

Court File No. CV-10-8561-00CL

Signature Aluminum Canada Inc.

FIRST REPORT OF THE MONITOR
February 23, 2010

**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
SIGNATURE ALUMINUM CANADA INC

**FIRST REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On January 29, 2010, Signature Aluminum Canada Inc. ("**Signature**" or the "**Applicant**") made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and an initial order (the "**Initial Order**") was made by the Honourable Mr. Justice Morawetz granting, *inter alia*, a stay of proceedings against the Applicant until February 26, 2010, (the "**Stay Period**") and appointing FTI Consulting Canada Inc. as monitor (the "**Monitor**"). The proceedings commenced by the Applicant under the CCAA will be referred to herein as the "**CCAA Proceedings**".

2. Signature is in the business of aluminum extrusion, a process which forms and moulds aluminum for end users. Prior to the CCAA Proceedings it operated three facilities, one in Pickering, Ontario, one in Richmond Hill, Ontario and a third in St. Therese, Quebec. The St. Therese facility also has painting capabilities which is a value added service for certain customers. The Applicant's head office was located at its Richmond Hill facility. In addition, the Applicant worked with a related company, Apolo, who provided fabrication work on extruded product. The Applicant experienced losses in recent years and with the economic down turn further reducing volumes and profitability Signature's losses became unsustainable. On January 6, 2010, Signature's parent company 324 issued a demand for repayment of \$30,940,156.96, Biscayne issued a demand in respect of its guarantee claim and on January 20, 2010, Alcan issued a claim against the Applicant for unpaid accounts. The Applicant did not have sufficient cash available to repay these claims and filed for protection under the CCAA on January 29, 2010.
3. As part of the CCAA filing, the Applicant submitted to the Court for approval a Marketing Process for the sale of the business and assets of the Applicant. Paragraph 31 of the Initial Order approved the Marketing Process and authorized the Applicant and the Monitor to take such steps as they consider necessary or desirable in carrying out the Marketing Process.

4. Paragraph 16 to 22 of the Pre-Filing Report (as hereinafter defined) described the Plan Support Agreement (the “**PSA**”) through which Biscayne, one of the Applicant’s secured creditors, has provided a commitment to support the restructuring of the Applicant’s business and operations through either the sponsorship of a Plan of Arrangement (a “**Plan**”), upon the satisfaction of the terms and conditions therein, or, at its option and together with 324, the acquisition of the Applicant’s assets in accordance with the form of Asset Purchase Agreement (the “**APA**”) attached to the PSA. A copy of the Pre-Filing Report is attached hereto as Appendix A for ease of reference. The Applicant did not seek authority to file a Plan or approval of the PSA or the APA pending the outcome of the Marketing Process.

5. The purpose of this report is to inform the Court on the following:
 - (a) The activities of the Applicant since the commencement of the CCAA Proceedings;
 - (b) The activities of the Monitor since the commencement of the CCAA Proceedings;
 - (c) The receipts and disbursements of the Applicant for the period from the start of the CCAA Proceedings to February 19, 2010;
 - (d) The Applicant’s revised cash flow forecast for the period February 21, 2010, to June 6, 2010 (the “**February 21 Forecast**”);
 - (e) The status of the Marketing Process;
 - (f) The status of the independent opinions on the validity and enforceability of the various security held by each of 324, Biscayne and H.I.G. (collectively the “**Senior Secured Lenders**”), (the “**Security Opinion**”) being prepared by Ogilvy Renault LLP, independent counsel to the Monitor (“**Monitor’s Counsel**”);

- (g) The Applicant's request for an order approving a procedure for the submission, evaluation and adjudication of claims against the Applicant (the "**Claims Procedure**") and the Monitor's recommendation thereon;
 - (h) The Applicant's request for an extension of the Stay Period to May 14, 2010, and the Monitor's recommendation thereon; and
 - (i) The Applicant's request for approval of the activities of the Monitor as described in this report.
6. In preparing this report, the Monitor has relied upon unaudited financial information of the Applicant, the Applicant's books and records, certain financial information prepared by the Applicant and discussions with the Applicant'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 report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the affidavit of Parminder Punia, Controller and Treasurer of the Applicant, sworn January 28, 2010, and filed in support of the CCAA application (the "**Punia Affidavit**"), the Plan Support Agreement or the Pre-Filing Report dated January 28, 2010, filed by FTI Consulting Canada Inc. in its capacity as proposed Monitor of the Applicant in connection with the Applicant's initial application (the "**Pre-Filing Report**").

THE ACTIVITIES OF THE APPLICANT

8. Since the commencement of the CCAA Proceedings, the Applicant has continued to implement measures to rationalize its business and reduce costs in an effort to render it viable as an on-going operation. This has included the continuation of the temporary shut-down of operations at Richmond Hill and St. Therese, the transfer of production to its Pickering facility, and the sub-contracting of certain production to the Applicant's U.S. affiliate, Shapes LLC. The Applicant continues to anticipate that, in the absence of a successful bid by a third party purchaser, a successful long-term restructuring strategy, whether ultimately implemented through a Plan or a Credit Bid, will involve a permanent consolidation of all operations at one plant, most likely at Pickering. In order to explore all available alternatives, however, the Applicant has pursued discussions with its employees at all three facilities, in order to determine what cost-cutting measures can be accomplished.

COMMUNICATIONS AND MANAGEMENT

9. With the assistance of the Monitor, the Applicant has undertaken an extensive communication strategy with its key stakeholders including employees, customers and suppliers.
10. The Applicant has reviewed its customer base and going forward will only continue servicing customers that provide an appropriate rate of return.
11. The Applicant has successfully negotiated terms of supply and there has been no material disruption in supply or production.
12. The Applicant maintains regular communications with employees to provide updates in respect of the progress of the restructuring and the Monitor has attended several of these meetings to provide updates in respect of the CCAA Proceedings.

13. The Applicant has instituted daily performance metrics for all parts of the organization which are reported in daily management meetings. These results are posted and available to all employees. This has provided improved visibility with respect to the Applicant's performance and identified areas for performance improvement. Each department manager is required to prepare an action plan to address issues identified and these actions plans are reported on and monitored at weekly meetings with senior management.
14. The Applicant has undertaken a review of its contracts and is considering which contracts, if any, need to be terminated as a component of the restructuring. Pursuant to section 32 of the CCAA, the Monitor's approval must be obtained before any termination notice is issued. To date, the Monitor has not approved any contract terminations.
15. Subject to the finalization of definitive document, the Applicant has agreed in principle to an accommodation agreement with Alcan Automotive LLC ("**Alcan Automotive**") to provide continued supply for a limited period of time and in respect of a limited number of dies to allow Alcan time and opportunity to transition its business to another supplier. The key terms of the Alcan Automotive agreement include, but are not limited to the following:
 - (a) Payment of the outstanding accounts receivable;
 - (b) Payment of a one-time production fee of US\$50,000; and
 - (c) An increase in the price of component parts to be produced.
16. The Alcan Automotive agreement contemplates that the Monitor will hold certain funds in trust pending delivery of the required component parts. Alcan Automotive has wired to the Monitor approximately US\$160,000.00 as payment in respect of the outstanding accounts receivable and the Applicant has continued to produce and deliver the required component parts while the agreement is being finalized.

PRODUCTION

17. The Applicant continues extrusion production at its Pickering facility which has been operating at capacity since the commencement of the CCAA Proceedings. The St. Therese and Richmond Hill facilities remain on temporary shut-down with the exception of a precision saw which continues to be operated, as needed at Richmond Hill. The Applicant has made arrangements to move this saw to the Pickering facility during the first week of March 2010. The movement of the saw will result in the loss of 6 positions at Richmond Hill, but over time the Applicant expects that 10 to 15 positions will be created at Pickering. As part of the ongoing negotiations with the Pickering local, discussed in greater detail later in this report, the Applicant has requested the addition of a new job classification at Pickering to allow for the hiring of additional staff to run the saw.
18. The Pickering facility is producing approximately 600,000 pounds of extrusion per week and currently has booked orders sufficient to keep the plant operating at capacity for approximately four weeks, which is considered a good forward order book. The Applicant continues to sell and accept new orders.
19. The Applicant continues to sub-contract certain extrusion and painting activities to a US based related company, Shapes LLC (“**Shapes**”). Shapes has experienced some difficulty running the Applicant’s dies efficiently on their presses and this has created a back-log in order fulfilment. Three supervisors from St. Therese have been working with Shapes since prior to the commencement of the CCAA Proceedings in an effort to resolve the production issues and ensure that customer orders are being fulfilled on a timely basis.

20. In the Punia Affidavit, the Applicant detailed the movement of certain dies from its Richmond Hill and St. Therese facility to the Pickering facility and to Shapes, in order to continue production for certain customers that could no longer be serviced from Richmond Hill or St. Therese. As new orders are received from customers and additional dies are required for the production of these orders, the Applicant has continued to co-ordinate the movement of dies between facilities. Since the start of the CCAA Proceedings, Shapes has requested approximately 30 additional dies and the Applicant expects these dies to be moved over the next two weeks. These dies and the revenue generated from the use of these dies remain the property of the Applicant.

CENTRAL STAFF AND HEAD OFFICE

21. On February 9, 2010 the Applicant placed 28 head office staff on temporary layoff as a result of the reduced production activity and in an effort to reduce costs. In addition, one staff member resigned and was replaced by a recalled employee and the Vice President of Human Resources has been replaced.
22. Prior to the filing, the Vice President of Operations tendered his resignation effective March 5, 2010. A replacement was hired prior to the filing date and is fully functional within the Pickering plant and is assisting with the implementation of the Applicant's restructuring measures.
23. The Applicant transferred its remaining head office staff and functions from Richmond Hill to Pickering with effect from February 15, 2010.

NEGOTIATIONS WITH THE UNIONS

24. In Ontario, non management plant employees are represented by two different locals of the U.S.W. as follows:

- (a) Local No. 8142, pursuant to a Collective Agreement for the period 2008 to 2011 for the employees of the Richmond Hill plant (the “**Richmond Hill Local**”); and
 - (b) Local No. 2784, pursuant to a Collective Agreement for the period 2007 to 2010 for the employees of the Pickering plant (the “**Pickering Local**”).
25. The hourly employees at the St. Therese plant are represented by the Unionized Workers of Bon L St. Therese (the “**St. Therese Local**”), pursuant to a Collective Bargaining Agreement for the period 2007 to 2012.
26. As described in the Punia Affidavit, as part of its restructuring, the Applicant commenced negotiations with each of the three locals prior to the commencement of the CCAA Proceedings. The Richmond Hill local has since declined to continue discussions and did not open its contract for renegotiation. Negotiations with respect to cost savings and other concessions are currently ongoing with both the St. Therese local and the Pickering local.

THE ACTIVITIES OF THE MONITOR

27. To date, the Applicant has provided the Monitor with its full co-operation and unrestricted access to its premises, books and records. The Monitor has implemented procedures for the monitoring of operations, receipts and disbursements and is assisting the Applicant in its dealings with employees, customers, suppliers and creditors.
28. Pursuant to paragraph 46 of the Initial Order the Monitor:
- (a) On February 1, 2010, made the Initial Order publicly available by posting it on the Monitor’s website;

- (b) On February 2, 2010, with the assistance of the Applicant, sent a notice in the prescribed manner to every known creditor with a claim of more than \$5,000.00;
 - (c) On February 2, 2010, posted a list of creditors, other than the names or addresses of individuals on the Monitor's Website (as hereinafter defined); and
 - (d) On February 4, 2010, published the initial notice containing the information prescribed under the CCAA.
29. The Applicant also served the Initial Order on a number of interested parties, including pension regulators in Ontario and Quebec, provincial and federal taxation authorities, and union representatives.
30. The Monitor has established a website at <http://cfcanada.fticonsulting.com/signature> (the "**Monitor's Website**") on which regular updates on the CCAA Proceedings are being posted, together with all Court materials filed in the CCAA Proceedings. In addition, the Monitor has established contact numbers 905-427-6550 or 1 866-587-5780 and an email address, signature@fticonsulting.com to allow stakeholders to communicate directly with the Monitor in order to address any questions or concerns in respect of the CCAA Proceedings.
31. The Applicant is the sponsor and administrator of five registered pension plans, as described at paragraph 55 of the Punia Affidavit. Of these, three are defined benefit plans. It is estimated that upon a wind-up of these plans, they would have wind-up deficiencies as follows:
- (a) The Pension Plan for Salaried Employees (the "**Salaried Plan**") is an Ontario registered plan which has both defined contribution and defined benefit components. The estimated wind-up deficiency as at September 30, 2009 is approximately \$3.3 million.

- (b) The Pension Plan for Hourly Paid Employees Richmond Hill (the “**Richmond Hill Plan**”) is an Ontario registered plan which has an estimated wind-up deficiency as at September 30, 2009 of approximately \$1.7 million.
 - (c) The Regime De Retraite Des Employés D’Usine (the “**St. Therese Plan**”) is a Quebec Registered Plan with an estimated wind up deficiency as at September 30, 2009 of approximately \$1.7 million.
32. The Applicant and the Monitor have commenced discussions with representatives of the Financial Services Commission of Ontario (“**FSCO**”) in respect of the Salaried Plan and the Richmond Hill Plan and will be in contact with the Régis des Rentes du Quebec in respect of the St. Therese Plan in the near future
33. The Monitor continues to assist with the Marketing Process, which is discussed in greater detail later in this report.
34. The Monitor believes that its activities are consistent with its powers and duties pursuant to the Initial Order and the CCAA and respectfully requests this Honourable Court to approve its activities as described in this report.

RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO FEBRUARY 21, 2010

35. The Applicant’s actual cash flow on a consolidated basis for the period from the start of the CCAA Proceedings to February 21, 2010, was approximately US\$3.0 million better than the January 28 Forecast filed as Appendix B to the Pre-Filing Report. The receipts and disbursements are presented in United States dollars and are as summarized below:

	Forecast	Actual	Variance
	US\$000	US\$000	US\$000
Receipts:			
Sales and Accounts Receivable	3,940.9	3,781.9	(159.0)
Intercompany Receipts	-	-	-
Taxes	80.4	77.2	(3.2)
Other	-	1,129.1	1,129.1
Total Receipts	4,021.3	4,988.2	966.9
Disbursements:			
Raw Materials - Metal	2,574.3	1,997.2	577.1
Raw Materials - Other	185.0	75.0	110.0
Intercompany Payments - Scrap	-	-	-
Intercompany Payments - Fabrication	910.6	138.9	771.7
Payroll and Benefits	959.7	1,111.4	(151.8)
Operating Expenses	478.7	330.2	148.5
SG&A Expenses	494.4	280.5	213.9
Other Non-recurring	320.0	499.4	(179.4)
Taxes (GST & QST)	112.0	-	112.0
Legal and Professional Fees	542.5	139.8	402.7
Bank Fees and Interest	-	(39.7)	39.7
Capex	98.9	-	98.9
Total Disbursements	6,676.2	4,532.8	2,143.4
Net Cash Flow before DIP Financing	(2,654.9)	455.4	(1,176.5)
DIP Advances	100.0	-	(100.0)
DIP Repayments	-	-	-
Net Cash Flow	(2,554.9)	455.4	(1,276.5)
Opening Cash	2,820.7	2,820.7	-
Net Cash Flow	(2,554.9)	455.4	3,010.3
Closing Cash	265.8	3,276.1	3,010.3

36. Explanations for the key variances in actual receipts and disbursements as compared to the January 28 Forecast are as follows:

- (a) The positive variance in other receipts of US\$1.1 million is a permanent variance arising as a result of the receipt of a GST refund of approximately US\$0.8 million and an income tax refund of approximately US\$0.3 million. These amounts had not been included in the January 28 Forecast as the timing and likelihood of collection could not be determined with certainty at the time of filing;

- (b) The positive variance of approximately US\$0.6 million in metal purchases is a permanent variance as a result of the Applicant being able to use inventory on hand and reduce metal purchases in the period;
- (c) The positive variance of US\$0.8 million in intercompany payments – Fabrication is in respect of the sub-contracted work to Shapes. Due to the delays in order fulfilment currently being experienced at Shapes overall payments in respect of orders shipped to customers was lower than forecast. The Applicant expects that this is a timing difference;
- (d) The positive variance of US\$0.2 million in SG&A expenses is due to a lower than forecast payment in respect of property taxes. The forecast included an estimated payment of US\$290,000.00 which was an estimate of the annual amount of property taxes, whereas the actual payment made of US\$53,000 was an instalment payment. This is a timing difference and will reverse as the additional instalment payments are made;
- (e) The negative variance of approximately US\$0.2 million in Other non-recurring is due to higher than expected deposit payments being made to suppliers to secure ongoing supply and future credit terms. This is expected to be a permanent variance for the duration of the CCAA Proceedings; and
- (f) The positive variance in of US\$0.4 million in Legal and professional fees is a timing difference. In addition, Legal and professional fees accrued and unpaid in the period were higher than forecast by approximately US\$0.2 million.

REVISED CASH FLOW FORECAST TO JUNE 6, 2010

37. The February 21 Forecast attached hereto as Appendix B shows a negative net cash flow of approximately US\$2.9 million in the period February 21, 2010 to June 6, 2010, and minimum cash balance of approximately US\$0.4 million in that period. The February 21 Forecast is presented in United States Dollars and is summarized below:

	Forecast
	US\$000
Receipts:	
Sales and Accounts Receivable	21,480.1
Intercompany Receipts	-
Taxes	438.4
Other	-
Total Receipts	21,918.5
Disbursements:	
Raw Materials - Metal	10,812.8
Raw Materials - Other	908.6
Intercompany Payments - Scrap	-
Intercompany Payments - Fabrication	4,530.7
Payroll and Benefits	2,807.1
Operating Expenses	2,052.4
SG&A Expenses	1,283.3
Other Non-recurring	150.0
Taxes (GST & QST)	596.2
Legal and Professional Fees	1,438.5
Bank Fees and Interest	-
Capex	193.0
Total Disbursements	24,772.6
Net Cash Flow before DIP Financing	(2,854.1)
DIP Advances	-
DIP Repayments	-
Net Cash Flow	(2,854.1)
Opening Cash	3,276.1
Net Cash Flow	(2,854.1)
Closing Cash	422.0

38. There have been no changes in the key underlying assumptions in the February 21 Forecast as compared to the January 28 Forecast, however the February 21 Forecast has been updated to reflect timing differences noted in the analysis of receipts and disbursements.

STATUS OF THE MARKETING PROCESS

39. Following the granting of the Initial Order, CIBC commenced the Marketing Process for the sale of the business or assets of the Applicant.
40. CIBC has contacted 98 potentially interested parties, including both potential financial sponsors and strategic buyers. Of the parties contacted, 37 requested, received and executed confidentiality agreements and have been sent a copy of the confidential information memorandum providing information about the Applicant and have been provided access to a data room containing additional information about the Applicant.
41. In addition, the Monitor has invited a number of liquidators to submit liquidation offers for the chattel assets. The Monitor is also in the process of obtaining valuations of the Applicant's real estate assets.
42. Pursuant to the Marketing Process, the deadline for the receipt of Letters of Intent is February 26, 2010.

INDEPENDENT OPINIONS ON THE SENIOR SECURED LENDERS' SECURITY

43. The Monitor has asked its counsel to provide independent opinions on the validity and enforceability of Senior Secured Lenders' security. Details of these opinions will be provided to the Court, once they are completed.

THE APPLICANT'S REQUEST FOR APPROVAL OF THE CLAIMS PROCEDURE

44. The Applicant seeks approval of the Claim Procedure in the form of the draft Order attached hereto as Appendix C. Defined terms used in this section of this report not otherwise defined are as defined in the Claim Procedure.
45. The key steps of the Claims Procedure are summarized as follows:
- (a) The Notice to Creditors and a copy of the Claims Procedure will be posted on the Monitor's Website on or around March 3, 2010;
 - (b) A Notice to Creditors along with either a Notice of Claim (setting out the quantum of a creditor's claim as reflected in the Applicant's books and records, or a blank Proof of Claim will be sent to each Known Creditor on or around March 3, 2010;
 - (c) The Notice to Creditors will be published in the Globe and Mail (national edition) and La Presse on or around March 3, 2010;
 - (d) Any creditor wishing to dispute the Notice of Claim must file a Notice of Dispute by the Claims Bar Date of March 26, 2010 or any later date ordered by this Court. Notices of Dispute shall be reviewed by the Monitor in consultation with the Applicant and the Monitor shall advise a claimant in writing if it does not accept all or any part of the Claim asserted in the Notice of Dispute;
 - (e) Any person not receiving a Notice of Claim, wishing to assert a Claim must file a Proof of Claims by the Claims Bar Date, or any later date ordered by the Court, failing which such Claim shall be extinguished;
 - (f) Creditors wishing to file a Proof of Claim may obtain a copy of the relevant forms from the Monitor's Website or by contacting the Monitor and requesting that copies of the relevant forms be provided;

- (g) In the event of any action by the Applicant which gives rise to a Subsequent Claim, the Applicant must provide the Monitor with details of the Subsequent Claimant and Claim, and the Monitor, at their discretion, will send to the Subsequent Claimant either a Notice of Claim or a Proof of Claim;
- (h) Proofs of Claim shall be reviewed by the Monitor in consultation with the Applicant and the Monitor shall either accept the claim or revise or disallow the claim in whole or in part by issuing a Notice of Revision or Disallowance if it disagrees with the Claim set out in the Proof of Claim;
- (i) If a Claimant disagrees with the assessment of the Claim as set out in the Notice of Revision or Disallowance, it must deliver a Notice of Dispute within 15 days of the Notice of Revision or Disallowance, or such later date as the Court may order, failing which the Claimant shall be deemed to accept the amount of the Claim as set out in the Notice of Revision or Disallowance;
- (j) Upon receipt of a Notice of Dispute, the Monitor may:
 - (i) Attempt to consensually resolve the classification and the amount of the Claim with the Claimant; or
 - (ii) Deliver a dispute package to the Claims Officer; and
 - (iii) If the Monitor does not deliver a Notice of Revision or Disallowance or deliver a dispute package to the Claims Officer the claim shall be deemed to be a Proven Claim.
- (k) Any decision by the Claims Officer may be appealed to the Court.

46. The Monitor believes that the Claims Procedure is appropriate, fair and reasonable in the circumstances and respectfully recommends that the Applicant's request for its approval be granted by the Court. The Monitor also believes that it is appropriate to conduct the Claims Procedure at this time given the timeline that the Applicant has established for its restructuring as further described below.

NEXT STEPS IN THE RESTRUCTURING PROCESS

47. The Applicant commenced a number of its restructuring initiatives prior to the granting of the Initial Order and these restructuring initiative are ongoing.
48. The Marketing Process commenced in respect of the business and assets of the Applicant is still ongoing and Letters of Intent are due by February 26, 2010. In the event that no Phase One Qualifying Bids are received, the Marketing Cessation Date is March 2, 2010 and within 7 days of the Marketing Cessation Date the Sponsor must determine whether to pursue a Plan, subject to and in accordance with the terms of the PSA or exercise the Credit Bid option.
49. If the Plan Sponsor elects to proceed with a Plan:
- (a) The Applicant must present a restructuring plan in form and substance acceptable to the Plan Sponsor by March 11, 2010.
 - (b) The Applicant must use best efforts to:
 - (i) File a Plan must be filed with the Court on or before May 7, 2010.
 - (ii) Hold a meeting of creditors to vote on the Plan on or before June 2, 2010 and if approved by the creditors, obtain Court sanction of the Plan by the Court as soon as practicable.

- (c) The Plan must be implemented by June 7, 2010. If the Applicant proceeds with the Plan, the Applicant anticipates implementing the Plan prior to that time.
50. The Monitor currently expects that in the event that Biscayne (together with 324) elects to exercise the Credit Bid, and the conditions precedent are met or waived, a motion would be brought before the Court as soon as practicable to seek approval of the Credit Bid
51. In the event that there are one or more Phase One Qualifying Bids, the Applicant will attend before the Court to seek approval of the additional steps necessary to determine the highest and best offer or series of offers, and to complete the Marketing Process.

