

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

Signature Aluminum Canada Inc.

THIRD REPORT OF THE MONITOR
May 5, 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

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

EXECUTIVE SUMMARY OF PLAN RECOMMENDATION

1. This report and its appendices contain important information that should be read and considered carefully by Affected Creditors. Definitions used in the Executive Summary are as defined in the report.
2. In the Monitor's view, the implementation of the Plan represents the only prospect of any distribution on account of Proven Claims of Affected Creditors, other than Employee Creditors that may be entitled to receive under the *Wage Earner Protection Program Act* in the event of a bankruptcy of the Applicant, or payments to the FSCO Plans that may be made by the Pension Benefits Guarantee Fund. For the Plan to be implemented, it must be approved by two-thirds in value and a majority in number of Eligible Voting Creditors present and voting, in person or by proxy, at the meeting of creditors.

3. The Monitor has estimated the distributions on account of Proven Claims of Affected Creditors in the event that the Plan is implemented assuming that all unresolved claims are resolved in favour of the claimant. Estimated recoveries are as follows:

Proven Claim \$000	Number of Creditors	Approximate Estimated Recovery
>250	16	<2%
100-250	15	2%-4%
50-100	79	4%-7%
25-50	124	7%-14%
10-25	153	14%-33%
5-10	52	33%-60%
1-5	147	60%-99%
<1	146	100%

4. The Monitor has calculated the estimated distributions to Creditors that have been identified as former employees of the Applicant based on the information currently available. These calculations show that distributions to Employee Creditors under the Plan would equal or exceed the amounts that the Employee Creditors may receive under the *Wage Earner Protection Program Act* in the event of a bankruptcy of the Applicant.
5. For the reasons set out in this report, it is the Monitor's view that the approval of the Plan is in the best interests of Affected Creditors with Proven Claims and the Monitor respectfully recommends that such Creditors vote in favour of the Plan.

INTRODUCTION

6. 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 of the Ontario Superior Court of Justice (the “**Court**”) 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**”.
7. As part of the application for the Initial Order, the Applicant submitted to the Court for approval a Marketing Process (as defined in the Initial Order) 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 to carry out the Marketing Process.
8. On February 25, 2010, the Honourable Madam Justice Karakatsanis granted orders approving a process for identifying and evaluating claims against the Applicant (the “**Claims Procedure**” and the “**Claims Procedure Order**”) and extending the Stay Period to May 14, 2010.
9. On March 18, 2010, the Honourable Madam Justice Karakatsanis granted an order approving phase II (“**Phase II**”) of the Marketing Process (the “**Phase II Order**”) and a final bid deadline of 5:00 pm Toronto time on April 6, 2010 (the “**Final Bid Deadline**”).

10. Paragraph 16 to 22 of the Pre-Filing Report of FTI Consulting Canada Inc., in its capacity as proposed monitor, dated January 28, 2010 (the “**Pre-Filing Report**”), described the Plan Support Agreement (the “**PSA**”) through which Biscayne, one of the Applicant’s secured creditors (the “**Plan Sponsor**”), has provided a commitment to support the restructuring of the Applicant’s business and operations through either the sponsorship of a plan of compromise and arrangement 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 “**Credit Bid**”) attached to the PSA. A copy of the Pre-Filing Report (without appendices) is attached hereto as Appendix A for ease of reference.

11. The purpose of this, the Monitor’s Third Report, is to inform the Court on the following:
 - (a) The receipts and disbursements of the Applicant for the period from February 22, 2010 to May 2, 2010;
 - (b) The Applicant’s revised cash flow forecast for the period May 3, 2010 to June 13, 2010 (the “**May 3 Forecast**”)
 - (c) The independent opinions on the validity and enforceability of the various security held by each of 324, Biscayne and HIG (collectively the “**Senior Secured Lenders**”) prepared by Ogilvy Renault LLP, independent counsel to the Monitor (“**Monitor’s Counsel**”);
 - (d) The results of Phase II of the Marketing Process;
 - (e) The steps taken by the Applicant with respect to the wind-up or partial wind-up of the following registered pension plans:
 - (i) The Pension Plan for the Salaried Employees of Signature Aluminum Inc. Financial Services Commission of Ontario

(“**FSCO**”), registration number 0311035 (the “**Salaried Plan**”);

