Court File No. CV-12-9667-00-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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 SINO-FOREST CORPORATION

MOTION RECORD

(Mediation Order Returnable July 25, 2012)

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in its capacity as Monitor of the Applicant

TO: THE SERVICE LIST

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TAB 1

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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 SINO-FOREST CORPORATION

NOTICE OF MOTION

(Mediation Order Returnable July 25, 2012)

FTI CONSULTING CANADA INC., in its capacity as Monitor of the Applicant appointed pursuant to the Order of the Honourable Justice Morawetz dated March 30, 2012, as amended, (the "**Initial Order**"), will make a motion to Justice Morawetz of the Commercial List on Wednesday, July 25, 2012, at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: the Motion will be heard orally.

THE MOTION IS FOR AN ORDER:

(a) Providing for the mediation of and in respect of the claims of the Ad Hoc Group of Purchasers of the Applicant's securities (the "**Plaintiffs**") against the Applicant and the other defendants in the Ontario Class Action and the Quebec Class Action, as defined below, (the "**Third Party Defendants**") and any related claims; and

(b) For such further and other relief as counsel may request and this Honourable Court deem just;

THE GROUNDS FOR THE MOTION ARE:

1. By Order of this Honourable Court dated May 8th, 2012, claims asserted by certain of the Plaintiffs in the proceedings identified in the files of the Ontario Superior Court of Justice as (Toronto) Court File No. CV-11-431153-00CP (the "**Ontario Class Action**") and in the files of the Quebec Superior Court as Court File No. 200-06-000132-111 (the "**Quebec Class Action**") were stayed as against all defendants save and except Pöyry Bejing Consulting (Company) Limited.

2. By Order dated May 14, 2012, this Honourable prescribed the manner by which claims against SFC and certain others will be advanced and recorded in this proceeding (the "**Claims Process Order**").

3. Following the Claims Process Order, the Plaintiffs and Third Party Defendants have filed significant claims against the Applicant and its directors and officers (the "**Claims**").

4. The Monitor is of the view that the most efficient way to achieve a successful restructuring in this matter is to provide the opportunity to the parties to achieve a mediated resolution to all Claims.

5. The provisions of the *Companies Creditors' Arrangement Act*, and in particular section 11 thereof; and

6. Such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) The Fifth Report of the Monitor dated July 16, 2012; and

(b) Such further or other material as counsel may advise and this Honourable Court may permit.

July 16, 2012

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Court File No. CV-12-9667-00-CL

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 SINO-FOREST CORPORATION

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

NOTICE OF MOTION
(Mediation Order Returnable July 25, 2012)

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TAB 2

Court File No. CV-12-9667-00CL

Sino-Forest Corporation

FIFTH REPORT OF THE MONITOR

July 16, 2012

Court File No. CV-12-9667-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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 SINO-FOREST CORPORATION

FIFTH REPORT TO THE COURT SUBMITTED BY FTI CONSULTING CANADA INC., IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. On March 30, 2012 (the "**Filing Date**"), Sino-Forest Corporation (the "**Company**") filed for and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Order of this Honourable Court dated March 30, 2012 (the "**Initial Order**"), FTI Consulting Canada Inc. was appointed as the Monitor of the Company (the "**Monitor**") in the CCAA proceedings. By Order of this Court dated April 20, 2012, the powers of the Monitor were expanded in order to, among other things, provide the Monitor with access to information concerning the Company's subsidiaries. Pursuant to an Order of this Court made on May 31, 2012, this Court granted an Order extending the Stay Period (as defined in the Initial Order) to September 28, 2012. The proceedings commenced by the Company under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. On the Filing Date, the Court also issued an Order authorizing the Company to conduct a Sale Process (the "**Sale Process Order**").

3. The purpose of this Fifth Report is to recommend that this Court approve a process for a proposed mediation ("**Mediation**") pursuant to the terms of a

proposed mediation order.

4. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information of the Company, the Company's books and records, certain financial information prepared by the Company, the Reports of the Independent Committee of the Company's Board of Directors dated August 10, 2011, November 13, 2011, and January 31, 2012, and discussions with the Company's management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this Fifth Report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this Fifth Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.