THE APPLICANT'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

52. The Stay Period currently expires on February 26, 2010. Additional time is required for the Applicant to complete the Marketing Process, implement the proposed Claims Procedure and complete either its restructuring pursuant to the Plan Sponsor Agreement or a sale of its assets. The continuation of the stay of proceedings is necessary to provide the stability needed during that time. Accordingly, the Applicant now seeks an extension of the Stay Period to May 14, 2010.
53. While it is expected that the Applicants would be appearing before the Court at various times before that date, a longer extension to the Stay Period is requested. The Applicant and the Monitor believe a longer extension to the Stay Period is advantageous as it removes a degree of uncertainty amongst employees, customers and suppliers.
54. The February 21 Forecast demonstrates that the Applicant has sufficient liquidity to maintain operations to June 6, 2010.

55. Based on the information currently available, the Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period to May 14, 2010.
56. The Monitor also believes that the Applicant has acted, and is acting, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
57. The Monitor therefore respectfully recommends that this Honourable Court grant the Applicant's request for an extension of the Stay period to May 14, 2010.

The Monitor respectfully submits to the Court this, its First Report.

Dated this 23rd day of February, 2010.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Signature Aluminum Canada Inc.



Nigel D. Meakin
Senior Managing Director



Toni Vanderlaan
Managing Director

Appendix A

The Pre-Filing Report

Court File No. 10-CL-_____

Signature Aluminum Canada Inc.

**PRE-FILING REPORT TO THE COURT SUBMITTED BY
FTI CONSULTING CANADA INC., IN ITS CAPACITY AS
PROPOSED MONITOR**

January 28, 2010

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.

**PRE-FILING REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS PROPOSED MONITOR**

INTRODUCTION

1. FTI Consulting Canada Inc. ("**FTI Consulting**" or the "**Proposed Monitor**") has been informed that Signature Aluminum Canada Inc. ("**Signature**" or the "**Applicant**") intends to make an application under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "**CCAA**") for an initial order (the "**Initial Order**") granting, *inter alia*, a stay of proceedings against the Applicant until February 19, 2010, (the "**Stay Period**") and appointing FTI Consulting as monitor (the "**Monitor**"). The proceedings to be commenced by the Applicant under the CCAA will be referred to herein as the "**CCAA Proceedings**".
2. FTI Consulting is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended* (the "**BIA**"), and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. FTI Consulting has provided its consent to act as Monitor.

3. The purpose of this report is to inform the Court on the following:
 - (a) The state of the business and affairs of the Applicant and the causes of its financial difficulty and insolvency;
 - (b) The independent opinion on the validity and enforceability of the various security held by each of 3241715 Nova Scotia Limited (“**324**”), Biscayne Metals Finance, LLC (“**Biscayne**”) and H.I.G. Bayside LBO Fund II, L.P. (“**H.I.G.**”) to be prepared by counsel to the Proposed Monitor;
 - (c) The Plan Support Agreement dated January 28, 2010 (the “**PSA**”), entered into, subject to Court approval, between the Applicant and Biscayne;
 - (d) The Applicant’s request for approval of a marketing process for its business and assets as described in the Punia Affidavit (as defined below) (the “**Marketing Process**”) and the Proposed Monitor’s recommendation thereon;
 - (e) The Applicant’s request for approval, nunc pro tunc, of the engagement of CIBC Mid-Market Investment Banking (“**CIBC**”), a division of Canadian Imperial Bank of Commerce, pursuant to an engagement letter dated December 22, 2009 (the “**CIBC Engagement Letter**”) and the Applicant’s request for a sealing order in respect of the CIBC Engagement Letter and the Proposed Monitor’s recommendation on the foregoing;
 - (f) The Applicant’s weekly cash flow forecast to June 6, 2010 (the “**January 28 Forecast**”);

- (g) The Applicant's request for approval of debtor-in-possession financing of up to US\$1.5 million pursuant to the DIP Term Sheet entered into by the Applicant and Biscayne and dated as of January 28, 2010 (the "**DIP Term Sheet**") together with a charge securing any advances thereunder (the "**DIP Charge**") and the Proposed Monitor's recommendation thereon; and
 - (h) The Applicant's request for approval of a charge for the fees and expenses of the Monitor, its counsel, counsel to the Applicant and the base completion fee and costs of CIBC in the amount of \$1.5 million (the "**Administration Charge**") and the Proposed Monitor's recommendation thereon.
4. In preparing this report, the Proposed Monitor has relied upon unaudited financial information of the Applicant, the Applicant's books and records, certain financial information prepared by the Applicant and discussions with the Applicant's management. The Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Proposed Monitor expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this 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 Canadian Dollars. The January 28 Forecast is presented in US Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the affidavit of Parminder Punia, Controller and Treasurer of the Applicant, sworn January 28, 2010, and filed in support of the CCAA application (the "**Punia Affidavit**").

6. This report should be read in conjunction with the Punia Affidavit as certain information contained in the Punia Affidavit has not been included herein in order to avoid unnecessary duplication.

THE APPLICANT'S BUSINESS & AFFAIRS AND CAUSES OF INSOLVENCY

7. The Applicant is in the business of aluminium extrusion. It is a wholly-owned subsidiary of 324. The Applicant has a sister company, Apolo Tool & Die Manufacturing Inc. ("**Apolo**") which provides machining services to the Applicant and others. The Applicant is Apolo's major customer, representing approximately 70% of revenue. Apolo is not an applicant in these proceedings.
8. The Applicant has three manufacturing facilities, located in Pickering, Ontario ("**Pickering**"), Richmond Hill, Ontario ("**Richmond Hill**") and St. Therese, Quebec ("**St. Therese**"). For the reasons set forth in the Punia Affidavit, operations at Richmond Hill and St. Therese were not restarted after the normal holiday shut-down in December, other than the operation of one saw at Richmond Hill from time to time. Operations continue at Pickering. Apolo operates from a separate facility in Woodbridge, Ontario.
9. General administration and accounting functions are carried out at the Richmond Hill facility. Sales and customer service personnel are located at Pickering and St. Therese. As described in the Punia Affidavit, the Applicant's enterprise resource and planning system (the "**ERP System**") software is provided by the former owner of the Applicant's business and is critical to the operation of the business. The Applicant pays approximately US\$40,000 per month for services provided in connection with the ERP System.

10. In order to continue to service certain customers while Richmond Hill and St. Therese remain shut down during the CCAA Proceedings, the Applicant has moved a number of dies from Richmond Hill and St. Therese to Pickering and a number of dies from St. Therese to Shapes LLC (“**Shapes**”), a related company located in Delair, New Jersey. The dies moved to Shapes, the ownership of which remains with the Applicant, are being used by Shapes to provide sub-contract manufacturing services for the Applicant.
11. The Applicant was in financial distress when acquired by its current ownership in 2008. Efforts to improve profitability have, to date, been thwarted by significant decreases in volumes as a result of the impact of the economic recession, industry over-capacity squeezing margins and volatile commodity prices and losses have been deepening. The Applicant’s management believe that cost reductions, increased volumes combined with increased customer pricing will all be required for the business to be viable in its current business model.
12. On January 6, 2010, 324 issued a demand for repayment of the obligations owing to it on its amended and restated promissory note dated February 14, 2008. A partial repayment of US\$3 million was made in accordance with this demand. There remains an outstanding amount of approximately CDN\$27 million. On January 28, 2010, Biscayne also issued a demand for repayment of indebtedness owing to it by Signature, in the principal amount of US\$34,259,574. In connection with this demand, Biscayne also sent a Notice of Intention to Enforce Security dated January 27, 2009, pursuant to section 244 of the BIA. The Applicant is unable to satisfy the balance owing to either 324 or Biscayne.
13. On January 20, 2010, the Applicant was served with a statement of claim from Rio Tinto Alcan Inc. (“**RTA**”) a supplier of aluminium and a significant unsecured creditor demanding the repayment of over \$3 million allegedly owed by the Applicant. The Applicant is unable to pay the amount claimed by RTA.

14. The business and affairs of the Applicant and the causes of its insolvency are described in the Punia Affidavit. The Proposed Monitor has reviewed the Punia Affidavit and discussed the business and affairs of the Applicant and the causes of its insolvency with senior management personnel and the Applicant's advisors and believes that the Punia Affidavit provides a fair summary thereof.

INDEPENDENT SECURITY OPINION

15. A description of the Applicant's debt facilities is provided in the Punia Affidavit. If appointed as Monitor in the CCAA Proceedings, the Proposed Monitor will ask its independent counsel, Ogilvy Renault LLP, to provide an opinion on the validity and enforceability of the security held by each of 324, Biscayne and H.I.G.

THE PLAN SUPPORT AGREEMENT

16. Biscayne has provided a commitment to support the restructuring of the Applicant's business and operations through either the sponsorship of a plan of arrangement (a "Plan") upon the satisfaction of the terms and conditions therein, or the acquisition of the Applicant's assets in accordance with the form of Asset Purchase Agreement (the "APA") attached to the PSA, a copy of which is attached hereto as Appendix A.

17. Under the provisions of the PSA, Biscayne has agreed to sponsor a Plan pursuant to which secured claims ranking in priority to the secured claims of Biscayne and post-filing trade claims would be unaffected and a \$1.5 million cash pool would be available to unsecured creditors. Although Biscayne has stated that its preferred option is to proceed with the Plan, Biscayne has the option to forgo the Plan and elect to effect the Credit Bid Option, as defined in the PSA, in which case Biscayne together with 324 (collectively, the “**Purchaser**”) and the Applicant are obligated to immediately execute the APA. The Applicant intends to seek approval from the Court prior to filing the Plan or consummating the transaction under the APA. The Applicant is not seeking such approval at this time.
18. The APA provides for the acquisition of all of the assets of the Applicant by the Purchaser, the consideration for which would be a reduction of \$25 million in the 324 Indebtedness and the Guaranteed Indebtedness, each as defined in the APA, allocated pursuant to the Allocation Schedule to the APA plus the amount of the Assumed Liabilities, as defined in the APA, which includes post-filing trade claims. If the Credit Bid Option is elected and the transactions contemplated by the APA are completed, there would be no recoveries for unsecured creditors.
19. The PSA provides for the payment to the Proposed Monitor of a deposit of CDN\$500,000 within three business days of execution and is subject to a number of conditions, summarized as follows:
 - (a) The Initial Order shall be obtained on terms satisfactory to Biscayne on or prior to January 29, 2010;
 - (b) An order approving the DIP Term Sheet shall be obtained;
 - (c) An Order approving the Marketing Process shall be obtained and the Marketing Process shall be carried out;
 - (d) There shall be no event of default under the DIP Term Sheet; and

- (e) The Applicant shall deliver to Biscayne on or before March 11, 2010, a proposal for a business restructuring which restructuring shall be on terms satisfactory to Biscayne and shall be completed in accordance with the proposal. Claims arising from such restructuring, including severance and termination pay claims and pension wind-up claims, if any, shall be compromised in the Plan.
20. The Credit Bid Option may be exercised at Biscayne's sole discretion within seven business days of the Marketing Cessation Date, as defined in the PSA. The Credit Bid Option may also be exercised if:
- (a) The Plan is not approved by the requisite majorities;
 - (b) The Plan is not sanctioned by the Court;
 - (c) Biscayne, the Applicant and the Proposed Monitor reasonably believe that the Plan will not be approved by the requisite majorities; or
 - (d) The Plan is not implemented by the Applicant by June 7, 2010.
21. The APA is also subject to a number of conditions, summarized as follows:
- (a) The Applicant shall have terminated all employees and ceased manufacturing operations at all facilities other than those facilities designated by Biscayne as an Operating Facility as defined in the APA (of which there shall be at least one);
 - (b) The Approval and Vesting Order, as defined in the APA, shall have been obtained and shall not have been stayed, suspended, varied, appealed or set aside;
 - (c) All Material Contracts, as defined in the APA, shall have been assigned to the Purchaser;

- (d) All Material Licenses, as defined in the APA, shall have been assigned to the Purchaser or replacement licences shall have been obtained;
 - (e) There shall be no event of default under the DIP Term Sheet; and
 - (f) The closing date must occur on or before June 7, 2010.
22. The Credit Bid is intended to serve as “stalking horse” in the Marketing Process and should assist in the Applicant’s efforts to maintain operational stability during the CCAA Proceedings as it provides visibility on the outcome of the CCAA Proceedings if no superior offer is forthcoming. It is important to note that the PSA does not contain any break fee or expense reimbursement, costs often associated with a stalking horse, and, as noted above, the Applicant is not seeking authority to file the Plan or approval of the PSA or the APA at this time, pending the outcome of the Marketing Process. Accordingly, the Proposed Monitor will provide further comment on the PSA and the APA following the completion of the Marketing Process and upon any motion for such approval brought by the Applicant.

THE PROPOSED MARKETING PROCESS

23. The proposed Marketing Process is as follows:
- (a) Potential purchasers will be identified and approached by the Proposed Monitor or a professional advisor retained by the Applicant for the purpose of marketing the business and assets (the "**Investment Banker**") to determine if they are interested in participating in the Marketing Process. In addition, an advertisement will be published in the Globe and Mail, National Edition, as soon as practicable;

- (b) In carrying out the Marketing Process, both liquidation bids and going concern offers for, parts or all of the business and assets of the Applicant will be sought;
- (c) A confidential information memorandum (“**CIM**”) prepared by the Applicant and the Investment Banker, in consultation with the Proposed Monitor, will be distributed to all those prospective purchasers who inform the Applicant, the Proposed Monitor or the Investment Banker that they are interested in exploring the opportunity to acquire the assets and who execute a confidentiality agreement in a form satisfactory to the Applicant (each, a “**Prospective Purchaser**”);
- (d) Those Prospective Purchasers who wish to participate in the submission of bids for all or part of the assets of the Applicant will be required to provide, among other things, corporate identification, evidence of corporate authority and proof of financial ability to perform, and will be required to submit a letter of intent (“**Letter of Intent**”) to the Investment Banker, with a copy to the Monitor, on or before February 26, 2010 (the “**LOI Deadline**”);
- (e) If no Letters of Intent that individually or in the aggregate (on a non-overlapping basis) provide consideration equal to or greater than CDN\$25,000,000 (a “**Phase One Qualifying Bid**”) are received by the LOI Deadline from Prospective Purchasers who are, in the opinion of the Proposed Monitor, in consultation with the Applicant, suitable bidders (“**Phase One Qualified Bidders**”), the Marketing Process shall cease on March 2, 2010 (the “**Marketing Cessation Date**”); and

- (f) If Phase One Qualifying Bids are received from one or more Phase One Qualified Bidders by the LOI Deadline, then the Applicant will attend before the Court to seek approval of the additional steps necessary to determine the highest and best offer or series of offers, and complete the Marketing Process.
24. Although Apolo is not an applicant in the CCAA Proceedings, the business and assets will be offered for sale along with the business and assets of the Applicant.
25. As discussed more fully in the following section of this Report, the Applicant has engaged CIBC Mid-Market Investment Banking, a division of Canadian Imperial Bank of Commerce as Investment Banker to assist with the implementation of the Marketing Process if it is approved by the Court. The Investment Banker has prepared its teaser materials and a draft CIM, compiled a list of logical potential interested parties (both financial and strategic) and is in the process of compiling an electronic data room. Accordingly, the Marketing Process can start immediately if it is approved by the Court.
26. The Proposed Monitor has considered the Marketing Process in light of the principles of the decision in *Royal Bank of Canada v. Soundair Corp. (C.A.) 4 O.R. (3d) 1 [1991] O.J. No. 1137* and section 36 of the CCAA, which sets out restrictions on the disposition of assets and certain steps that must be followed prior to approval of a sale to a related party. The Proposed Monitor has also considered the requirements of the PSA and believes that the Marketing Process is fair, transparent and reasonable in the circumstances and that the Marketing Process should result in a maximization of realizations for the benefit of all stakeholders. The Proposed Monitor therefore respectfully recommends that the Applicant's request for approval of the Marketing Process be granted.

THE CIBC ENGAGEMENT LETTER AND SEALING ORDER

27. As noted earlier in this report, CIBC was engaged by the Applicant pursuant to the CIBC Engagement Letter to assist with a potential marketing of the business and assets and the Applicant now seeks an order approving the engagement of CIBC *nunc pro tunc*.
28. CIBC is a well known and respected provider of investment banking services. Furthermore, the Monitor is informed that CIBC ran the sale process undertaken in 2007 through which the business and assets of the Applicant were acquired by the current owners. Accordingly, CIBC is familiar with the assets and the industry and is a logical choice to act as Investment Banker in the Marketing Process.
29. The CIBC Engagement Letter provides for a base completion fee of a fixed amount payable on completion of any Proposed Transaction (as defined in the CIBC Engagement Letter). In addition, a success-based fee would be earned on any amounts in excess of the aggregate value of the PSA.
30. Based on its experience and the circumstances of this case, the Monitor is of the view that the fees provided for in the CIBC Engagement Letter are reasonable.
31. The Applicant seeks a sealing order in respect of the CIBC Engagement Letter. The CIBC Engagement Letter provides that its terms are to be maintained as confidential and the Applicant and CIBC submit that the terms and conditions of the CIBC Engagement Letter are commercially sensitive. The Monitor concurs.

THE APPLICANT'S CASH FLOW FORECAST

32. The January 28 Forecast (which is expressed in United States dollars consistent with the Applicant's historic practice), together with the management's report on the cash-flow statement as required by section 10(2)(b) of the CCAA, is attached hereto as Appendix B. The January 28 Forecast shows a negative net cash flow of approximately US\$2.6 million in the period January 25 to June 6, 2010, after taking into account DIP advances of US\$1.1 million, and is summarized below:

	Forecast
	US\$000
Receipts:	
Sales and Accounts Receivable	25,767.8
Intercompany Receipts	-
Taxes	525.9
Other	-
Total Receipts	26,293.6
Disbursements:	
Raw Materials - Metals	13,387.1
Raw Materials - Other	1,093.6
Intercompany Payables - Fabrication	4,945.3
Payroll and Benefits	3,694.7
Operating Expenses	2,731.1
SG&A Expenses	1,473.2
Other Non-recurring	270.0
Taxes	598.0
Legal and Professional Fees	1,487.5
Bank Fees and interest	-
Capex	278.9
Total Disbursements	29,959.3
DIP Advances	1,100.0
DIP Repayments	-
Net Cash flow	(2,565.7)
Opening Cash	2,820.7
Net Cash flow	(2,565.7)
Closing Cash	255.1

33. Section 23(1)(b) of the CCAA states that the Proposed Monitor shall:
- “review the company’s cash-flow statement as to its reasonableness and file a report with the court on the monitor’s findings;”
34. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1 (“CAIRP SOP 09-1”), the Proposed Monitor hereby reports as follows:
- (a) The January 28 Forecast has been prepared by the management of the Applicant for the purpose described in Note 1, using the Probable and Hypothetical Assumptions set out in Notes 2 to 6.
 - (b) The Proposed Monitor’s review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Applicant. Since Hypothetical Assumptions need not be supported, the Proposed Monitor’s procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the January 28 Forecast. The Proposed Monitor has also reviewed the support provided by management of the Applicant for the Probable Assumptions, and the preparation and presentation of the Cash-Flow Statement.
 - (c) Based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
 - (i) the Hypothetical Assumptions are not consistent with the purpose of the January 28 Forecast;
 - (ii) as at the date of this report, the Probable Assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide

a reasonable basis for the January 28 Forecast, given the Hypothetical Assumptions; or

- (iii) the January 28 Forecast does not reflect the Probable and Hypothetical Assumptions.
- (d) Since the January 28 Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the January 28 Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by the Proposed Monitor in preparing this report.
- (e) The January 28 Forecast has been prepared solely for the purpose described in Note 1 on the face of the January 28 Forecast, and readers are cautioned that it may not be appropriate for other purposes.
- (f) The Monitor notes that the January 28 Forecast is predicated on aggressive restructuring efforts on the Applicant's part, such as a significant reduction in the workforce and important cost-cutting measures. The Applicant has advised the Monitor that it is confident that such restructuring measures are achievable.

THE DIP TERM SHEET AND PROPOSED DIP CHARGE

35. The January 28 Forecast shows that the Applicant requires additional financing of approximately US\$1.1 million to June 6, 2010. Biscayne has agreed to provide such funding pursuant to the DIP Term Sheet, a copy of which is attached hereto as Appendix C.

36. Subject to the terms and conditions of the DIP Term Sheet, Biscayne has agreed to lend up to US\$1.5 million to the Applicant. Advances under the DIP Facility are to be made on an interest and cost free basis. The DIP facility is repayable in full upon the occurrence of an Event of Default (as defined in the DIP Term Sheet) or on maturity, being June 7, 2010.
37. Advances must be used by the Applicant to fund its short-term liquidity needs as reflected in the January 28 Forecast, as may be amended with the consent of Biscayne from time to time. The DIP Term Sheet also contemplates the possibility of funding in emergency cash need situations.
38. In the Proposed Monitor's view, the conditions of the DIP Term Sheet are customary for this type of financing, including the issuance of an initial order granting a US\$1.5 million super-priority Court-ordered charge over all assets of the Applicant, securing all obligations to Biscayne as the DIP Lender by the Applicant under the DIP Term Sheet (the "**DIP Lender's Charge**"). The DIP Lender's Charge will have priority over all other encumbrances against the assets of the Applicant other than the proposed Administration Charge and specific security interests that cannot be primed by law.
39. Section 11.2(4) of the CCAA provides guidance on certain factors that should be considered, among other things, in deciding whether to make an order granting an interim financing charge. These factors, and the Proposed Monitor's comments thereon, are as follows:

(a) *The period during which the company is expected to be subject to proceedings under the CCAA*

At this time, the Applicant anticipates that its business and operational restructuring should be capable of being implemented on or before June 7, 2010. This date coincides with the termination of the PSA, the outside closing date of the APA, and the maturity of the DIP Loan. While this proposed schedule is somewhat aggressive, the Proposed Monitor has

carefully considered the possible timelines associated with the Marketing Process and the implementation of a Plan and has no reason to believe that it cannot be achieved;

(b) *How the company's business and affairs are to be managed during the proceedings*

The Applicant's senior management team and its board of directors have agreed to stay in place despite the proposed commencement of CCAA proceedings. The Applicant intends that it be "business as usual" insofar as customers and trade creditors are concerned, subject to the operational changes resulting from the extended shut-down of Richmond Hill and St. Therese. The Applicant has also engaged in a sustained dialogue with its employees and employee representatives and intends to continue to do so;

(c) *Whether the company's management has the confidence of its major creditors*

The Applicant's major secured creditors are 324, H.I.G., Biscayne and Shapes. H.I.G., 324 and Shapes have each received notice of these proceedings and have provided their consent to the relief requested. Biscayne is a key participant in the Applicant's proposed proceedings, both as lender under the DIP Term Sheet and Sponsor under the PSA. Representatives of each of Biscayne, H.I.G., 324 and Shapes have informed the Proposed Monitor that the Applicant's senior management has their confidence. In the context of the CCAA Proceedings, the Applicant and its management will also receive the benefit of the assistance of the Proposed Monitor and the Investment Banker;

(d) *Whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company*

The January 28 Forecast shows that the Applicant will have negative cash flow of approximately US\$2.6 million in the period January 25, 2010 and

June 6, 2010, after taking into account DIP advances of US\$1.1 million. The Applicant does not have the resources required in order to continue operations during that period without DIP financing. The Proposed Monitor is of the view that a continuation of operations would likely enhance the prospects of a viable Plan;

(e) *The nature and value of the company's property*

As described in the Punia Affidavit, the Applicant's assets consist primarily of real estate, plant and equipment, inventory and accounts receivable. Nothing has come to the attention of the Proposed Monitor in respect of the nature of the Applicant's property that ought to be given particular consideration in connection with the DIP Charge. The value of the Applicant's property will be determined during the Marketing Process;

(f) *Whether any creditor would be materially prejudiced as a result of the proposed charge*

The Proposed Monitor has been informed that the Applicant's secured creditors that are proposed to be subordinated to the DIP Charge have consented to the priority of the DIP Charge. It is not proposed that the DIP Charge would rank in priority to those secured creditors of the Applicant who have registered valid security interests in specific pieces of equipment or other valid secured creditors as defined in the CCAA and as identified in the draft order who have not received notice and are likely to be affected by the proposed DIP Charge. The proposed DIP financing will provide the Applicant the opportunity to undertake the Marketing Process and determine whether there is an offer or series of offers that would result in a higher recovery to creditors than the Credit Bid. Borrowings under the DIP Term Sheet are limited to a maximum of US\$1.5 million. The DIP Charge is limited to the amount outstanding under the DIP Term Sheet. The Proposed Monitor believes that any potential detriment caused

by the DIP Charge to the Applicant's creditors is outweighed by the benefits that it creates;

(g) *Other potential considerations*

While the Applicant has not sought DIP financing proposals other than the DIP Term Sheet, the Proposed Monitor is of the view that there is no prospect of obtaining any other proposal that would provide financing interest free and without lending fees. Accordingly, the Proposed Monitor believes that the terms of the DIP Term Sheet are the most favourable that could be available.

