

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 ELEVENTH REPORT TO COURT
[Prepared for the March 31, 2008 Court Hearing]**

MARCH 28, 2008

**POPE & TALBOT LTD. et al
MONITOR'S ELEVENTH REPORT TO COURT**

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1 INTRODUCTION

1.1 This is the Monitor's eleventh 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 March 31, 2008 hearing to inform this Court of the following:

1.1.1 An update on the various sales processes;

1.1.2 An update on the current operations of P&T, including the actual receipts and disbursements of the Company for the period from February 16, 2008 to March 14, 2008 (the "Period");

1.1.3 The Company's updated cash flow forecast for the period from March 15, 2008 to April 25, 2008 (the "Second Revised Forecast");

1.1.4 The Company's request for an extension of the Stay of Proceedings to May 23, 2008;

1.1.5 An update on the Creditor Claims Process; and

1.1.6 The Company's appointment of a Chief Restructuring Officer.

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".

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- 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.
- 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 ten reports with respect to these CCAA proceedings. The most recent report was dated February 25, 2008.
- 2.8 Capitalized terms not defined in this Eleventh 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>.

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3 COMPANY OPERATIONS

- 3.1 The Company continues to operate its three Pulp mills and its Spearfish sawmill. The Company's sawmills in Castlegar, Grand Forks, and Fort St. James remain temporarily closed due to market conditions.
- 3.2 While the Company remains within the limits of the Borrowing Base, cash flows and available borrowings are becoming increasingly tight. The current DIP Credit Agreement expires on April 4, 2008 and the Company is in the process of negotiating an extension, but no additional financing commitment.
- 3.3 Accounts payable balances are currently estimated by the Company to be approximately US\$10 million, which is US\$2 million higher than was reported in the Monitor's Tenth Report to this Court. The increase in accounts payable relates to the Company's tight cash position.
- 3.4 As reported in the Monitor's last report, the DIP Credit Agreement now places a cap of US\$2 million on the portion of trade and utility payments which forms part of the Agreed Administrative Expense Priorities that would be paid in advance of the Secured Creditor position.
- 3.5 As directed by this Court, the Monitor placed a notice on its website alerting suppliers of the newly imposed US\$2 million cap under the DIP Credit Agreement. Given the increase in trade credit, the Monitor proposes to update its website to reflect the general higher level of post-filing trade credit that the Company is incurring.

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3.6 Cash Receipts & Disbursements to March 14, 2008

3.6.1 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 | Period From | | | Period From | Period From |
|--|---------------------------|-----------------------|------------------------|------------------------|--------------------------|---------------------------|
| | 10/29/2007 - 2/15/2008 | 2/16/2008 - 3/14/2008 | | | 3/15/2008 - 4/25/2008 | 10/29/2007 - 4/25/2008 |
| | Actual US\$ 000's | Actual US\$ 000's | Forecast US\$ 000's | Variance US\$ 000's | Forecast US\$ 000's | Total US\$ 000's |
| Total Receipts | 196,612 | 52,535 | 51,849 | 686 | 68,932 | 318,079 |
| Total Bankruptcy Related Disbursements | (10,567) | (2,325) | (3,140) | 815 | (7,910) | (20,802) |
| Total Operating Disbursements | (206,848) | (52,746) | (56,119) | 3,373 | (73,882) | (333,476) |
| Total Disbursements | (217,415) | (55,071) | (59,259) | 4,188 | (81,792) | (354,278) |
| Net Cash Flow | (20,803) | (2,536) | (7,410) | 4,874 | (12,860) | (36,199) |

3.6.2 As previously reported, the actual negative cash flow for the period October 29, 2007 to February 15, 2008 totalled US\$20.8 million.

3.6.3 During the four week period from February 16, 2008 to March 14, 2008, the Company incurred negative cash flow of US\$2.5 million. This was US\$4.9 million better than the forecast, but is primarily due to the Company's preservation of cash as its ongoing cash becomes tighter with the ongoing negative cash flow.