5. Unless otherwise stated, all monetary amounts contained herein are expressed in US Dollars.

6. The term "**Sino-Forest**" refers to the global enterprise as a whole but does not include references to the Greenheart Group. "**Sino-Forest Subsidiaries**" refers to all of the direct and indirect subsidiaries of the Company, but does not include references to the Greenheart Group.

7. Capitalized terms not defined in this Fifth Report are as defined in the pre-filing report of the proposed monitor dated March 30, 2012 (the "**Pre-Filing Report**") and the affidavit of W. Judson Martin sworn March 30, 2012 (the "**Initial Order Affidavit**").

GENERAL BACKGROUND

Sino-Forest Business

8. Sino-Forest conducts business as a forest plantation operator in the People's Republic of China ("**PRC**"). Its principal businesses include ownership and

management of forest plantation trees, the sale of standing timber and wood logs, and complementary manufacturing of downstream engineered-wood products.

9. The Company is a public holding company whose common shares were listed on the Toronto Stock Exchange ("**TSX**"). Prior to August 26, 2011 (the date of the Cease Trade Order, defined below), the Company had 246,095,926 common shares issued and outstanding and trading under the trading symbol "TRE" on the TSX. Effective May 9, 2012, the Company was delisted from the TSX.

10. On June 2, 2011, Muddy Waters, LLC ("**MW**"), which held a short position on the Company's shares, issued a report (the "**MW Report**") alleging, among other things, that Sino-Forest is a "ponzi-scheme" and a "near total fraud". The MW Report was issued publicly and immediately caught the attention of the media on a world-wide basis.

11. Subsequent to the issuance of the MW Report, the Company devoted extensive time and resources to investigate and address the allegations in the MW Report as well as responding to additional inquiries from, among others, the Ontario Securities Commission, the Royal Canadian Mounted Police and the Hong Kong Securities and Futures Commission.

12. In view of the MW Report, the subsequent litigation and regulatory investigations and other issues continue to have a significant negative impact on the Company and have threatened the long term viability of Sino-Forest's operations. For the reasons discussed in the Pre-Filing Report and the Initial Order Affidavit, the Company and the business was placed into a stalemate that could not be resolved without the Court supervised solution offered by the CCAA Proceedings.

13. The Pre-Filing Report and the Initial Order Affidavit provide a detailed outline of Sino-Forest's corporate structure, business, reported assets and financial information as well as a detailed chronology of the Company and its actions since the issuance of the MW Report in June 2011.

Background to Class Proceedings

14. Previous court filings have already outlined the proceedings commenced in the courts ("**Class Action Proceedings**") by certain plaintiffs in Ontario and Quebec (the "**Plaintiffs**") pursuant to the Fresh as Amended Statement of Claim (in Ontario) and a motion to authorize a class action (in Quebec) (the "**Statements of Claim**").

15. Briefly, under the Statements of Claim the Plaintiffs claim against the Applicant as well as a number of other third party defendants including the Applicant's former auditors, certain underwriters involved in the Applicant's offerings and current and former officers and directors of the Applicant (the "**Third Party Defendants**"). Many of these Third Party Defendants are represented by counsel who have been actively involved in these proceedings and have appeared on a number of motions brought before this Court in these proceedings.

RELEVANT MOTIONS TO DATE

16. Since the commencement of its proceedings the Applicant has spent a considerable amount of time and resources either seeking relief or responding to relief being sought that related the Class Action Proceedings. A brief summary of certain of these motions is below.

Plaintiffs' Lift Stay Motion

17. Almost immediately after the commencement of the proceedings, the Plaintiffs brought a lift stay motion (the "**Lift Stay Motion**") originally returnable April 13, 2012 which motion purported to, inter alia, seek direction regarding the scope of the stay under the Initial Order and to clarify:

    (a) The Plaintiffs' ability to pursue a funding agreement ("**Funding Agreement**") and

    (b) A settlement with Pöyry Beijing Consulting (Company) Limited (the "**Pöyry Settlement**").

18. The Lift Stay Motion also sought significant further relief (the "**Remaining**

Relief") including

(a) recognition of the Plaintiffs as representative plaintiffs;

(b) the appointment of a receiver or, alternatively, extended oversight by the Monitor; and

(c) directing the Monitor to consider and develop alternative solutions to the restructuring transaction under the restructuring support agreement.