- (ii) The Pension Plan for the Hourly Paid Employees of Signature Aluminum Inc., Richmond Hill, FSCO registration number 0931642 (the “**Richmond Hill Plan**” and together with the Salaried Plan, the “**FSCO Plans**”); and
- (iii) The Régime de Retraite Des Employés D’Usine de St. Thérèse, Régie des rentes du Québec, registration number 27145 (the “**St. Thérèse Plan**”);
- (f) The status of the Claims Procedure;
- (g) The Applicant’s proposed Plan of Compromise and Arrangement dated May 4, 2010 (the “**Plan**”);
- (h) The Monitor’s assessment of the Plan and its recommendation thereon;
- (i) The Applicant’s request for an Order convening a meeting of creditors to consider and vote on the Plan (the “**Meeting Order**”) and the Monitor’s recommendation thereon; and
- (j) The Applicant’s request for an extension of the Stay Period to June 11, 2010, and the Monitor’s recommendation thereon.

12. 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.
13. 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 PSA, previous reports filed in the CCAA Proceedings or the Plan.

BACKGROUND

14. Background information on the Applicant, its ownership structure, its business and financial results, its material assets and liabilities and the causes of its financial difficulties are provided in the affidavit of Parminder Punia sworn January 28, 2010 filed in connection with the initial application under the CCAA and in the Pre-Filing Report, each of which are available on the Monitor's Website, <http://cfcanada/fticonsulting.com/signature>.
15. Copies of the Monitor's previous reports filed in the CCAA Proceedings which provide details of significant developments since the commencement of the CCAA Proceedings and results of operations are also available on the Monitor's Website.

RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO MAY 2, 2010

16. The Applicant's actual cash flow for the period February 22, 2010 to May 2, 2010 was approximately US\$0.5 million below the February 21 Forecast, filed as Appendix B to the First Report. The receipts and disbursements are presented in United States dollars and are summarized below:

	Forecast	Actual	Variance
	\$000	\$000	\$000
Receipts			
Sales and Accounts Receivable	14,047.0	13,652.9	(394.1)
Intercompany Receipts	0.0	0.0	0.0
Taxes	286.8	278.6	(8.2)
Other	0.0	435.9	435.9
Total Receipts	14,333.8	14,367.4	33.6
Disbursements			
Raw Materials - Metal	7,234.5	8,042.6	(808.1)
Raw Materials - Other	616.5	470.8	145.7
Intercompany Payments	2,930.5	1,079.7	1,850.8
Payroll and Benefits	1,872.1	2,280.5	(408.4)
Operating Expenses	1,313.7	1,550.1	(236.4)
SG&A Expenses	932.5	554.7	377.8
Other Non-recurring	137.0	866.8	(729.8)
Taxes	350.8	445.2	(94.4)
Legal and Professional Fees	958.5	1,291.1	(332.6)
Bank Fees & Interest	0.0	0.0	0.0
Capex	129.5	60.4	69.1
Total Disbursements	16,475.6	16,641.9	(166.3)
Net Cash Flow before DIP Financ	(2,141.8)	(2,274.5)	(132.7)
DIP Advances	0.0	0.0	0.0
DIP Repayments	0.0	0.0	0.0
Net Cash Flow	(2,141.8)	(2,274.5)	(132.7)
Opening Cash	3,276.1	3,276.1	0.0
Net Cash Flow	(2,141.8)	(2,274.5)	(132.7)
Closing Cash	1,134.3	1,001.6	(132.7)

17. Explanations for the key variances in actual receipts and disbursements as compared to the February 21 Forecast are as follows:

- (a) The negative variance in sales and accounts receivable of US\$0.4 million primarily results from higher than forecast collection of receivables from third parties offset by the non collection of the Shapes accounts of US\$1.3 which is currently being offset against the fabrication charges owing to Shapes and included in the cash flow as Intercompany Payments (Fabrication);
- (b) The positive variance in other of US\$0.4 million is due to the receipt of GST refunds which were not included in the original cash flow as the timing and certainty of receipt was not known;
- (c) The negative variance in raw materials – metals of US\$0.8 million is primarily the result of higher than forecast metal prices;
- (d) As noted above, the positive variance in intercompany payments – fabrication of US\$1.9 million is in respect of the fabrication work being conducted by Shapes on behalf of the Applicant. The Applicant continues to manage this payable and it is being offset against the receivable owing from Shapes to the Applicant;
- (e) The negative variance in payroll and benefits of US\$0.4 million relates to delays in reducing headcount and benefits and is a permanent variance;
- (f) The positive variance in SG&A expenses of US\$0.4 million relates primarily to the timing of payments; and
- (g) The negative variance in other non-recurring of US\$0.7 million relates to the payment of higher than budgeted vacation payments made to terminated employees and is a permanent variance.

