

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

Sino-Forest Corporation

THIRD REPORT OF THE MONITOR

May 25, 2012

**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

**THIRD 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. (“**FTI Canada**”) was appointed as the Monitor of Sino-Forest (the “**Monitor**”) in the CCAA proceedings. Pursuant to an Order of this Court made on April 13, 2012, this Court granted an Order extending the Stay Period (as defined in the Initial Order) to June 1, 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 Third Report of the Monitor (the “**Third Report**”) is to:
 - (a) provide this Honourable Court with information pertaining to the initial activities of the Company since the date of the Initial Order in respect of the following:
 - (i) Update on the CCAA proceedings;
 - (ii) The Company’s actual receipts and disbursements for the period from April 7, 2012 to May 18, 2012;
 - (iii) The Company’s post-filing consolidated cash position and liquidity as detailed in the Company’s May 23 Forecast (defined below);
and
 - (b) Support the Company’s motion and recommend that the Court grant an order extending the stay of proceedings (the “**Stay Period**”) to and including September 28, 2012.
4. In preparing this Third 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 Third Report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this Third 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 Third 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 are 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.
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.

UPDATE ON CCAA PROCEEDINGS

14. The First Report of the Monitor dated April 11, 2012 (the "**First Report**") provided a summary of events between the Filing Date and the date of that report and those details are not repeated herein.

Cooperation of Management

15. As was set out in the First Report, one of the priorities of the Monitor (both directly and through FTI Consulting (Hong Kong) Limited ("**FTI HK**")) was to establish communication protocols and reporting mechanisms with Sino-Forest in Hong Kong and the PRC. This priority was further enabled through the Order of this Court made on April 20, 2012 expanding the Monitor's powers (the "**Expanded Powers Order**"). A copy of the Expanded Powers Order is attached as Appendix A hereto.
16. Pursuant to the Expanded Powers Order, in addition to the powers provided pursuant to CCAA and the Initial Order, the Monitor was given further power and authority. The majority of these extended powers related to direct access and

involvement in the Sino-Forest Subsidiaries, as opposed to the Applicant itself. The Applicant, as parent of the Sino-Forest Subsidiaries, was directed to cause the Sino-Forest Subsidiaries (including their directors, officers and employees) to cooperate fully with the Monitor in the exercise of the Monitor's powers and to provide the assistance necessary for the Monitor to carry out its functions.

17. The Monitor (both directly and through FTI HK) continues to work with Sino-Forest to ensure the Monitor is given appropriate access to information, are included in meetings and are comfortable with communication protocols, review procedures and approval mechanisms, where applicable. In particular, the following steps have been taken by either or both of the Monitor or FTI HK:

- (a) continuing review of disbursements on a weekly basis;
- (b) continuing review of variance analysis on a weekly basis;
- (c) reviewing all proposed disbursements by the Sino-Forest Subsidiaries in excess of a pre-determined RMB threshold for subsidiaries located in Hong Kong and the PRC;
- (d) monitoring of operational matters including any actions taken in respect of outstanding business arrangements which directly or indirectly affect Sino-Forest and/or Sino-Forest Property and Business;
- (e) monitoring of the entering into of new agreements or arrangements in excess of a pre-determined RMB threshold which directly or indirectly affect Sino-Forest and/or Sino-Forest Property and Business;
- (f) monitoring of matters relating to Sino-Forest employees;
- (g) monitoring of the disposition of any assets relating to Sino-Forest Property and Business whether in the ordinary course of business or not;
- (h) monitoring of the receipts and disbursements of the Sino-Forest Subsidiaries and the Company's analysis on the same;

- (i) monitoring accounts receivable collections by the Sino-Forest Subsidiaries;
 - (j) attending certain meetings between the Company and third parties;
 - (k) assisting in the performance of the duties which the CFO performs; and
 - (l) reviewing the Company's press releases and other public communications.
18. Sino-Forest has continued to work cooperatively with the Monitor and FTI HK in this regard.