3.6.4 For the period October 29, 2007 to March 14, 2008 (the "CCAA Period"), the Company has had negative cash flow of US\$23.3 million, and expects to have further negative cash flow of US\$12.9 million during the Second Revised Forecast to the period ending April 25, 2008.

3.7 Reporting Under the DIP Credit Agreement

3.7.1 The Company continues to report its cash flows weekly to its DIP Lenders. The Company continues to trigger Material Adverse Deviations in this cash flow reporting but has obtained the necessary waivers in respect of the Material Adverse Deviations incurred and reported to March 14, 2008.

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- 3.7.2 As at March 14, 2008 the total amount outstanding under the operating portion of the DIP Credit Agreement was US\$67.0 million. This includes outstanding revolver borrowings of US\$55.0 million and DIP Term Borrowings of US\$12 million. The Monitor notes that the non-operating portion of the DIP Credit Agreement totals US\$188 million, resulting in total borrowings under the DIP Credit Agreement of US\$255 million.
- 3.7.3 The Company has excess borrowing availability under the operating portion of the DIP Credit Agreement as at March 14, 2008 as follows:

| Revolver Balance as at March 14, 2008 | |
|--|------------------------------|
| | Actual US\$ 000's |
| Borrowing Base | 63,555 |
| Less: Letter of Credit Reserve | (7,044) |
| Net Availability | 56,511 |
| Revolver Balance | 54,959 |
| Excess of Availability | 1,552 |

4 UPDATE ON THE VARIOUS SALES PROCESSES

- 4.1 As noted in the Monitor's previous reports, the Company has signed Asset Purchase Agreements (the "Agreements") for each of its operating assets.
- 4.2 The Company advises the Monitor that it is on schedule to complete the sale of each of its operating assets by April 25, 2008. The Company's anticipated closing dates for the operating assets are listed in the table below:

| Sale Process | Expected Closing Date | APA Termination Date |
|---------------------------------------|------------------------------|-----------------------------|
| Sale to Fox Lumber (Midway Sawmill) | April 4, 2008 | April 4, 2008 |
| Sale to Interfor (Woods Division) | April 10, 2008 | April 23, 2008 |
| Sale to PT Pindo Deli (Pulp Division) | April 25, 2008 | April 30, 2008 |
| Sale to PT Pindo Deli (FSJ Sawmill) | April 25, 2008 | April 30, 2008 |

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- 4.3 While there is considerable work to do in order to complete these transactions, it appears that the sales processes are on track and both the Company and the respective purchasers are using reasonable efforts to close these transactions in a timely fashion.
- 4.4 Surplus Land Sales
- 4.4.1 The Monitor's Third Report to Court, Appendix C, provided a detailed schedule of the 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.
- 4.4.2 13 of these properties have been sold for net proceeds of Cdn\$7.8 million. The details of these transactions are noted in the Monitor's Eighth Report to Court. Of the net proceeds, Cdn\$5.5 million has been paid to the Company's term lenders, pursuant to their first ranking security interest over the assets. The additional Cdn\$2.3 million is currently held in escrow by the Company's counsel, pending approval of the British Columbia Ministry of Forests and Range ("MoFR") for the removal of these lands from the Tree Farm Licence ("TFL").
- 4.4.3 Since the Monitor's previous report, the Company has executed eight additional purchase agreements for aggregate gross sale proceeds totalling Cdn\$15.5 million. Two of the properties totalling gross proceeds of Cdn\$12.1 million are part of the TFL and are subject to the approval of the MoFR.
- 4.4.4 A current list of the status of the 36 properties is set out in Appendix C hereto.
- 4.4.5 The Monitor has provided the Company with its written approval of these eight sales transactions, acknowledging that certain sales are subject to the approval from the MoFR for the removal from the TFL.