REVISED CASH FLOW TO JUNE 13, 2010

18. The May 3 Forecast attached hereto as Appendix B shows a positive net cash flow of US\$0.4 million in the period May 3, 2010 to June 13, 2010, and a minimum cash balance of approximately US\$0.7 million in that period. The May 3 Forecast is presented in United States Dollars and is summarized below:

	Total
	\$000
Receipts	
Sales and Accounts Receivable	9,827.9
Intercompany Receipts	0.0
Taxes	200.6
Other	0.0
Total Receipts	10,028.5
Disbursements	
Raw Materials - Metal	4,501.4
Raw Materials - Other	317.1
Intercompany Payments	1,126.8
Payroll and Benefits	1,176.9
Operating Expenses	573.9
SG&A Expenses	557.6
Other Non-recurring	7.5
Taxes	416.6
Legal and Professional Fees	807.5
Bank Fees & Interest	0.0
Capex	102.0
Total Disbursements	9,587.3
Net Cash Flow before DIP Financing	441.2
DIP Advances	0.0
DIP Repayments	0.0
Net Cash Flow	441.2
Opening Cash	1,001.6
Net Cash Flow	441.2
Closing Cash	1,442.8

INDEPENDENT OPINION ON SECURITY OF SENIOR SECURED LENDERS

19. As previously reported, the Monitor’s Counsel was asked to conduct a security review of the security held by the Senior Secured Lenders. The Monitor has now received independent security opinions from the Monitor’s Counsel in respect of the security held by each of the Senior Secured Lenders, which opinions are subject to the qualifications and assumptions set out therein. A description of each of the opinions (collectively, the “Security Opinions”) is set out in Appendix C hereto.
20. The following table summarizes the valid and enforceable security held by the Senior Secured Lenders:

Secured Party	Ontario		Quebec	
	Real Property	Personal Property	Real Property	Personal Property
H.I.G. Bayside Debt & LBO Fund II, L.P.	Yes	Yes	Yes	Yes
Biscayne Metals Finance, LLC	Yes	Yes	N/A (no registration was made)	Yes
3241715 Nova Scotia Limited	Yes ¹	Yes	No opinion ²	No opinion ²

¹The notice registered against the real property of Signature in Ontario are not in the form of charges/mortgages of land as prescribed by the Land Registration Reform Act (Ontario) but do constitute equitable charges enforceable against a trustee in bankruptcy.

²In light of the opinion of Justice Alary of the Superior Court of Quebec in Re Position Technologies Inc., Ogilvy cannot opine as to whether the hypothec in issue is valid and enforceable under the laws of the Province of Quebec.



21. Accordingly, based on the opinions of the Monitor's Counsel, it appears that the Senior Secured Lenders hold valid and enforceable security on all assets of the Applicants.

RESULTS OF PHASE II OF THE MARKETING PROCESS

22. The Monitor reported on the results of Phase I of the Marketing Process at paragraphs 8 to 19 of its Second Report, a copy of which is attached hereto (without appendices) as Appendix D for ease of reference.
23. As noted earlier in this Report, 5:00 pm Toronto time on April 6, 2010 was set as the Final Bid Deadline pursuant to the Phase II Order. Phase II of the Marketing Process was carried out in accordance with the Phase II Order. A number of parties carried out due diligence during Phase II but regrettably no offers were received.
24. During the Marketing Process, the Monitor also sought and obtained independent valuations of the Applicant's real estate assets and liquidation offers in respect of the Applicant's plant and equipment. As described later in this report, the liquidation value of the Applicant's assets is less than the value of the claims of the Senior Secured Lenders.
25. Accordingly, the Applicant, with the approval of the Plan Sponsor and the Senior Secured Lenders, intends to proceed with the submission of the Plan in accordance with the terms of the PSA.