19. After considerable negotiation as well as a number of 9:30 appointments regarding scheduling, the Funding Agreement relief was approved on April 20, 2012. The parties agreed to adjourn the Pöyry Settlement relief until May 8, 2012 to be heard at the same time as the Applicant's third party stay motion, discussed below.

20. The Remaining Relief was adjourned, although subject to the notice of return of motion discussed below in the context of the Claims Procedure motion.

The Applicant's Third Party Stay Motion

21. In order to address requests and concerns by many other third party defendants named in one or more of the Class Action Proceedings, the Applicant brought a motion seeking a declaration of the Court that the stay of proceedings in the Applicant's CCAA proceedings applied to all of the Third Party Defendants.

22. The Court granted the third party stay order on May 8, 2012 as well as the Pöyry Settlement relief.

The Claims Procedure Motion

23. Pursuant to a motion (the "**Claims Procedure Motion**") of the Applicant heard on May 14, 2012, this Court granted an Order approving a process for the call of resolution of claims against the Applicant and its directors and officers (the "**Claims Procedure Order**"). The claims procedure also contemplated that claimants against the Applicant that were alleging a related claim or claims

against the Applicant's subsidiaries, could indicate as much on the claim form.

Notice of Return of Plaintiffs' Motion

24. In connection with the Claims Procedure Motion, the Plaintiffs brought back on certain of the Remaining Relief set out in the Lift Stay Motion, including their appointment as representative of a class. The Plaintiffs served a first amended notice of motion (the "**First Amended Notice of Motion")** which, among other things sought a direction for mediation as well as the creation of a data room accessible to participants in the mediation.

25. Ultimately, the parties agreed to provisions in the Claims Procedure Order that permitted the Plaintiffs or their counsel to file a single proof of claim in respect of the entire class. The balance of the relief was adjourned sine die.

The Equity Claims Motion

26. On June 26, 2012, the Applicant brought a motion seeking a declaration that certain of the claims against the Applicant and indemnity claims arising from or related to such claims were "equity claims" under the CCAA.

27. The motion took a full day to hear and was opposed by a number of the Third Party Defendants. No decision has been issued by the Court to date.

Document Production Motion

28. On July 11, 2012, the Plaintiffs' served a motion regarding the production of documents and information sharing. As of the date of this Report, that motion is scheduled to be heard on July 25, 2012, together with the Monitor's Motion for the Mediation Order described below.

MEDIATION

29. On or about June 20, 2012, being the claims bar date under the Claims Procedure Order, many of the parties including the Third Party Defendants ("**Claimants**") filed significant claims against the Applicant, and, in certain instances, its current

and/or former directors and officers. Many of those claims have some relation to the Class Action Proceedings and many of those claims are indemnity claims against the Applicant and/or its directors and officers. Regardless of the classification of or characterization of these claims, there is a clear nexus among them.

30. The Monitor has previously stated on the record and in conversations with parties, that it believes that there should be a mediation to try and address many of these claims and will provide a path for the Applicant in the course of its restructuring. In that regard, subsequent to a 9:30 chambers appointment held on June 12, 2012, the Monitor made efforts to coordinate mediation and identify a mediator who was available and who would be acceptable to the parties.

31. Counsel for the Monitor subsequently made considerable effort in coordinating dates for mediation in late July or August, 2012 however, was unsuccessful in getting a critical mass for those dates. Many parties have now agreed upon dates for mediation for September 4, 5 and (if necessary) 10, 2012. The Monitor is in the process of confirming the availability of a mediator acceptable to the parties who is available on those dates.

The Proposed Mediation Order

32. The Monitor has proposed a mediation order as set out in the motion record. The material terms of the mediation order are as follows:

(a) *Parties Eligible to Participate* – the parties who are eligible to participate are the Applicant, the Plaintiffs, the Third Party Defendants, the Monitor, the Ad Hoc Noteholders and any parties providing insurance coverage in respect of the Applicant and the Third Party Defendants ("**Mediation Parties**").

