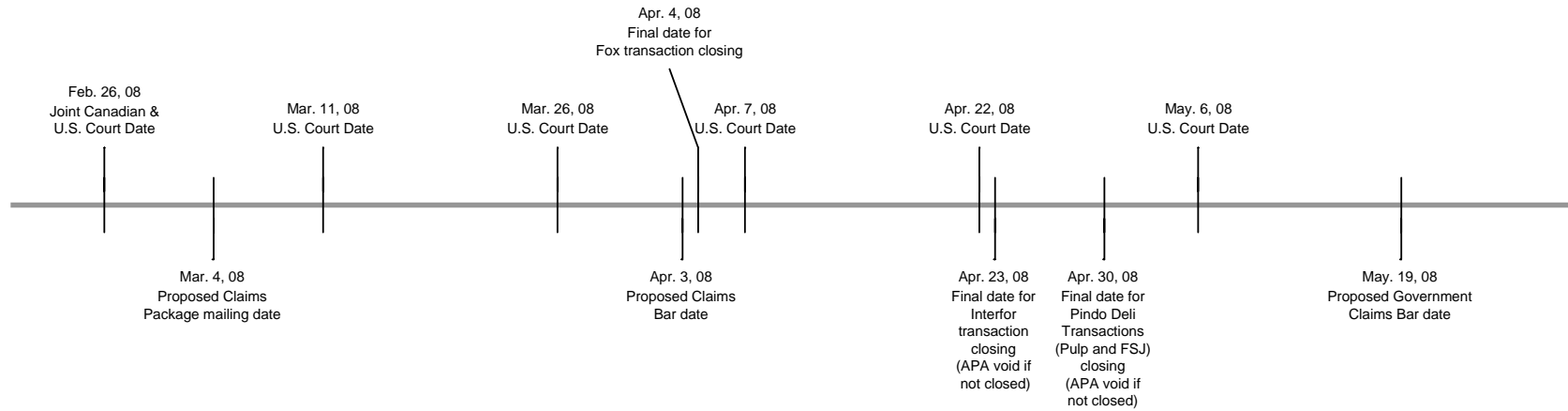


**Michael J. Vermette
Senior Vice President**

APPENDIX A

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

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



APPENDIX B

**Variations Analysis – Revised Forecast vs.
Actual Receipts and Disbursements
for the Period to February 15, 2008**

**Variations Analysis – Revised Forecast vs. Actual Receipts and Disbursements
for the Period to February 15, 2008**

	Period From 2/2/2008 - 2/15/2008				Period 10/29/2007 - 2/15/2008	Period 2/16/2008 - 4/4/2008	Total
	Actual US\$ 000's	Forecast US\$ 000's	Variance US\$ 000's	Variance %	Actual US\$ 000's	Forecast US\$ 000's	US\$ 000's
Total Receipts	21,819	25,112	(3,293)	(13%)	196,612	95,120	291,732
Bankruptcy Related Disbursements							
Utility Deposits	-	-	-	-	(133)	-	(133)
Prepetition Freight, Shippers & Warehouseurs	(37)	-	(37)	-	(1,571)	-	(1,571)
Prepetition Critical Vendors	-	(400)	400	100%	(2,034)	-	(2,034)
Professional Fees	(136)	(350)	214	61%	(6,457)	(7,810)	(14,267)
Other	-	-	-	-	(372)	(382)	(754)
Total	(173)	(750)	577	77%	(10,567)	(8,192)	(18,759)
Operating Cash Disbursements							
Payroll	(3,069)	(2,790)	(279)	(10%)	(24,468)	(10,187)	(34,655)
Payroll Taxes and Benefits	(3,996)	(2,706)	(1,290)	(48%)	(23,877)	(10,427)	(34,304)
Logs & Fiber	(9,533)	(9,104)	(429)	(5%)	(64,666)	(34,430)	(99,096)
Utilities / Energy	(1,942)	(2,565)	623	24%	(19,451)	(9,163)	(28,614)
Freight	(3,393)	(4,691)	1,298	28%	(24,504)	(13,903)	(38,407)
Chemicals	(2,431)	(1,902)	(529)	(28%)	(16,012)	(6,655)	(22,667)
Operating Supplies	(961)	(802)	(159)	(20%)	(5,788)	(2,778)	(8,566)
Maintenance Materials & Contract Services	(1,069)	(1,050)	(19)	(2%)	(8,213)	(3,823)	(12,036)
Sales Commission	-	-	-	-	-	(795)	(795)
Lease Payments	(435)	(186)	(249)	(134%)	(2,353)	(639)	(2,992)
Lumber Duties	-	-	-	-	(2,671)	(1,104)	(3,775)
Pension Contribution	-	-	-	-	(1,381)	-	(1,381)
Taxes (Property & Other)	(494)	(957)	463	48%	(1,038)	(2,837)	(3,875)
Brussels Office	-	-	-	-	(19)	-	(19)
Insurance	(10)	-	(10)	-	(1,056)	(225)	(1,281)
Professional Fees	(63)	(46)	(17)	(36%)	(581)	(653)	(1,234)
Interest and Financing Costs on Revolver	-	-	-	-	(1,319)	(947)	(2,266)
Capital Expenditures	-	(122)	122	100%	(157)	(538)	(695)
Other	(215)	(276)	61	22%	(9,294)	(1,311)	(10,605)
Total Operating Disbursements	(27,611)	(27,197)	(414)	(2%)	(206,848)	(100,414)	(307,262)
Total Disbursements	(27,784)	(27,947)	163	1%	(217,415)	(108,606)	(326,021)
Net Cash Flow	(5,965)	(2,835)	(3,130)	(110%)	(20,803)	(13,486)	(34,289)