WIND-UP OF REGISTERED PENSION PLANS

THE FSCO PLANS

26. Since the date of the Initial Order, the Applicant and the Monitor have engaged in discussions with FSCO about the possibility of the winding-up of the Richmond Hill Plan and the partial winding-up of the defined benefit and defined contribution components of the Salaried Plan relating to the employees that have been terminated.
27. The parties also discussed the appointment of a replacement administrator in respect of each of the FSCO Plans. The parties were of the view that the appointment of a replacement administrator would facilitate the participation and representation of the pension beneficiaries in connection with the Plan and the vote thereon.
28. Accordingly, on March 18, 2010, with the consent of the Applicant and the Monitor to lift the CCAA stay of proceedings, FSCO served notices pursuant to Subsection 89(5) of the *Pension Benefits Act* (the “PBA”) of proposals to order the (i) wind-up of the Richmond Hill Plan, and (ii) the partial wind-up of the defined benefit and defined contribution components of the Salaried Plan. The Monitor was advised by FSCO that such orders were to be made on April 26 or 27, 2010.

29. Following the expiry of the Final Bid Deadline, the Applicant informed FSCO that no going concern purchaser had come forward during the Marketing Process for either the Richmond Hill or the St. Thérèse plants. At the same time, the Applicant confirmed its intention to centralize its operations at its Pickering plant only and move forward with the filing of a Plan. FSCO advised that it intended to appoint Morneau Sobeco (“**Morneau**”) to act as replacement administrator under Section 71 of the PBA in respect of the FSCO Plans. On April 26, 2010, FSCO confirmed the appointment of Morneau. The Applicant has advised the Monitor that it anticipates that the remainder of the Salaried Plan will commence wind-up prior to the meeting of creditors.
30. The Monitor has briefed Morneau on the events of the CCAA Proceedings, the Marketing Process and the Plan. “Placeholder” claims in respect of the amounts owing in respect of the FSCO Plans were filed by the Applicant in its capacity as plan administrator prior to the Claims Bar Date. The Monitor will work with Morneau and the Applicant to agree the amounts of the claims relating to the FSCO Plans for voting and distribution purposes.

THE ST. THÉRÈSE PLAN

31. The Applicant has notified the union representing most of the employees of the St. Thérèse facility and the Régie des Rentes (the Quebec equivalent of FSCO) (the “**Regie**”) of its intent to wind up the St. Thérèse Plan effective December 11, 2009. The Applicant’s Board has also adopted a Resolution confirming the plan windup.
32. The Applicant has retained the services of a consultant to draft and send the notices required by applicable Quebec pension law in order to begin the wind-up process in respect of the St. Thérèse Plan. It is expected that these notices will be sent shortly.

33. The Applicant intends to continue communicate with the Regie throughout the wind-up process.

THE CLAIMS PROCEDURE

34. The Monitor, in cooperation with the Applicant, commenced the implementation of the Claims Procedure. In accordance with paragraphs 2 and 8 of the Claims Procedure Order:
- (a) On February 26, 2010, the Claims Procedure Order was posted on the Monitor's website;
 - (b) On March 2, 2010, the Monitor sent a Notice to Creditors and Notice of Claim to every Known Creditor;
 - (c) The Monitor published the Notice to Creditors in the national edition of the Globe and Mail on March 3, 2010 and in La Presse on March 4, 2010;
 - (d) On March 17, 2010, a Notice to Creditors and Notice of Claim were mailed to each employee placed on permanent lay off on March 8, 2010;
 - (e) On April 6, 2010 a Notice to Creditors and Notice of Claim were mailed to each employee placed on permanent lay off between March 24 and 31, 2010; and
 - (f) In addition, the Monitor provided Notices to Creditors and Notices of Claim or Proof of Claim forms to additional creditors identified by the Applicant from time to time.
35. Since the Claims Bar Date, the Monitor, in consultation with the Applicant, has been actively engaged in reviewing, Proofs of Claims and Notices of Dispute received.

36. At the date of this report, the Claims are summarized as follows:

Category	Noticed/Filed		Unresolved		Allowed	
	No.	Value	No.	Value	No.	Value
Senior Secured Lenders	3	\$102,190,814.94	0	\$0.00	3	\$102,190,814.94
Other Secured	2	\$197,446.11	2	\$197,446.11	0	\$0.00
Other Related Parties	2	\$13,678,136.61	1	\$13,575,504.37	1	\$102,632.24
Unsecured	732	\$32,779,231.91	148	\$17,494,382.19	584	\$15,269,109.39

THE PLAN

37. Paragraph 3 of the Initial Order states:

“THIS COURT ORDERS THAT the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “Plan”) between, inter alia, the Applicant and one or more classes of its secured and/or unsecured creditors as it deems appropriate.”