(b) *Subject Matter of the Mediation* – the subject matter of the mediation is the resolution of claims of the Plaintiffs against the Applicant and the Third Party Defendants as set out in the Statements of Claim and any

related claims (the "**Subject Claims**").

(c) *Participation in the Mediation* - the Mediation Parties shall participate in the Mediation in person, where practicable, and with representatives present with full authority to settle the Subject Claims (including any insurer providing coverage), provided that, where not practicable, the Mediation Parties may participate in the Mediation through counsel or other representatives, subject to those counsel or other representatives having access to representatives with full authority and undertaking to promptly pursue instructions with respect to any proposed agreements that arise from the Mediation.

(d) *Data Room* - in connection with the Mediation, as soon as practicable, but in any event no later than August 3, 2012, the Applicant shall provide access to the Mediation Parties to the existing data room maintained by Merrill to which the advisors to the Ad Hoc Noteholders and prospective bidders were given access (the "**Data Room**"), provided however that prior to access to the Data Room, all participants (other than the Applicant and the Monitor) shall have entered into a confidentiality agreement with the Applicant on terms reasonably acceptable to the Applicant and the Monitor.

(e) *Mediation Schedule* –

(i) the Mediation shall be conducted on September 4th and 5th, and if a third day is required, on September 10th, 2012;

(ii) additional Mediation dates shall only be added, and any adjournments of any mediation dates shall only be accepted, with the prior written consent of all Mediation Parties;

(iii) the Mediation shall be conducted at a location to be determined by the Mediator (as defined below); and

(iv) the Applicant, the Plaintiffs and the Third Party Defendants shall deliver their respective written position statements to each other and to the other Mediation Parties on or before August 20, 2012.

(f) *Mediator* – the Order provides for the appointment of a specific mediator. As discussed above, the Monitor is in the process of confirming the availability of a mediator who is acceptable to the parties.

(g) *Termination of the Mediation* – the Mediation may be terminated:

(i) by declaration by the Mediator that a settlement has been reached;

(ii) by declaration by the Mediator that further efforts at mediation are no longer considered worthwhile;

(iii) for any other reason determined by the Mediator;

(iv) mutual agreement by the Mediation Parties; or

(v) further Order of this Court,

provided that, the Mediation shall in any event terminate on September 10, 2012, unless extended with the prior written consent of all Mediation Parties.

(h) *Impact on Other Proceedings* –

(i) all offers, promises, conduct statements, whether written or oral, made in the course of the Mediation are inadmissible in any arbitration or court proceeding. No person shall subpoena or require the Mediator to testify, produce records, notes or work product in any other existing or future proceedings, and no recording will be made of the Mediation. Evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the Mediation. In the event that the Mediation Parties (or any group of

them) do reach a settlement, the terms of that settlement will be admissible in any court or other proceeding required to enforce it, unless the Mediation Parties agree otherwise. Information disclosed to the Mediator by any Mediation Party at a private caucus during the Mediation shall remain confidential unless such Mediation Party authorizes disclosure.

(ii) that nothing in this Order nor the participation of any party in the Mediation shall provide such party with rights within these proceedings other than rights such party may otherwise have.

(iii) nothing in this Order shall prevent the Applicant, the Monitor or any other party of standing from otherwise pursuing the resolution of claims under the Claims Procedure Order granted by this Court on May 14, 2012, or any other matter in these CCAA proceedings, including without limitation, the filing and advancement of the Meetings Order and a Plan.

(i) *Confidentiality* -

(i) any mediation briefs or other documents filed by the Mediation Parties shall be used only in the context of the Mediation and for no other purpose and shall be kept confidential by all such parties irrespective of whether such Mediation Parties sign a confidentiality agreement.

(ii) any mediation briefs or other documents filed by the Mediation Parties that contain information obtained from the Data Room may not be shared with or otherwise disclosed to any person or entity that has not signed a confidentiality agreement, other than the Applicant, Monitor and Mediator.

CONCLUSION

33. The Applicant has advised the Monitor that it believes that Mediation is only one of the possible paths forward in its restructuring and that, given the timing of the proposed Mediation, it intends to continue to take steps in its restructuring due to the urgency of these proceedings.