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- 4.4.6 Two of the eight agreements are subject to Court approval as they are above the threshold for sales without Court approval. These two agreements are listed below:
 - 4.4.6.1 Shelter Bay (property #9) – sale for Cdn\$11,300,000 to Ilkay Development Corporation as purchaser; and
 - 4.4.6.2 Nakusp (property #12) – sale for Cdn\$2,000,002 to 0815920 B.C. Ltd. as purchaser.
- 4.4.7 Monitor's comments on the Surplus Land Sales Process
 - 4.4.7.1 Based on the Monitor's review and discussion with the various parties involved in the Surplus Lands sales process, the Monitor is satisfied with the marketing process and that the resulting purchase prices are, on balance and in the circumstances, commercially reasonable. Accordingly, the Monitor supports the Company's intention to sell the two properties in the two contemplated transactions.
 - 4.4.7.2 The Monitor is advised by the Company that the Lenders support the two sale transactions listed above.
- 4.4.8 In addition to the 36 original properties, the Company has an executed purchase and sale agreement for the 'Fort St. James Cottage' property. This property was originally marketed for sale with the Fort St. James mill, but a separate buyer was found. This property was listed for \$199,000 and the Company has accepted an offer at \$185,000.
- 4.4.9 US Surplus Land Sales
 - 4.4.9.1 As noted in the Monitor's Tenth Report to Court, the UCC Committee of Unsecured Creditors has requested that the Monitor review the sales process for the Surplus Land Sales in the US and report to it using the same process as the Canadian Surplus Land Sales.

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4.4.9.2 There are four properties within the U.S. Surplus Lands Sales process. A listing of these properties is also set out in Appendix C hereto.

4.4.9.3 While offers have been received on each of the property, none have been accepted at this time. Colliers International is the listing agents for two of the properties (Northport and Oakridge). Century21 is the listing agent for the two additional properties (Spearfish and Newcastle).

5 UPDATED CASH FLOW FORECAST TO APRIL 25, 2008

- 5.1 The Company has prepared an updated cash flow forecast through to April 25, 2008 (the "Second Revised Forecast"). A copy of the Second Revised Forecast is attached hereto as Appendix B.
- 5.2 The Company is working on a revised wind-down budget for the period after April 25, 2008, but has not yet provided this to the Monitor. As such the Monitor has not been able to assess the overall implications of the entire cash flow.
- 5.3 As detailed in the Second Revised Forecast, the Company is projecting cash receipts of US\$68.9 million and cash disbursements of US\$81.8, for a negative cash flow of \$12.9 million. This negative net cash flow is supported by cash on hand of US\$8.9 million and an increase in borrowings of \$US3.3 million in the DIP Revolver loan.
- 5.4 Based on the underlying assumptions of the Second Revised Forecast, the Company will remain in compliance with the terms and maximum commitment for the DIP Revolving loan under the current DIP Credit Agreement. Accordingly, the Company is not requesting an additional credit from the DIP Lenders that is not otherwise already available.
- 5.5 Significant operating assumptions within the Second Revised Forecast include:
- 5.5.1 The Interfor and Pindo Deli deals both close by April 25, 2008;
- 5.5.2 Continued operations of the pulp mills until April 25, 2008; and

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5.5.3 Continued operation of the Spearfish mill on a two shift basis and continued inactivity of the other sawmills through April 25, 2008.

6 EXTENSION OF THE STAY OF PROCEEDINGS

- 6.1 The current stay of proceedings expires on April 4, 2008. The Company is now seeking an extension of the Stay Period until May 23, 2008.
- 6.2 As noted above, the Company's Second Revised Forecast extends only to April 25, 2008 and provides no visibility past that point.
- 6.3 The Company has informed the Monitor that it is in the process of updating a revised wind-down forecast which will provide cash flow forecasts from April 25, 2008 to the completion of this administration. The Company intends to make this forecast available to the Monitor as soon as it is available.
- 6.4 While the current cash flow forecast does not extend to the end of the requested stay extension period, the Company continues to maintain availability within its borrowing base and is closely monitoring its cash flows, while it is working towards developing an updated wind-down forecast.
- 6.5 Although the Company has not yet successfully negotiated an extension of their DIP Credit Agreement beyond April 4, 2008, the Company is anticipating that prior to its expiry, an extension of the DIP Credit Agreement will be received to April 25, 2008.
- 6.6 The Monitor is of the view that the Company is acting in good faith and with due diligence in progressing the sales transactions. The Monitor is also of the view that completing these sales transactions is in the best interest of all stakeholders. Accordingly, the Monitor supports a further extension of the stay of proceedings.