THE PROPOSED ADMINISTRATION CHARGE

40. The Applicant is seeking an Administration Charge in the amount of \$1.5 million. The Applicant is seeking an order giving the Administration Charge priority over all encumbrances against the Applicant's assets except for specific secured creditors enumerated in the proposed draft order. The order does not purport to give priority to the Administration Charge over the current personal property security registrants who have a valid security interest against specific pieces of equipment, or over other valid secured creditors as defined in the CCAA and as identified in the draft order who have not received notice and are likely to be affected by the Administration Charge.
41. The beneficiaries of the Administration Charge are anticipated to be the Proposed Monitor and its counsel, counsel to the Applicant and the Investment Banker (but only for the its base completion fee and reimbursable costs payable under the Engagement Letter, and not for any success fee).
42. Each of H.I.G., 324 and Shapes have consented to the granting of the Administration Charge in priority to their respective security interests.

43. The Proposed Monitor has reviewed the underlying assumptions upon which the Applicant has based the quantum of the proposed Administration Charge, the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge and believes that the limit of \$1.5 million is reasonable in the circumstances.
44. The proposed DIP Lender is satisfied with the quantum of the Administration Charge and has consented to the granting of the Administration and its priority status.
45. The Proposed Monitor believes that it is appropriate that the Administration Charge include the base fee payable to the Investment Banker as the Investment Banker will play a key role in the Marketing Process and in the negotiation of any transaction arising as a result of that process. The Proposed Monitor also believes that it is appropriate that the other proposed beneficiaries of the Administration Charge be entitled to rely on the charge as they are playing a necessary and integral role in the restructuring of the Applicant.

CONCLUSION

46. The Monitor is of the view that the relief requested by the Applicant is necessary, reasonable and justified. The Monitor is also of the view that granting the relief will provide the Applicant the best opportunity to undertake a viable restructuring, to preserve value and maximize recoveries for the Applicant's stakeholders.
47. Accordingly, the Monitor respectfully recommends that the Applicant's request for an initial order pursuant to the CCAA and the ancillary relief described in this Report be granted by this Honourable Court.

The Proposed Monitor respectfully submits to the Court this Pre-Filing Report.

Dated this 28th day of January, 2010.

FTI Consulting Canada Inc.
The Proposed Monitor of
Signature Aluminum Canada Inc.



Nigel D. Meakin
Senior Managing Director



Toni Vanderlaan
Managing Director

Appendix A

The Plan Support Agreement

PLAN SUPPORT AGREEMENT

This Plan Support Agreement (this "**Agreement**"), dated as of January 28, 2010, is entered into by and among Signature Aluminum Canada Inc. (the "**Company**") and Biscayne Metals Finance, LLC, (the "**Sponsor**", and together with the Company, the "**Parties**");

WHEREAS the Company and the Sponsor are parties to an Amended and Restated Credit Agreement dated May 27, 2009, by and among the Sponsor, as arranger and administrative agent, Arch Acquisition Holdings, Inc. ("**Arch**"), Shapes/Arch Holdings LLC ("**Arch/Shapes**"), Shapes LLC ("**Shapes**"), Delair LLC ("**Delair**", together with Arch, Arch/Shapes and Shapes, the "**Borrowers**") as borrowers, the Company, 3241715 Nova Scotia Limited (previously 6919464 Canada Inc.) ("**324**"), and Apolo Tool & Die Manufacturing Inc. ("**Apolo**", together with the Company and 324, the "**Guarantors**"), as guarantors (the "**Credit Agreement**"), pursuant to which the Borrowers are indebted to the Sponsor as of the date hereof in the principal aggregate amount of \$34,259,574.00 (together with interest, costs and expenses accruing from after December 31, 2009, and which continue to accrue, the "**Guaranteed Indebtedness**");

AND WHEREAS the Company, together with the other Guarantors, have executed a General Continuing Guaranty dated May 27th, 2009 (the "**Guarantee**") in favour of the Sponsor, pursuant to which the Company has guaranteed payment and performance of the Borrowers' obligations to the Sponsor under the Credit Agreement, including the Guaranteed Indebtedness, which Guarantee is secured by, *inter alia*, a first priority security interest in the personal property of the Company and a second priority security interest in the real property of the Company over which the Sponsor has security (the "**Sponsor Security**");

AND WHEREAS the Borrowers and the Company are in default of their obligations under the Credit Agreement, and pursuant to its rights under the Credit Agreement, the Sponsor declared the Guaranteed Indebtedness immediately due and payable by the Borrowers by a letter to the Borrowers dated January 28, 2010, and the Sponsor contemporaneously demanded the immediate payment of the Guaranteed Indebtedness from the Company, pursuant to the Guarantee, in a letter dated January 28, 2010;

AND WHEREAS the Company does not have sufficient cash resources to satisfy the Guaranteed Obligations owing to the Sponsor, it is in financial distress and it intends to commence proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") before the Ontario Superior Court of Justice [Commercial List] (the "**Court**"), and intends to request the Court appoint FTI Consulting Canada Inc. as monitor (the "**Monitor**");

AND WHEREAS the Parties have engaged in good faith negotiations with the objective of reaching agreement regarding a transaction that will restructure the outstanding indebtedness and liabilities and operations of the Company in accordance with either (a) a Court-approved plan of arrangement or compromise pursuant to the CCAA in form and substance satisfactory to the Sponsor, acting reasonably (the "**Plan**") or (b) the acquisition by the Sponsor and 324 of all or substantially all of the assets of the Company, free and clear of all liens and encumbrances, for a consideration as set out in the asset purchase agreement attached hereto as Schedule "A" (the "**Asset Purchase Agreement**"), which consideration shall be credited against amounts owing by

the Company and secured by (a) the Sponsor Security and (b) security held by 324, to be allocated in accordance with the Asset Purchase Agreement, subject to Court approval (the "**Credit Bid**");

AND WHEREAS before seeking authority from the Court to either file the Plan or accept the Credit Bid, the Parties desire that the assets and business of the Company be marketed in an attempt to locate a purchaser or purchasers that will provide greater value to the Company and its stakeholders than is provided by the Credit Bid (the "**Marketing Process**");

AND WHEREAS the Sponsor has agreed to provide the Company with debtor-in-possession financing to a maximum of US\$1,500,000 to fund certain of the Company's operations, subject to Court approval (the "**DIP Facility**");

AND WHEREAS H.I.G. Bayside Debt & LBO Fund II L.P. ("**HIG**") is a secured creditor of the Company holding a first ranking security interest in the real property of the Company that has priority to the Sponsor Security and a second priority security interest in the personal property of the Company that is subordinate only to the Sponsor Security (the "**HIG Security**");

AND WHEREAS HIG and 324 consent to this agreement, the Plan and the Credit Bid, as set out herein;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1 **MARKETING PROCESS**

1.01 Conduct of Marketing Process

The Parties agree that the Marketing Process shall be conducted prior to either (a) the Company seeking the Creditors Meeting Order pursuant to Section 2.02 or (b) the Company seeking authority to accept the Credit Bid, and that the Marketing Process should proceed generally on the following terms, subject to Court approval:

- (a) potential purchasers will be identified and approached by the Monitor or a professional advisor retained by the Company for the purpose of marketing the business and assets (the "**Investment Banker**") to determine if they are interested in participating in the Marketing Process ("**Prospective Purchasers**");
- (b) in carrying out the Marketing Process, both liquidation bids and going concern offers for the business and assets of the Company will be sought;
- (c) a "Confidential Information Memorandum" prepared by the Company and/or the Investment Banker, in consultation with the Monitor, will be distributed to all those Prospective Purchasers who execute a confidentiality agreement in a form satisfactory to the Company;

- (d) those Prospective Purchasers who wish to participate in the submission of bids for all or part of the assets of the Company will be required to submit letters of intent ("**Letters of Intent**") on or before February 26, 2010 (the "**LOI Deadline**") which include, among other things, corporate identification, evidence of corporate authority and proof of financial ability to perform. The Prospective Purchaser must indicate in the Letter of Intent which of the Company's facilities it is seeking to acquire and which facilities, if any, it is seeking to acquire on an operating basis. The Prospective Purchaser must also indicate which pension obligations, if any, of the Company it is prepared to assume (in addition to any pension obligations that the Prospective Purchaser may be required to assume by operation of law);
- (e) if no Letters of Intent that individually or in the aggregate (on a non-overlapping basis) provide cash consideration equal to or greater than CDN\$25,000,000 (a "**Phase One Qualifying Bid**") are received by the Investment Banker (copied to the Monitor) on or before the LOI Deadline from Prospective Purchasers who are in the opinion of the Monitor, in consultation with the Company, suitable bidders ("**Phase One Qualified Bidders**"), the Marketing Process shall cease on March 2, 2010 (the "**Marketing Cessation Date**");
- (f) if Phase One Qualifying Bids are received from one or more Phase One Qualified Bidders by the LOI Deadline, then the Company will attend before the Court to seek approval of the additional steps necessary to determine the highest and best offer or series of offers, and complete the Marketing Process;
- (g) both the Credit Bid, if exercised, and any higher and better bid than the Credit Bid received by the Investment Banker (with copy to the Monitor) will be subject to the approval of the Court (such approval of a bid other than the Credit Bid, the "**Third Party Sale Approval**").

ARTICLE 2

AGREEMENTS OF THE COMPANY

2.01 Initiating CCAA Proceedings

The Company agrees to use best efforts to:

- (a) obtain an initial order (the "**Initial Order**") granting the Company protection under the CCAA, on terms satisfactory to the Sponsor, on or prior to January 29, 2010;
- (b) obtain an order (which may be the Initial Order) approving the DIP Facility;
- (c) obtain an order (which may be the Initial Order) approving the Marketing Process;

- (d) participate in, and assist the Monitor and the Investment Banker with, the Marketing Process; and
- (e) take such other actions and steps as the Sponsor may reasonably require to give effect to the terms of this Agreement.

2.02 Facilitating Plan

Unless (i) the Sponsor has exercised the Credit Bid Option (as defined below) or (ii) the Third Party Sale Approval has occurred, the Company agrees to use best efforts to:

- (a) settle and negotiate the terms of the Plan, which shall provide:
 - (i) for a compromise, release and discharge of all known pre-filing unsecured claims of the Company, which shall include, without limitation any severance, termination or pension related claims, but shall not include those claims that are unaffected claims under the Plan as agreed to by the Sponsor, acting reasonably, which unaffected claims shall include post-filing trade claims;
 - (ii) that the claims of the Sponsor, HIG and other claims secured by liens or charges ranking in priority to the Sponsor Security will be unaffected claims under the Plan;
 - (iii) comprehensive releases in favour of the Sponsor, HIG and 324, and their officers, directors, employees, equity holders, representatives and agents; and
 - (iv) such other customary terms and conditions as the Sponsor may reasonably require including, without limitation, all terms and provisions required to be included in the Plan by the CCAA;
- (b) obtain a Court order (the "**Creditors Meeting Order**") approving the filing of the Plan and scheduling a date for a meeting of the Company's creditors (the "**Creditors' Meeting**") to vote on the Plan on or prior to May 7, 2010, or such other date as the Parties and the Monitor may agree;
- (c) hold the Creditors' Meeting on or before June 2, 2010, or such other date as the Parties and the Monitor may agree;
- (d) if the Plan is accepted by the requisite majorities of creditors of the Company, bring a motion requesting the Court to enter a final order sanctioning the Plan (the "**Sanction Order**") as soon as practicable after the Creditors' Meeting; and
- (e) cause the "**Implementation Date**" of the Plan to occur on or prior to June 7, 2010.

2.03 Credit Bid

In the event that the Sponsor exercises the Credit Bid Option, the Company and the Sponsor shall immediately execute the Asset Purchase Agreement, subject to any reasonable amendments deemed necessary or appropriate by the Company and the Sponsor, each acting reasonably, and as consented to by the Monitor, and the Company shall forthwith thereafter use best efforts to obtain an Order from the Court (i) approving the Asset Purchase Agreement and (ii) vesting the assets and property of the Company in the Sponsor (or its nominee) free and clear of all Liens (as defined below).

**ARTICLE 3
AGREEMENTS OF SPONSOR**

3.01 Plan Payments

Within three business days following the execution of this Agreement, the Sponsor shall pay to the Monitor CDN\$500,000 (the “**Plan Deposit**”), and shall no later than three business days following the Marketing Cessation Date pay to the Monitor an additional CDN\$1,000,000, plus any amount required to be paid to third parties in connection with implementation of the Plan, as agreed to by the Sponsor and the Monitor (such amounts together with the Plan Deposit, the “**Plan Support Payment**”), and the Plan Support Payment shall be held by the Monitor in an interest bearing account and distributed in accordance with this Agreement and the Plan.

3.02 Application of Plan Support Payment

In the event that the Plan is (i) approved by the requisite majorities of creditors of the Company, (ii) sanctioned by the Court, and (iii) implemented by the Company prior to June 7, 2010, the Sponsor acknowledges and agrees that the Monitor shall apply the Plan Support Payment in accordance with the Plan filed with the Court.

3.03 Return of Plan Deposit and Plan Support Payment

In the event that

- (a) the Company fails to implement the Plan on or prior to June 7, 2010;
- (b) the Company breaches the covenant set out in Section 6.01(d);
- (c) without limiting subsections 3.03(a) and 3.03(b), the Company materially breaches any other terms or conditions of this Agreement and (i) the Sponsor provides written notice to the Monitor and the Company that it intends to rely on such breach for the purpose of this Section unless such breach is cured within five business days of the date of such notice; (ii) the breach remains uncured after five business days of the date of the notice; and (iii) the Monitor and the Company receives written notice of such uncured material breach from the Sponsor;
- (d) an “Event of Default” occurs under the DIP Facility;

- (e) the Sponsor exercises the Credit Bid Option in accordance with the terms of this Agreement; or
- (f) the Third Party Sale Approval has occurred,

then the Plan Support Payment, or any part thereof held by the Monitor, including accrued interest thereon, shall be paid forthwith by the Monitor to the Sponsor (less any amount the Sponsor consents to being retained by the Monitor for distribution in connection with the closing of the Credit Bid, in the event that the Credit Bid Option is exercised) and the Sponsor's obligations Section 3.01 hereof shall terminate.

3.04 Voting and Non-Monetary Plan Support

Unless (i) the Sponsor exercises the Credit Bid Option; (ii) the Third Party Sale Approval has occurred or (iii) the Monitor and the Company have received the notice contemplated by sub-paragraph 3.03(c)(iii) above, the Sponsor hereby agrees to:

- (a) take no action to directly or indirectly support or encourage any other plan of compromise or arrangement, winding-up, liquidation, reorganization, merger or restructuring of the Company, other than the Plan; and
- (b) take no action that is inconsistent with the Plan or that would delay the Sanction Order, provided that nothing contained in this Agreement shall restrict or prejudice the rights of the Sponsor in its capacity as DIP lender in relation to the DIP Facility.

ARTICLE 4 CREDIT BID OPTION

4.01 Exercise of Credit Bid Option

The Sponsor acting in its sole discretion shall have seven business days following the Marketing Cessation Date to elect to effect the Credit Bid (the "**Credit Bid Option**") by providing written notice to the Company of such election. The Sponsor shall also be entitled to exercise the Credit Bid Option if (a) the Monitor, the Company and the Sponsor reasonably believe that the Plan will not receive the approval of the requisite majorities of creditors and voting claims, (b) the Plan is not approved by the requisite majorities of creditors and voting claims; (c) the Plan is not sanctioned by the Court following creditor approval; or (d) the Plan is not implemented by the Company by June 7, 2010.

ARTICLE 5 REPRESENTATIONS & WARRANTIES

5.01 Representations and Warranties in respect of the Company

The Company represents and warrants to the Sponsor as follows:

- (a) The Company is a corporation duly continued under the laws of Nova Scotia and is duly organized and validly subsisting under such laws;
- (b) the Company has all necessary corporate power, authority and capacity to own, lease and operate its property and assets and to carry on the business currently carried on by the Company (the “**Business**”);
- (c) the Company has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (d) the execution and delivery of this Agreement and such other agreements and instruments and the completion of the Plan or Credit Bid contemplated hereunder and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Company, and, subject to any requisite approval by the Court, this Agreement constitutes a valid and binding obligation of the Company in accordance with its terms; and
- (e) the Company has conducted the Business in compliance with all applicable laws in each jurisdiction in which the Business is carried on.

5.02 Representations and Warranties of the Sponsor

The Sponsor represents and warrants to the Company as follows:

- (a) the Sponsor is a corporation duly continued under the laws of the State of Delaware and is duly organized, validly subsisting and in good standing under such laws;
- (b) the Sponsor has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) the execution and delivery of this Agreement and such other agreements and instruments and the completion of the Plan or the Credit Bid contemplated hereunder and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Sponsor; and
- (d) this Agreement constitutes a valid and binding obligation of the Sponsor enforceable against the Sponsor in accordance with its terms.

5.03 Limitations of Representations, Warranties and Covenants

- (a) The representations and warranties of the Company in this Agreement or in any agreement, document or certificate delivered pursuant to or in connection with

this Agreement or the transactions contemplated hereby (the “**Company’s Representations**”) are set forth solely for the purpose of facilitating the Plan or the Credit Bid in accordance with the terms of this Agreement. Neither the Company nor any of its officers, directors, partners, shareholders, agents, contractors, employees or professional or legal advisors shall have any liability, for any breach of the Company’s Representations and covenants, and the Sponsor acknowledges that its exclusive remedy for any such breach shall be, subject to Section 3.04(b) hereof, termination of this Agreement and refund of the Plan Support Payment.

- (b) The representations and warranties of the Sponsor in this Agreement or in any agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby (the “**Sponsor’s Representations**”) are set forth solely for the purpose of facilitating the Plan or Credit Bid in accordance with the terms of this Agreement. Neither the Sponsor nor any of its officers, directors, partners, shareholders, agents, contractors, employees or professional or legal advisors shall have any liability for any breach of the Sponsor’s Representations.

ARTICLE 6 COVENANTS

6.01 Conduct of Business and Compliance

Except as otherwise contemplated or permitted by this Agreement, during the period from the date of this Agreement to the earlier of either of (a) the Plan Implementation Date or (b) the date of the execution of the Asset Purchase Agreement:

- (a) the Company shall comply with and fulfill its obligations under all agreements and documents related to the DIP Facility;
- (b) the Company shall give notice to the Sponsor of any potential defaults or breaches of representations, warranties or covenants of the Company under this Agreement or any other material matter which may affect the Company or the Business forthwith upon becoming aware of such matters;
- (c) the Company shall comply with the terms of the Initial Order and all other orders issued by the Court in the CCAA Proceedings which shall be in form and substance reasonably satisfactory to the Sponsor (each a “**CCAA Restructuring Order**”); and
- (d) the Company shall deliver to the Sponsor a proposal for a business restructuring, which restructuring proposal is on terms satisfactory to the Sponsor, on or before March 11, 2010, and shall complete such business restructuring in accordance with the proposal, and claims arising from such restructuring, including severance

and termination pay claims and pension contribution and wind-up claims, if any, shall be compromised in the Plan.

6.02 Negative Covenants

The Company covenants and agrees, and covenants and agrees to cause their respective affiliates and subsidiaries, not to do the following, other than with the prior written consent of the Sponsor or as permitted by a CCAA Restructuring Order:

- (a) transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking over CDN\$100,000 at any one time or through a series of related transactions, or more than CDN\$300,000 in the aggregate during the period of the DIP Facility (excluding dispositions in the ordinary course of business);
- (b) make any payment of principal or interest in respect of existing (pre-filing) debt or unsecured obligation, including with respect to any special payment to a pension plan;
- (c) create or permit to exist indebtedness for borrowed money other than existing (pre-filing) debt, debt contemplated by the DIP Facility and post-filing trade payables in the ordinary course of business;
- (d) make any payments outside the ordinary course of the Business, subject always to the cash flow projections delivered in connection with the DIP Facility (the "**Cash Flow Projections**") and the maximum availability under the DIP Facility. For greater certainty, no payments shall be used to reduce any existing (pre-filing) indebtedness or trade or unsecured liabilities of the Company;
- (e) permit any new liens or charges to exist on any of its properties or assets other than the liens and charges in favour of the DIP Lender as contemplated by the DIP term sheet, dated January 28, 2010 (the "**DIP Term Sheet**") and other DIP credit documentation and inchoate or statutory liens; and
- (f) create or permit to exist any other lien which is senior to or *pari passu* with the DIP Lenders Charge, other than the Priority Charges (as each term is defined in the DIP Term Sheet).

ARTICLE 7 GENERAL MATTERS

7.01 Notices

Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service, or (iii) sent

prepaid by fax or other similar means of electronic communication, including email, in each case to the applicable address set out below:

(a) if to the Company:

Signature Aluminum Canada Inc.
500 Edward Avenue
Richmond Hill, Ontario
L4C 4Y9

Attention: Parminder Punia
Fax: (905) 884-2453
Email: Parminder.Punia@SignatureAluminumCanada.com

With a copy to:

Blake, Cassels & Graydon LLP
Commerce Court West, Suite 2800
Toronto, Ontario
M5L 1A9

Attention: Linc A. Rogers
Fax: (416) 863-2653
Email: Linc.Rogers@blakes.com

And a copy to the Monitor:

FTI Consulting Canada Inc.
TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, Ontario
M5K 1G8

Attention: Nigel Meakin
Fax: (416) 649-8101
Email: nigel.meakin@fticonsulting.com

And a copy to:

Ogilvy Renault LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Virginie Gauthier
Fax: (416) 216-3930
Email: vgauthier@ogilvyrenault.com

(b) if to the Sponsor:

c/o H.I.G. Capital, L.L.C.
600 Fifth Avenue, 24th Floor
New York, New York 10020

Attention: Craig M. Kahler
Fax: (212) 506-0559
Email: ckahler@higcapital.com

With a copy to:

Gowling Lafleur Henderson LLP
100 King Street West, Suite 1600
Toronto, ON
M5X 1G5

Attention: Clifton Prophet
Fax: (416) 863-3509
Email: clifton.prophet@gowlings.com

And a copy to the Monitor:

FTI Consulting Canada Inc.
TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, Ontario
M5K 1G8

Attention: Nigel Meakin
Fax: (416) 649-8101
Email: nigel.meakin@fticonsulting.com

And a copy to:

Ogilvy Renault LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: **Virginie Gauthier**
Fax: (416) 216-3930
Email: vgauthier@ogilvyrenault.com

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing, emailing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any Party may from time to time change its address, under this Section 7.01 by notice to the other Party given in the manner provided hereby.

7.02 Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes any and all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement.

7.03 Waiver

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

7.04 Amendment

No amendment of this Agreement will be effective unless made in writing and signed by the Parties hereto.

7.05 No Third Party Beneficiaries

Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof.

7.06 Severability

Any provision of this Agreement which is or becomes prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

7.07 Language

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

7.08 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Ontario contract.

7.09 Successors and Assigns

This Agreement shall enure to the benefit of, and be binding on, the Parties hereto and their respective successors and permitted assigns. The Sponsor shall not assign this Agreement without the prior written consent of the Vendor.

7.10 Further Assurances

Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and the Transaction, and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

7.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, electronic, faxed or email (.pdf) form and the Parties hereto adopt any signatures received by a receiving fax machine or e-mail transmission as original signatures of the Parties hereto; provided, however, that any Party

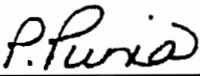
hereto providing its signature in such manner shall promptly forward to the other Party an original of the signed copy of this Agreement which was so faxed.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto as of the date first above-written.

SIGNATURE ALUMINUM CANADA
INC.