Ontario Securities Commission ("OSC") and Personnel Changes

19. The First Report provided an outline regarding the status of the OSC investigation and certain enforcement notices (the "**Notices**") that had been received by the Company as well as Mr. Hung, Ho, Yeung, Ip, Chan and Horsely on April 5, 2012. At the time of the First Report, the Monitor advised that the Company was still considering the appropriate next steps to take.
20. On April 17, 2012, the Company issued a press release announcing that, following the receipt of the Notices, it had terminated Mr. Hung, Ho and Yeung and that Mr. Ip had decided he would not serve as a consultant. The press release also announced that Mr. Chan also had resigned as Founding Chairman Emeritus and that Mr. Horsely was stepping down as Chief Financial Officer, but would remain an employee of the Company.
21. The Company continued to engage with the OSC as to its ongoing investigation including with respect to the issue of whether formal charges would be laid against the Company or any individuals.
22. On May 22, 2012, the OSC issued a notice of hearing (the "**Notice of Hearing**") and statement of allegations (the "**Statement of Allegations**") against the Company as well as Mr. Hung, Mr. Ho, Mr. Yeung, Mr. Ip, Mr. Chan and Mr. Horsley. The hearing has been set for July 12, 2012. Copies of the Notice of

Hearing and the Statement of Allegations are attached as exhibits to the affidavit of Judson Martin sworn May 25, 2012 as well as on the OSC website at www.osc.gov.on.ca.

23. On May 23, 2012, the Company issued a press release in respect of the Notice of Hearing and Statement of Allegations.
24. The Company continues to keep the Monitor informed as to next steps.

The Claims Procedure Order

25. On May 14, 2012, this Court granted an Order approving the Company's proposed claims procedure (the "**Claims Procedure Order**"). Pursuant to the Claims Procedure Order, the Company is calling for the filing of Claims, D&O Claims and D&O Indemnity Claims (all as defined in the Claims Procedure Order) on or before the applicable bar date. The applicable bar date for most claims is June 20, 2012, however, specific reference should be made to the Claims Procedure Order for the appropriate bar date for specific types of claims.
26. In accordance with the Claims Procedure Order, the Monitor has since taken the following steps:
 - (a) On May 14, 2012, the Monitor posted the Claims Procedure Order on its website (<http://cfcanada.fticonsulting.com/sfc>) (the "**Monitor's Website**");
 - (b) On May 16, 2012, the Monitor posted the Proof of Claim Document Package (as defined in the Claims Procedure Order) on the Monitor's Website;
 - (c) On May 18, 2012, the Monitor sent a copy of the Proof of Claim Document Package to all Known Claimants (as defined in the Claims Procedure Order); and
 - (d) On May 18, 2012 and May 21, the Monitor published the Notice to

Claimants (as defined in the Claims Procedure Order) in the Globe and Mail (National Edition) and the Wall Street Journal (Global Edition) – a copy of the Globe and Mail and Wall Street Journal advertisements are attached as Appendix B.

27. The Monitor will continue to carry out its obligations under the Claims Procedure Order in accordance with its terms.

Plaintiff's Motion, Third Party Stay and Status of Ontario and Quebec Class Actions

28. As set out in the Initial Order Affidavit and the Pre-Filing Report, as of the Filing Date, the Company is a defendant in numerous proposed class actions including (a) the action of the Trustees of the Labourers' Pension Fund of Central and Eastern Canada et al (the "**Ontario Plaintiffs**") v. Sino-Forest Corporation et. al, bearing (Toronto) Court File No. CV-11-431153-00CP (the "**Ontario Class Action**") and (b) the action relating to Guining Liu (the "**Quebec Plaintiff**") v. Sino-Forest Corporation et. Al. Bearing (Quebec) Court File No. 200-06-000132-111 (the "**Quebec Class Action**").

29. Since the Filing Date, the following has occurred:
- (a) On April 10, 2012 counsel for the "Ad Hoc Committee of Purchasers of the Applicant's Securities" ("**Class Counsel**") served a notice of motion (the "**Original Notice of Motion**") returnable on the Company's comeback date of April 13, 2012.
 - (b) At a court conference held on April 12, 2012, it was determined that Class Counsel would proceed with relief set out in paragraph 2(a) (the "**Funding Agreement Relief**") and paragraph 2(b) (the "**Pöyry Settlement Relief**") of the Original Notice of Motion on April 20, 2012.
 - (c) On April 20, 2012, the Court granted an Order approving the Funding Agreement Relief.

