

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 THIRTEENTH REPORT TO COURT
[Prepared for the April 28, 2008 Court Hearing]**

APRIL 25, 2008

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

APRIL 25, 2008

TABLE OF CONTENTS

1	INTRODUCTION.....	1
2	BACKGROUND	1
3	COMPANY OPERATIONS	3
4	UPDATED CASH FLOW FORECAST TO MAY 2, 2008.....	4
5	UPDATE TO THE VARIOUS SALES PROCESSES	5
6	POST-FILING TRADE ACCOUNTS PAYABLE	7
7	EXTENSION OF THE STAY OF PROCEEDINGS	8

APPENDICES

- A. Variances Analysis – Revised Forecast vs. Actual Receipts and Disbursements for the Period April 12, 2008 to April 18, 2008**
- B. Third Revised Forecast to May 2, 2008**

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

APRIL 25 2008

1 INTRODUCTION

- 1.1 This is the Monitor's Thirteenth 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 April 28, 2008 hearing to inform this Court of the following:
- 1.1.1 An update on the current operations of P&T, including the actual receipts and disbursements of the Company for the period from April 11, 2008 to April 18, 2008 (the "Period");
 - 1.1.2 The Company's updated cash flow forecast for the period from April 18, 2008 to May 2, 2008 (the "Third Revised Forecast");
 - 1.1.3 An update on the status of the asset sales transactions;
 - 1.1.4 The Company's post-filing creditor obligations; and
 - 1.1.5 The Company's request for an extension of the Stay of Proceedings to May 5, 2008.

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.

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

APRIL 25, 2008

- 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 January 15, 2008, this Court made and order extending the stay of proceedings until February 15, 2008.
- 2.5 On February 12, 2008, this Court made and order extending the stay of proceedings until April 4, 2008.
- 2.6 On March 28, 2008, this Court made and order extending the stay of proceedings until April 25, 2008.
- 2.7 On April 22, 2008, this Court made and order extending the stay of proceedings until April 28, 2008.
- 2.8 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.
- 2.9 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.
- 2.10 The Monitor has previously filed twelve reports with respect to these CCAA proceedings. The most recent report was dated April 21, 2008.
- 2.11 Capitalized terms not defined in this Thirteenth Report are as defined in the Initial Order and the Monitor's previous reports.
- 2.12 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.

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

APRIL 25, 2008

2.13 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 COMPANY OPERATIONS

3.1 On April 23, 2008 the Company completed its sale of the Midway sawmill to Fox Lumber for net proceeds of US\$750,000.

3.2 The Company continues to operate its three Pulp mills. The Company's four remaining sawmills are closed due to market conditions.

3.3 The DIP Credit Agreement is expected to be extended to May 5, 2008.

3.4 Cash Receipts & Disbursements to April 18, 2008

3.4.1 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 A.

	Period From	Period From 4/12/2008 - 4/18/2008				Period From	Period From
	10/29/2007 - 4/11/2008	Actual US\$ 000's	Forecast US\$ 000's	Variance US\$ 000's	Variance %	4/19/2008 - 5/2/2008 Forecast US\$ 000's	10/29/2007 - 5/2/2008 Total US\$ 000's
Total Receipts	306,233	8,154	13,050	(4,896)	-38%	15,196	329,583
Total Bankruptcy Related Disbursements	(17,248)	(366)	-	(366)	-	(1,153)	(18,767)
Total Operating Disbursements	(308,754)	(9,627)	(13,507)	3,880	29%	(23,542)	(341,923)
Total Disbursements	(326,002)	(9,993)	(13,507)	3,514	26%	(24,695)	(360,690)
Net Cash Flow¹	(19,769)	(1,839)	(457)	(1,382)	302%	(9,499)	(31,107)

¹ Excludes accruals and post-filing payables which are estimated at US\$14 million as at April 24, 2008

3.5 Reporting Under the DIP Credit Agreement

3.5.1 The Company continues to report its cash flows weekly to its DIP Lenders. The Company continues to trigger Material Adverse Deviations in its cash flow reporting but has obtained the necessary waivers in respect of the Material Adverse Deviations incurred and reported to April 18, 2008.