38. A copy of the Plan is attached hereto as Appendix E. The key terms of the Plan are summarized as follows:

- (a) The compromise of all claims against Signature, with the exception of Excluded Claims;
- (b) For the purposes of considering and voting on the Plan and receiving a distribution thereunder, the Affected Claims of the Creditors are grouped into a single class. An Affected Claim is any Claim that is not an Excluded Claim;
- (c) The Plan does not compromise, release or otherwise affect the Excluded Claims. Excluded Claims are:



- (i) Claims for goods and/or services provided to the Applicant on or after the Filing Date;
 - (ii) Claims of the nature secured by the Administration Charge or the DIP Lender's Charge;
 - (iii) Crown Claims;
 - (iv) Secured Claims, to the extent they are Proven Claims;
 - (v) Related Party Claims; and
 - (vi) Claims relating to or in respect of the Unaffected Pickering Pension Plan.
- (d) The Plan provides for the payment of the Plan Support Fund of \$1.95 million by the Plan Sponsor (which the Plan Sponsor has stated will be paid to the Monitor prior to the Applicant's motion returnable May 11, 2010), which shall be distributed to Creditors with a Proven Claim in full and final satisfaction of such Proven Claims. Each Creditor with a Proven Claim shall receive a cash distribution equal to:
- (i) The Base Distribution, being 100 % of the amount of its Proven Claim that is less than or equal to Cdn\$1,000.00 plus 50 % of the amount of the Proven Claim that is greater than Cdn\$1,000 and less than or equal to Cdn\$4,750; and
 - (ii) The Pro Rata Distribution, being such Creditor's pro rata share, based on the balance of unpaid Proven Claims after the Base Distribution, of the remaining Plan Support Fund after deduction of the amounts paid in respect of the Base Distribution;

- (e) Distributions under the Plan will be made by the Monitor from the Plan Support Fund. The Plan provides for the possibility of an Interim Distribution and a Final Distribution, once all Disputed Claims have been finally determined.
- (f) The Plan provides for the payment of certain Crown Claims, as required by Section 6(3) of the CCAA;
- (g) As the Applicant is current on wages and current service pension contributions, there are no amounts outstanding of the type required to be paid pursuant to Sections 6(5) or 6(6) of the CCAA and it was not necessary for the Plan to provide for these payments;
- (h) The Plan does not provide for any payment on account of equity claims;

(i) The Plan provides for releases to be given by each holder of a Claim (whether or not a Proven Claim) against, or equity interest in, the Applicant, and each such holder of a Claim releases the Applicant, the Related Parties¹, the Monitor, and subject to Section 5.1(2) of the CCAA, any of their respective directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, and any person who may claim contribution or indemnification from the Applicant, the Related Parties or the Monitor, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or before the Plan Implementation Date relating to, arising out of or in connection with the Applicant, the Applicant's property, business or affairs, this Plan, the CCAA Proceedings or the DIP Term Sheet, provided, however, that nothing will release:

- (i) any person from fraud, gross negligence, wilful misconduct, or criminal conduct;
- (ii) any Excluded Claim; or
- (iii) any person's right to enforce the Applicant's obligations under the Plan;

¹ The Monitor has been informed by the Applicant the releases in favour of the Related Parties, including Biscayne, are a condition of, and in consideration for, support of the Plan, including Biscayne's funding of the Plan Support Fund.

- (j) If the Plan is approved by the requisite majorities of creditors, the Applicant shall bring a motion before the Court for a Sanction Order as soon as reasonably practicable;
- (k) The implementation of the Plan is conditional upon the fulfillment or waiver, where applicable, of the following conditions on or before the Plan Implementation Date:
 - (i) the Plan shall have been approved by the Required Majorities of Creditors entitled to vote at the Creditors' Meeting;
 - (ii) the Sanction Order shall have been granted by the CCAA Court in a form acceptable to the Applicant and Biscayne, and shall be in full force and effect and not reversed, stayed, varied, modified or amended;
 - (iii) all applicable appeal periods in respect of the Sanction Order shall have expired and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
 - (iv) all approvals, orders, determinations or consents required pursuant to Applicable Law (including approvals under the *Investment Canada Act* and/or the *Competition Act*), if applicable, shall have been obtained on terms and conditions satisfactory to the Applicant, Biscayne and the Monitor, acting reasonably, and shall remain in full force and effect on the Plan Implementation Date;
 - (v) all necessary corporate action and proceedings of the Applicant shall have been taken to approve the Plan and to enable the Applicant to execute, deliver and perform its

obligations under the agreements, documents and other instructions to be executed and delivered by it pursuant to the Plan;