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- 6.7 While the Monitor supports an extension, the Monitor is concerned with the length of the extension for the following reasons:
- 6.7.1 The current DIP Credit Agreement expires on April 4, 2008 and has not yet been extended. While the Company and the DIP Lenders appear to be in the late stages of negotiating an extension, the proposed extension will be to April 25, 2008 and the final terms and conditions are not yet known;
 - 6.7.2 The Monitor has not yet been provided with a cash flow forecast beyond April 25, 2008 and accordingly, cannot fully assess the affairs of the Company during the period of April 26, 2008 to May 23, 2008; and
 - 6.7.3 The post-filing trade credit has grown and the future cash flows are clearly tight for the Company. The impact on post-filing trade creditors after April 25, 2008 is not clear at this stage.
- 6.8 The Monitor appreciates the Company's desire for a longer term extension of the stay of proceedings but given the fact that the major asset sales have not yet closed and formal arrangements have not been finalized with the DIP Lenders, the Monitor is reluctant to endorse an extension beyond April 25, 2008. However, if this Court is inclined to grant such an extension, then the Monitor proposes the following:
- 6.8.1 To file a report with this Court when the DIP extension is complete, but no later than the current expiry of the DIP Credit Agreement, namely April 4, 2008; and
 - 6.8.2 To file a report with this Court once the major assets sales have been completed and updated cash flow are available, but no later than April 25, 2008.

7 APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

- 7.1 The Company, by approval of the Board of Directors, has hired James P. Shinehouse and Kroll Talbot Hughes, LLC to take the role of Chief Restructuring Officer ("CRO") during the Company's wind-down period.

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- 7.2 The CRO is required under the DIP Credit Agreements and by the Company's Corporate Governance policies as senior members of the Company's management team are expected to accept offers of employment from PT Pindo Deli. The Company's Board of Directors will remain intact during the wind-down period.
- 7.3 The CRO's duties are summarized below:
- 7.3.1 Development of a short-term strategy for the wind-down of the Company;
 - 7.3.2 Development of wind-down objectives, which include the monetization of all remaining assets of the estate, maintaining the books and records, complete external reporting, provide transition services to Interfor, rejecting estate executory contracts, and managing the legal aspect of the Chapter 11 and CCAA Proceedings;
 - 7.3.3 Recommend to the Board the bankruptcy objectives, which include distributing proceeds of asset recoveries to the secured creditors, developing and negotiating a liquidation Chapter 11 plan and a plan of compromise or arrangement under the CCAA, undertaking and completing the claims reconciliation process, complete monthly reporting under the Chapter 11 and CCAA; and
 - 7.3.4 Assume responsibility for the duties and roles of the CEO and the CFO.
- 7.4 Based on the Monitor's review and discussion with the Company and the Company's counsel regarding the appointment of the CRO, the Monitor is satisfied that the appointment of the CRO is necessary and that the appropriate due diligence was performed in selecting the CRO.

8 UPDATE ON THE CLAIMS PROCEDURE

- 8.1 On February 26, 2008 the Claims Procedure Order was approved by both the U.S. Bankruptcy Court and this Court. The significant steps of the Claims Procedure were listed in the Monitor's Tenth Report to Court.

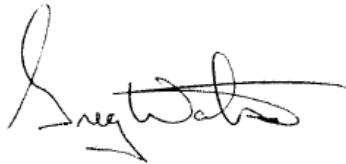
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- 8.2 In compliance with the Claims Procedure Order:
- 8.2.1 The Claims Package was mailed out to each Known Creditor on March 4 2008.
 - 8.2.2 A Notice to Creditors was published in the Globe and Mail (National Edition), the National Post (National Edition) and the Vancouver Sun on March 6, 2008.
 - 8.2.3 The Notice to Creditors and the Claims Package was posted on the Monitor's website.