BISCAYNE METALS FINANCE, LLC


By: _____
Name: Parminder Punia
Title: Controller / Treasurer

By: _____
Name: _____
Title: _____

THIS AGREEMENT is hereby acknowledged and this agreement, the transactions, terms and conditions contemplated herein, are consented to by 324, and in the event that the Sponsor elects the Credit Bid Option pursuant to the terms hereunder, 324 will enter into the Asset Purchase Agreement:

3241715 NOVA SCOTIA LIMITED

By: _____
Name: _____
Title: _____

THIS AGREEMENT is hereby acknowledged and this agreement, the transactions, terms and conditions contemplated herein consented to by:

**H.I.G. BAYSIDE DEBT & LBO FUND II,
L.P.** acting and represented by its general partner **H.I.G. BAYSIDE ADVISORS II, LLC**, itself acting and represented by its manager **H.I.G.-GPII, INC**

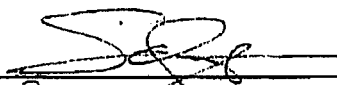
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto as of the date first above-written.

**SIGNATURE ALUMINUM CANADA
INC.**

BISCAYNE METALS FINANCE, LLC

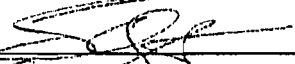
By:
Name:
Title:


By: Sean O'Leary
Name: Sean O'Leary
Title: Authorized Signatory

THIS AGREEMENT is hereby acknowledged and this agreement, the transactions, terms and conditions contemplated herein, are consented to by 324, and in the event that the Sponsor elects the Credit Bid Option pursuant to the terms hereunder, 324 will enter into the Asset Purchase Agreement:

3241715 NOVA SCOTIA LIMITED

By:
Name:
Title:


By: Sean O'Leary
Name: Sean O'Leary
Title: Authorized Signatory

THIS AGREEMENT is hereby acknowledged and this agreement, the transactions, terms and conditions contemplated herein consented to by:

**H.I.G. BAYSIDE DEBT & LBO FUND II,
L.P.** acting and represented by its general partner **H.I.G. BAYSIDE ADVISORS II, LLC**, itself acting and represented by its manager **H.I.G.-GPII, INC**

By:
Name:
Title:

IN WITNESS WHEREOF this Agreement has been duly executed by the Parties hereto as of the date first above-written.

**SIGNATURE ALUMINUM CANADA
INC.**

BISCAYNE METALS FINANCE, LLC

By:
Name:
Title:

By:
Name:
Title:

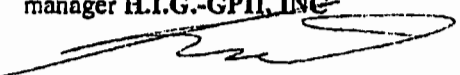
THIS AGREEMENT is hereby acknowledged and this agreement, the transactions, terms and conditions contemplated herein, are consented to by 324, and in the event that the Sponsor elects the Credit Bid Option pursuant to the terms hereunder, 324 will enter into the Asset Purchase Agreement:

3241715 NOVA SCOTIA LIMITED

By:
Name:
Title:

THIS AGREEMENT is hereby acknowledged and this agreement, the transactions, terms and conditions contemplated herein consented to by:

**H.I.G. BAYSIDE DEBT & LBO FUND II,
L.P. acting and represented by its general
partner H.I.G. BAYSIDE ADVISORS II,
LLC, itself acting and represented by its
manager H.I.G.-GP II, INC.**



By: **Richard Siegel**
Name: **Authorized Signatory**
Title:

SCHEDULE "A"

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "**Agreement**"), dated as of _____, 2010, is entered into by and among Signature Aluminum Canada Inc. (the "**Seller**"), Biscayne Metals Finance, LLC, ("**Biscayne**") and 3241715 Nova Scotia Limited (previously 6919464 Canada Inc.) ("**324**"), together with Biscayne the "**Purchaser**";

WHEREAS the Seller and Biscayne are parties to an Amended and Restated Credit Agreement dated May 27, 2009, by and among Biscayne, as arranger and administrative agent, Arch Acquisition Holdings, Inc. ("**Arch**"), Shapes/Arch Holdings LLC ("**Arch/Shapes**"), Shapes LLC ("**Shapes**") and Delair LLC ("**Delair**", together with Arch, Arch/Shapes and Shapes, the "**Borrowers**") as borrowers, the Seller, 324 and Apolo Tool & Die Manufacturing Inc. ("**Apolo**", together with the Seller and 324, the "**Guarantors**"), as guarantors (the "**Credit Agreement**"), pursuant to which the Borrowers are indebted or obligated to the Purchaser as of the date hereof in the principal aggregate amount of \$34,259,574 (together with interest, costs and expenses accruing from and after December 31, 2009 and which continue to accrue, the "**Guaranteed Indebtedness**");

AND WHEREAS the Seller, together with the other Guarantors, have executed a General Continuing Guaranty dated May 27th, 2009 (the "**Guarantee**") in favour of Biscayne, pursuant to which the Seller has guaranteed payment and performance of the Borrowers' obligations to Biscayne under the Credit Agreement, including the Guaranteed Indebtedness, which Guarantee is secured by, *inter alia*, a first priority security interest in the personal property of the Seller and a second priority security interest in the real property of the Seller over which Biscayne has security (the "**Biscayne Security**");

AND WHEREAS the Borrowers and the Seller are in default of their obligations under the Credit Agreement, and pursuant to its rights under the Credit Agreement, Biscayne declared the Guaranteed Indebtedness immediately due and payable by Arch by a letter to Arch dated January 28, 2010, and Biscayne correspondingly demanded the immediate payment of the Guaranteed Indebtedness from the Seller, pursuant to the Guarantee, in a letter dated January 28, 2010;

AND WHEREAS the Seller is indebted to 324 pursuant to, *inter alia*, an amended and restated demand promissory note dated February 14, 2008, granted by the Seller in the principal amount of CDNS\$30,940,156.96 (the "**February 14 Note**") and a demand promissory note dated February 12, 2008 in the principal amount of CDNS\$2,490,750.00, which aggregate principal indebtedness of \$33,430,906.96 (together with interest, cost and expenses, the "**324 Indebtedness**" together with the Guaranteed Indebtedness, the "**Indebtedness**") is secured against all of the present and after acquired real and personal property of the Seller (the "**324 Security**", together with the Biscayne Security, the "**Purchaser Security**");

AND WHEREAS pursuant to a demand dated January 6, 2009, the Purchaser demanded immediate repayment of the indebtedness under the February 14 Note;

AND WHEREAS the Seller does not have sufficient cash resources to satisfy the Indebtedness, is in financial distress and commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) before the Ontario Superior Court of Justice [Commercial List] (the “**Court**”) on January 29, 2010 (the “**Filing Date**”) pursuant to which an initial order was granted that, *inter alia*, appointed FTI Consulting Canada Inc. as monitor (the “**Monitor**”);

AND WHEREAS Biscayne has provided the Seller with debtor-in-possession financing to a maximum of US\$1,500,000 to fund certain of the Seller’s operations (the “**DIP Facility**”);

AND WHEREAS the Seller and Biscayne are party to a Plan Support Agreement dated January 28, 2010 (the “**Plan Support Agreement**”), that provides for a marketing process of the Seller’s business and assets (the “**Marketing Process**”) to be undertaken to identify any potential offer or combination of offers that individually or in the aggregate (on a non-overlapping basis) will provide consideration equal to or greater to the Seller and its stakeholders than a purchase price of CDN\$25,000,000 (a “**Phase One Qualifying Bid**”);

AND WHEREAS if the Marketing Process does not identify any Phase One Qualifying Bids, the Plan Support Agreement entitles Biscayne to elect to purchase the Seller’s assets (the “**Credit Bid Option**”) pursuant to an agreement of purchase and sale;

AND WHEREAS the Marketing Process has not identified any Phase One Qualifying Bids, Biscayne has elected to exercise the Credit Bid Option pursuant to the Plan Support Agreement and Biscayne and 324 desire that 324 bid jointly with Biscayne;

AND WHEREAS the Seller is willing to sell the Purchased Assets and to assign the Assumed Liabilities (each as defined herein) to the Purchaser and the Purchaser is willing to purchase the Purchased Assets and to assume the Assumed Liabilities from the Seller on the terms and conditions set forth in this Agreement;

AND WHEREAS H.I.G. Bayside Debt & LBO Fund II L.P. (“**HIG**”) is a secured creditor of the Seller holding a first ranking security interest in the real property of the Seller that has priority to the Purchaser Security and a second priority security interest in the personal property of the Seller that is subordinate to the Purchaser Security (the “**HIG Security**”);

AND WHEREAS HIG consents to the sale of the Purchased Assets and assignment of the Assumed Liabilities, as set out herein;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, in addition to the capitalized terms defined in the foregoing recitals, the following capitalized terms shall have the meanings set out below unless the context requires otherwise:

“**Allocation Schedule**” shall have the meaning ascribed to it in Section 2.8;

“**Approval and Vesting Order**” means an order of the Court approving this Agreement and the transactions contemplated herein and the vesting of the Purchased Assets in the Purchaser free and clear of any and all Liens (except for Permitted Liens);

“**Assigned Contracts**” means all contracts and agreements to which the Seller is a party that are assigned to the Purchaser, whether by way of Court order, consent or otherwise. For greater certainty, Assigned Contracts shall not include Excluded Contracts;

“**Assumed Employees**” shall have the meaning ascribed to it in Section 4.1;

“**Assumed Liabilities**” means, without duplication,

- (a) all obligations and liabilities incurred by the Seller in the ordinary course of business following the Filing Date relating to the Purchased Assets, other than obligations and liabilities incurred under an Excluded Contract;
- (b) all obligations and liabilities of the Seller secured by Permitted Liens;
- (c) all obligations and liabilities of the Seller pursuant to any collective bargaining agreement at any Operating Facility and all obligations and liabilities of the Seller with respect to the Assumed Employees related to or arising from their employment with the Purchaser following the Closing Date, and shall include normal course compensation obligations accruing prior to the Closing Date but coming due after the Closing Date, to the extent not already paid by the Seller;
- (d) all obligations and liabilities of the Seller relating to the Purchased Assets under any Assigned Contract arising in respect of the period after the Closing Time and not related to any default existing at, prior to or as a consequence of Closing, and all Cure Costs; and
- (e) any obligations or liabilities incurred by the Seller prior to the Filing Date that are by operation of Court order required to be paid by the Seller and not paid as of the Closing Date.

“**Business**” means the business of aluminum design, production and manufacture currently carried on by the Seller;

"Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto;

"Closing" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;

"Closing Date" means the date that is as soon as practicable after the issuance of the Approval and Vesting Order on which Closing can occur and that in any event shall be a date not later than the Termination Date;

"Closing Time" shall have the meaning ascribed to it in Section 5.1;

"Cure Costs" means all amounts required to be paid in order to obtain an assignment of Assigned Contracts in favour of the Purchaser, whether pursuant to Section 11.3 of the CCAA or otherwise;

"Event of Loss" shall have the meaning ascribed to it in Section 8.9;

"Excluded Assets" means (a) the assets listed on Schedule A hereof, (b) any asset or property of the Seller designated as an Excluded Asset by the Purchaser under Section 2.5(a) hereof, and (c) any Excluded Contract;

"Excluded Contract" means (a) the contracts and agreements listed on Schedule B hereof, and (b) any contract or agreement designated as an Excluded Contract by the Purchaser under Section 2.5(b) hereof;

"Excluded Liabilities" means all obligations and liabilities of the Seller other than Assumed Liabilities, and such Excluded Liabilities shall include, without limitation:

- (a) obligations and liabilities of the Seller under any Excluded Contract; and
- (b) any obligations or liabilities, including without limitation any severance, termination or pension obligations or liabilities (including with respect to any funding deficiencies), that are in any way related to an employee who is not an Assumed Employee or a Facility that is not an Operating Facility, as well as any obligations or liabilities in any way related to the employment of the Assumed Employees with the Seller prior to the Closing Date, other than normal course compensation obligations accruing prior to the Closing Date but coming due after the Closing Date (which for greater certainty does not include any pension obligations or liabilities, including with respect to any funding deficiencies);

"Facilities" means, collectively, the Richmond Hill Facility, the St. Therese Facility and the Pickering Facility;

"GST" means the goods and services tax/harmonized sales tax imposed pursuant to Part IX of the *Excise Tax Act* (Canada), as amended;

"ITA" means the *Income Tax Act* (Canada), as amended;

"ITA Obligations" shall have the meaning ascribed to it in Section 2.7(b);

"Licence" means all licenses, permits, authorizations and approvals issued by any domestic or foreign government (federal, provincial, municipal or otherwise) or any regulatory authority or agency, or any court, necessary for the conduct of the business of the Seller or the use, operation or enjoyment of the Purchased Assets;

"Lien" means any lien, charge or trust (statutory, common law, deemed, contractual or otherwise), mortgage, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

"Material Contract" shall have the meaning ascribed to it in Section 7.2;

"Material Licence" shall have the meaning ascribed to it in Section 7.2;

"Monitor's Certificate" shall have the meaning ascribed to it in Section 5.2;

"New Promissory Note" means an amendment and restatement of the February 14 Note granted by the Seller in favour of 324 in the amount of the February 14 Note as at the day prior to the Closing Date, less the amount of the Purchase Price allocated to the 324 Indebtedness in the Allocation Schedule, which shall continue to be secured by the 324 Security and shall be in form and substance satisfactory to 324;

"Operating Facility" means any Facility designated as an Operating Facility by the Purchaser pursuant to an Operating Facility Designation duly made under Section 3.1 hereof;

"Operating Facility Designation" shall have the meaning ascribed to it in Section 3.1;

"Organizational Amendments" shall have the meaning ascribed to it in Section 8.6;

"Parties" or **"Party"** means the Seller, Biscayne and 324, or any one of them;

"Permitted Liens" means the Purchaser Security and all Liens ranking in priority to the Purchaser Security, including without limitation the HIG Security, but for greater certainty shall not include any Liens or purported Liens securing pension obligations or liabilities (including with respect to any funding deficiencies);

"Pickering Facility" means the facility operated by the Seller in Pickering, Ontario;

"Privacy Law" means the *Personal Information Protection and Electronic Documents Act* (Canada), the *Freedom of Information and Protection of Privacy Act* (Canada) and any comparable law of any other province or territory of Canada;

"Purchase Price" shall have the meaning ascribed to it in Section 2.2;

“Purchased Assets” means all the undertaking, property (including intellectual property and intangibles), assets, Assigned Contracts (including Material Contracts), Licenses, interests and rights of the Seller (other than the Excluded Assets);

“QST” means the Quebec Sales Tax imposed pursuant to the *Act respecting the Quebec sales tax*;

“Richmond Hill Facility” means the facility operated by the Seller in Richmond Hill, Ontario;

“St. Therese Facility” means the facility operated by the Seller in St. Therese, Quebec;

“Termination Date” means June 7, 2010;

“Transaction Personal Information” means any personal information related to employees of the Seller that is: (a) disclosed to the Purchaser or any representative of the Purchaser prior to Closing by the Seller, or (b) collected by the Purchaser or any representative of the Purchaser prior to Closing from the Seller or any of its representatives, in either case in connection with the transactions contemplated herein.

1.2 Purchaser Joint and Several

Biscayne and 324 shall be jointly and severally liable for all obligations under this Agreement or obligations assigned by this Agreement, including without limitation the Assumed Liabilities, and any reference to “Purchaser” herein shall be a reference to both Biscayne and 324, or either one of them.

ARTICLE 2 PURCHASE OF ASSETS

2.1 Agreement to Purchase and Sell

On the Closing Date and effective as of the Closing Time, subject to the terms and conditions of this Agreement:

- (a) the Seller agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Seller the Purchased Assets; and
- (b) the Purchaser agrees to assume and pay when due, and perform, observe discharge and satisfy in accordance with their individual terms, the Assumed Liabilities, and for greater certainty the Purchaser shall have no obligation of any kind whatsoever to pay, discharge or otherwise be responsible for any Excluded Liability.

2.2 Amount of Purchase Price

The consideration payable by the Purchaser to the Seller for the purchase of the Purchased Assets (the **“Purchase Price”**) shall be the sum of:

- (a) CDN\$25,000,000; and
- (b) the aggregate, notional dollar value of the Assumed Liabilities, including the payment or, where permitted, assumption of Cure Costs.

2.3 Satisfaction of the Purchase Price

The Purchase Price shall be satisfied by:

- (a) applying a credit in the aggregate of CDN\$25,000,000 against the Guaranteed Indebtedness and the 324 Indebtedness, allocated pursuant to the Allocation Schedule; and
- (b) paying and discharging the Assumed Liabilities as and when such Assumed Liabilities become due in accordance with their respective terms.

The Purchaser also covenants and agrees in favour of the Seller to pay in cash on closing, by way of certified cheque or wire transfer, all taxes payable pursuant to Section 2.6 hereof and any Cure Costs that are required to be paid by the Purchaser pursuant to the terms hereof.

2.4 “As is, where is”

The Purchaser acknowledges and agrees that, except as expressly set out herein or elsewhere, the Purchased Assets and the Assumed Liabilities are sold on an “as is” and on a “where is” basis at Purchaser’s risk and peril and the Purchaser accepts the same in their present state, condition and location. No representation, warranty or covenant is expressed or implied by the Seller including any representations or warranties as to title, encumbrances, description, fitness for any purpose, merchantability, quality, quantity, state, condition (environmental or otherwise), defect (patent or latent), existence, location, value, the validity or enforceability of any rights (including intellectual property rights), any requirement to Licences, approvals, consents for transfer, ownership, occupation or use, compliance with any governmental laws, regulations, by-laws and orders, or in respect of any other matter or thing whatsoever concerning the Business, Purchased Assets and/or the Assumed Liabilities or, as applicable, the right of the Seller to sell or assign same. The disclaimer in this Section 2.4 is made notwithstanding the delivery of disclosure to the Purchaser or its directors, officers, employees, agents or representatives of any documentation or other information (including any financial projections or other supplemental data included in this Agreement and/or any schedule) and such documentation or information is not warranted to be complete or accurate or correct and such description does not constitute part of the terms and conditions of the sale of the Purchased Assets or the assumption of the Assumed Liabilities. Any and all conditions, warranties or representations express or implied pursuant to *Sale of Goods Act* (Ontario) or other applicable sale of goods legislation do not apply hereto and are hereby expressly waived by the Purchaser. This Section 2.4 shall not merge on closing and is deemed incorporated by reference in all closing documents and deliveries.

2.5 Excluded Contracts and Assets

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, acting in its sole discretion and on notice in writing to the Seller and the Monitor,

- (a) exclude any of the Purchased Assets from the transaction contemplated hereunder prior to the Closing, whereupon such assets shall be Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price, and/or
- (b) exclude any contract, agreement, pension or benefits plan or Licence of the Seller, including any Material Contract, from the transaction contemplated hereunder prior to the Closing, whereupon such contract, agreement, permit or licence shall be an Excluded Contract, provided, however, that there shall be no adjustment in the Purchase Price,

and the Purchaser shall not be relieved from its obligation to complete the transaction contemplated by this Agreement as a result of such exclusion.

2.6 Taxes and GST Election

- (a) The Purchaser will be liable for and will pay at the Closing Time all applicable federal, provincial and municipal taxes and all other transfer taxes, duties or other like charges payable upon or in connection with the purchase and sale of the Purchased Assets (including, without limitation, any GST, QST, sales and use taxes and Ontario retail sales tax). Alternatively, where applicable, the Purchaser shall have the option to furnish the Seller on the Closing Date with appropriate exemption certificates and to make such elections as are provided for herein;
- (b) At the Closing, the Purchaser shall execute jointly with the Seller an election under Section 167 of the *Excise Tax Act* (Canada) and an election under Section 75 of the *Act respecting the Québec sales tax*, to the extent applicable, to have the sale of the Purchased Assets purchased from the Seller take place on a GST free and QST free basis, and the Purchaser shall file such elections with its GST and QST returns (respectively) for the reporting period in which the sale of such Purchased Assets takes place;
- (c) Notwithstanding the GST and QST elections referred to in Section 2.6(b), the Purchaser shall indemnify and hold the Seller harmless from and against all taxes, interest and penalties which may be assessed against the Seller in the event any such election is challenged by a relevant tax authority as being inapplicable to the transactions under this Agreement.

2.7 Other Tax Election

- (a) The Purchaser shall make and file, in a timely manner, a joint election(s) with the Seller to have the rules in section 22 of the ITA, to the extent applicable, and any equivalent or corresponding provision under applicable provincial tax legislation,

apply in respect of the accounts receivable of the Seller, and shall designate therein that portion of the Purchase Price allocated to the accounts receivable in accordance with the allocations set out in Section 2.8 of this Agreement as the consideration paid by the Purchaser to the Seller.

- (b) To the extent that the Assumed Liabilities include obligations to perform undertakings in respect of which the Seller has included amounts in computing its income pursuant to paragraph 12(1)(a) of the ITA (the “**ITA Obligations**”), the Seller and the Purchaser agree to jointly execute and file, in a timely manner, an election under subsection 20(24) of the ITA, and any equivalent or corresponding provision under applicable provincial tax legislation, and designate in such election an amount equal to the amount paid by the Seller to the Purchaser in consideration for its assumption of such ITA Obligations. The Seller and the Purchaser agree that a portion of the Purchased Assets transferred by the Seller to the Purchaser which has a fair market value equal to the amount of such ITA Obligations shall be considered to be a payment to the Purchaser in consideration for its assumption of the ITA Obligations.

2.8 Allocation

The Purchase Price shall be allocated among the Purchased Assets, and between Biscayne and 324, pursuant to a schedule (the “**Allocation Schedule**”) delivered to the Seller by the Purchaser, acting reasonably, on a date no later than two Business Days before Closing.

2.9 Schedules

The schedules attached to this Agreement, listing Excluded Assets, Excluded Contracts, Material Contracts and Material Licences, may be changed at any time following the execution of this Agreement and before the Closing Date, by mutual agreement of the Parties, provided, for the avoidance of doubt, that there shall not be any downward adjustment to the Purchase Price as a result of the addition of any Purchased Assets on the Excluded Assets or Excluded Contracts schedules. Nothing in this Section shall derogate or limit the Purchaser’s rights as set out in Section 2.5.

ARTICLE 3 OPERATING FACILITY DESIGNATION

3.1 Operating Facility Designation

At any time following the execution of this Agreement, but not later than three Business Days prior to the Seller filing with the Court a motion seeking the Approval and Vesting Order, Biscayne shall designate one or more Facilities as an Operating Facility, acting in its sole discretion, by providing the Seller and the Monitor with written notice of such a designation (an “**Operating Facility Designation**”). Any Facility not designated as an Operating Facility shall be permanently closed by the Seller and all employees at such Facilities shall be terminated by the Seller, with any claims arising from such closure and termination, including, without limitation, severance, termination and pension obligations or liabilities (including with respect to

funding deficiencies) to be dealt with in the CCAA Proceedings, and not to be assumed by the Purchaser, notwithstanding any other term of this Agreement.

ARTICLE 4 EMPLOYEE MATTERS

4.1 Assumed Employees

The Purchaser shall be entitled but not required to offer employment to any of the Seller's employees working, or former employees formerly working, at any of the Facilities (whether or not employed at an Operating Facility), at the Purchaser's sole discretion, which offer, if made, shall be made not less than three Business Days prior to the Closing Date. If the Purchaser makes offers of employment to employees who will not become members of a collective bargaining unit at an Operating Facility, such offers of employment shall be on substantially similar terms as those in effect for such employee immediately prior to Closing, including as to salary or wages, bonus opportunity, severance, prerequisites, number of hours, recognition of service date with the Seller, but shall not include reference to or incorporation of any existing pension or benefit plan obligations of the Seller, and the Purchaser shall have no obligations or liabilities with respect to such pension or benefit plans. If the Purchaser makes an offer of employment to any employee who will, upon acceptance of such offer, become a member of the collective bargaining unit in force as of the Closing Date at the applicable Operating Facility, such offer of employment shall be on the terms that are specified in that applicable collective bargaining agreement. At any Operating Facility, Purchaser will honour the terms of the existing collective bargaining agreement at such Operating Facility, including any applicable letter of understanding or side agreement, but shall assume no liability or obligations in respect of or related to any collective bargaining agreement at a Facility that is not an Operating Facility. The employees who accept or are deemed to have accepted the Purchaser's offer of employment (by operation of law or otherwise) and who commence employment with the Purchaser shall be herein referred to as "Assumed Employees". For the avoidance of doubt, the Purchaser shall have no obligations or liabilities with respect to any employees who are not Assumed Employees.

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Closing

The Closing shall take place at 11:00 a.m. (the "Closing Time") on the Closing Date at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 2300, Toronto, Ontario M5L 1A9 or at such other time on the Closing Date or such other place as may be agreed upon orally or in writing by the Seller and the Purchaser.