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

APRIL 25, 2008

- 3.5.2 As at April 18, 2008 the total amount outstanding under the operating portion of the DIP Credit Agreement was US\$60.7 million. This includes outstanding revolver borrowings of US\$48.1 million and DIP Term Borrowings of US\$12.6 million. The Monitor notes that the non-operating portion of the DIP Credit Agreement totals US\$189.2 million, resulting in total borrowings under the DIP Credit Agreement of US\$250 million.
- 3.5.3 As reported in the Monitor's Twelfth Report, the Company exceeded the borrowing availability under the operating portion of the DIP Credit Agreement as at April 17, 2008 as noted in the following table; however, this was remedied by April 21, 2008 through subsequent collections.

Revolver Balance as at April 17, 2008	
	Actual US\$ 000's
Borrowing Base	53,258
Less: Letter of Credit Reserve	(7,044)
Net Availability	46,214
Revolver Balance	48,054
Excess of Availability	(1,840)

4 UPDATED CASH FLOW FORECAST TO MAY 2, 2008

- 4.1 The Company has prepared an updated cash flow forecast through to May 2, 2008 (the "Third Revised Forecast") which is two days after the anticipated closing date for the remaining significant asset sales. A copy of the Third Revised Forecast is attached hereto as Appendix B.
- 4.2 The Company has advised the Monitor that it will prepare a wind-down cash flow forecast before April 30, 2008 for the anticipated balance of the CCAA stay extension period.

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

APRIL 25, 2008

- 4.3 As detailed in the Third Revised Forecast, the Company is projecting cash receipts of US\$15.2 million and cash disbursements of US\$24.7 million, for a negative cash flow of US\$9.5 million. This negative net cash flow is supported by cash on hand of US\$2.2 million and an increase in borrowings of \$US6.5 million in the DIP Revolver loan. The increased borrowings are to facilitate the purchase of raw materials, notably for the Harmac mill, to meet the required volume targets under the APA with PT Pindo Deli. At the date of this report, the additional borrowings had not been approved by the DIP Lenders in conjunction with a DIP extension.
- 4.4 The Monitor advises that the Third Revised Forecast is prepared on the basis that the Interfor and the PT Pindo Deli deals close on April 30, 2008. If one or more of the asset sales does not close on April 30, 2008 as forecasted, the Monitor is unable to assess the impact of such a delay of the Company's ability to maintain operations beyond April 30, 2008.

5 UPDATE TO THE VARIOUS SALES PROCESSES

- 5.1 A summary of the asset sale transactions and expected closing dates are listed in the table below:

Sale Process	Expected Closing Date	APA Termination Date
Sale to Fox Lumber (Midway Sawmill)	CLOSED	N/A
Sale to Interfor (Woods Division)	April 30, 2008	April 30, 2008
Sale to PT Pindo Deli (Pulp Division)	April 30, 2008	April 30, 2008
Sale to PT Pindo Deli (FSJ Sawmill)	April 30, 2008	April 30, 2008

- 5.2 The only significant development from the Monitor's previous report is that the sale to Fox Lumber for the Midway sawmill closed on April 23, 2008.

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

APRIL 25, 2008

5.3 Sale to PT Pindo Deli (Pulp Division)

5.3.1 The Company, representatives from PT Pindo Deli and legal counsels met in New York on April 23, 2008 to discuss a resolution of outstanding closing issues. The Monitor understands that those issues, which include the transfer of permits and licences and various business related issues (both of which have been previously reported to the Court by the Monitor), remain outstanding at the date of this report.

5.3.2 Although the Company and PT Pindo Deli have advised the Monitor that they believe that the outstanding issues can be resolved by April 30, 2008, the Monitor remains concerned that this transaction may not close as scheduled. The Monitor will provide the Court with an update on the sale status at the hearing on April 28, 2008.

5.4 Sale to Interfor (Lumber Division)

5.4.1 The Interfor transaction is anticipated to close on April 30, 2008 as all outstanding closing issues have been resolved.

5.4.2 An amended APA has been approved by the Company and Interfor and is being circulated to the Lenders, the Official Committee of Unsecured Creditors and the Monitor for review and approval. It is anticipated that those approvals will be obtained prior to the April 28, 2008 hearing. The Company or the Monitor will update the Court on the status of those approvals at the hearing.