This report is respectfully submitted this 29th day of March 2008.

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



Greg Watson
President



Michael J. Vermette
Senior Vice President

APPENDIX A

Variances Analysis – Revised Forecast vs. Actual Receipts and Disbursements for the Period to March 14, 2008

Appendix A

Variations Analysis – Revised Forecast vs. Actual Receipts and Disbursements for the Period to March 14, 2008

| | Period From 10/29/2007 - 2/15/2008 | Period From 2/16/2008 - 3/14/2008 | | | | Period From 3/15/2008 - 4/25/2008 | Period From 10/29/2007 - 4/25/2008 |
|--|--|-----------------------------------|------------------------|------------------------|---------------|---|--|
| | Actual US\$ 000's | Actual US\$ 000's | Forecast US\$ 000's | Variance US\$ 000's | Variance % | Forecast US\$ 000's | Total US\$ 000's |
| Total Receipts | 196,612 | 52,535 | 51,849 | 686 | 1% | 68,932 | 318,079 |
| Bankruptcy Related Disbursements | | | | | | | |
| Utility Deposits | (133) | - | - | - | - | - | (133) |
| Prepetition Freight, Shippers & Warehouseurs | (1,571) | - | - | - | - | - | (1,571) |
| Prepetition Critical Vendors | (2,034) | - | - | - | - | (340) | (2,374) |
| Professional Fees | (6,457) | (2,325) | (3,140) | 815 | 26% | (7,570) | (16,352) |
| Other | (372) | - | - | - | - | - | (372) |
| Total | (10,567) | (2,325) | (3,140) | 815 | 26% | (7,910) | (20,802) |
| Operating Cash Disbursements | | | | | | | |
| Payroll | (24,468) | (5,295) | (4,509) | (786) | (17%) | (8,194) | (37,957) |
| Payroll Taxes and Benefits | (23,877) | (5,289) | (4,487) | (802) | (18%) | (6,851) | (36,017) |
| Logs & Fiber | (64,666) | (20,393) | (20,464) | 71 | 0% | (23,688) | (108,747) |
| Utilities / Energy | (19,451) | (5,542) | (5,341) | (201) | (4%) | (8,420) | (33,413) |
| Freight | (24,504) | (5,968) | (8,553) | 2,585 | 30% | (9,231) | (39,703) |
| Chemicals | (16,012) | (3,197) | (3,782) | 585 | 15% | (5,784) | (24,993) |
| Operating Supplies | (5,788) | (1,403) | (1,629) | 226 | 14% | (2,164) | (9,355) |
| Maintenance Materials & Contract Services | (8,213) | (1,686) | (2,118) | 432 | 20% | (2,615) | (12,514) |
| Sales Commission | - | (182) | (410) | 228 | 56% | (289) | (471) |
| Lease Payments | (2,353) | (402) | (403) | 1 | 0% | (564) | (3,319) |
| Lumber Duties | (2,671) | (472) | (561) | 89 | 16% | (400) | (3,543) |
| Pension Contribution | (1,381) | - | - | - | - | (1,400) | (2,781) |
| Taxes (Property & Other) | (1,038) | (1,163) | (1,638) | 475 | 29% | (2,024) | (4,225) |
| Brussels Office | (19) | - | - | - | - | - | (19) |
| Insurance | (1,056) | (223) | (225) | 2 | 1% | (25) | (1,304) |
| Professional Fees | (581) | (136) | (339) | 203 | 60% | (135) | (852) |
| Interest and Financing Costs on Revolver | (1,319) | (469) | (428) | (41) | (10%) | (497) | (2,285) |
| Capital Expenditures | (157) | - | (319) | 319 | 100% | (22) | (179) |
| Other | (9,294) | (926) | (912) | (14) | (2%) | (1,579) | (11,799) |
| Total Operating Disbursements | (206,848) | (52,746) | (56,119) | 3,373 | 6% | (73,882) | (333,476) |
| Total Disbursements | (217,415) | (55,071) | (59,259) | 4,188 | 7% | (81,792) | (354,278) |
| Net Cash Flow | (20,803) | (2,536) | (7,410) | 4,874 | (66%) | (12,860) | (36,199) |

Variiances Analysis – Revised Forecast vs. Actual Receipts and Disbursements for the Period to March 14, 2008

Total Receipts

- 1 In an effort to increase its cash collections, the Company has offered some of its customers a cash discount upon early payment of their receivables. As a result, the accelerated collection of \$11.9 million of receivables originally forecasted to be received in future periods was received within the Period. The cash discount offered on these receivables was \$69,000.