5.2 Seller's Closing Deliveries

At the Closing, the Seller shall execute and/or deliver or cause to be delivered to the Purchaser the following documents:

- (a) a copy of the Approval and Vesting Order;
- (b) the New Promissory Note;
- (c) the monitor's certificate substantially in the form attached as Exhibit 3.2(b) to the Approval and Vesting Order (the "**Monitor's Certificate**");
- (d) a General Conveyance and Assumption of Liabilities Agreement duly executed by the Seller, together with such conveyances, assignments (including assignments of intellectual property), bills of sale, documents and instruments of transfer as may be reasonably required by the Purchaser to complete the transactions provided for in this Agreement;
- (e) duly signed notices to any account debtors of the Seller advising such account debtors of the transfer of accounts to the Purchaser, which notices shall direct account debtors to make any future payments of the Seller's account receivables to the Purchaser;
- (f) a certificate executed by the Seller certifying that the representations and warranties of the Seller set out herein are true and correct at the Closing Time;
- (g) such election and exemption certificates as are required pursuant to Sections 2.6 and 2.7 hereof; and,
- (h) such further and other assurances, consents, agreements and documents as are referred to in this Agreement or as the Purchaser may reasonably require giving effect to this Agreement.

5.3 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall execute and/or deliver or cause to be delivered to the Seller the following documents:

- (a) in the case of Biscayne, a final and irrevocable release of an amount of the Guaranteed Indebtedness equal to the amount of the Purchase Price allocated to the Guaranteed Indebtedness in the Allocation Schedule;
- (b) in the case of 324, a final and irrevocable release of an amount of the 324 Indebtedness equal to the amount of the Purchase Price allocated to the 324 Indebtedness in the Allocation Schedule;
- (c) payment of Cure Costs required to be paid on Closing;
- (d) payment of taxes payable pursuant to Section 2.6 hereof;
- (e) a General Conveyance and Assumption of Liabilities Agreement duly executed by the Purchaser;

- (f) a certificate executed by the Purchaser certifying that the representations and warranties of the Purchaser set out herein are true and correct at the Closing Time;
- (g) such election and exemption certificates as are required pursuant to Sections 2.6 and 2.7 hereof; and,
- (h) such further and other assurances, consents, agreements and documents as are referred to in this Agreement or as the Seller may reasonably require giving effect to this Agreement.

ARTICLE 6 CONDITIONS OF CLOSING

6.1 Purchaser's Conditions

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time and the Seller agrees with the Purchaser to take all such commercially reasonable actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Seller's Compliance.* The Seller shall have performed and complied, in all material respects, with all of the terms and conditions in this Agreement.
- (b) *Representations and Warranties.* Each of the representations and warranties of the Seller in Section 7.2 shall be true and correct in all respects when made and at the Closing Time as though made at such time.
- (c) *Operating Facility Designation.* Without limiting any other provision hereof, the Seller shall have terminated all employees and ceased all manufacturing operations at all Facilities other than Facilities designated by the Purchaser as an Operating Facility pursuant to an Operating Facility Designation sent under Section 3.1 hereof.
- (d) *Approval and Vesting Order.* The Approval and Vesting Order shall have been issued and entered and remain unamended and shall not have been stayed, suspended, set aside, varied or appealed at the time of Closing and no motion to stay, suspend the operation of, set aside, vary or appeal from such order shall have been served.
- (e) *Assignment of Material Contracts.* All required counterparty consent or orders of the Court that are necessary for the effective assignment to the Purchaser of all Material Contracts shall have been obtained by the Seller provided that all costs associated with obtaining such consent or Court order shall have been paid by the Purchaser.

- (f) *Licences.* All Material Licences shall have been assigned to the Purchaser, replacement Material Licences shall have been obtained by the Purchaser or the Purchaser is satisfied, acting reasonably, that such Material Licences may be obtained promptly following Closing.
- (g) *Monitor's Certificate.* The Monitor's Certificate shall have been delivered to the Purchaser in accordance with the Approval and Vesting Order.

6.2 Conditions not Fulfilled.

If any condition in Section 6.1 has not been fulfilled at or before 5:00 pm EST on the Termination Date, then the Purchaser in its sole discretion may, either:

- (a) terminate this Agreement by notice to the Seller, in which event the Purchaser and the Seller will be released from all obligations hereunder and no Party shall have a claim against any other Party with respect to this Agreement provided that, for greater certainty, there shall be no release of any part of the Total Indebtedness; or
- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfilment of any other condition.

6.3 Seller's Conditions

The Seller shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Seller, and may be waived, in whole or in part, in writing by the Seller at any time and the Purchaser agrees with the Seller to take all such commercially reasonable actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Purchaser's Compliance.* The Purchaser shall have performed and complied, in all material respects, with all of the terms and conditions in this Agreement.
- (b) *Representations and Warranties.* Each of the representations and warranties of the Purchaser in Section 7.1 shall be true and correct in all material respects when made and at the Closing Time as though made at such time.
- (c) *Approval and Vesting Order.* The Approval and Vesting Order shall have been issued and entered and remain unamended and shall not have been stayed, suspended, set aside, varied or appealed at the time of Closing and no motion to stay, suspend the operation of, set aside, vary or appeal from such order shall have been served..

6.4 Conditions not Fulfilled.

If any condition in Section 6.3 shall not have been fulfilled at or before 5:00 pm EST on the Termination Date, then the Seller in its sole discretion may, either:

- (a) terminate this Agreement by notice to the Purchaser in which event the Seller will be released from all obligations hereunder and no Party shall have a claim against any other Party with respect to this Agreement provided that, for greater certainty, there shall be no release of any part of the Total Indebtedness; or
- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfilment of any other condition.

6.5 Termination

Except as otherwise expressly provided herein, this Agreement may be terminated at any time prior to the Closing Date as follows, and in no other manner:

- (a) by agreement of the Seller and the Purchaser, with the consent of the Monitor, acting reasonably;
- (b) by the Purchaser if proceedings are commenced seeking either directly or indirectly to compel the Purchaser to assume any obligation or liability designated as an Excluded Liability hereunder, including, without limitation, by seeking declaratory or other relief that such Excluded Liability is secured by a Permitted Lien;
- (c) by the Purchaser if an "Event of Default" occurs under the DIP Facility;
- (d) by either the Purchaser or the Seller if the Closing has not occurred on or before 5:00 pm EST on the Termination Date, except that the right to terminate this Agreement under this Section 6.5(b) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Closing to occur by such time on such date; or
- (e) by either the Purchaser or the Seller if after the date hereof there shall be any law enacted or made (or any law shall have been amended) that makes consummation of any of the transactions contemplated hereby illegal or otherwise prohibited or enjoins the consummation of any of the transactions contemplated hereby, and such law (if applicable) or enjoinder shall have become final and non-appealable.

6.6 Effect of Termination

If this Agreement is terminated pursuant to Section 6.5 by either the Purchaser or the Seller, written notice thereof shall be given to the other Parties specifying the provision of Section 6.5 pursuant to which such termination is made, and this Agreement shall be terminated and there shall be no further obligations hereunder on the part of the Purchaser or the Seller, and no Party shall have a claim against any other Parties with respect to this Agreement provided that, for greater certainty, there shall be no release of any part of the Indebtedness.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of the Purchaser

Acknowledging that the Seller is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 7.1, the Purchaser represents and warrants to the Seller as follows:

- (a) *Incorporation and Power.* The Purchaser is a limited liability corporation under the laws of the State of Delaware, validly subsisting and in good standing.
- (b) *Due Authorization.* The Purchaser has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery by the Purchaser of this Agreement and such other agreements and instruments and the completion by the Purchaser of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary action on the part of the Purchaser.
- (c) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (d) *Sales Tax Registrations.* The Purchaser is, or before Closing shall be, duly registered under Part IX of the *Excise Tax Act* (Canada) with respect to GST and under Title 1 of the *Act respecting the Quebec sales tax* with respect to QST. On or before Closing, the Purchaser shall provide its GST and QST registration numbers to the Seller.
- (e) *No Conflict.* The execution and delivery of and performance by the Purchaser of this Agreement:
 - (i) do not and will not constitute or result in a violation or breach of, or conflict with, or allow any person to exercise any rights under, any of the terms or provisions of its constating documents or by-laws;
 - (ii) do not and will not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any contract, license, lease or instrument to which it is a party; and
 - (iii) do not result in the violation of any Applicable Law.

- (f) *Due Diligence by Purchaser.* The Purchaser acknowledges that it has conducted to its satisfaction an independent investigation of the business, operations, assets, liabilities and financial condition of the Business and, in making the determination to proceed with the transactions contemplated by the Agreement, has relied solely on the results of its own independent investigation and the representations and warranties in Section 7.2.

7.2 Representations and Warranties of the Seller

Acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Seller set out in this Section 7.2, the Seller represents and warrants to the Purchaser as follows:

- (a) *Due Authorization.* The Seller has the right to enter into this Agreement and to complete the transactions contemplated hereunder, subject to the granting of the Approval and Vesting Order;
- (b) *Material Contracts.* The contracts and agreements listed on Schedule C hereto comprise a full and complete list of contracts and agreements necessary to conduct the Business as it was conducted in the ordinary course as of the date hereof (each a “**Material Contract**”), and each Material Contract is effective and in force;
- (c) *Material Licences.* The Licences listed on Schedule D hereto comprise a full and complete list of Licences necessary to conduct the Business as it was conducted in the ordinary course as of the date hereof (each a “**Material Licence**”), and each Material Licence is effective and in force; and,
- (d) *Residence of Vendor.* The Vendor is not and will not be at Closing Time a non-resident of Canada for the purposes of section 116 of the ITA.
- (e) *Sales Tax Registrations.* The Seller is, or before Closing shall be, duly registered under Part IX of the *Excise Tax Act* (Canada) with respect to GST and under Title 1 of the *Act respecting the Quebec sales tax* with respect to QST. On or before Closing, the Seller shall provide its GST and QST registration numbers to the Purchaser.

ARTICLE 8 COVENANTS

8.1 Expedient Closing Date

The Parties shall use best efforts to obtain the Approval and Vesting Order and to effect the Closing Date forthwith following the election of the Credit Bid Option by the Purchaser pursuant to Article 4 of the Plan Support Agreement.

8.2 Action Until the Closing Date

Until the Closing Date, except as otherwise authorized by the Purchaser in writing, the Seller shall, subject to any restrictions on its ability to do so arising from the CCAA Proceeding, or any other court proceedings or order issued by a court of competent jurisdiction:

- (a) carry on the Business in compliance with the orders of the Court made in the CCAA Proceedings;
- (b) keep the Purchased Assets which constitute fixed assets in good operating condition and repair (ordinary wear and tear excepted), having regard for their present use in the Business; and
- (c) not change, amend, terminate or otherwise modify any Material Contract in any respect that would result in a material adverse change in the Business without the express written consent of the Purchaser.

8.3 Access to Records and Properties

The Seller shall (i) provide the Purchaser, or any agent or nominee of the Purchaser, reasonable access, during normal business hours upon reasonable notice, to the Facilities, offices and personnel of the Seller, and to the books and records of the Seller related to the Purchased Assets or otherwise reasonably requested by the Purchaser if reasonably necessary to comply with the terms of this Agreement or any applicable law, (ii) furnish the Purchaser with such financial and operating data and other information with respect to the condition (financial or otherwise), businesses, assets, properties or operations of the Seller as the Purchaser shall reasonably request, (iii) provide the Purchaser, or any agent or nominee of the Purchaser, with reasonable access to personnel files of any employees of the Seller, and (iv) permit the Purchaser to make such reasonable inspections and copies thereof as the Purchaser may require; provided, however, that the Purchaser shall use its reasonable best efforts to prevent any such inspection from interfering with the operation of the business or the duties of any employee of Seller.

8.4 Personal Information. Other than as may be permitted by an order of the Court, each Party shall comply with Privacy Law in the course of collecting, using and disclosing Transaction Personal Information. The Purchaser shall collect Transaction Personal Information prior to Closing only for purposes related to the Transactions. The Purchaser shall not disclose Transaction Personal Information to any person other than to its representatives who are evaluating and advising on the transactions contemplated herein. The Purchaser shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure, as provided by Privacy Law. The Purchaser shall cause its representatives to observe the terms of this Section 8.4 and to protect and safeguard Transaction Personal Information in their possession. If either the Seller or the Purchaser terminates this Agreement as provided herein, the Purchaser shall promptly deliver to the Seller all Transaction Personal Information in its possession or in the possession of any of its representatives, including all copies, reproductions, summaries or extracts thereof.

8.5 Books and Records

The Purchaser shall preserve and keep the books and records acquired by it pursuant to this Agreement for a period of one year after Closing, or for any longer periods as may be required by any laws applicable to such books and records, but in any event not longer than six years after Closing. The Purchaser shall make such books and records, as well as .pdf copies of such books and records (to the extent reasonably feasible), available to the Seller, its successors, the Monitor and any trustee in bankruptcy as may be reasonably required by the Seller, its successors, the Monitor or any trustee in bankruptcy, and shall, at such party's expense, permit any of the foregoing persons to take copies of such books and records as they may require.

8.6 Name Change

Upon receipt of a written request from the Purchaser, which written request shall not be made later than 60 days following Closing, the Seller will deliver to the Purchaser a duly and properly authorized and executed evidence (in form and substance satisfactory to the Purchaser) as to the amendment of the Seller's organizational documents (the "**Organizational Amendments**") changing the Seller's name to another name that does not include the word "Signature". Upon delivery of such evidence, the Seller hereby authorizes the Purchaser to file the Organizational Amendments with the applicable ministry in each province in which the Seller is qualified to do business. Furthermore, after Closing, the Seller shall discontinue the use of its current name (and any other trade names currently utilized by the Seller) and shall not subsequently change its name to or otherwise use or employ any name that includes the word "Signature".

8.7 Indemnification for Assumed Liabilities

The Purchaser hereby agrees that upon taking assignment of the Assumed Liabilities, it shall indemnify the Seller, its partners, agents and employees from, and hold them harmless against, any loss, liability or expense incurred or suffered by them arising out of or in connection with the Purchaser's failure to pay when due and perform, observe discharge and satisfy in accordance with their individual terms, the Assumed Liabilities, including the costs and expenses of legal counsel (on a solicitor and his own client basis) in defending itself against any claim made against it hereunder; provided, however, that such loss, liability or expense is not the result of the

gross negligence or wilful misconduct of the Seller. Without limiting Article 9 hereof, the provisions of this Section 8.7 shall survive the termination of this Agreement.

8.8 Assignment of Material Contracts

The Purchaser shall bear any costs payable to counterparties associated with the assignment to the Purchaser of Material Contracts, whether such assignment is effected by consent of the counterparty or by order of the Court, provided however that the Purchaser shall be entitled to waive the requirement that any one or more Material Contract be assigned to the Purchaser.

8.9 Insurance and Risk of Loss

From the date hereof up to the Closing Date, the Purchased Assets shall be and remain at the risk of the Seller, provided however that the Seller shall maintain existing insurance policies for the full replacement value of all Purchased Assets from the date hereof up to the Closing Date. If, prior to the Closing Date, any Purchased Assets are destroyed or damaged by fire or any other casualty or become subject to expropriation which has a material adverse effect on the Purchased Assets (each, an "Event of Loss"), the Purchaser may require the Seller assign to the Purchaser at the Closing the proceeds of any insurance payable as a result of the occurrence of such Event of Loss and the Purchaser shall continue to be obligated to complete the purchase and sale contemplated herein without reduction of the Purchase Price.

8.10 Cooperation

The Parties cooperate with each other and shall take, or cause to be taken, all commercially reasonable actions and to do, or cause to be done, all things necessary or proper, consistent with applicable law, to consummate and make effective as soon as possible the transactions, obligations and undertakings contemplated in this Agreement.

8.11 Further Assurances

Prior to Closing, each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require (and at the other Party's expense unless such Party is otherwise required by this Agreement to do, execute or deliver such action, document or thing) for the purposes of giving effect to this Agreement. After Closing, each Party shall promptly execute and deliver all documents that the other Party may reasonably require (and at the other Party's expense unless such Party is otherwise required by this Agreement to execute and deliver such document) for the purposes of giving effect to the transfer of the Purchased Assets to the Purchaser and the assumption by the Purchaser of the Assumed Liabilities. The foregoing obligations of the Seller pursuant to this Section 8.11 shall be subject to the Seller obtaining such direction, consent or approval from the Court or other court of competent jurisdiction as may be applicable as the Seller may determine is necessary or desirable.

8.12 Court Approval

- (a) As soon as practicable after execution of the exercise of the Credit Bid Option and the execution of this Agreement, the Seller shall file motion materials in a form satisfactory to the Purchaser, acting reasonably, seeking the issuance of the Approval and Vesting Order.
- (b) The Purchaser, acting reasonably, shall cooperate with the Seller and the Monitor, as necessary or as may be reasonably requested by the Seller or the Monitor, in obtaining the Approval and Vesting Order.
- (c) The Seller or the Monitor shall serve notice of the application and motions seeking the issuance and entry of the Approval and Vesting Order on all Persons required to receive notice under Applicable Laws and the requirements of the CCAA, the Court and on any other Person determined reasonably necessary by the Purchaser.

ARTICLE 9 SURVIVAL

9.1 Survival of Representations and Warranties

All representations and warranties contained in this Agreement, or contained in any certificate or other instrument delivered by or on behalf of either Party pursuant to or in connection with the transactions contemplated by this Agreement, shall not survive the Closing and shall expire and be terminated on the earlier of the Closing and the date on which this Agreement is terminated in accordance with its terms.

9.2 Survival of Post-Closing Covenants

Any provision of this Agreement which contemplates performance or the existence of obligations after the Closing Date, shall not be deemed to be merged into or waived by the execution, delivery and performance of this Agreement or documents delivered in connection herewith or Closing, but shall expressly survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement and shall be binding upon the party or parties obligated thereby in accordance with the terms of this Agreement.

ARTICLE 10 GENERAL

10.1 Expenses

Except as otherwise provided in this Agreement, each Party shall be responsible for its own legal and other expenses (including any taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement.

10.2 Notices

Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (a) delivered personally or (b) sent prepaid by fax or other similar means of electronic communication, including by attaching such notice as a .pdf to an email, in each case to the applicable address set out below:

- (a) if to the Seller:

Signature Aluminum Canada Inc.
500 Edward Avenue
Richmond Hill, Ontario
L4C 4Y9

Attention: Parminder Punia
Fax: (905) 884-2453
Email: Parminder.Punia@SignatureAluminumCanada.com

With a copy to:

Blake, Cassels & Graydon LLP
Commercc Court West
Suite 2800
Toronto, Ontario
M5L 1A9

Attention: Linc A. Rogers
Fax: (416) 863-2653
Email: Linc.Rogers@blakes.com

- (b) if to the Purchaser:

c/o H.I.G. Capital, L.L.C.
600 Fifth Avenue, 24th Floor
New York, New York 10020

Attention: Craig M. Kahler
Fax: (212) 506-0559
Email: ckahler@higcapital.com

With a copy to:

Gowling Lafleur Henderson LLP
100 King Street West, Suite 1600
Toronto, ON
M5X 1G5

Attention: Clifton Prophet
Fax: (416) 863-3509
Email: clifton.prophet@gowlings.co

(c) In each case with a copy to the Monitor:

FTI Consulting Canada Inc.
TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, Ontario
M5K 1G8

Attention: Nigel Meakin
Fax: (416) 649-8101
Email: nigel.meakin@fticonsulting.com

And a copy to:

Ogilvy Renault LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Virginie Gauthier
Fax: (416) 216-3930
Email: vgauthier@ogilvyrenault.com

Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

Any Party may from time to time change its address under this Section 10.2 by notice to the other Party given in the manner provided by this Section.

10.3 Entire Agreement

This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter of this Agreement and supersedes and replaces all prior agreements, understandings, negotiations and discussions, whether oral or written, with the exception only of any confidentiality agreement between the Parties. There are no conditions, warranties, representations or other agreements between the Parties in connection with the subject matter of

this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement.

10.4 No Third Party Beneficiaries

Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof.

10.5 Waiver and Amendment

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the Party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature). No amendment of any provisions of this Agreement shall be valid or binding unless it is in writing, dated subsequent to the date hereof and signed by the Purchaser and the Seller.

10.6 Severability

Any provision of this Agreement which is held to be invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

10.7 Governing Law; Submission to Jurisdiction

This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties (a) consent to the jurisdiction and venue of the courts of Ontario for the resolution of any such disputes arising under this Agreement (b) agree not to oppose any such Ontario action or proceeding on the basis of *forum non conveniens* or for any other reason and (iii) agree not to oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from an Ontario court as contemplated by this Section 10.7. Each Party agrees that service of process on such Party as provided in Section 10.2 shall be deemed effective service of process on such Party.

10.8 Successors and Assigns

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Except as expressly provided herein, the Purchaser hereto may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the express written consent of the Seller, other than to an affiliated entity, provided that the Purchaser remains liable to perform its obligations hereunder.

10.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or emailed form and the Parties adopt any signatures received by a receiving fax machine or email account as original signatures of the Parties. Any Party providing its signature in such manner shall promptly forward to the other Parties an original of the signed copy of this Agreement which was so faxed or emailed.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

BISCAYNE METALS FINANCE, LLC

3241715 NOVA SCOTIA LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

SIGNATURE ALUMINUM CANADA INC.

By: _____
Name:
Title:

THIS AGREEMENT is hereby acknowledged and the transactions, terms and conditions contemplated herein consented to by:

H.I.G. BAYSIDE DEBT & LBO FUND II, LP.
acting and represented by its general partner
H.I.G. BAYSIDE ADVISORS II, LLC, itself
acting and represented by its manager **H.I.G.-**
GPII, INC

By: _____
Name:
Title:

SCHEDULE A

Excluded Assets

Nil

SCHEDULE B

Excluded Contracts

NIL

SCHEDULE C

Material Contracts

Nil

SCHEDULE D

Material Licences

Nil

Appendix B

The January 28 Forecast

**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
SIGNATURE ALUMINUM CANADA INC.**

**Report on Cash-flow Statement
(Paragraph 10.2(b) of the CCAA)**

The management of Signature Aluminum Canada Inc. ("Signature" or the "Company") has developed the assumptions and prepared the attached statement of projected cash-flow of the Company, as of the 27th day of January 2010, consisting of a 19-week cash-flow for the period January 25th, 2010 through to June 6th, 2010 (the "Projections").

The hypothetical assumptions are reasonable and consistent with the purpose of the Projections described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Projections. All such assumptions are disclosed in Notes 2 to 6.

Since the Projections are based on assumptions regarding future events, actual results will vary from the information presentation, and the variations may be material.

The Projections have been prepared solely for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 6. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Richmond Hill, this 28th day of January 2010.



Parminder Punia
Signature Aluminum Canada Inc.