- (d) On consent of Class Counsel, among others, the request for the Pöyry Settlement Relief was adjourned to May 8, 2012. May 8, 2012 was also set as the return date for a motion of the Company as to advice and directions as to the applicability of the stay of proceedings on certain third party defendants in the Company's class action litigation.
- (e) On May 2, 2012, Class Counsel served a notice of return of motion and first amended notice of motion (the "**First Amended Notice of Motion**") returnable May 8, 2012. The relief sought in the First Amended Notice of Motion was ultimately adjourned and Class Counsel advised that they would limit the relief sought on May 14, 2012 to issues of representative status (the "**Representative Status Relief**"). This coincided with the return date of the Company's motion for the Claims Procedure Order.
- (f) On May 8, 2012, the Court granted Orders providing for:
 - (i) Some of, but not all of, the Pöyry Settlement Relief (the "**Pöyry Order**"); and
 - (ii) the relief sought by the Company providing that the stay of proceedings as set out in the Initial Order would apply to all of the defendants in the Company's various outstanding class action litigation (the "**Scope of Stay Order**"). In connection with the Scope of Stay Order, the Company, among others, entered into certain agreements (the "**Tolling Agreements**") relating to the Ontario Class Action (defined below) and the Quebec Class Action (defined below) tolling certain limitation periods.
- (g) On May 14, 2012, in connection with the Company's motion for the Claims Procedure Order, on consent of Class Counsel, the balance of the relief set out in the First Amended Notice of Motion was adjourned *sine die*.

30. The Monitor is aware that on May 17, 2012, Justice Perell of the Ontario Superior

Court of Justice granted orders:

- (a) approving a funding and indemnity agreement; and
- (b) directing the mechanism for the delivery of notice of approval hearing in relation to the Pöyry settlement.

Update on the Sale Process

- 31. The Monitor is aware that the efforts of Houlihan Lokey with respect to the Sale Process are ongoing. Houlihan continues to engage with prospective buyers and facilitate the due diligence and sale process.
- 32. The Monitor has had ongoing communication with Houlihan Lokey throughout the process including numerous meetings with Houlihan personnel in Hong Kong.
- 33. The Monitor expects to be able to provide a further update in its next court report after the June 28, 2012 Phase I Bid Deadline.

Other Matters

- 34. In addition to the foregoing, additional updates are as follows:
 - (a) On May 11, 2012, Contrarian Capital Management, LLC (“**Contrarian**”) served a motion returnable May 14, 2012 requesting that the Company publicly produce certain information relating to Mandra Forestry Holdings Limited et. al. on or before 5pm on May 14, 2012. On May 14, 2012, the Court dismissed the Contrarian motion.
 - (b) The Consent Date under the Support Agreement pursuant to which noteholders could execute joinder agreements in order to be entitled to Early Consent Consideration in the event of a restructuring as set out of the Support Agreement expired on May 15, 2012. As set out in the Support Agreement, the Monitor continues to work with the Company and the ad hoc committee of bondholders to assess the joinder agreements that have been provided.

- (c) On April 30, 2012, Ernst & Young LLP resigned as the Company's auditor.
- (d) On May 9, 2012, the common shares of the Company were delisted from the TSX at close of market.

RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO MAY 18, 2012

Cost Reduction and Cash Management

- 35. The Monitor has also continued to work with the Company to reduce its projected cash spend during the CCAA proceedings. As was also reported in the First Report, given the nature of the proceedings and the fact that the Company, itself, has little or no operations, the majority of the projected cash outflow during the CCAA proceedings consists of professional fees.

Actual Receipts & Disbursements for the Period April 7, 2012, to May 18, 2012

- 36. The Company's actual net cash flow for the period from April 7, 2012 to May 18, 2012 (the "**Current Period**") together with an explanation of key variances as compared to the April 11 Forecast (as defined in the First Report) is described below. Actual net cash flows for the Current Period were approximately \$500 thousand higher than forecast and summarized as follows:

\$000 CAD	Forecast	Actual	Difference
Cash inflow			
Interest Income	\$ -	\$ 9	\$ 9
Total cash inflows	\$ -	\$ 9	\$ 9
Cash outflow			
Payroll and Benefits	\$ 90	\$ 83	\$ 7
Board & Committee Fees	\$ 91	\$ 100	\$ (9)
Travel	\$ 158	\$ 11	\$ 147
Rent,Communication & Utilities	\$ 38	\$ 56	\$ (18)
Taxes & Other	\$ 95	\$ 76	\$ 19
Total cash outflows	\$ 472	\$ 326	\$ 146
Net Operating Cashflow	\$ (472)	\$ (317)	\$ 155
Restructuring Costs			
Professional Fees	\$ 6,799	\$ 6,440	\$ 359
Total Restructuring Costs	\$ 6,799	\$ 6,440	\$ 359
Net Cash Flow	\$ (7,271)	\$ (6,757)	\$ 514
Opening Cash Balance	\$ 67,765	\$ 67,765	\$ -
Net Cash Balance	\$ (7,271)	\$ (6,757)	\$ 514
Ending Cash Balance	\$ 60,494	\$ 61,008	\$ 514

37. The key variance in actual receipts and disbursements compared to the April 11 Forecast is a favourable variance of approximately \$500 thousand relating primarily to:

- (a) A positive variance of approximately \$150 thousand in travel costs. This variance is temporary in nature and the result of lower than expected travel by management between North America and Hong Kong; and
- (b) A positive variance of approximately \$350 thousand in professional fees. This variance is temporary in nature and is expected to reverse in the coming weeks as invoices are submitted by the professionals and paid by Sino-Forest.

THE COMPANY'S CASH FLOW FORECAST

Cash Flow Projections

38. The Company has prepared a revised cash flow forecast for the period May 19, 2012 to October 5, 2012 (the "**May 23 Forecast**"). A copy of the May 23

Forecast is attached as Appendix C. The May 23 Forecast shows a negative net cash flow of approximately \$24.8 million, and is summarized below:

	\$000 CAD
Cash inflow	
Interest Income	\$ 825
Total cash inflows	\$ 825
Cash outflow	
Payroll and Benefits	\$ 271
Board & Committee Fees	\$ 875
Travel	\$ 448
Rent, Communication & Utilities	\$ 83
Taxes & Other	\$ 228
Total cash outflows	\$ 1,904
Net Operating Cashflow	\$ (1,079)
Restructuring Costs	
Professional Fees	\$ 23,697
Total Restructuring Costs	\$ 23,697
Net Cash Flow	\$ (24,777)
Opening Cash Balance	\$ 61,007
Net Cash Balance	\$ (24,777)
Ending Cash Balance	\$ 36,231

39. It is anticipated that the Company's projected liquidity requirements throughout the CCAA Proceedings will be met by existing cash available to the Company.

EXTENSION OF THE STAY PERIOD

40. The current Stay Period under the Initial Order expires on June 1, 2012. In order to allow the Company sufficient time to continue toward its restructuring goals, the Company is requesting that the stay period be extended to September 28, 2012.
41. The Monitor believes that the proposed extension is fair and reasonable in the circumstances. The Company requires further time to progress with its restructuring activities including, (a) the filing of claims under the Claims Procedure Order and subsequent resolution (which processes are subject to further Court order); and (b) the completion of the Sale Process. As set out above, the

Phase 1 Bid Deadline expires June 28, 2012.

42. The Monitor believes that the Company is acting in good faith and with due diligence in taking steps to facilitate its restructuring and sale of its operations.

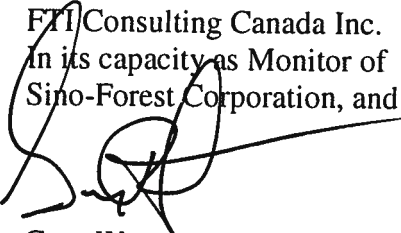
CONCLUSION

43. For the reasons set out above, the Monitor supports and recommends the Company's request for an extension of the Stay Period to September 28, 2012.

The Monitor respectfully submits to the Court this Third Report.

Dated this 25th day of May, 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



Jodi B. Porepa
Managing Director

Appendix “A” - Expanded Powers Order

Attached.

- (b) **“Sino-Forest Property and Business”** shall mean the, property, assets, undertaking and business of Sino-Forest;
- (c) **“Sino-Forest”** shall mean the Applicant and the Sino-Forest Subsidiaries; and
- (d) **“Sino-Forest Subsidiaries”** shall mean all of the direct and indirect subsidiaries of Sino-Forest Corporation but, for greater certainty, shall not mean the Greenheart Group.

3. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA and in reliance on the provisions of paragraph 4 below, is hereby further empowered to:

- (a) have full and complete access to the Sino-Forest Property and Business, including the premises, books, records, data, including data in electronic form, and other financial documents of Sino-Forest;
- (b) implement processes and protocols for the review, consultation and, if necessary, Monitor’s consent in relation to the following:
 - (i) disbursement (whether directly, indirectly, and by way of set off or otherwise) of monies in excess of amounts to be determined by the Monitor in consultation with Sino-Forest;
 - (ii) any actions taken with respect to any outstanding business arrangements (including continuation of such arrangements) in excess of a threshold amount to be determined by the Monitor in consultation with Sino-Forest which directly or indirectly affect Sino-Forest and/or the Sino-Forest Property and Business,
 - (iii) the entering into of new agreements or arrangements in excess of a threshold amount to be determined by the Monitor in consultation with Sino-Forest which directly or indirectly affect Sino-Forest and/or the Sino-Forest Property and Business including, without limitation, the entering into of new timber purchase contracts or the investment of funds held by Sino-Forest authorized intermediaries;
 - (iv) matters relating to hiring of Sino-Forest management employees;
 - (v) matters relating to the continuation and preservation of insurance coverage pursuant to any insurance policies relating to the business of Sino-Forest

and under which Sino-Forest and its past and present officers or directors are insured parties;

- (vi) subject to the terms of the Initial Order, the disposition of any assets relating to the Sino-Forest Property and Business, whether in the ordinary course of business or not, in excess of a threshold amount to be determined by the Monitor in consultation with Sino-Forest;
- (c) monitor the Sino-Forest Subsidiaries' receipts and disbursements;
- (d) advise and assist the Sino-Forest Subsidiaries in their preparation of the Sino-Forest Subsidiaries' cash flow statements;
- (e) attend meetings that Sino-Forest has with any third party (excluding meetings with legal counsel which are subject to privilege) including, without limitation, governmental authorities, suppliers, customers (including, without limitation, authorized intermediaries), any insurers of Sino-Forest and insurers of Sino-Forest's past and present officers and directors, and regulatory authorities in Canada, Hong Kong, the PRC and elsewhere;
- (f) review and consult with Sino-Forest on its preparation of any reports or otherwise relating to the Sino-Forest Property and Business;
- (g) meet and attend the Applicant's board of directors meetings (excluding meetings with legal counsel which are subject to privilege);
- (h) assist in the performance of the duties which the chief financial officer currently performs;
- (i) advise and assist the Applicant in the formulation of any plans of arrangement or compromise;
- (j) cause the Applicant to exercise or refrain from exercising rights under paragraph 11 of the Initial Order, subject to approval of this Court where required thereunder;
- (k) advise and assist Sino-Forest in performing such functions or duties as the Monitor considers necessary or desirable;
- (l) review Sino-Forest's press releases and any other public communications;

all of which powers shall be exercised in the Monitor's discretion (collectively and together with the Monitor's Initial Order Powers (the "**Monitor's CCAA Powers**").

4. THIS COURT ORDERS that the Applicant shall cause the Sino-Forest Subsidiaries including all of their directors, officers and employees to co-operate fully with the Monitor in the exercise of the Monitor's powers and discharge of its obligations and to provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions, powers and duties as set out in the CCAA, the Initial Order, the Sale Process Order, this Order and any further Orders of this Court.

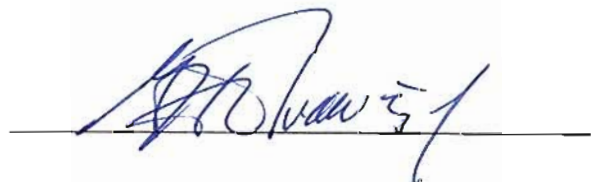
5. THIS COURT ORDERS that the Applicant shall not and shall cause the Sino-Forest Subsidiaries not to take any action for which the Monitor's consent is required but has not been obtained, whether pursuant to the Initial Order, this Order (including any processes or protocols developed pursuant to this Order) or otherwise.

6. THIS COURT ORDERS that without limiting paragraph 30 of the Initial Order, in carrying out the Monitor's CCAA Powers, the Monitor shall be entitled to take such reasonable steps and use such services as it deems necessary in discharging its powers and obligations, including, without limitation, utilizing the services of or FTI Consulting (Hong Kong) Limited.