**Variations Analysis – Revised Forecast vs. Actual Receipts and Disbursements
for the Period to February 15, 2008**

Total Receipts

- 1 Receipts for the Period were unfavourable by US\$3.3 million or 13%. The Company believes that this is a timing difference which will reverse in future periods. The Company has maintained sales levels at expected volumes, and has not experienced any increase in uncollectible accounts.

Disbursements

- 2 The unfavourable variance of US\$1.3 million or 48% in Payroll Taxes and Benefits is primarily a timing issue. The forecast was developed on an “as incurred” basis; however several substantial benefit items are pre-funded or funded monthly. This is a timing difference which is expected to reverse during the week ended February 22, 2008.
- 3 The favourable variance in Utilities of US\$623,000 is due to timing of the cash utility payments. The Company expects this variance to reverse in future periods.
- 4 The favourable variance of US\$1.3 million in Freight is primarily a timing issue. The Company has continued to experience a lack of availability in the market of ocean going freight and therefore did not disburse as expected. The Company expects this variance to reverse in future periods.
- 5 The negative variance in Chemicals of US\$529,000 is primarily a timing of payment issue and is expected to reverse in future periods.

APPENDIX C

Surplus Lands – Sales to-date

Surplus Lands – Sales to-date

Property Number / Name	Status	Asking Price Cdn\$	Purchase Price Cdn\$	Less: Commissions and Taxes Cdn\$	Net Purchase Price Cdn\$	Date of Closing
36 - Beaverdell South	Sold	295,000	550,000	28,895.62	521,104.38	January 8, 2008
22 - Irwin Ranch	Sold	395,000	751,000	39,498.60	711,501.40	January 8, 2008
20 - Shields Cr	Sold	1,295,000	1,350,000	70,987.15	1,279,012.85	January 8, 2008
01 - Blanket Cr	Sold	4,721,000	5,563,627	292,080.42	5,271,546.58	January 14, 2008
03 - Beaton Complex	Sold					
04 - Beaton Schedule A	Sold					
05 - Galena Bay Thumb	Sold					
06 - Arrowhead	Sold					
07 - Galena Bay	Sold					
23 - Taite Cr	Sold					
27 - Tuzo Junction	Sold					
29 - Kettle River Park North	Sold					
30 - Kettle River Park South	Sold					
02 - Cambourne	Sale Pending	149,000		-	-	
26 - Tuzo	Sale Pending	249,500		-	-	
25 - Saunier Lake	Sale Pending	275,000		-	-	
15 - Arrow Park (Hampton)	Sale Pending	295,000		-	-	
16 - Arrow Park (Stobo)	Sale Pending	395,000		-	-	
14 - Arrow Park	Sale Pending	695,000		-	-	
17 - Burton	Sale Pending	795,000		-	-	
19 - Mennonite Flats	Sale Pending	1,495,000		-	-	
12 - Nakusp	Sale Pending	1,950,000		-	-	
09 - Shelter Bay	Sale Pending	9,950,000		-	-	
10 - Eagle Bay	Open	7,495,000		-	-	
11 - Fosthall	Open	295,000		-	-	
13 - Mosquito Creek	Open	6,500,000		-	-	
18 - Oatscott	Open	495,000		-	-	
21 - Sub Lot 6	Open	395,000		-	-	
24 - Beaverdell North	Open	424,500		-	-	
28 - Bull Lake	Open	395,000		-	-	
31 - Ingram Creek	Open	695,000		-	-	
32 - McCaren Creek	Open	374,500		-	-	
33 - Gilpin	Open	349,000		-	-	
34 - Santa Rosa	Open	3,750,000		-	-	
35 - Sand Creek	Open	795,000		-	-	
08 - Trout Lake	Cancelled	595,000		-	-	
Total Cash Proceeds to P&T					\$ 7,783,165.21	