Signature Aluminium Canada
Cash Flow Forecast

US\$000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total	
Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Total
01/01/10	02/01/10	03/01/10	04/01/10	05/01/10	06/01/10	07/01/10	08/01/10	09/01/10	10/01/10	11/01/10	12/01/10	01/01/11	02/01/11	03/01/11	04/01/11	05/01/11	06/01/11	07/01/11	08/01/11	09/01/11	Total
Beginning Cash Balance	3,004.2	1,828.8	608.8	273.0	621.4	583.5	310.4	596.5	310.4	595.0	330.9	300.8	218.5	462.3	538.4	231.4	340.9	226.5	298.9	2,870.9	
Receipts																					
Sales and Accounts Receivable	1,249.0	855.7	513.4	1,322.7	1,608.7	1,504.2	1,512.1	1,374.6	1,374.6	1,374.6	1,396.0	1,396.0	1,396.0	1,396.0	1,396.0	1,524.6	1,524.6	1,524.6	1,524.6	1,524.6	25,767.8
Intercompany Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	25.5	17.5	10.5	27.0	32.8	30.7	30.9	28.1	28.1	28.1	28.5	28.5	28.5	28.5	28.5	31.1	31.1	31.1	31.1	31.1	525.9
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,274.5	873.2	523.9	1,349.7	1,641.5	1,534.9	1,542.9	1,402.7	1,402.7	1,402.7	1,424.5	1,424.5	1,424.5	1,424.5	1,424.5	1,555.7	1,555.7	1,555.7	1,555.7	1,555.7	26,293.6
Disbursements																					
Raw Materials - Metal	450.0	766.3	678.8	679.2	679.2	635.7	723.2	765.9	678.4	811.5	723.6	724.5	724.5	768.0	811.1	680.1	681.4	724.9	680.9	680.9	13,367.1
Raw Materials - Other	18.4	55.5	55.5	55.5	63.3	63.3	63.3	63.3	63.3	60.1	60.1	60.1	60.1	59.6	59.6	59.6	59.6	56.5	56.5	56.5	1,093.6
Intercompany Payments (Scrap)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Payments (Fabrication)	251.4	219.8	219.8	219.8	233.2	233.2	233.2	233.2	233.2	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	4,945.3
Payroll and Benefits	100.0	328.1	203.5	328.1	370.0	286.2	167.0	286.2	17.5	285.1	166.8	285.1	17.5	285.1	172.6	277.6	277.6	277.6	277.6	277.6	3,694.7
Operating Expenses	105.0	278.0	78.0	217.8	68.1	234.3	68.1	234.3	68.1	72.7	236.0	72.7	216.0	63.4	197.7	63.4	197.7	63.4	55.2	224.6	2,793.1
SG&A Expenses	81.2	38.4	329.1	38.4	130.6	38.4	79.6	38.4	79.6	89.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	1,473.2
Other Non-recurring	-	40.0	40.0	40.0	20.0	-	-	-	-	104.0	-	-	-	13.0	-	-	-	-	13.0	-	270.0
Taxes (GST & QST)	-	-	112.0	-	-	-	114.1	-	-	-	122.6	-	-	-	125.3	-	-	-	-	-	398.0
Legal and Professional Fees	85.0	247.5	115.0	95.0	70.0	70.0	70.0	55.0	55.0	55.0	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	1,487.5
Bank Fees and Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capex	-	75.0	12.3	11.7	11.7	11.6	11.5	12.5	12.9	12.1	12.7	11.7	11.8	12.1	12.7	12.7	12.7	11.3	11.3	11.6	278.9
Total Disbursements	1,091.0	2,048.5	1,844.0	1,685.5	1,783.1	1,572.7	1,530.0	1,688.7	1,208.1	1,776.8	1,654.6	1,506.8	1,382.6	1,646.2	1,731.7	1,446.2	1,670.0	1,583.5	1,599.3	1,599.3	25,953.3
Net Cash Flow	183.5	(1,175.4)	(1,330.1)	(315.7)	348.4	(37.5)	12.9	(286.0)	194.6	(374.1)	(230.1)	(102.3)	41.8	(221.7)	(307.2)	109.5	(114.4)	(77.8)	(43.6)	(43.6)	(1,665.7)
DIP Advances	-	-	100.0	-	-	-	-	-	-	200.0	200.0	-	200.0	300.0	-	-	-	-	-	-	1,000.0
DIP Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	3,004.2	1,828.8	608.8	273.0	621.4	583.5	310.4	596.5	310.4	505.0	330.9	300.8	218.5	462.3	538.4	231.4	340.9	226.5	298.9	285.1	255.1
DIP Facility																					
Opening Balance	-	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	500.0	500.0	700.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Advances	-	-	100.0	-	-	-	-	-	-	200.0	200.0	-	200.0	300.0	-	-	-	-	-	-	1,000.0
Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	500.0	700.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

Notes:
1. The purpose of this cash flow projection is to determine the liquidity requirements for the Company during the CCAA proceedings.
2. Operating receipts have been forecast in the normal course of business based on Management's historical analysis as well as an understanding of the Company's customer base under the current economic conditions and the present situation.
3. Metal costs are forecast based on current market prices and historical raw material prices and management's expectation of future costs.
4. Payroll costs, operating expenses and SG&A are forecast based on historical analysis, current price levels and management forecasts.
5. Capex spending is forecast based on management's expectation of required maintenance capital spending.
6. Estimated restructuring costs are based on projected costs associated with legal and professional fees relating to the CCAA proceedings.

Appendix C

The DIP Term Sheet

DIP TERM SHEET

Dated as of January 28, 2010

WHEREAS the DIP Lender (as defined below) has agreed to provide funding in order to fund certain obligations of the Borrower (as defined below) in the context of its proceedings (the "CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") commenced before the Ontario Superior Court of Justice [Commercial List] (the "Court") in accordance with the terms set out herein;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

DIP BORROWER: Signature Aluminum Canada Inc. (the "Borrower").

DIP LENDER: Biscayne Metals Finance, LLC (the "DIP Lender").

PURPOSE: To provide for the short-term liquidity needs of the Borrower pursuant to the Cash Flow Projections (as defined below) while under CCAA protection and as more fully set forth herein.

**DIP FACILITY AND
MAXIMUM AMOUNT** US\$1,500,000.00 plus applicable cost and expenses (the "Maximum Amount") super priority credit facility (the "DIP Facility"). Fundings shall be deposited into the Borrower's current account with The Bank of Nova Scotia (the "Bank") or such other Borrower's account with a financial institution approved by the DIP Lender (the "Borrower's Account"), and withdrawn by the Borrower in accordance with the terms hereof.

Advances shall be made to the Borrower from the DIP Facility by the DIP Lender in accordance with the conditions set out under the paragraph below entitled "Availability under DIP Facility".

**FUNDING CONDITIONS
UNDER THE DIP FACILITY:**

After the Court enters the Initial Order approving the terms of the DIP Facility and the satisfaction of the additional conditions precedent noted below, the DIP Lender shall fund DIP Advances (as defined below) on the terms and conditions set out in this DIP Term Sheet (the "**DIP Funding**"), provided, however, that the DIP Lender shall not be obligated to provide any DIP Funding if any one or more of the following occurs: (i) the Initial Order has been vacated, stayed or otherwise caused to become ineffective or is amended in a manner not acceptable to the DIP Lender; (ii) an Event of Default (as defined below) has occurred; or (iii) the Maturity Date (as defined below) has occurred and not been extended.

REPAYMENT:

The DIP Facility shall be repayable in full on the earlier of the occurrence of any Event of Default hereunder which is continuing and has not been cured, and (ii) June 7, 2010 (the "**Maturity Date**"). The Maturity Date may be extended at the request of the Borrower and with the prior written consent of the DIP Lender for such period and on such terms and conditions as the Borrower and the DIP Lender may agree.

The commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be repaid in full no later than the Maturity Date, without the DIP Lender being required to make demand upon the Borrower or to give notice that the DIP Facility has expired and the obligations are due and payable.

CASH FLOW PROJECTIONS:

The Borrower, with assistance of FTI Consulting Canada Inc., in its capacity as proposed court appointed monitor, and monitor once appointed (the "**Monitor**") in the CCAA Proceedings shall have provided to the DIP Lender prior to the execution of this DIP Term Sheet, the cash flow projections in Schedule "A" hereto, in form and substance satisfactory to the DIP Lender, reflecting the projected cash requirements of the Borrower from January 25, 2010 through the period ending June 6, 2010, calculated on a weekly basis (the "**19 Week CCAA Cash Flow**").

The Borrower, with the assistance of the Monitor, shall keep the DIP Lender apprised on a weekly basis of its cash flow requirements by providing subsequent cash flow projections, in form and substance satisfactory to the DIP Lender and the Monitor, in their reasonable discretion, by no later than 5:00 p.m. (Toronto time) on the Friday of each week (individually, a "Cash Flow Projection" and together with the 19 Week CCAA Cash Flow, collectively, the "Cash Flow Projections").

AVAILABILITY UNDER DIP FACILITY:

Provided that an Event of Default has not occurred, each advance to the Borrower from the DIP Facility (a "DIP Advance") shall be made by the DIP Lender to the Borrower within three (3) business days after satisfaction, as determined by DIP Lender in its reasonable discretion, of all of the conditions precedent set out in this DIP Term Sheet, including without limitation, the following:

- (a) Each DIP Advance (together with all previous DIP Advances) must be no greater than the amount shown on the Cash Flow Projections approved by the DIP Lender and reviewed by the Monitor, subject always to the Maximum Amount under the DIP Facility and the terms and conditions hereof;
- (b) Delivery to the DIP Lender of a drawdown certificate, in substantially the form set out in Schedule "B" hereto, executed by an officer on behalf of the Borrower, certifying, *inter alia*, that the drawdown is within the relevant Cash Flow Projections approved by the DIP Lender and the Monitor, and that the Borrower is in compliance with the DIP Credit Documentation (as defined below), the Additional DIP Security Documents (as defined below), and the Restructuring Court Orders (as defined below); and
- (c) there is no Event of Default which has occurred, nor will any such event occur as a result of the DIP Advance.

DIP Advances shall be available in multiple drawings of no less than US\$100,000 plus whole multiples of US\$50,000.

All proceeds of DIP Advances shall be deposited into the Borrower's Account.

Notwithstanding the foregoing, to the extent that an emergency cash need arises in the Borrower's business that is not contemplated in the Cash Flow Projections, the Borrower may request a DIP Advance from the DIP Lender by providing written particulars relating to such emergency cash need, which DIP Advance shall only be permitted with the prior written consent of the DIP Lender, in its sole and absolute discretion. If such requested emergency DIP Advance is so consented to by the DIP Lender, such DIP Advance shall be made from the DIP Facility and deposited into the Borrower's Account.

**ADDITIONAL CONDITIONS
PRECEDENT TO DIP
FUNDING TO THE
BORROWER:**

- (a) The DIP Lender shall have received (i) the 19 Week CCAA Cash Flow, and the same shall be in form and substance satisfactory to the DIP Lender and the Monitor; and (ii) weekly updates of the Borrower's cash flow requirements by providing subsequent Cash Flow Projections.
- (b) The DIP Lender shall be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and policies in relation to their business.
- (c) The DIP Lender shall be satisfied that there are no liens, mortgages, charges, encumbrances, hypothecs and security interests of any kind or nature whatsoever (collectively, "Liens") ranking ahead of the DIP Lenders Charge, except as provided for herein.
- (d) The DIP Lender shall have received this DIP Term Sheet and any other DIP Credit Documentation and any Additional DIP Security Documents, duly executed by all the parties thereto.
- (e) All fees payable in accordance with this DIP Term Sheet and any other DIP Credit Documentation shall have been paid to the DIP Lender.
- (f) The DIP Lender shall be satisfied that no material adverse change in the financial condition, operation or prospects of the Borrower shall have occurred after the date of the issue of the Initial Order.

DISBURSEMENT ACCOUNT:

The DIP Lender shall disburse funds to the Borrower from the bank account that the DIP Lender may designate from time to time.

PREPAYMENTS: The Borrower may prepay any amounts outstanding under the DIP Facility at any time prior to the Maturity Date.

INTEREST RATE: The DIP Advances will be provided on an interest-free basis.

DIP SECURITY: All obligations of the Borrower under or in connection with the DIP Facility and this DIP Term Sheet and any other documentation in respect of the DIP Facility that is requested by the DIP Lender (which shall be in form and substance satisfactory to the DIP Lender in its absolute discretion) (collectively, the "**DIP Credit Documentation**") shall be secured by a super priority Court-ordered charge (the "**DIP Lenders Charge**"), over all present and after-acquired property, assets and undertakings of the Borrower, and ranking in priority to all other creditors, interest holders, lien holders and claimants of any kind whatsoever except for a court ordered administration charge to secure payment of professional fees (the "**Administration Charge**") and certain priority ranking statutory liens, deemed trust and purchase money security interests which may rank ahead of the DIP Lender by operation of law (collectively, the "**Priority Charges**").

MANDATORY REPAYMENTS: Unless otherwise consented to in writing by the DIP Lender, and provided the Monitor is satisfied that there is sufficient collateral value in the Borrower to satisfy amounts secured by the Priority Charges, DIP Advances to the Borrower shall be forthwith repaid and the Maximum Amount shall be permanently reduced upon a sale of any of the property, assets or undertakings of the Borrower out of the ordinary course of business, in an amount equal to the net cash proceeds (for greater certainty, net of reasonable costs and closing adjustments).

For greater certainty, the DIP Lender shall not be obligated to advance or otherwise make available any funds pursuant to this DIP Term Sheet unless and until all of the foregoing conditions have been satisfied and all the foregoing documentation and confirmations have been obtained, in a form and content satisfactory to the DIP Lender and its solicitors.

REPRESENTATIONS AND WARRANTIES: The Borrower represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this DIP Term Sheet and the other DIP Credit Documentation, that:

- (a) The transactions contemplated by this DIP Term Sheet and other DIP Credit Documentation, including the Additional DIP Security Documents:
 - (i) are within the powers of the Borrower;
 - (ii) have been duly authorized by all necessary corporate and, if required, shareholder approval;
 - (iii) have been duly executed and delivered by or on behalf of the Borrower;
 - (iv) upon the granting of the applicable Restructuring Court Order (as defined below), constitute legal, valid and binding obligations of the Borrower;
 - (v) upon the granting of the Initial Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lenders Charge or the Additional DIP Security Documents.
- (b) The business operations of the Borrower have been and will continue to be conducted in compliance with all laws of each jurisdiction in which business has been or is being carried on.
- (c) The Borrower has obtained all licenses and permits required for the operation of its business, which licenses and permits remain in full force and effect. No proceedings have been commenced or threatened to revoke or amend any of such licenses or permits.
- (d) The Borrower has maintained its obligations for payroll, source deductions, current normal cost pension liabilities, retail sales tax and Goods and Services tax, and is not in arrears in respect of these obligations.
- (e) All representations and warranties made by the Borrower in the DIP Credit Documentation and the Additional DIP Security Documents (other than this DIP Term Sheet) are true and correct in all material respects as of the time such representations and warranties were made.

- (f) All factual information provided by or on behalf of the Borrower to the DIP Lender for the purposes of or in connection with this DIP Term Sheet or any transaction contemplated herein, is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

AFFIRMATIVE COVENANTS: The Borrower covenants and agrees to do the following:

- (a) Allow the DIP Lender or its agents and advisors on reasonable notice during regular business hours to enter on and inspect each of its assets and properties, and provide the DIP Lender and its agents or advisors on reasonable notice and during normal business hours full access to the books and records of the Borrower and cause management thereof to fully co-operate with the DIP Lender, its agents and advisors accordingly.
- (b) Use reasonable efforts to keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower.
- (c) Deliver to the DIP Lender the Cash Flow Projections as set out herein, and such other reporting and other information from time to time reasonably requested by the DIP Lender (including, without limitation, summaries of sales and accounts receivable at the reasonable times requested and in form and substance satisfactory to the DIP Lender).
- (d) Use the proceeds of the DIP Facility only for the purposes of the short-term liquidity needs of the Borrower in a manner consistent with the restrictions set out herein and the Cash Flow Projections.
- (e) Comply with the provisions of the court orders made in connection with the CCAA (collectively, the "**Restructuring Court Orders**" and each a "**Restructuring Court Order**"); provided that if any such Restructuring Court Order contravenes this DIP Term Sheet, the DIP Credit Documentation or the Additional DIP Security Documents in a manner detrimental to the DIP Lender, the same shall be an

Event of Default hereunder.

- (f) Preserve, renew and keep in full force its respective corporate existences and its respective material licenses, permits, approvals, etc. required in respect of its business, properties, assets or any activities or operations carried out therein.
- (g) Maintain the insurance, in existence of the date hereof, with respect to the collateral subject to the DIP Lenders Charge.
- (h) Conduct all activities in accordance with the Cash Flow Projections previously approved by the DIP Lender and reviewed by the Monitor and the credit limits established under the DIP Facility as set out hereunder.
- (i) Forthwith notify the DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that may constitute an Event of Default or a material adverse change from the Cash Flow Projections.
- (j) Subject to the Restructuring Court Orders, comply in all material respects with all applicable laws, rules and regulations applicable to their businesses, including, without limitation, environmental laws.
- (k) Negotiate, execute and deliver loan and collateral security documentation in a manner satisfactory in all respects to the DIP Lender, including, without limitation, such security agreements, hypothecs, financing statements, discharges, opinions or other documents and information, in form and substance satisfactory to the DIP Lender as may be requested by the DIP Lender in connection with the DIP Facility and to the extent any such expenses are paid by the DIP they shall form part of the secured obligation owing to the DIP Lender by the Borrower (collectively, the "Additional DIP Security Documents").
- (l) pay promptly when due all documented out-of-pocket expenses of the DIP Lender in connection with this DIP Term Sheet, including, without limitation, all legal fees related thereto which amount shall form part of the DIP Facility.

NEGATIVE COVENANTS:

The Borrower covenants and agrees, and covenants and agrees to cause their respective affiliates and subsidiaries, not to do the following, other than with the prior written consent of the DIP Lender:

- (a) Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking over Cdn. \$100,000 at any one time or through a series of related transactions, or more than Cdn. \$300,000 in the aggregate during the period of the DIP Facility (excluding dispositions in the ordinary course of business), without the prior written consent of the DIP Lender or the Court. For greater certainty, in the case of any transfer, lease or disposition of any property, assets or undertaking of the Borrower, or any affiliates or subsidiaries thereof, all proceeds of such transfer, lease or disposition sale shall be subject to the provisions herein under the paragraph entitled "Mandatory Repayments" to the extent applicable.
- (b) Make any payment of principal or interest in respect of existing (pre-filing) debt or obligation other than as may be permitted by a Restructuring Court Order and is consented to in writing by the DIP Lender.
- (c) Create or permit to exist indebtedness for borrowed money other than existing (pre-filing) debt, debt contemplated by this DIP Facility and post-filing trade payables in the ordinary course of business.
- (d) Make any payments outside the ordinary course of business, subject always to the Cash Flow Projections delivered hereunder and the maximum availability under the DIP Facility. For greater certainty, no payments shall be used to reduce any existing (pre-filing) indebtedness or trade or unsecured liabilities of the Borrower (other than as permitted in the Restructuring Court Orders).
- (e) Except as consented to by the DIP Lender, permit any new Liens to exist on any of its properties or assets other than the Liens in favour of the DIP Lender as contemplated by this DIP Term Sheet and other DIP Credit Documentation and inchoate or statutory Liens.

- (f) Create or permit to exist any other Lien which is senior to or *pari passu* with the DIP Lenders Charge, other than the Priority Charges.
- (g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- (h) Make any payment in respect of special payment, solvency deficiencies or wind-up shortfalls in relation to any pension plan administered by the Borrower as of the date hereof.

INDEMNITY AND RELEASE:

The Borrower agrees, on a joint and several basis, to indemnify and hold harmless the DIP Lender and each of its directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person as a result of or arising out of or in any way related to or resulting from any bankruptcy or insolvency proceedings, this DIP Term Sheet or any other DIP Credit Documentation, or any Additional DIP Security Documents and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Borrower shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction.

The indemnities granted under this DIP Term Sheet shall survive any termination of the DIP Facility.

EVENTS OF DEFAULT:

The occurrence of any one or more of the following events shall constitute an event of default (“**Event of Default**”) under this DIP Term Sheet:

- (a) The issuance of an order dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower, or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower;
- (b) The issuance of an order granting a Lien equal or superior status to that of the DIP Lenders Charge, other than the Administration Charge;
- (c) The issuance of an order staying, reversing, vacating or otherwise modifying the DIP Credit Documentation, any Restructuring Court Order, any Additional DIP Security Documents, the issuance of an order by the Court adversely impacting the rights and interests of the DIP Lender, without the prior written consent of the DIP Lender, or the issuance of an order by the Court directing the Borrower to pay any special payment, solvency deficiencies or wind-up shortfalls in relation to any pension plan administered by the Borrower as of the date hereof;
- (d) Failure of the Borrower to pay any amounts when due and owing hereunder;
- (e) Failure of the Borrower to comply with any negative covenants in this DIP Term Sheet;
- (f) The Borrower ceases or threatens to cease to carry on business in the ordinary course as it is carried on as of the date hereof, except where such cessation is consented to in writing by the DIP Lender;
- (g) The Cash Flow Projections are not acceptable to the DIP Lender, acting reasonably, or are not delivered to the DIP Lender within the requisite time frame set out herein;
- (h) Failure of the Borrower to comply with the Cash Flow Projections or any negative variance that is greater than 10%, on a net aggregate basis, between actual receipts and disbursements and the Cash Flow Projections, in

any given week;

- (i) Any representation or warranty by the Borrower herein or in any DIP Credit Documentation or Additional DIP Security Documents shall be incorrect or misleading in any material respect when made;
- (j) The filing of any pleading by the Borrower seeking any of the matters set forth in clauses (a) through (c);
- (k) A Court order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise, of the Borrower, that will in the DIP Lender's judgment, acting reasonably, materially further impair the Borrower's financial condition, operations or ability to comply with its obligations under this DIP Term Sheet, any DIP Credit Documentation, Additional DIP Security Documents or any Restructuring Court Order;
- (l) Any material violation or breach of any Restructuring Court Order upon receipt by the Borrower of notice from the DIP Lender of such violation or breach;
- (m) An event of default has occurred under any of the DIP Credit Documentation or Additional DIP Security Documents;
- (n) Failure of the Borrower to perform or comply with any other term or covenant under this DIP Term Sheet, any other DIP Credit Documentation or any Additional DIP Security Documents, and such default shall continue unremedied for a period of three (3) business days; and
- (o) A material breach by the Borrower under the Plan Support Agreement between the DIP Lender (in its capacity as the "Sponsor") and the Borrower (in its capacity as the "Company") occurs and is not cured with five (5) business days.

REMEDIES:

Upon the occurrence of an Event of Default, and subject to the Restructuring Court Orders, the DIP Lender may:

- (a) declare the obligations in respect of the DIP Credit Documentation to be immediately due and payable and cease making any further DIP Advances;

- (b) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager of the undertaking, property and assets of the Borrower, or for the appointment of a trustee in bankruptcy of the Borrower;
- (c) set-off or combine any amounts then owing by the DIP Lender to the Borrower against the obligations of the Borrower to the DIP Lender;
- (d) apply to the court for an order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings;
- (e) exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario) or any legislation of similar effect including the Civil Code of Quebec; and
- (f) exercise all such other rights and remedies under the DIP Credit Documentation, the Additional DIP Security Documents, the Restructuring Court Orders and applicable law.

DIP LENDER APPROVALS:

Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail, by the DIP Lender pursuant to the terms hereof.

TAXES:

All payments by the Borrower under the DIP Credit Documentation to the DIP Lender, including any payments required to be made from and after the exercise of any remedies available to the DIP Lender upon an Event of Default, shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country, but excluding any reduction for any amount required to be paid by the Borrower under subsection 224(1.2) of the *Income Tax Act* (Canada) or a similar provision of that or any other taxation statute (collectively "Taxes"); provided, however, that if any Taxes are required by applicable law to be withheld ("Withholding Taxes") from any amount payable to

the DIP Lender under any DIP Credit Documentation, the amount so payable to the DIP Lender shall be increased to the extent necessary to yield to the DIP Lender on a net basis after payment of all Withholding Taxes, the amount payable under such DIP Credit Documentation at the rate or in the amount specified in such DIP Credit Documentation and the Borrower shall provide evidence satisfactory to the DIP Lender that the Taxes have been so withheld and remitted.

FURTHER ASSURANCES:

The Borrower shall, at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this DIP Term Sheet.

**ENTIRE AGREEMENT;
CONFLICT:**

This DIP Term Sheet, including the schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this DIP Term Sheet and any of the other DIP Credit Documentation, this DIP Term Sheet shall govern.

**AMENDMENTS, WAIVERS,
ETC.:**

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and delivered in accordance with the terms of this DIP Term Sheet.

ASSIGNMENT:

The DIP Lender may assign this DIP Term Sheet and its rights and obligations hereunder, in whole or in part, to any party acceptable to the DIP Lender in its sole and absolute discretion (subject to providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder). Neither this DIP Term Sheet nor any right and obligation hereunder may be assigned by the Borrower.

SEVERABILITY:

Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**COUNTERPARTS AND
FACSIMILE SIGNATURES:**

This DIP Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this DIP Term Sheet by signing any counterpart of it.