7. THIS COURT ORDERS the Monitor shall continue to have the benefit of all of the protections and priorities as set out in the Initial Order and any such protections and priorities shall apply to the Monitor in fulfilling its duties under this Order or in carrying out the provisions of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 20 2012



IN THE MATTER OF THE COMPANIES' ARRANGEMENT ACT, R.S.C. 1985, c C-36, AS AMENDED AND IN THE
MATTER OF A PLAN OR COMPROMISE OR ARRANGEMENT OF SINO-FOREST CORPORATION

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

ORDER
(Expansion of the Powers of the Monitor)

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Lawyers for the Applicant

Appendix “B” - Globe and Mail and Wall Street Journal Notice

Attached.

THE WALL STREET JOURNAL.

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COMMODITY MARKETS

At CME, an uproar over trading hours

The Regional Municipality of Wood Buffalo, Alberta, located approximately 400 kilometers north east of Edmonton, is in the heart of the largest oil sands development in the world and is known as one of the fastest growing regions in Canada. Fort McMurray and the Regional Municipality of Wood Buffalo are experiencing development pressures relating to the supply of readily developable land, housing supply and a varying seasonal workforce at the major oil sands projects in the area.

Electronic copies of the Invitation to Tender Documents may be obtained from the Government of Alberta electronic tendering system Alberta Purchasing Connection ("APC") by typing "Saline Creek" in the keyword field under "Search". The APC web site is www.purchasingconnection.com.

Bid Security: As set out in the four individual Invitations to tender.

Direct inquiries concerning this Invitation to Tender to:

Martin McBean
Project Procurement Specialist
Project Services Branch
Capital Projects Division
Alberta Infrastructure
2nd Floor, Infrastructure Building
6950 - 113 Street
Edmonton, Alberta T6H 5V7
Phone: (780) 644-3535
e-mail: martin.d.mcbean@gov.ab.ca

All inquiries should be written and submitted by email, complete with name, email address, and telephone number to the individual identified above.

Government of Alberta

TO SUBSCRIBE CALL 1-866-36 GLOBE THE GLOBE AND MAIL

NOTICE OF CLAIMS PROCEDURE FOR SINO-FOREST CORPORATION (the "Applicant") PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT (the "CCA")

PLEASE TAKE NOTICE that this notice is being published pursuant to an Order of the Superior Court of Justice of Ontario made on May 14, 2012 (the "Claims Procedure Order"). Pursuant to the Claims Procedure Order, Proof of Claim Document Packages will be sent to claimants by mail, on or before May 22, 2012, if those claimants are known to the Applicant. Claimants may also obtain the Claims Procedure Order and a Proof of Claim Document Package from the website of the Monitor at <http://cfcanada.fticonsulting.com/sfc>, or by contacting the Monitor by telephone (416-649-8094).

Proofs of Claim (including D&O Proofs of Claim) must be submitted to the Monitor for any claim against the Applicant, whether unliquidated, contingent or otherwise, or a claim against any current or former officer or director of the Applicant, in each case where the claim (i) arose prior to March 30, 2012, or (ii) arose on or after March 30, 2012 as a result of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation. Please consult the Proof of Claim Document Package for more details.

Completed Proofs of Claim must be received by the Monitor by 5:00 p.m. (prevailing Eastern Time) on the applicable claims bar date, as set out in the Claims Procedure Order. It is your responsibility to ensure that the Monitor receives your Proof of Claim or D&O Proof of Claim by the applicable claims bar date.

Certain Claimants are exempted from the requirement to file a Proof of Claim. Among those claimants who do not need to file a Proof of Claim are individual noteholders in respect of Claims relating solely to the debt evidenced by their notes and persons whose Claims form the subject matter of the Ontario Class Action or the Quebec Class Action. Please consult the Claims Procedure Order for additional details.

CLAIMS AND D&O CLAIMS WHICH ARE NOT RECEIVED BY THE APPLICABLE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

of the principals, if required. Restaurant is part of a successful US chain, and is expected to open in June, principals have invested over \$1 million to date. Please respond to dr5@telus.net.

REAL ESTATE

SHORT TERM warehouse space needed in the GTA, approx. 50,000 s.f. occ. June 15-Dec. 15. Stephen 416-637-2180.