5.5 Sale to PT Pindo Deli (Fort St. James Sawmill)

5.5.1 The Company and PT Pindo Deli are working towards closing the Fort St. James sale, in addition to the Pulp transaction by April 30, 2008; however, as with the pulp transaction, there are several issues that remain outstanding that may delay or impact the closing of the Fort St. James transaction. The Monitor will provide the Court with an update at the hearing on April 28, 2008.

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

APRIL 25, 2008

6 POST-FILING TRADE ACCOUNTS PAYABLE

- 6.1 As reported in the Monitor's Tenth Court Report dated February 25, 2008, the current DIP Credit Agreement places a cap of US\$2 million on the portion of post-filing trade and utility payments which forms part of the Agreed Administrative Expense Priorities that would be paid in priority to the Secured Creditor position. Any amounts above the US\$2 million in post-filing trade accounts payable are at risk in the event that the asset sales do not close and/or the subsequent realizations are insufficient to pay all priority claims.
- 6.2 At the April 22, 2008 hearing, the Monitor updated the Court that the continued delays in the closing of the asset sales, as well as, the continued potential for further negative adjustments to the purchase price on one or more of the transactions had increased the likelihood that some of the post-filing trade accounts payable would not be paid in full. The Monitor informed the Court that it required additional time to further investigate its concerns and to report to the Court in that regard.
- 6.3 The Monitor has reviewed the Company's most current estimate of its accounts payable balance as at April 30, 2008, which is summarized in the table below:

Pope & Talbot			
Post-Filing Trade Creditors Projected to April 30, 2008			
(US\$ Millions)			
	Estimated Balance as at April 30, 2008 ¹	DIP Carve Out ²	Estimated Residual
Trade Suppliers	5.6	(2.0)	3.6
Professional Fees	8.0	(5.0)	3.0
Rothschild Success Fee ³	2.8	(2.8)	-
Total	<u>16.4</u>	<u>(9.8)</u>	<u>6.6</u>

¹ Net of prepaids and deposits. Includes estimated accruals.
² Per DIP Loan Agreement Agreed Administrative Expense Priorities
³ Contingent on the closing of asset sales.

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

APRIL 25, 2008

- 6.4 Based on the Company's estimate, approximately US\$6.6 million of post-filing trade accounts payable will not be in priority to the Secured Creditors.
- 6.5 There are several significant adjustments to the asset sale purchase price that are contingent in nature and cannot be determined until some point after closing. These include:
- 6.5.1 Working capital adjustments for inventory counted on the date of closing (valuation and reconciliation is estimated at 6 weeks); and
- 6.5.2 Amounts in escrow subject to arbitration and/or approval of governmental authorities.
- 6.6 Based on the Monitor's review of a preliminary estimation of realizations prepared by the Company, there is a likelihood, although not quantifiable at the date of this report, that there will be insufficient realizations to cover the estimated \$6.6 million in post-filing trade payables that is not subject to a priority charge.
- 6.7 The Monitor is currently seeking confirmation that all of the aforementioned post-filing payables will be paid from the sale proceeds in priority to the repayment to the Secured Creditors.

7 EXTENSION OF THE STAY OF PROCEEDINGS

- 7.1 The current stay of proceedings expires on April 28, 2008. The Company is now seeking an extension of the Stay Period until May 5, 2008.
- 7.2 The Monitor supports the length of the extension for the following reasons:
- 7.2.1 The current DIP Credit Agreement expires on April 25, 2008; however, it is anticipated that an extension will be granted to May 5, 2008;
- 7.2.2 The three remaining significant asset sales are not expected to close until April 30, 2008 and the Company requires the additional time to close those transactions;

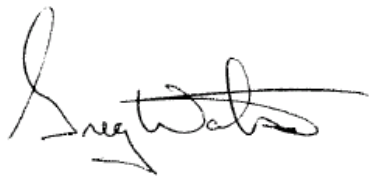
POPE & TALBOT LTD. et al
MONITOR'S THIRTEENTH REPORT TO COURT

APRIL 25, 2008

- 7.2.3 The Company's cash flow forecast, which contemplates a successful close of the three significant asset sales on April 30, 2008, indicates that it will be able to fund operations to the close of business on May 2, 2008. The Monitor is not aware of any material costs that will be incurred between the close of business on May 2, 2008 and May 5, 2008 if the asset sales close as forecasted; and
- 7.2.4 The additional days after the anticipated closing date of the asset sales and the DIP Agreement extension will provide the Company with a short window of time to react to any unexpected issues that could result in the closing of the transactions being further delayed. Additionally, it provides the Monitor with additional time to provide a full update to the Court on the status of the sales transactions.
- 7.3 The Monitor is of the view that the Company continues to act in good faith and with due diligence. The Monitor continues to believe 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.