34. In the meantime, it is apparent from the above that considerable amount of time and resources have already been spent bringing and responding to motions and that an ongoing stream of motions is not the most efficient use of the Applicant's resources. The Monitor is hopeful that Mediation will provide a successful solution and reduce the number of motions and/or appeals that may take place, thus avoiding the delay and expense to the Applicant's estate that will otherwise result.

35. Further, the clear path for providing access to the Data Room to the Third Party Defendants will provide those parties with further information as has been requested. At the same time, the proposed Mediation and the timing of it does not prejudice the Applicant who may wish to continue to advance in its restructuring prior to the scheduled Mediation Dates.

36. If successful, Mediation would be the most efficient and expedient method of achieving a settlement with the Plaintiffs and a number or all of the Third Party Defendants as it has the potential to provide a global solution and significantly reduce the chances of objection or appeal as the Applicant continues through its restructuring.

Dated this 16th day of July, 2012.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Sino-Forest Corporation, and not in its personal capacity

Greg Watson
Senior Managing Director

Court File No.: CV-12-9667-00CL

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 SINO-FOREST CORPORATION

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

(PROCEEDING COMMENCED AT TORONTO)

FIFTH REPORT OF THE MONITOR

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TAB 3

Court File No. CV-12-9667-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	WEDNESDAY, THE 25th
	)	
JUSTICE MORAWETZ	)	DAY OF JULY, 2012

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 AND ARRANGEMENT OF SINO-FOREST CORPORATION

ORDER
(Mediation)

THIS MOTION, made by FTI Consulting Canada Inc. in its capacity as monitor (the "**Monitor**") of Sino-Forest Corporation (the "**Applicant**") for a consent order concerning mediation and related relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Monitor's Notice of Motion dated July 13, 2012 and the Fifth Report of the Monitor dated July 13, 2012 (the "**Fifth Report**"), and on hearing the submissions of counsel for the Applicant, the Monitor, the ad hoc committee of Noteholders (the "**Ad Hoc Noteholders**"), the ad hoc group of purchasers of the Applicant's securities (the "**Plaintiffs**") and the other defendants in the Ontario Class Action and the Quebec Class Action (the "**Third Party Defendants**") and those other parties present, no one appearing for any of the other parties served with the Monitor's Motion Record, although duly served as appears from the affidavit of service of Alma Cano sworn July 13, 2012, filed.

SERVICE AND INTERPRETATION

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record, including the Fifth Report, is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Fifth Report.

MEDIATION

3. THIS COURT ORDERS that the parties eligible to participate in the Mediation pursuant to paragraph 5 of this Order are the Applicant, the Plaintiffs, the Third Party Defendants, the Monitor, the Ad Hoc Noteholders and any insurers providing coverage in respect of the Applicant and the Third Party Defendants (collectively, the "**Mediation Parties**") .

4. THIS COURT ORDERS that the subject matter of the Mediation shall be the resolution of the claims of the Plaintiffs against the Applicant and the Third Party Defendants as set out in the statements of claim in the Ontario Class Action and the Quebec Class Action and any related claims (the "**Subject Claims**").

5. THIS COURT ORDERS that, where practicable, the Mediation Parties shall participate in the Mediation in person and with representatives present with full authority to settle the Subject Claims (including any insurer providing coverage), provided that, where not practicable, the Mediation Parties may participate in the Mediation through counsel or other representatives, subject to those counsel or other representatives having access to representatives with full authority and undertaking to promptly pursue instructions with respect to any proposed agreements that arise from the Mediation.

6. THIS COURT ORDERS that parties in addition to the Mediation Parties shall only have standing to participate in the Mediation on consent of the Applicant and the Monitor, acting reasonably.

DATA ROOM

7. THIS COURT ORDERS that in connection with the Mediation, as soon as practicable, but in any event no later than August 3, 2012, the Applicant shall provide access to the Mediation Parties to the existing data room maintained by Merrill (the "**Data Room**"), provided however that prior to access to the Data Room, all participants (other than the Applicant and the Monitor) shall have entered into a confidentiality agreement with the Applicant on terms reasonably acceptable to the Applicant and the Monitor.