NOTICE OF RECORD DATE

AVION GOLD CORPORATION

Notice of Record Date

Notice is hereby given that a record date for the rescheduled annual general meeting of shareholders of Avion Gold Corporation has been set as May 25, 2012 (new record date).

The rescheduled annual general meeting of shareholders is scheduled to be held on June 26, 2012.

PUBLIC NOTICES

NOTICE OF CLAIMS PROCEDURE FOR SINO-FOREST CORPORATION (the "Applicant") PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (the "CCAA")

PLEASE TAKE NOTICE that this notice is being published pursuant to an Order of the Superior Court of Justice of Ontario made on May 14, 2012 (the "Claims Procedure Order"). Pursuant to the Claims Procedure Order, Proof of Claim Document Packages will be sent to claimants by mail, on or before May 22, 2012, if those claimants are known to the Applicant. Claimants may also obtain the Claims Procedure Order and a Proof of Claim Document Package from the website of the Monitor at <http://cfcanada.fticonsulting.com/sfc>, or by contacting the Monitor by telephone (416-649-8094).

Proofs of Claim (including D&O Proofs of Claim) must be submitted to the Monitor for any claim against the Applicant, whether unliquidated, contingent or otherwise, or a claim against any current or former officer or director of the Applicant, in each case where the claim (i) arose prior to March 30, 2012, or (ii) arose on or after March 30, 2012 as a result of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation. Please consult the Proof of Claim Document Package for more details.

Completed Proofs of Claim must be received by the Monitor by 5:00 p.m. (prevailing Eastern Time) on the applicable claims bar date, as set out in the Claims Procedure Order. It is your responsibility to ensure that the Monitor receives your Proof of Claim or D&O Proof of Claim by the applicable claims bar date.

Certain Claimants are exempted from the requirement to file a Proof of Claim. Among those claimants who do not need to file a Proof of Claim are individual noteholders in respect of Claims relating solely to the debt evidenced by their notes and persons whose Claims form the subject matter of the Ontario Class Action or the Quebec Class Action. Please consult the Claims Procedure Order for additional details.

CLAIMS AND D&O CLAIMS WHICH ARE NOT RECEIVED BY THE APPLICABLE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

Appendix “C” – May 23rd Forecast

Attached.

Sino-Forest Corporation
Cash Flow Forecast
(CAD \$000)

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15
Week Ending	25-May	1-Jun	8-Jun	15-Jun	22-Jun	29-Jun	6-Jul	13-Jul	20-Jul	27-Jul	3-Aug	10-Aug	17-Aug	24-Aug	31-Aug
Cash inflow															
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total cashinflow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash outflow															
Payroll and Benefits	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30
Board & Committee Fees	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ 301	\$ -	\$ -	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ -
Travel	\$ 1	\$ 26	\$ 26	\$ 26	\$ 26	\$ -	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ -
Rent,Communication & Utilities	\$ 1	\$ 1	\$ 1	\$ 16	\$ 1	\$ -	\$ 1	\$ 16	\$ 1	\$ 1	\$ 1	\$ 1	\$ 16	\$ 1	\$ -
Taxes & Other	\$ 16	\$ 13	\$ 9	\$ 13	\$ 9	\$ -	\$ 18	\$ 10	\$ 13	\$ 12	\$ 13	\$ 9	\$ 13	\$ 16	\$ -
Total cash outflow	\$ 18	\$ 162	\$ 37	\$ 86	\$ 37	\$ 30	\$ 346	\$ 83	\$ 40	\$ 40	\$ 162	\$ 37	\$ 86	\$ 43	\$ 30
Net Operating Cashflow	\$ (18)	\$ (162)	\$ (37)	\$ (86)	\$ (37)	\$ 382	\$ (346)	\$ (83)	\$ (40)	\$ (40)	\$ (162)	\$ (37)	\$ (86)	\$ (43)	\$ (30)
Restructuring Costs															
Professional Fees	\$ 1,492	\$ 1,350	\$ 995	\$ 960	\$ 960	\$ 1,845	\$ 960	\$ 960	\$ 960	\$ 1,845	\$ 960	\$ 960	\$ 960	\$ 960	\$ 1,845
Total Restructuring Costs	\$ 1,492	\$ 1,350	\$ 995	\$ 960	\$ 960	\$ 1,845	\$ 960	\$ 960	\$ 960	\$ 1,845	\$ 960	\$ 960	\$ 960	\$ 960	\$ 1,845
Net Cash Flow	\$ (1,510)	\$ (1,512)	\$ (1,032)	\$ (1,046)	\$ (997)	\$ (1,463)	\$ (1,306)	\$ (1,043)	\$ (1,000)	\$ (1,885)	\$ (1,122)	\$ (997)	\$ (1,046)	\$ (1,003)	\$ (1,875)
Opening Cash Balance	\$ 61,007	\$ 59,497	\$ 57,985	\$ 56,953	\$ 55,907	\$ 54,911	\$ 53,448	\$ 52,142	\$ 51,099	\$ 50,099	\$ 48,214	\$ 47,092	\$ 46,095	\$ 45,049	\$ 44,046
Net Cash Balance	\$ (1,510)	\$ (1,512)	\$ (1,032)	\$ (1,046)	\$ (997)	\$ (1,463)	\$ (1,306)	\$ (1,043)	\$ (1,000)	\$ (1,885)	\$ (1,122)	\$ (997)	\$ (1,046)	\$ (1,003)	\$ (1,875)
Ending Cash Balance	\$ 59,497	\$ 57,985	\$ 56,953	\$ 55,907	\$ 54,911	\$ 53,448	\$ 52,142	\$ 51,099	\$ 50,099	\$ 48,214	\$ 47,092	\$ 46,095	\$ 45,049	\$ 44,046	\$ 42,171