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

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



Greg Watson
President



Michael Vermette
Senior Vice President

G:\BRS Power\Pope & Talbot\Reports\BC Court\13th Report\Monitor's 13th Report to Court.doc

APPENDIX A

**Variations Analysis – Revised Forecast vs.
Actual Receipts and Disbursements
for the Period to April 18, 2008**

Appendix A

Variances Analysis – Revised Forecast vs. Actual Receipts and Disbursements for the Period to April 18, 2008

	Period From 10/29/2007 - 4/11/2008	Period From 4/12/2008 - 4/18/2008				Period From 4/19/2008 - 5/2/2008	Period From 10/29/2007 - 5/2/2008
	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	306,233	8,154	13,050	(4,896)	(38%)	15,196	329,583
Bankruptcy Related Disbursements							
Utility Deposits	(133)	-	-	-	-	-	(133)
Prepetition Freight, Shippers & Warehouse	(1,571)	-	-	-	-	-	(1,571)
Prepetition Critical Vendors	(2,034)	-	-	-	-	-	(2,034)
Professional Fees	(13,138)	(366)	-	(366)	-	(1,153)	(14,657)
Other	(372)	-	-	-	-	-	(372)
Total	(17,248)	(366)	-	(366)	-	(1,153)	(18,767)
Operating Cash Disbursements							
Payroll	(34,786)	(1,221)	(1,431)	210	15%	(2,498)	(38,505)
Payroll Taxes and Benefits	(33,682)	(1,655)	(1,571)	(84)	(5%)	(3,098)	(38,435)
Logs & Fiber	(101,671)	(2,932)	(3,570)	638	18%	(8,448)	(113,051)
Utilities / Energy	(31,713)	(657)	(2,062)	1,405	68%	(1,718)	(34,088)
Freight	(36,671)	(1,643)	(994)	(649)	(65%)	(2,573)	(40,887)
Chemicals	(22,283)	(604)	(965)	361	37%	(965)	(23,852)
Operating Supplies	(8,588)	(157)	(374)	217	58%	(706)	(9,451)
Maintenance Materials & Contract Services	(11,575)	(383)	(426)	43	10%	(822)	(12,780)
Sales Commission	(325)	-	(183)	183	100%	-	(325)
Lease Payments	(3,340)	(105)	(57)	(48)	(84%)	(80)	(3,525)
Lumber Duties	(3,520)	-	-	-	-	(400)	(3,920)
Pension Contribution	(1,381)	-	(1,400)	1,400	100%	(243)	(1,624)
Taxes (Property & Other)	(3,254)	(142)	(296)	154	52%	(754)	(4,150)
Brussels Office	(19)	-	-	-	-	-	(19)
Insurance	(1,279)	-	-	-	-	(74)	(1,353)
Professional Fees	(1,044)	(26)	(21)	(5)	(24%)	(44)	(1,114)
Interest and Financing Costs on Revolver	(2,240)	-	-	-	-	(445)	(2,685)
Capital Expenditures	(157)	-	-	-	-	-	(157)
Other	(11,226)	(102)	(157)	55	35%	(674)	(12,002)
Total Operating Disbursements	(308,754)	(9,627)	(13,507)	3,880	29%	(23,542)	(341,923)
Total Disbursements	(326,002)	(9,993)	(13,507)	3,514	26%	(24,695)	(360,690)
Net Cash Flow	(19,769)	(1,839)	(457)	(1,382)	302%	(9,499)	(31,107)

Variiances Analysis – Revised Forecast vs. Actual Receipts and Disbursements for the Period to April 18, 2008

Variiances Analysis

- 1 As previously reported, the actual negative cash flow for the period October 29, 2007 to April 11, 2008 totalled US\$19.8 million.
- 2 During the one week period from April 12, 2008 to April 18, 2008, the Company recorded negative cash flow of US\$1.8 million. This was US\$1.4 million worse than the forecast and was a result of a combination of the Company making less accounts receivable collections than forecast. As a result, operating disbursements were less than forecast.
- 3 In the period subsequent to April 18, 2008, the Company has continued to conserve as much cash as possible; however, the delays in closing of asset sales continues to negatively impacted the Company's financial position.
- 4 For the period October 29, 2007 to April 18, 2008 (the "CCAA Period"), the Company has had negative cash flow of US\$21.6 million, and expects to have further negative cash flow of US\$9.9 million during the Third Revised Forecast to the period ending May 2, 2008.