NOTICES

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by fax or electronic mail to the attention of the person as set forth below:

In the case of Biscayne Metals Finance, LLC:

c/o H.I.G. Capital, L.L.C.
600 Fifth Avenue, 24th Floor
New York, New York 10020

Attention: Craig M. Kahler
Fax: (212) 506-0559
Email: ckahler@higcapital.com

With a copy to:

Gowling Lafleur Henderson LLP
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

Attention: Clifton Prophet
Fax: (416) 863-3509
Email: clifton.prophet@gowlings.co

In the case of Signature Aluminum Canada Inc.:

Signature Aluminum Canada Inc.
500 Edward Avenue
Richmond Hill, Ontario
L4C 4Y9

Attention: Parminder Punia
Fax: (905) 884-2453
Email: Parminder.Punia@SignatureAluminumCanada.com

With a copy to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 2800
Toronto, ON M5L 1A9

Attention: Linc Rogers
Fax: 416.863.2563
Email: Linc.Rogers@Blakes.com

In either case, with a copy to the Monitor:

FTI Consulting Canada Inc.

TD Waterhouse Tower, Suite 2010
79 Wellington Street
Toronto, Ontario
M5K 1G8

Attention: Nigel Meakin
Fax: (416) 649-8101
Email: nigel.meakin@fticonsulting.com

And a copy to:

Ogilvy Renault LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, Ontario M5J 2Z4

Attention: Virginie Gauthier
Fax: (416) 216-3930
Email: vgauthier@ogilvyrenault.com

Any such notice shall be deemed to be given and received, when received, unless received after 5:00 EST or on a day other than a business day, in which case the notice shall be deemed to be received the next business day.

**GOVERNING LAW AND
JURISDICTION:**

This DIP Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS HEREOF, the parties hereby execute this DIP Term Sheet as at the date first above mentioned.

BISCAYNE METALS FINANCE, LLC

Per: _____

Name: Sean O'Leary
Title:

I have authority to bind the corporation.

SIGNATURE ALUMINUM CANADA INC.

Per: _____

Name:

Title:

I have authority to bind the corporation.

IN WITNESS HEREOF, the parties hereby execute this DIP Term Sheet as at the date first above mentioned.

BISCAYNE METALS FINANCE, LLC

Per: _____
Name:
Title:
I have authority to bind the corporation.

SIGNATURE ALUMINUM CANADA INC.

Per: P. Puria
Name: Parminder Puria
Title: Controller + Treasurer
I have authority to bind the corporation.

SCHEDULE "A"
19 Week CCAA Cash Flow

**Signature Aluminum Canada
Cash Flow Forecast**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total	
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Total
	01/01/10	02/01/10	03/01/10	04/01/10	05/01/10	06/01/10	07/01/10	08/01/10	09/01/10	10/01/10	11/01/10	12/01/10	01/25/11	02/25/11	03/25/11	04/25/11	05/25/11	06/25/11	07/25/11	08/25/11	Total
US\$000																					
Weak ending	2,820.7	3,004.2	1,828.8	608.8	273.0	621.4	583.5	586.5	310.4	505.0	330.9	300.6	218.5	460.3	538.8	332.4	340.8	270.5	298.7	2,820.7	
Beginning Cash Balance																					
Receipts																					
Sales and Accounts Receivable	1,249.0	855.7	513.4	1,322.7	1,608.7	1,504.2	1,512.1	1,374.6	1,374.6	1,374.6	1,396.0	1,396.0	1,396.0	1,396.0	1,396.0	1,524.6	1,524.6	1,524.6	1,524.6	1,524.6	25,767.8
Intercompany Receipts	25.5	17.5	10.5	27.0	32.8	30.7	30.9	28.1	28.1	28.1	28.5	28.5	28.5	28.5	28.5	31.1	31.1	31.1	31.1	31.1	525.9
Taxes																					
Other	1,274.5	873.2	523.9	1,349.7	1,641.5	1,534.9	1,542.9	1,402.7	1,402.7	1,402.7	1,424.5	1,424.5	1,424.5	1,424.5	1,424.5	1,555.7	1,555.7	1,555.7	1,555.7	1,555.7	26,293.6
Total Receipts	2,549.0	1,856.1	1,057.8	2,700.3	3,283.0	3,070.0	3,085.9	2,685.4	2,685.4	2,685.4	2,819.0	2,819.0	2,819.0	2,819.0	2,819.0	3,111.4	3,111.4	3,111.4	3,111.4	3,111.4	26,597.3
Disbursements																					
Rare Materials - Metal	450.0	764.3	678.8	678.2	679.2	635.7	723.2	765.9	678.4	811.5	723.6	724.5	724.5	768.0	811.1	680.1	681.4	724.9	680.9	680.9	13,387.1
Rare Materials - Other	18.4	55.5	55.5	55.5	63.3	63.3	63.3	63.3	63.3	60.1	60.1	60.1	60.1	59.6	59.6	59.6	59.6	56.5	56.5	56.5	1,093.6
Intercompany Payments (Scrap)																					
Intercompany Payments (Fabrication)	251.4	219.8	219.8	219.8	233.2	233.2	233.2	233.2	233.2	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	4,945.3
Payroll and Benefits	100.0	328.1	203.5	328.1	17.0	286.2	167.0	286.2	17.5	285.1	166.8	285.1	17.5	285.1	172.6	277.6	17.5	277.6	17.5	277.6	3,684.7
Operating Expenses	105.0	278.0	78.0	217.8	68.1	234.3	68.1	234.3	68.1	72.7	216.0	72.7	216.0	63.4	197.7	63.4	197.7	63.4	197.7	63.4	2,781.1
SG&A Expenses	81.2	38.4	329.1	38.4	130.6	38.4	79.6	38.4	79.6	89.4	38.4	38.4	38.4	130.6	38.4	38.4	38.4	38.4	38.4	38.4	1,473.2
Other Non-recurring		40.0	40.0	40.0	20.0					104.0											278.0
Taxes (GST & OSST)	85.0	247.5	115.0	95.0	70.0	70.0	70.0	55.0	55.0	55.0	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	598.0
Bank Fees and Interest																					
Capex		75.0	123.3	11.7	11.7	11.6	11.5	12.5	12.5	12.1	12.7	11.7	11.8	12.1	12.7	12.7	11.1	11.1	11.3	11.6	278.9
Total Disbursements	1,091.0	2,048.5	1,844.0	1,685.5	1,293.1	1,572.7	1,530.0	1,688.7	1,208.1	1,776.8	1,654.6	1,506.8	1,382.6	1,646.2	1,731.7	1,446.2	1,670.0	1,583.5	1,599.3	1,599.3	29,953.3
Net Cash Flow	148.5	(1,175.4)	(1,320.1)	(385.7)	348.4	(97.8)	32.9	(286.8)	194.6	(374.1)	(230.1)	(82.3)	41.8	(323.7)	(307.2)	309.5	(136.4)	(27.8)	(43.6)	(43.6)	(1,665.7)
DIP Advances			100.0							200.0	200.0			300.0							1,000.0
DIP Repayments																					
Ending Cash Balance	3,004.2	1,828.8	608.8	273.0	621.4	583.5	586.5	310.4	505.0	330.9	300.6	218.5	460.3	538.8	231.3	340.9	226.5	298.7	255.1	255.1	2,820.7
DIP Facility																					
Opening Balance																					
Advances			100.0		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,100.0
Repayments																					1,100.0
Closing Balance			100.0	100.0	100.0	100.0	100.0	100.0	100.0	300.0	500.0	500.0	500.0	700.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,100.0

Notes:

- The purpose of this cash flow projection is to determine the liquidity requirements for the Company during the CCAA proceedings.
- Operating receipts have been forecast in the normal course of business based on Management's historical analysis as well as an understanding of the Company's customer base under the current economic conditions and the present situation.
- Material costs are forecast based on current realized prices and historical low material prices and management's expectation of future costs.
- Payroll costs, operating expenses and SG&A are forecast based on historical analysis, current price levels and management forecasts.
- Capex spending is forecast based on management's expectation of required maintenance capital spending.
- Estimated restructuring costs are based on projected costs associated with legal and professional fees relating to the CCAA proceeding.

SCHEDULE "B"

Form of Drawdown Certificate

DRAWDOWN CERTIFICATE

TO: **Biscayne Metals Finance, LLC** (the "DIP Lender")

FROM: Signature Aluminum Canada Inc. (the "Borrower")

DATE: •

1. This certificate is delivered to you, as DIP Lender, in connection with a request for a DIP Advance pursuant to the term sheet made as of January 28, 2010 between, *inter alia*, the Borrower and the DIP Lender, as amended, supplemented, restated or replaced from time to time (the "DIP Term Sheet"). All defined terms used, but not otherwise defined, in this certificate shall have the respective meanings set forth in the DIP Term Sheet, unless the context requires otherwise.
2. The Borrower hereby requests a DIP Advance as follows:
 - (a) Date of DIP Advance: _____
 - (b) Aggregate amount of DIP Advance (US\$): _____
3. All of the representations and warranties of the Borrower as set forth in the DIP Term Sheet are true and accurate as at the date hereof, as though made on and as of the date hereof.
4. All of the covenants of the Borrower contained in the DIP Term Sheet together with all of the conditions precedent to the DIP Advance hereby requested and contained in the DIP Term Sheet, and all other terms and conditions contained in the DIP Term Sheet to be complied with by the Borrower, not properly waived in writing by or on behalf of the DIP Lender, have been fully complied with.
5. In addition to the foregoing, the Borrower is in compliance with the DIP Credit Documentation and the Additional DIP Security Documents, including, without limitation, the Restructuring Court Orders.
6. The DIP Advance hereby requested is within the relevant Cash Flow Projections approved by the DIP Lender and reviewed by the Monitor.

7. No Default or Event of Default has occurred nor will any such event occur as a result of the DIP Advance hereby requested.

SIGNATURE ALUMINUM CANADA INC.

Per: _____

Name:

Title:

I have authority to bind the corporation.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED

Court File No: 10-CL-

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at Toronto

**PRE-FILING REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING
CANADA INC. IN ITS CAPACITY AS
PROPOSED MONITOR**

Ogilvy Renault LLP
Suite 3800

Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4
CANADA

Virginie Gauthier LSUC#: 41097D

Tel: (416) 216-4853

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Adrienne Glen LSUC#: 57116D

Tel: (416) 216-4082

Fax: (416) 216-3930

Email: aglen@ogilvyrenault.com

Lawyers for the Proposed Monitor, FTI
Consulting Canada Inc.

Appendix B

The February 21 Forecast

Appendix C

The Claims Procedure

DRAFT

Court File No. CV-10-8561-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) THURSDAY, THE 25TH
)
JUSTICE) DAY OF FEBRUARY, 2010

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 SIGNATURE ALUMINUM CANADA INC.

Applicant

CLAIMS PROCEDURE ORDER

THIS MOTION made by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an Order:

- a) abridging the time for service of the Notice of Motion and the Motion Record and validating service thereof so that this Motion is properly returnable today and dispensing with further service thereof; and
- b) approving the Claims Procedure (as defined herein),

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the material filed, including the Notice of Motion, the First Report of the Monitor, FTI Consulting Canada Inc., and the Affidavit of Parminder Punia sworn February 22, 2010, and on hearing the submissions of counsel for the Applicant and counsel for the Monitor;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF CLAIMS PROCEDURE

2. **THIS COURT ORDERS** that the Claims Procedure set forth in the attached **Schedule "A"** for determining claims of creditors for voting and/or distribution purposes is hereby approved, and the Applicant and the Monitor are authorized and directed to implement the Claims Procedure and that any references to this Order shall be deemed to include the Claims Procedure and all schedules attached thereto.

3. **THIS COURT ORDERS** that the Notice to Creditors, Notice of Claim, Proof of Claim, Notice of Revision or Disallowance and Notice of Dispute set forth in **Schedule "1"**, **Schedule "2"**, **Schedule "3"**, **Schedule "4"** and **Schedule "5"** to the Claims Procedure, respectively, are hereby approved substantially in the form thereof.

DEFINITIONS

4. **THIS COURT ORDERS** that all capitalized terms not defined herein shall have the meaning given to them in the Claims Procedure set forth in the attached Schedule "A".

CLAIMS BAR

5. **THIS COURT ORDERS** that any Claimant who does not receive a Notice of Claim and who fails to file a Proof of Claim in respect of a Claim in accordance with this Order on or before (i) the Claims Bar Date in respect of Pre-Filing Claims or (ii) the Subsequent Claims Bar Date in respect of Subsequent Claims, shall:

- (a) be forever barred, estopped and enjoined from asserting or enforcing any Claim (or filing a Proof of Claim with respect to such Claim) against the Applicant and such Claim shall be forever extinguished;

- (b) not be permitted to vote on the Plan or participate in any distribution in these proceedings on account of such Claim; and
- (c) not be entitled to receive further notice in these proceedings.

6. **THIS COURT ORDERS** that any Claimant who receives a Notice of Claim and who does not dispute the Deemed Claim Amount contained therein is not required to file a Proof of Claim by the relevant Bar Date, and that if such Claimant does not file a Notice of Dispute by (i) the Claims Bar Date in respect of Pre-Filing Claims or (ii) the Subsequent Claims Bar Date in respect of Subsequent Claims, the Deemed Claim Amount shall be that Claimant's Proven Claim for voting and distribution purposes and such Claimant is forever barred, estopped and enjoined from asserting or enforcing any Claim in excess of the Deemed Claim Amount.

CLAIMS OFFICER

7. **THIS COURT ORDERS** that the Applicant, should it consider it necessary or desirable to do so, with the concurrence of the Monitor in writing, is authorized and empowered but not obligated to appoint one or more Claims Officer(s) under such terms as may be approved by the Monitor and enter into an agreement with any such Claims Officer fixing the reasonable remuneration of such Claims Officer as the Monitor deems reasonable and appropriate.

8. **THIS COURT ORDERS** that, subject to further order of the Court, each Claims Officer shall determine the manner in which evidence may be brought before him or her as well as any other procedural matters which may arise in respect of the determination of any Claim.

NOTICE SUFFICIENT

9. **THIS COURT ORDERS** that the publication of the Notice to Creditors, the mailing to the Known Creditors and Subsequent Claimants of the Notice to Creditors and Notice of Claim or Notice to Creditors and form of proof of claim, as applicable, the posting of the Claims Procedure and this Order on the Monitor's Website, in accordance with the Claims Procedure and the requirements of this Order, shall constitute good and sufficient service and delivery of (i) notice of this Order, and (ii) the Bar Dates, on all Persons who may be entitled to receive

notice and who may wish to assert Claims against the Applicant and no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Order.

DELIVERY OF PROOFS OF CLAIM AND NOTICES OF DISPUTE

10. **THIS COURT ORDERS** that a Proof of Claim or Notice of Dispute shall be deemed timely delivered only if delivered by registered mail, personal delivery, courier, e-mail (in PDF format) or facsimile transmission so as to actually be received by the Monitor on or before the relevant date as provided for by the Claims Procedure.

NOTICE OF TRANSFEREES

11. **THIS COURT ORDERS** that if a Claimant or any subsequent holder of a Claim who has been acknowledged by the Monitor, in consultation with the Applicant, as the holder of the Claim transfers or assigns that Claim to another Person, neither the Applicant nor the Monitor shall be required to give notice to or to otherwise deal with the transferee or assignee of the Claim as the holder of such Claim unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been delivered to the Applicant and the Monitor by registered mail, courier, e-mail (in PDF format), personal delivery or facsimile transmission and is actually received by the Applicant and the Monitor. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the holder of such Claim and shall be bound by notices given and steps taken in respect of such Claim in accordance with the provisions of this Order.

12. **THIS COURT ORDERS** that if a Claimant or any subsequent holder of a Claim who has been acknowledged by the Monitor, in consultation with the Applicant, as the holder of the Claim transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim for voting and distribution purposes notwithstanding such transfers or assignments. Neither the Applicant nor the Monitor shall, in each such case, be required to recognize or acknowledge any

such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the person last holding the whole of such Claim provided such Claimant may, by notice in writing delivered to the Applicant and the Monitor, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall be bound by any notices given or steps taken in respect of such Claim with such Claimant in accordance with the provisions of this Order.

NOTICES AND COMMUNICATION

13. **THIS COURT ORDERS** that except as otherwise provided herein, the Applicant and the Monitor may deliver any notice or other communication to be given under this Order to Claimants or other interested Persons by forwarding copies thereof by ordinary mail, courier, personal delivery, facsimile transmission or electronic mail (in PDF format) to such Persons at the address last shown on the books and records of the Applicant.

14. **THIS COURT ORDERS** that any notice or other communication to be given under this Order by a Person to the Monitor or the Applicant shall be in writing in substantially the form, if any, provided for in this Order and the Claims Procedure, and will be sufficiently given only if delivered by registered mail, courier, electronic mail (in PDF format), personal delivery or facsimile transmission addressed to:

FTI Consulting Canada Inc.
Monitor of Signature Aluminum Canada Inc.
 79 Wellington Street West,
 Suite 2010
 TD Waterhouse Tower
 Toronto-Dominion Centre
 Toronto, Ontario M5K 1G8
 Attention: Brogan Taylor
 Telephone: 416-649-8074
 Facsimile: 416-649-8101
 E-mail: signature@fticonsulting.com

15. **THIS COURT ORDERS** that any notice or communication provided in accordance with this Order sent by same day courier, personal delivery, facsimile transmission or electronic mail prior to 5:00 p.m. (Toronto Time) on a Business Day, shall be deemed to be received on the date

such notice or communication is sent, or if sent by courier, personal delivery, facsimile transmission or electronic mail after 5:00 p.m. (Toronto Time) or on a day other than a Business Day, shall be deemed to be received on the next Business Day or if sent by registered mail, on the third business day after mailing or if sent by ordinary mail, on the fifth business day after mailing.

16. **THIS COURT ORDERS** that in the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by personal delivery, courier, electronic mail (in PDF format) or facsimile transmission and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been delivered.

17. **THIS COURT ORDERS** that in the event that the day on which any notice or communication required to be delivered pursuant to this Order is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.

AID AND ASSISTANCE OF OTHER COURTS

18. **THIS COURT HEREBY REQUESTS** the aid and recognition (including assistance pursuant to section 17 of the CCAA, as applicable) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or any court or any judicial, regulatory or administrative body of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

GENERAL

19. **THIS COURT ORDERS** that the Monitor is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim, Notices of Revision or Disallowance and Notices of Dispute are completed and executed, and may, if it is satisfied that a Claim has been adequately proven, waive strict compliance with the

requirements of this Order as to the completion and execution of Proofs of Claim, Notices of Revision or Disallowance and Notices of Dispute.

20. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and under the Initial Order, is hereby authorized and directed to take such other actions and fulfill such other roles as are contemplated by this Order and that the Applicant is required to assist the Monitor in fulfilling its duties under this Order and the Claims Procedure.

21. **THIS COURT ORDERS** that (i) in carrying out the terms of this Order, the Monitor shall have all of the protections given to it by the CCAA and the Initial Order or as an officer of this Court, including the stay of proceedings in its favour, (ii) the Monitor shall incur no liability or obligation as a result of the carrying out of its obligations under this Order, (iii) the Monitor shall be entitled to rely on the books and records of the Applicant, and any information provided by the Applicant, all without independent investigations, and (iv) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

22. **THIS COURT ORDERS** that notwithstanding the terms of this Order, the Applicant and the Monitor may apply to this Court from time to time for directions from this Court with respect to this Order, including the Claims Procedure and the schedules to this Order, or for such further order or orders as either of them may consider necessary or desirable to amend, supplement or replace this Order, including any schedule to this Order.

SCHEDULE "A"

SIGNATURE ALUMINUM CANADA INC. CLAIMS PROCEDURE

Definitions

1. The following terms shall have the following meanings:
 - (a) "**Applicant**" means Signature Aluminum Canada Inc.;
 - (b) "**Bar Date**" means either the Claims Bar Date or Subsequent Claims Bar Date, as applicable;
 - (c) "**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - (d) "**Business Day**" means a day, other than Saturday, Sunday or a statutory holiday, on which chartered banks are generally open for business in Toronto, in the Province of Ontario, Canada;
 - (e) "**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;
 - (f) "**CCAA Proceedings**" means the proceedings commenced by the Applicant pursuant to the CCAA in the Court at Toronto under Court File No. CV-10-8561-00CL;
 - (g) "**Claims**" means collectively, Pre-Filing Claims and Subsequent Claims and a "**Claim**" means either a Pre-Filing Claim or a Subsequent Claim, as applicable;
 - (h) "**Claimants**" means collectively, Pre-Filing Claimants and Subsequent Claimants and a "**Claimant**" means either a Pre-Filing Claimant or a Subsequent Claimant, as applicable;
 - (i) "**Claims Bar Date**" means, in respect of Pre-Filing Claims, 5:00 p.m. Toronto Time on March 26, 2010, or any later date ordered by the Court;

- (j) “**Claims Officer**” means any individual appointed by the Applicant (as agreed to by the Monitor in writing or as otherwise ordered by the Court), under such terms as are approved by the Monitor or further Order of the Court, who shall determine disputed Claims in accordance with this Claims Procedure;
- (k) “**Claims Procedure**” means the process set out herein for the identification, settlement and resolution of Claims for voting and distribution purposes under the Plan, including the Schedules attached hereto;
- (l) “**Claims Procedure Order**” means an Order of the Court approving this Claims Procedure.
- (m) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (n) “**Deemed Claim Amount**” means the amount stated on the Notice of Claim issued by the Monitor to a Known Creditor or Subsequent Claimant, as the case may be;
- (o) “**Deemed Claim**” means the Claim of a Known Creditor or a Subsequent Claimant whom the Applicant believes has a Claim, as the case may be, as set out in a Notice of Claim;
- (p) “**Disputed Claim**” means a Claim for which a Notice of Dispute has been delivered to the Monitor;
- (q) “**Excluded Claim**” shall mean (i) any claim secured by the Administration Charge or DIP Lender’s Charge (as such terms are defined in the Initial Order); and (ii) any claim with respect to goods and/or services provided to the Applicant on or after the Filing Date;
- (r) “**Filed Claim**” means a Claim evidenced in a Proof of Claim delivered to the Monitor by the relevant Bar Date;
- (s) “**Filing Date**” means January 29, 2010;

- (t) **“Initial Order”** means the issued and entered Order of the Honourable Mr. Justice Morawetz dated January 29, 2010 in the CCAA Proceeding, as may be amended from time to time;
- (u) **“Known Creditor”** means those Persons which the books and records of the Applicant disclose were owed money or claim to be owed money as at the Filing Date;
- (v) **“Monitor”** means FTI Consulting Canada Inc. in its capacity as Monitor of the Applicant and not in its personal or corporate capacity;
- (w) **“Monitor’s Website”** means <http://cfcanada.fticonsulting.com/signature>;
- (x) **“Notice of Claim”** means the notice of claim which may be provided by the Monitor to Known Creditors or Subsequent Claimants, as the case may be, substantially in the form attached as Schedule “2”;
- (y) **“Notice of Dispute”** means a written notice, substantially in the form attached as Schedule “4”, delivered to the Monitor by a Claimant disputing either a Notice of Claim or a Notice of Revision or Disallowance issued by the Monitor, with reasons for its dispute;
- (z) **“Notice of Revision or Disallowance”** means a notice, substantially in the form attached as Schedule “5”, advising a Claimant that the Monitor has revised or disallowed all or part of its Filed Claim for the purposes of voting and/or distribution and providing the reasons for the revision or disallowance;
- (aa) **“Notice to Creditors”** means the notice to creditors, substantially in the form attached as Schedule “1”;
- (bb) **“Person”** shall be broadly interpreted and includes, without limitation, any individual, corporation, limited or unlimited liability company, general or limited partnership, association, firm, trust, unincorporated organization, joint venture, venture capital fund, administrator or committee in respect of a registered pension plan, unincorporated association or organization, syndicate, committee, the

government of a country, province or political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever constituted, and the trustees, executors, administrators, or other legal representatives of an individual;

- (cc) **“Plan”** means any plan or plans of arrangement or compromise filed by the Applicant in connection with the CCAA Proceedings, as such plan(s) may be amended or supplemented from time to time;
- (dd) **“Plan Implementation Date”** shall have the meaning ascribed to such term in the Plan;
- (ee) **“Pre-Filing Claim”** means any right or claim of any Person, that may be asserted or made in whole or in part against the Applicant, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, that exists on the Filing Date and any interest that may accrue thereon for which there is an obligation to pay, and costs which such person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of contract or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) against any property or assets, whether or not such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, and that is provable within the

meaning of section 2 of the BIA, but a “Pre-Filing Claim” shall not include an Excluded Claim;

- (ff) **“Pre-Filing Claimant”** means a Person who has or is asserting a Pre-Filing Claim, including those with a Deemed Claim and may, where the context requires, include the assignee of a Claim or Deemed Claim or a trustee, interim receiver, receiver, receiver and manager, or other person acting on behalf of such Person;
- (gg) **“Proof of Claim”** means a proof of claim delivered by a Claimant to the Monitor, substantially in the form attached as Schedule “3”;
- (hh) **“Proven Claim”** means the amount, status and/or validity of the Claim of a Claimant as finally determined in accordance with this Claims Procedure. A Proven Claim will be “finally determined” in accordance with this Claims Procedure when (i) it has been accepted by the Monitor in consultation with the Applicant, (ii) the applicable time period for filing a Notice of Dispute has expired and no Notice of Dispute has been filed in accordance with the Claims Procedure, (iii) a Notice of Dispute has been filed and a Claims Officer has been appointed with respect to such Notice of Dispute and the Claims Officer has issued his/her determination with respect to the Claim submitted to the Claims Officer for adjudication, and the time within which either party may file an appeal of such determination has expired and no appeal has been filed, or (iv) any court of competent jurisdiction has made a determination with respect to the Claim and no appeal or motion for leave to appeal therefrom shall have been taken or served on either party, or if any appeal(s) or motion(s) for leave to appeal or further appeal shall have been taken therefrom or served on either party, any (and all) such appeal(s) or motion(s) shall have been dismissed, determined or withdrawn.
- (ii) **“Subsequent Claim”** means any right or claim of any Person, that may be asserted in whole or in part against the Applicant, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, present or future, arising after the Filing Date (but before the Plan is

sanctioned by the Court) by reason of any obligation incurred by the Applicant before the Filing Date, including any indebtedness, liability, or obligation resulting from the termination of employment, or the disclaimer or resiliation by the Applicant in the CCAA Proceedings of an agreement that existed before the Filing Date, and any interest that may accrue thereon for which there is an obligation to pay, and costs payable at law or in equity in respect thereof, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature and that is provable under the BIA, but a “Subsequent Claim” shall not include an “Excluded Claim”;

- (jj) **“Subsequent Claimant”** means a Person having or asserting a Subsequent Claim, including those with a Deemed Claim and may, where the context requires, include the assignee of a Claim or Deemed Claim or a trustee, interim receiver, receiver, receiver and manager, or other person acting on behalf of such Person; and

- (kk) **“Subsequent Claims Bar Date”** means, in respect of Subsequent Claims, the later of (i) the Claims Bar Date, and (ii) 15 days after the date of the Notice of Claim or Notice to Creditors, as applicable;

Notice of Claims Procedure

2. The Applicant shall provide to the Monitor a list of Known Creditors in form and content satisfactory to the Monitor by no later than February 26, 2010.