- (vi) the delivery, completion and execution of any documentation required in connection with the exit financing facility;
- (vii) all agreements, resolutions, documents and other instruments, which are necessary to be executed and delivered by Biscayne (whether in its capacity as DIP Lender or Plan Sponsor) or any director or officer of the Applicant in order to implement the Plan and perform their obligations under the Plan shall have been executed and delivered; and
- (viii) the filing of the Monitor's Certificate with the Court and the delivery of a copy thereof to the Applicant and Biscayne.

THE MONITOR'S ASSESSMENT OF THE PLAN

ESTIMATED RECOVERIES FOR AFFECTED CREDITORS UNDER THE PLAN

39. The Monitor has estimated the recoveries for Affected Creditors in the event that the Plan is implemented assuming that all unresolved claims are resolved in favour of the claimant. Estimated recoveries are as follows:

Proven Claim \$000	Number of Creditors	Approximate Estimated Recovery
>250	16	<2%
100-250	15	2%-4%
50-100	79	4%-7%
25-50	124	7%-14%
10-25	153	14%-33%
5-10	52	33%-60%
1-5	147	60%-99%
<1	146	100%

40. In the event that any of the Claims that are currently unresolved are determined not to be Proven Claims, estimated recoveries for Proven Claims greater than \$1,000 would increase marginally.
41. The Monitor has calculated the estimated distributions to Creditors that have been identified as former employees of the Applicant (the “**Employee Creditors**”) based on the information currently available. These calculations show that distributions to Employee Creditors under the Plan would equal or exceed the amounts that the Employee Creditors may receive under the *Wage Earner Protection Program Act* (“**WEPPA Payments**”) in the event of a bankruptcy of the Applicant.

ALTERNATIVES TO THE PLAN AND ESTIMATED RECOVERIES

42. The Marketing Process has clearly demonstrated that there is no alternative going concern transaction available. Accordingly, there are only two alternatives available in the event that the Plan is not approved or implemented:
 - (a) The exercise of the Credit Bid Option under the PSA by the Plan Sponsor which would result in the sale of all of the Applicant’s assets on the terms of the asset purchase agreement attached as Schedule A to the PSA (the “**APA**”); or
 - (b) A liquidation of the assets.



43. As reported in the Pre-Filing Report, the APA provides for the acquisition of all of the assets of the Applicant by 324 and Biscayne, the consideration for which would be a reduction of \$25 million in the pre-filing indebtedness owing to 324 and Biscayne plus the payment or discharge 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.
44. The Monitor has obtained independent valuations of the Applicant's real property and liquidation offers for the Applicant's plant and equipment. The Monitor has also performed an assessment of the Applicant's inventory and accounts receivable in order to estimate their liquidation value. As noted earlier in this Report, the claims of the Senior Secured Lenders total approximately \$102 million. In the event of a liquidation of the assets, the Senior Secured Lenders will suffer a significant shortfall on their claims. Accordingly, there would be no recoveries for unsecured creditors in the event of a liquidation of the Applicant's assets.
45. The Plan Sponsor has informed the Monitor that if the Plan is implemented or the assets are acquired pursuant to the APA, it would only continue operations at the Pickering facility and that it intends to cause the Applicant to sell the other assets in an orderly manner. In order to ensure that such efforts are not adversely impacted, the Monitor has not included details of the liquidation values of the assets in this report.

46. Nothing has come to the attention of the Monitor during the course of the CCAA Proceedings that suggest that there were preferences or transfers at undervalue in the statutory periods prior to the commencement of the CCAA Proceedings. Given the magnitude of the shortfall to the Senior Secured Lenders, the Monitor does not intend to carry out further investigation in respect of preferences or transfers at undervalue as there would appear to be no prospect that further investigation would result in any benefit to creditors subordinate to the Senior Secured Lenders.