While cash receipts for the Period were favourable by US\$686,000, the net result of the discounting is that cash receipts were unfavourable for the Period against the forecast by \$11.2 million. This is the combination of shipping delays which are a timing difference and expected to reverse in future periods, and reduced production output which are permanent differences.

Disbursements

- 2 The unfavourable variance of US\$786,000 or 17% in Payroll in the Period is primarily a timing issue. Salaried payroll was budgeted for the week ended March 21, 2008 but was funded during the current period.
- 3 The unfavourable variance of US\$802,000 or 18% in Payroll Taxes and Benefits for the Period 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 be reversed during the week ended March 21, 2008.
- 4 The favourable variance of US\$2.6 million in Freight for the Period 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 favourable variance in Chemicals of US\$585,000 for the Period is primarily a timing of payment issue and is expected to reverse in future periods.

APPENDIX B

Second Revised Forecast

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

| Current Week Ending | 3/21/2008 | Week Ending | Week Ending | Week Ending | Week Ending | Week Ending | Week Ending | Totals |
|---|-----------|-------------|-------------|-------------|-------------|-------------|-------------|----------|
| | | 3/21/2008 | 3/28/2008 | 4/4/2008 | 4/11/2008 | 4/18/2008 | 4/25/2008 | |
| Operating Cash Flow | | | | | | | | |
| Total Receipts | | 8,952 | 11,699 | 14,472 | 11,252 | 13,050 | 9,507 | 68,931 |
| Bankruptcy Related Disbursements | | | | | | | | |
| Utility Deposits | \$ | - | - | - | - | - | - | - |
| Prepetition Freight, Shippers & Warehouse | | - | - | - | - | - | - | - |
| Prepetition Critical Vendors | | (100) | - | (150) | (90) | - | - | (340) |
| Prepetition Lien Holders | | - | - | - | - | - | - | - |
| Prepetition Sales Agent | | - | - | - | - | - | - | - |
| Management Incentive Plan | | - | - | - | - | - | - | - |
| Professional Fees | | - | (634) | (3,684) | (3,252) | - | - | (7,571) |
| Other | | - | - | - | - | - | - | - |
| Total | | (100) | (634) | (3,834) | (3,342) | - | - | (7,911) |
| Operating Cash Disbursements | | | | | | | | |
| Payroll | \$ | (1,242) | (1,169) | (1,123) | (1,235) | (1,431) | (1,994) | (8,193) |
| Vacation Payout | | - | - | - | - | - | - | - |
| Payroll Taxes and Benefits | | (1,355) | (1,167) | (1,237) | (1,224) | (1,571) | (297) | (6,852) |
| Logs & Fiber | | (4,425) | (4,785) | (3,646) | (3,420) | (3,570) | (3,842) | (23,686) |
| Utilities / Energy ^[2] | | (1,419) | (630) | (2,827) | (1,236) | (2,062) | (246) | (8,421) |
| Freight | | (2,760) | (1,613) | (1,354) | (1,142) | (994) | (1,368) | (9,230) |
| Chemicals | | (966) | (958) | (965) | (965) | (965) | (965) | (5,784) |
| Operating Supplies | | (361) | (358) | (349) | (349) | (374) | (373) | (2,162) |
| Shutdown ^[3] | | - | - | - | - | - | - | - |
| Maintenance Materials & Contract Services | | (489) | (422) | (426) | (426) | (426) | (426) | (2,613) |
| Sales Commissions | | (106) | - | - | - | (183) | - | (289) |
| Lease Payments | | (198) | (54) | (146) | (65) | (57) | (44) | (565) |
| Lumber Duties | | - | (400) | - | - | - | - | (400) |
| Pension Contribution | | - | - | - | - | (1,400) | - | (1,400) |
| Taxes (Property & Other) | | (408) | (394) | (375) | (254) | (296) | (297) | (2,024) |
| Brussels Office | | - | - | - | - | - | - | - |
| Insurance | | (25) | - | - | - | - | - | (25) |
| Professional Fees | | (21) | (23) | (21) | (26) | (21) | (23) | (135) |
| Interest and Financing Costs on Revolver | | - | - | (497) | - | - | - | (497) |
| Capital Expenditures | | - | (22) | - | - | - | - | (22) |
| Other | | (594) | (163) | (157) | (227) | (157) | (281) | (1,578) |
| Total Operating Disbursements | | (14,368) | (12,156) | (13,122) | (10,568) | (13,505) | (10,157) | (73,877) |
| Total Disbursements | \$ | (14,468) | (12,790) | (16,956) | (13,911) | (13,505) | (10,157) | (81,787) |
| Net Cash Flow | \$ | (5,517) | (1,091) | (2,485) | (2,659) | (455) | (650) | (12,856) |
| DIP Commitment Fee | | - | - | - | - | - | - | - |
| Term Lender Advisor Fees | | - | - | (1,000) | - | - | (1,000) | (2,000) |
| Grand Total Net Cash Flow | \$ | - | - | (1,000) | - | - | (1,000) | (14,856) |