3. The Monitor shall either send (i) a Notice to Creditors and Notice of Claim or (ii) Notice to Creditors and form of proof of claim to each Known Creditor on or before March 3, 2010.

4. The Monitor shall cause the Notice to Creditors to be published in the Globe and Mail (national edition) on or around March 3, 2010. The Monitor shall also cause a French translation of the Notice to Creditors to be published in La Presse on or around the same date.
5. The Monitor shall post a copy of the Claims Procedure, the Notice to Creditors, a blank form of proof of claim and blank form of notice of dispute on the Monitor's Website as soon as practicable following the issuance of the Claims Procedure Order.
6. The Monitor shall cause a blank form of proof of claim and a blank form of notice of dispute to be made available to any Person requesting same as soon as practicable.
7. Forthwith after taking any action that could result in a Subsequent Claim, the Applicant will provide the Monitor with details, in form and content satisfactory to the Monitor, of the Subsequent Claims arising from such action.
8. The Monitor shall send either (i) a Notice to Creditors and Notice of Claim or (ii) Notice to Creditors and form of proof of claim to each Subsequent Claimant identified in accordance with the preceding paragraph 7 of the Claims Procedure within three (3) Business Days of the receipt of the information required by paragraph 7.
9. The Monitor shall have the discretion as to whether a Known Creditor or Subsequent Creditor will be sent a Notice to Creditors and a Notice of Claim or alternatively a Notice to Creditors with a form of proof of claim.

Deadline for Disputing a Notice of Claim or Filing a Proof of Claim

10. For each Claimant who receives a Notice of Claim, the Deemed Claim Amount set out in the Notice of Claim shall be deemed to be that Claimant's Proven Claim for voting and distribution purposes unless disputed by that Claimant in accordance with the Claims Procedure.
11. Any Claimant who has received a Notice of Claim and who wishes to dispute the Deemed Claim Amount for either voting or distribution purposes, or both, must deliver a

Notice of Dispute, which Notice of Dispute must be received by the Monitor by no later than the relevant Bar Date.

12. Any Claimant that does not receive a Notice of Claim and wishes to assert a Claim must file a Proof of Claim, together with all relevant supporting documentation in respect of such Claim, and the Proof of Claim must be received by the Monitor by no later than the Claims Bar Date in respect of Pre-Filing Claims or the Subsequent Claims Bar Date in respect of Subsequent Claims.

Procedure for Allowing and Disputing Claims for Voting and/or Distribution Purposes

13. If the Monitor receives a Filed Claim, it shall review the Filed Claim in consultation with the Applicant, and shall either accept, revise or disallow (in whole or in part) the amount or status of the Filed Claim. If the Monitor revises or disallows the Filed Claim it shall deliver a Notice of Revision or Disallowance to the Claimant. If the Monitor does not deliver a Notice of Revision or Disallowance to the Claimant, the Filed Claim shall be deemed to be accepted by the Monitor for all purposes.
14. If a Claimant with a Filed Claim disagrees with the Notice of Revision or Disallowance and such Claimant intends to contest the Notice of Revision or Disallowance, then such Claimant shall, by no later than 5:00 p.m. Toronto Time on the day which is 15 days from the date of the Notice of Revision or Disallowance, deliver a Notice of Dispute to the Monitor.
15. If a Claimant with a Filed Claim does not deliver a Notice of Dispute in accordance with paragraph 14, then such Claimant shall be deemed to have accepted the determination of its Filed Claim as set out in the Notice of Revision or Disallowance and the amount and status of the Filed Claim as set out in such Notice of Revision or Disallowance shall be that Claimant's Proven Claim for voting and distribution purposes.
16. If a Claimant delivers a Notice of Dispute to the Monitor in accordance with paragraphs 11 or 14, as applicable, and the Monitor, in consultation with the Applicant, does not accept all or any part of the Claim as set out in any Notice of Dispute delivered by a Claimant or is otherwise unable to resolve the dispute, the Monitor shall so advise the

Claimant in writing and the dispute may be referred to the Claims Officer by the Monitor (in consultation with the Applicant) which Claims Officer shall determine the Claimant's Proven Claim.

17. A Claimant, the Applicant or the Monitor may, within seven (7) days of the determination of the Claim's Officer under paragraph 16 of the Claims Procedure, appeal the determination of the Claims Officer to the Court by bringing a motion in the CCAA Proceeding, with the motion to be returnable within ten (10) calendar days of the filing of the notice of motion.
18. If neither party appeals the determination of value of a Claim by the Claims Officer within the time set out in paragraph 17, the decision of the Claims Officer shall be final and binding upon the Claimant, the Applicant, the Monitor and there shall be no further right of appeal, review or recourse to the Court from the Claims Officer's final determination of the Claim.

General Provisions

19. For the purposes of the Claims Procedure and the Plan, all Claims which are denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging the currency to Canadian dollars on the Filing Date.
20. Any notice or other communication to be given under the Claims Procedure by a Person to the Monitor or the Applicant shall be in writing in substantially the form, if any, provided for in this Claims Procedure and will be sufficiently given only if delivered by registered mail, courier, electronic mail (in PDF format), personal delivery or facsimile transmission addressed to:

FTI Consulting Canada Inc.
Monitor of Signature Aluminum Canada Inc.
79 Wellington Street West,
Suite 2010
TD Waterhouse Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1G8
Attention: Brogan Taylor

Telephone: 416-649-8074
Facsimile: 416-649-8101
E-mail: signature@fticonsulting.com

21. If any provision of this Claims Procedure is amended by or contrary to a provision of an order of the Court made in the CCAA Proceedings, the order shall have precedence over the provision of this Claims Procedure.
22. Notwithstanding anything to the contrary herein:
 - (i) the Monitor may at any time refer a Claim for resolution to the Claims Officer or the Court for any purpose where in the Monitor's discretion such a referral is preferable or necessary for the resolution of the valuation of the Claim for voting and/or distribution purposes;
 - (ii) the Monitor may (in consultation with the Applicant), in writing and at any time, accept the amount of a Claim for voting purposes without prejudice to the right of the Monitor to contest liability of the Claim for distribution purposes;
 - (iii) the Monitor may (in consultation with the Applicant), in writing and at any time, settle and resolve any disputed Claims.
23. References to the singular include the plural and to the plural include the singular.

Schedules

24. The following Schedules form part of this Claims Procedure:

Schedule "1" – Notice to Creditors

Schedule "2" – Notice of Claim

Schedule "3" – Proof of Claim

Schedule "4" – Notice of Dispute

Schedule "5" – Notice of Revision or Disallowance

SCHEDULE "1"

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT
R.S.C. 1985, c.0-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.**

**NOTICE OF CLAIMS BAR DATE TO CREDITORS OF
SIGNATURE ALUMINUM CANADA INC. (the "Applicant")
AND TO ANY OTHER PERSON OR PARTIES**

PLEASE TAKE NOTICE, that an Order was issued by the Ontario Superior Court of Justice made February 25, 2010 approving a process for the identification, settlement and resolution of certain claims against the Applicant (the "Claims Procedure Order"). Any person who may have a claim against the Applicant must take notice of the following:

- (i) if your claim against the Applicant was in existence on or before January 29, 2010 (the "Filing Date") you may have a **Pre-Filing Claim** and unless you have received a Notice of Claim (as defined below, which will be sent by the Monitor on or before March 3, 2010), and you wish to assert a claim, you must deliver a Proof of Claim to the Monitor, FTI Consulting Canada Inc., by no later than 5:00 p.m., Toronto Time on **March 26, 2010** (the "Claims Bar Date");
- (ii) if your claim against the Applicant arose after the Filing Date by reason of any obligation incurred by the Applicant before the Filing Date, including any indebtedness, liability, or obligation resulting from the termination of employment or disclaimer or resiliation by the Applicant after the Filing Date of an agreement that existed before the Filing Date, you may have a **Subsequent Claim** and if you wish to assert a claim you must deliver to the Monitor a Proof of Claim by no later than 5:00 p.m. Toronto Time on the day that is the later of (i) the Claims Bar Date and (ii) **15** days after the date of a Notice of Claim or a Notice to Creditors, as applicable, delivered to you by the Monitor (the "Subsequent Claims Bar Date", and together with the Claims Bar Date, the "Bar Dates").

PLEASE TAKE NOTICE that your claim may have automatically been accepted the Monitor. The Monitor will be mailing notices of claim (the "Notice of Claim") to advise those creditors as to the accepted amount of their claim.

PLEASE TAKE NOTICE, that unless your claim is deemed to be accepted in a Notice of Claim, any person with a claim against or relating to the Applicant (a "Claimant") must file with the Monitor a Proof of Claim together with supporting documentation on or before the

relevant Bar Date or thereafter such Claim will be **extinguished and forever barred** as against the Applicant.

PLEASE TAKE NOTICE that any Claimant who has not received a Notice of Claim must complete a Proof of Claim, which may be either (i) accessed from the Monitor's Website at: <http://cfcanda.fticonsulting.com/signature> or (ii) in the event that a Claimant does not have access to the Monitor's Website, be obtained by contacting the Monitor.

PLEASE TAKE NOTICE that if any Claimant receiving a Notice of Claim disputes the amount of their claim as set out in the Notice of Claim delivered to the Claimant by the Monitor, such Claimant must deliver to the Monitor a Notice of Dispute (setting out the claim and the reasons for the dispute) by the date set out in the Notice of Claim. The form of Notice of Dispute may be accessed from the Monitor's Website.

Claimants must file their Proofs of Claim and Notices of Dispute with the Monitor by registered mail, courier, e-mail (in PDF format), personal delivery or facsimile transmission, so that the Proof of Claim is actually received by the relevant Bar Date **at the following address:**

FTI Consulting Canada Inc.
Monitor of Signature Aluminum Canada Inc.
79 Wellington Street West,
Suite 2010
TD Waterhouse Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1G8
Attention: Brogan Taylor
Telephone: 416-649-8074
Facsimile: 416-649-8101
E-mail: signature@fticonsulting.com

If you have any questions about this Claims Procedure, you may go to the Monitor's Website for information or you may contact the Monitor at the above address.

SCHEDULE "2"

NOTICE OF CLAIM FOR VOTING AND DISTRIBUTION PURPOSES

IN RESPECT OF CLAIMS AGAINST
SIGNATURE ALUMINUM CANADA INC.
(the "APPLICANT")

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C.1985, c. C-36, as amended

TO: [insert name and address of creditor]

FROM: FTI Consulting Canada Inc. in its capacity as Monitor of the Applicant and not in its personal or corporate capacity (the "Monitor")

Terms not otherwise defined in this Notice of Claim have the meaning ascribed to them in the Order of the Ontario Superior Court of Justice made February 25, 2010 (the "Claims Procedure Order").

You can obtain a copy of the Claims Procedure Order on the Monitor's website at <http://cfcanada.fticonsulting.com/signature> (the "Monitor's Website") or by contacting the Monitor at the contact information below. The Claims Procedure Order provides for a Claims Procedure for determining claims of creditors against the Applicant and to determine creditors' claims for voting and/or distributions purposes under a Plan.

This Notice of Claim is issued pursuant to the Claims Procedure Order.

TAKE NOTICE that the Monitor has calculated your [**Prefiling/Subsequent**] (**Monitor to select option**) Claim for voting and distribution purposes, as set forth below:

	<u>Amount of Claim</u>	<u>Unsecured</u>	<u>Secured</u>
	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
•	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
TOTAL	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>

(For secured claims only) We have valued your security at \$ _____. Our valuation is based on the following:

[INSERT]

Claims in a foreign currency were converted to Canadian Dollars at the Bank of Canada noon spot rate as at January 29, 2010.

If you AGREE that the above amount accurately reflects your Claim, you are not required to respond to this Notice of Claim.

IF YOU DISAGREE WITH THE VALUE OF YOUR CLAIM AS CALCULATED BY THE MONITOR AND WISH TO DISPUTE THIS DEEMED CLAIM YOU MUST [IN RESPECT OF A PRE-FILING CLAIM, DELIVER A NOTICE OF DISPUTE NO LATER THAN MARCH 26, 2010 / IN RESPECT OF A SUBSEQUENT CLAIM, DELIVER A NOTICE OF DISPUTE BY NO LATER THAN 5:00 P.M. (TORONTO TIME) ON THE DAY THAT IS THE LATER OF (i) MARCH 26, 2010 and (ii) 15 DAYS AFTER THE DATE OF THIS NOTICE OF CLAIM.] (Monitor to select option)

NOTICES OF DISPUTE MAY BE OBTAINED BY ACCESSING THE MONITOR'S WEBSITE AT THE ABOVE-NOTED ADDRESS.

DATED at Toronto, this _____ day of •, 2010.

FTI Consulting Canada Inc.
Monitor of Signature Aluminum Canada Inc.
79 Wellington Street West,
Suite 2010
TD Waterhouse Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1G8
Attention: Brogan Taylor
Telephone: 416-649-8074
Facsimile: 416-649-8101
E-mail: signature@fticonsulting.com

SCHEDULE "3"

PROOF OF CLAIM
IN RESPECT OF CLAIMS AGAINST
SIGNATURE ALUMINUM CANADA INC.
(the "APPLICANT")

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c., C-36, as amended

Please indicate if this Proof of Claim is an (please check one):

- Original Proof of Claim, OR
- Amended Proof of Claim

A. PARTICULARS OF CREDITOR

1. Full Legal Name of Claimant: _____ (the "Creditor").

(Full legal or Corporate name should be the name of the original Creditor. Do not file separate Proofs of Claim by division of the same Creditor.)

2. Full Mailing Address of the Creditor.

3. Telephone Number of Creditor: _____ *

4. Facsimile Number of Creditor: _____ *

* IN ORDER TO ENSURE ALL CLAIMS ARE PROCESSED IN AN EXPEDITED MANNER YOU MUST PROVIDE ONE (1) OR MORE OF YOUR TELEPHONE NUMBER, FAX NUMBER OR EMAIL ADDRESS.

5. Attention (Contact Person): _____
6. Email address of Contact Person: _____
7. Has the Claim been sold or assigned by Creditor to another party?
Yes _____ No _____ (If yes please complete section D)

B. PROOF OF CLAIM:

I, _____ [Name of Creditor or Representative of the Creditor], do hereby certify:

A) that I am (please check one):

_____ the Creditor; or

_____ hold the following position of _____ of the Creditor

and have personal knowledge of all the circumstances connected with the Claim described herein;

B) The Creditor is owed as follows:

Secured Claim \$ _____ Cdn on a secured basis,

I have valued my security at \$ _____ (this will be the amount at which you value your secured claim, the difference between the secured claim amount and the value of your security will be the amount of your unsecured claim)

Unsecured Claim \$ _____ Cdn on an unsecured basis

(If the Claim is in a foreign currency, it should be converted to Canadian dollars at the exchange rate of the Bank of Canada as at the Filing Date)

C. PARTICULARS OF CLAIM:

Description of transaction, agreement or event giving rise or relating to the Claim:

- 3. Telephone Number of Assignee(s): _____
- 4. Facsimile Number of Assignee(s): _____
- 5. Attention (Contact Person): _____

The duly completed Proof of Claim together with supporting documentation must be returned and received by FTI Consulting Canada Inc., no later than 5:00 pm (Toronto Time) on [INSERT RELEVANT DATE DEPENDING ON WHETHER PREFILING CLAIM OR SUBSEQUENT CLAIM], 2010 to the address or facsimile below.

FAILURE TO FILE YOUR PROOF OF CLAIM BY SUCH DATE WILL RESULT IN YOUR CLAIM BEING FOREVER EXTINGUISHED AND BARRED.

Mailing Address

FTI Consulting Canada Inc.
Monitor of Signature Aluminum Canada Inc.
 79 Wellington Street West,
 Suite 2010
 TD Waterhouse Tower
 Toronto-Dominion Centre
 Toronto, Ontario M5K 1G8
 Attention: Brogan Taylor
 Telephone: 416-649-8074
 Facsimile: 416-649-8101
 E-mail: signature@fticonsulting.com

DATED at _____ this _____ day of _____, 2010.

 (Signature of Witness)

 (Signature of individual completing this form)

 (Please print name)

 (Please print name)

SCHEDULE "4"

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 SIGNATURE ALUMINUM CANADA INC.

RE: CLAIMS AS AGAINST
SIGNATURE ALUMINUM CANADA INC.
(the "Applicant")

NOTICE OF DISPUTE

A. PARTICULARS OF CLAIMANT:

(1) Full Legal Name of Claimant:

(2) Full Mailing Address of Claimant:

(3) Telephone Number of Claimant:

_____ *

(4) Facsimile Number of Claimant:

_____ *

(5) Attention (Contact Person):

(6) E-mail Address of Contact Person:

_____ *

* IN ORDER TO ENSURE ALL CLAIMS ARE PROCESSED IN AN EXPEDITED MANNER YOU MUST
PROVIDE ONE (1) OR MORE OF YOUR TELEPHONE NUMBER, FAX NUMBER OR EMAIL
ADDRESS.

B. PARTICULARS OF ORIGINAL CREDITOR FROM WHOM YOU ACQUIRED CLAIM, IF APPLICABLE:

(1) Have you acquired this Claim by assignment? Yes No
(if yes, attach documents evidencing assignment)

(2) Full Legal Name of original creditor(s): _____

C. DISPUTE:

We hereby disagree with the value of our Claim as set out in

The Monitor's Notice of Revision or Disallowance

The Monitor's Notice of Claim

dated _____, as set out below:

TOTAL

Claim per Notice of Claim or Notice of Revision or Disallowance issued by the Monitor (state secured or unsecured)	Claim per Claimant (state secured or unsecured)
\$ _____	\$ _____

D. REASONS FOR DISPUTE:

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

This Notice of Dispute must be returned to and received by the Monitor by no later than 5:00 p.m. (Toronto Time) on:

(1) if you are disputing a Notice of Claim issued by the Monitor in respect of a Pre-Filing Claim: **March 26, 2010**;

(2) if you are disputing a Notice of Claim issued by the Monitor in respect of a Subsequent Claim: the later of (i) **March 26, 2010** and (ii) **15** days after the date of the Notice of Claim;

(3) if you are disputing a Notice of Revision or Disallowance issued by the Monitor, **15** days after the Date of the Notice of Revision or Disallowance;

at the following address or facsimile:

FTI Consulting Canada Inc.
Monitor of Signature Aluminum Canada Inc.
79 Wellington Street West,
Suite 2010
TD Waterhouse Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1G8
Attention: Brogan Taylor
Telephone: 416-649-8074
Facsimile: 416-649-8101
E-mail: signature@fticonsulting.com

SCHEDULE "5"

Court File No. 06-CL-6453

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 SIGNATURE ALUMINUM CANADA INC.

RE: CLAIMS AS AGAINST
SIGNATURE ALUMINUM CANADA INC.
(the "Applicant")

NOTICE OF REVISION OR DISALLOWANCE

TO: [insert name and address of creditor]

FROM: FTI Consulting Canada Inc. in its capacity as Monitor of the Applicant, and not in its personal or corporate capacity.

Terms not otherwise defined in this Notice of Revision or Disallowance have the meaning ascribed to them in the Order of the Ontario Superior Court of Justice made February 25, 2010 approving a process for the identification, settlement and resolution of certain claims against the Applicant ("Claims Procedure Order"). You can obtain a copy of the Claims Procedure Order on the Monitor's website at <http://cfcanada.fticonsulting.com/signature> (the "Monitor's Website") or by contacting the Monitor at the contact information provided below.

This Notice of Revision or Disallowance is issued pursuant to the Claims Procedure Order.

The Monitor has disallowed in full, or in part, your Claim, as set out in your Proof of Claim dated ●, as set out below:

Claim Disallowed:

	for voting purposes
	for distribution purposes
	for both voting and distribution purposes

<u>Claim Against</u>	<u>Amount Per Proof Of Claim or Notice of Dispute</u>	<u>Disallowed Amount</u>	<u>Allowed Amount</u>	<u>Secured</u>	<u>Unsecured</u>
Signature Aluminum Canada Inc.	\$	\$	\$	<input type="checkbox"/>	<input type="checkbox"/>
•	\$	\$	\$	<input type="checkbox"/>	<input type="checkbox"/>
TOTAL	\$	\$	\$	<input type="checkbox"/>	<input type="checkbox"/>

REASONS FOR DISALLOWANCE:

If you disagree with the disallowance of your Claim or the value of your allowed Claim as valued by the Monitor in this Notice of Revision or Disallowance (“Allowed Claim”) and wish to dispute the disallowance or the Allowed Claim or the Monitor’s assessment of your Claim, you must deliver a Notice of Dispute to the Monitor by no later than 5:00 p.m. (Toronto Time) on the day that is 15 days after the Date of this Notice of Revision or Disallowance. Dispute Notices may be accessed through the Monitor’s Website at the above-noted address.

If you agree with the value of your Allowed Claim and do not dispute the Allowed Claim, there is no need to file anything further with the Monitor.

DATED at Toronto, this _____ day of •, 2010.

FTI Consulting Canada Inc.
Monitor of Signature Aluminum Canada Inc.
79 Wellington Street West,
Suite 2010
TD Waterhouse Tower
Toronto-Dominion Centre

Toronto, Ontario M5K 1G8
Attention: Brogan Taylor
Telephone: 416-649-8074
Facsimile: 416-649-8101
E-mail: signature@fticonsulting.com

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED

Court File No: CV-10-8561-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

FIRST REPORT OF THE MONITOR
(dated February 23, 2010)

Ogilvy Renault LLP
Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4

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Fax: (416) 216-3930

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Tel: (416) 216-4082

Fax: (416) 216-3930

Email: aglen@ogilvyrenault.com

Lawyers for the Monitor,
FTI Consulting Canada Inc.