CONCLUSION AND RECOMMENDATION

47. Based on the foregoing, it is the Monitor's view that the implementation of the Plan is the only scenario under which Creditors with Affected Claims would receive any recovery on account of such Claims, other than Employee Creditors that may be entitled to receive WEPPA Payments in the event of a bankruptcy of the Applicant, or payments to the FSCO Plans that may be made by the Pension Benefits Guarantee Fund. As stated earlier in this report, the Monitor believes that Employee Creditors will receive distributions equal to or greater than any WEPPA Payments they may receive in the event of a bankruptcy of the Applicant.
48. Furthermore, the implementation of the Plan is beneficial as it should result in the preservation of going concern operations at the Pickering facility, thereby providing additional benefit to employees, suppliers and customers.
49. For the purposes of considering and voting on the Plan and receiving distributions thereunder, the Affected Claims of the Creditors are grouped into a single class. The Monitor believes that such Creditors have a commonality of interest and that the classification is appropriate in the circumstances.

50. Accordingly, it is the Monitor's view that the approval of the Plan is in the best interests of Creditors with Affected Claims and the Monitor respectfully recommends that such Creditors vote in favour of the Plan.

THE APPLICANT'S REQUEST FOR THE CREDITORS' MEETINGS ORDER

51. The Applicant has requested that the Court grant the Creditors' Meeting Order in the form attached at Tab 3 of the Applicant's Notice of Motion dated May 4, 2010, returnable May 11, 2010.
52. Pursuant to the Creditors' Meeting Order, a meeting of creditors will be held at 10:00am (Toronto time) on June 1, 2010 at the offices of the Monitor's Counsel.
53. The Creditors' Meeting Order directs the Monitor to send an information package (the "**Information Package**") to all Creditors holding a Proven Claim or a Disputed Claim (each an "**Eligible Voting Creditor**"). The Information Package is to include:
- (a) the Creditors' Meeting Order;
 - (b) the Plan;
 - (c) a copy of the Monitor's Third Report;
 - (d) the Notice of Creditors' Meeting, substantially in the form attached as Schedule "B" to the Creditors' Meeting Order;
 - (e) a copy of the form of proxy to be used by Creditors, substantially in the form attached as Schedule "C" to the Creditors' Meeting Order.
54. The Creditors' Meeting Order directs the Monitor to post the Information Package on its website as soon as practicable after the granting of the Creditors' Meeting Order.

55. The Creditors' Meeting Order directs the Monitor to publish a newspaper notice of the Creditors' Meeting substantially in the form attached as Schedule "D" to the Creditors' Meeting Order once in English in the Globe and Mail (National Edition) and once in French in La Presse.
56. The Creditors' Meeting Order directs that a representative of the Monitor will preside as the chair of the Creditors' Meeting and will decide all matters relating to the rules and procedures at, and the conduct of, the Creditors' Meeting in accordance with the terms of the Plan, the Creditors' Meeting Order and further Order of the Court. The Chair may also adjourn the Creditors' Meeting at its discretion.
57. Only those creditors with Proven Claims or Disputed Claims will be eligible to attend the Creditors' Meetings and vote on the resolution to approve the Plan. The votes of creditors holding Disputed Claims will be separately tabulated, and Disputed Claims will be resolved in accordance with the Claims Procedure Order and the Creditors' Meetings Order prior to any distribution on account of such Disputed Claims. Creditors who hold Excluded Claims, as defined in the Plan, will not be entitled to attend and vote at the Creditors' Meetings in respect of their Excluded Claims.
58. The Monitor will file a report with the Court prior to the Sanction Hearing with respect to the results of the votes cast including whether:
 - (a) the Plan has been accepted by the required majorities of creditors as prescribed for in the CCAA; and
 - (b) the votes cast by Eligible Voting Creditors with Disputed Claims, if any, would affect the result of the vote.

59. If the vote on the approval or rejection of the Plan by Eligible Voting Creditors is decided by the votes in respect of the Disputed Claims, the Applicant will seek an order for an expedited determination of any material Disputed Claims and an appropriate deferral of the application for the Sanction Order and any other applicable dates in the Creditors' Meeting Order or the Plan.
60. If the Plan is approved by Eligible Voting Creditors at the Creditors' Meeting, the Applicant will seek Court sanctioning of the Plan. The Creditors' Meeting Order sets the date for the Sanction Hearing as June 4, 2010.
61. In the view of the Monitor:
 - (a) The Creditors' Meeting Order provides for reasonable and sufficient notice of the Meeting of Creditors to be provided to Affected Creditors;
 - (b) Pursuant to the Creditors' Meeting Order, Affected Creditors would be provided adequate information with which to assess the Plan and determine whether to cast their vote for or against the Plan; and
 - (c) The provisions of the Creditors' Meeting Order governing the conduct of the Meeting of Creditors are reasonable and appropriate in the circumstances.
62. Accordingly, the Monitor respectfully recommends that the Applicant's request for the Creditors' Meeting Order be granted.