8. THIS COURT ORDERS that any Mediation Parties who enter into a confidentiality agreement as contemplated by paragraph 7 of this order shall comply with the terms of such confidentiality agreement.

9. THIS COURT ORDERS that the Applicant, its subsidiaries and affiliates, and their directors, officers, employees, agents and advisors, shall not have any responsibility for, and shall incur no liability in connection with, any materials in the Data Room made available to any person or entity pursuant to paragraph 8 of this order.

MEDIATION SCHEDULE

10. THIS COURT ORDER THAT, the schedule for the Mediation shall be as follows:

(a) the Mediation shall be conducted on September 4th and 5th, and if a third day is required, on September 10th, 2012 (the **"Mediation Dates"**);

(b) additional Mediation dates shall only be added, and any adjournments of any mediation dates shall only be accepted, with the prior written consent of all Mediation Parties;

(c) the Mediation shall be conducted at a location to be determined by the Mediator (as defined below); and

(d) the Applicant, the Plaintiffs and the Third Party Defendants shall deliver their respective written position statements to each other and to the other Mediation Parties on or before August 20, 2012.

APPOINTMENT OF THE MEDIATOR

11. THIS COURT ORDERS that ■ shall be appointed mediator (the "**Mediator**")..

12. THIS COURT ORDERS that, prior to the commencement of the Mediation, the Mediator shall have the right to communicate with this Court and the Monitor from time to time as deemed necessary or advisable by the Mediator in their sole discretion.

TERMINATION OF THE MEDIATION

13. THIS COURT ORDERS that the Mediation process shall be terminated under any of the following circumstances:

(a) by declaration by the Mediator that a settlement has been reached;

(b) by declaration by the Mediator that further efforts at mediation are no longer considered worthwhile;

(c) for any other reason determined by the Mediator;

(d) mutual agreement by the Mediation Parties; or

(e) further Order of this Court,

provided that, the Mediation shall in any event terminate on September 10, 2012, unless extended with the prior written consent of all Mediation Parties.

NO IMPACT ON OTHER PROCEEDINGS

14. THIS COURT ORDERS that all offers, promises, conduct statements, whether written or oral, made in the course of the Mediation are inadmissible in any arbitration or court proceeding. No person shall subpoena or require the Mediator to testify, produce records, notes or work product in any other existing or future proceedings, and no recording will be made of the Mediation. Evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the Mediation. In the event that the Mediation Parties (or any group of them) do reach a settlement, the terms of that settlement will

be admissible in any court or other proceeding required to enforce it, unless the Mediation Parties agree otherwise. Information disclosed to the Mediator by any Mediation Party at a private caucus during the Mediation shall remain confidential unless such Mediation Party authorizes disclosure.

15. THIS COURT ORDERS that nothing in this Order nor the participation of any party in the Mediation shall provide such party with rights within these proceedings than such party may otherwise have.

16. THIS COURT ORDERS that, subject to any applicable stay of proceedings, nothing in this Order shall prevent the Applicant, the Monitor or any other party of standing from otherwise pursuing the resolution of claims under the Claims Procedure Order granted by this Court on May 14, 2012, or any other matter in these CCAA proceedings, including without limitation, the filing and advancement of the Meetings Order and a Plan.

CONFIDENTIALITY

17. THIS COURT ORDERS that any mediation briefs or other documents filed by the Mediation Parties shall be used only in the context of the Mediation and for no other purpose and shall be kept confidential by all such parties irrespective of whether such Mediation Parties sign a confidentiality agreement.

18. THIS COURT ORDERS that any mediation briefs or other documents filed by the Mediation Parties that contain information obtained from the Data Room may not be shared with or otherwise disclosed to any person or entity that has not signed a confidentiality agreement, other than the Applicant, Monitor and Mediator.

MISCELLANEOUS

19. THIS COURT ORDERS that the terms of this Order may only be varied on prior written consent of each of the Mediation Parties or further Order of this Court.

Court File No. CV-12-9667-00-CL

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 SINO-FOREST CORPORATION

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

ORDER
(Mediation)

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TOR_LAW\ 7959202\1

Court File No. CV-12-9667-00-CL

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 SINO-FOREST CORPORATION

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

MOTION RECORD

(Mediation Order Returnable July 25, 2012)

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