Notes

- 1** The purpose of this Cash Flow Forecast is to determine the liquidity requirements for Sino-Forest Corporation during the CCAA Proceedings.
- 2** Receipts have been forecast based on historical payment patterns.
- 3** Payroll costs and other operating expenses are forecast based on historical analysis and management forecast.
- 4** Board and Committee Fees are based on board resolutions passed to date.
- 5** Travel costs have been forecast based on expected travel costs to be incurred throughout the CCAA proceedings between Canada and Hong Kong.
- 6** Estimated restructuring costs are based on projected costs associated with legal and professional fees relating to the CCAA Proceedings.

Sino-Forest Corporation
Cash Flow Forecast
(CAD \$000)

	Week 16	Week 17	Week 18	Week 19	Week 20	Total
Week Ending	7-Sep	14-Sep	21-Sep	28-Sep	5-Oct	
Cash inflow						
Interest Income	\$ -	\$ -	\$ -	\$ 412	\$ -	\$ 825
Total cashinflow	\$ -	\$ -	\$ -	\$ 412	\$ -	\$ 825
Cash outflow						
Payroll and Benefits	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 271
Board & Committee Fees	\$ 91	\$ -	\$ -	\$ -	\$ 301	\$ 875
Travel	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 448
Rent,Communication & Utilities	\$ 1	\$ 16	\$ 1	\$ 1	\$ 1	\$ 83
Taxes & Other	\$ 13	\$ 10	\$ 13	\$ 9	\$ 18	\$ 228
Total cash outflow	\$ 132	\$ 83	\$ 40	\$ 67	\$ 346	\$ 1,904
Net Operating Cashflow	\$ (132)	\$ (83)	\$ (40)	\$ 346	\$ (346)	\$ (1,079)
Restructuring Costs						
Professional Fees	\$ 960	\$ 960	\$ 960	\$ 1,845	\$ 960	\$ 23,697
Total Restructuring Costs	\$ 960	\$ 960	\$ 960	\$ 1,845	\$ 960	\$ 23,697
Net Cash Flow	\$ (1,092)	\$ (1,043)	\$ (1,000)	\$ (1,499)	\$ (1,306)	\$ (24,777)
Opening Cash Balance	\$ 42,171	\$ 41,079	\$ 40,037	\$ 39,037	\$ 37,537	\$ 61,007
Net Cash Balance	\$ (1,092)	\$ (1,043)	\$ (1,000)	\$ (1,499)	\$ (1,306)	\$ (24,777)
Ending Cash Balance	\$ 41,079	\$ 40,037	\$ 39,037	\$ 37,537	\$ 36,231	\$ 36,231

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)

THIRD REPORT OF THE MONITOR

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