Total Receipts

- 5 The unfavourable variance of US\$4.9 million or 38% in Total Receipts has resulted in a Material Adverse Deviation for the Period.

Disbursements

- 6 The Company did not budget bankruptcy related Professional Fees to be paid in the Period. The unfavourable variance of US\$366,000 is attributed to the timing of payment of professional fees approved by the US Bankruptcy Court.
- 7 The favourable variance of US\$1.4 million or 68% in Utilities and Energy is due to the timing of payments and is expected to reverse in future periods.

**Variations Analysis – Revised Forecast vs. Actual Receipts and Disbursements for the
Period to April 18, 2008**

- 8 The unfavourable variance of US\$649,000 or 65% in Freight is largely due to the timing of payments and is expected to reverse in future periods.

- 9 The favourable variance of US\$1.4 million in Pension Contribution is due to the Company budgeting to make contributions to the Canadian pension plans. Due to the lack of available cash, these payments were not made. In the Third Revised Forecast, the Company has budgeted to pay its post-filing service payments, and solvency deficiencies.

APPENDIX B

Third Revised Forecast to May 2, 2008

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

Current Week Ending	4/25/2008	Week Ending 4/25/2008	Week Ending 5/2/2008	Totals
Operating Cash Flow				
Total Receipts		7,460	7,736	15,196
Bankruptcy Related Disbursements				
Utility Deposits	\$	-	\$	-
Prepetition Freight, Shippers & Warehouse		-	-	-
Prepetition Critical Vendors		-	-	-
Prepetition Lien Holders		-	-	-
Prepetition Sales Agent		-	-	-
Management Incentive Plan		-	-	-
Professional Fees		(1,153)	-	(1,153)
Other		-	-	-
Total		(1,153)	-	(1,153)
Operating Cash Disbursements				
Payroll	\$	(214)	\$	(2,284)
Vacation Payout		-	-	(2,498)
Payroll Taxes and Benefits		(1,689)	(1,409)	(3,098)
Logs & Fiber ^[1]		(5,948)	(2,500)	(8,448)
Utilities / Energy ^[2]		(1,292)	(426)	(1,718)
Freight		(1,689)	(884)	(2,573)
Chemicals ^[1]		(965)	-	(965)
Operating Supplies		(353)	(353)	(706)
Shutdown ^[4]		-	-	-
Maintenance Materials & Contract Services		(411)	(411)	(821)
Sales Commissions		-	-	-
Lease Payments		(44)	(36)	(81)
Lumber Duties		-	(400)	(400)
Pension Contribution		-	(243)	(243)
Taxes (Property & Other)		(477)	(277)	(754)
Brussels Office		-	-	-
Insurance		-	(75)	(75)
Professional Fees		(23)	(21)	(44)
Interest and Financing Costs on Revolver		-	(445)	(445)
Capital Expenditures		-	-	-
Other		(180)	(494)	(674)
Total Operating Disbursements		(13,286)	(10,256)	(23,542)
Total Disbursements	\$	(14,438)	\$	(10,256)
Net Cash Flow	\$	(6,979)	\$	(2,520)
				\$
DIP Commitment Fee		-	-	-
Term Lender Advisor Fees		-	(1,000)	(1,000)
Grand Total Net Cash Flow	\$	(6,979)	\$	(3,520)
				\$
				(10,498)

[1] Approximately \$2.5M of the week ending 4/25/08 purchased fiber is to meet the APA fiber requirement for Harmac.

[2] The pulp utility expenditures have been reduced by \$2.3M (\$400K and \$1.9M respectively in the weeks ending 4/25/08 and 5/2/08) for certain May estimated prepaid utility charges. If the utility providers require May prepayments prior to the dates above and the Company pays such amounts, it will seek reimbursement from Sinarmas at closing.

[3] Approximately \$0.3 million of fiber inventory and \$0.7 million of chemical inventory is run off during week ended 5/2/08.

[4] 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.