[1] The forecast does not reflect the net cash impact of the replacement of deposits and prepayment plans for certain vendors that may be assumed by Sinarmas. Management has commenced dialogs with the vendors to determine their willingness to accept alternative arrangements with Sinarmas. The estimated maximum benefit of the program is approximately \$5.2M.

[2] The pulp utility expenditures have been reduced by \$400K in the week ending 4/25/08 for certain May estimated prepaid utility charges. If the utility providers require May prepayments prior to the date above and the Company pays such amounts, it will seek reimbursement from Sinarmas at closing.

[3] Approximately \$1.0M of prepaid shutdown expenses related to prepayments for the waterwash and maintenance outage for the Mackenzie pulp mill that is scheduled in May has been removed from the forecast above.

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 | Net Purchase Price Cdn\$ | Date of Closing |
|--|------------------------|-----------------------|-------------------------|--------------------------|-----------------------------|------------------|
| Canadian Surplus Lands | | | | | | |
| 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 | | | | | |
| 12 - Nakusp | Seeking Court Approval | 1,950,000 | 2,000,002 | | - | |
| 09 - Shelter Bay | Seeking Court Approval | 9,950,000 | 11,300,000 | | - | |
| 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 | | | - | |
| 28 - Bull Lake | Sale Pending | 395,000 | | | - | |
| 33 - Gilpin | Sale Pending | 349,000 | | | - | |
| 35 - Sand Creek | Sale Pending | 795,000 | | | - | |
| 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 | | | - | |
| 31 - Ingram Creek | Open | 695,000 | | | - | |
| 32 - McCaren Creek | Open | 374,500 | | | - | |
| 34 - Santa Rosa | Open | 3,750,000 | | | - | |
| 08 - Trout Lake | Cancelled | 595,000 | | | - | |
| Total Cash Proceeds to P&T from Canadian Sales | | | | | \$ 7,783,165.21 | |
| U.S. Surplus Lands | | | | | | |
| Northport, Washington | Open | 175,000 | | | - | |
| Oakridge Lot, Oregon | Open | 295,000 | | | - | |
| Spearfish Lands, South Dakota | Open | 1,012,000 | | | - | |
| Newcastle, Wyoming | Open | 325,000 | | | - | |
| Total Cash Proceeds to P&T from U.S. Sales | | | | | \$ - | |
| Total Cash Proceeds to P&T from Canadian & U.S. Sales | | | | | \$ 7,783,165.21 | |