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

63. The Stay Period currently expires on May 14, 2010. Additional time is required for the Applicant to convene and hold the meeting of creditors to consider and vote on the Plan and for the Applicant to seek a Sanction Order if the Plan is approved by the requisite majorities of creditors. 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 June 11, 2010.
64. The May 3 Forecast demonstrates that the Applicant has sufficient liquidity to maintain operations during the period to June 11, 2010.
65. The Applicant is of the view that given the cash flow forecast and the filing of the Plan, there would be no material prejudice to stakeholders from an extension of the Stay Period to June 11, 2010. The Monitor concurs with this view.
66. Accordingly, based on the information currently available, the Monitor believes that creditors would not be materially prejudiced by an extension of the Stay Period to June 11, 2010.
67. 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.
68. The Monitor therefore respectfully recommends that this Honourable Court grant the Applicant's request for an extension of the Stay period to June 11, 2010.

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

Dated this 5th day of May, 2010.

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

A handwritten signature in black ink, appearing to read 'Nigel D. Meakin', written in a cursive style.

Nigel D. Meakin
Senior 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*,
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.

**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 B

The May 3 Forecast

**Signature Aluminum Canada
Cash Flow**

US\$000	1 Projected 05/09/10	2 Projected 05/16/10	3 Projected 05/23/10	4 Projected 05/30/10	5 Projected 06/06/10	6 Projected 06/13/10	Total
Week ending							
Beginning Cash Balance	1,001.6	1,164.4	1,336.0	1,188.3	775.0	1,301.7	1,001.6
Receipts							
Sales and Accounts Receivable	1,568.3	1,826.6	1,519.4	1,439.6	1,980.7	1,493.3	9,827.9
Intercompany Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DIP Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taxes	32.0	37.3	31.0	29.4	40.4	30.5	200.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Receipts	1,600.3	1,863.9	1,550.4	1,469.0	2,021.1	1,523.8	10,028.5
Disbursements							
Raw Materials - Metal	772.6	727.0	773.9	773.5	727.0	727.4	4,501.4
Raw Materials - Other	54.2	54.2	54.2	51.5	51.5	51.5	317.1
Intercompany Payments (Scrap)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intercompany Payments (Fabrication)	207.0	207.0	207.0	168.6	168.6	168.6	1,126.8
Payroll and Benefits	133.8	306.3	17.5	306.3	137.6	275.4	1,176.9
Operating Expenses	48.6	63.4	165.6	55.2	185.9	55.2	573.9
SG&A Expenses	120.4	242.4	38.4	79.6	38.4	38.4	557.6
Other Non-recurring (Deposits/Vacation)	0.0	0.0	0.0	7.5	0.0	0.0	7.5
Taxes (GST & QST)	0.0	0.0	0.0	298.0	118.6	0.0	416.6
Legal and Professional Fees	82.5	75.0	425.0	125.0	50.0	50.0	807.5
Bank Fees and Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capex	18.4	17.0	16.5	17.1	16.8	16.2	102.0
Total Disbursements	1,437.5	1,692.3	1,698.1	1,882.3	1,494.4	1,382.7	9,587.3
Net Cash Flow	162.8	171.6	(147.7)	(413.3)	526.7	141.1	441.2
Intercompany Advances/(Repayments)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DIP Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DIP Repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending Cash Balance	1,164.4	1,336.0	1,188.3	775.0	1,301.7	1,442.8	1,442.8
Cummulative Net Cash Flow	162.8	334.4	186.7	(226.6)	300.1	441.2	441.2

Appendix C

The Security Opinions

1. Monitor's Counsel provided the following Security Opinions, which are subject to the qualifications and assumptions set out therein:
 - (a) The following security held by 324:
 - (i) security granted in favour of 324 in respect of Signature's personal property in Ontario ("**324 Personal Property Opinion**");
 - (ii) security granted in favour of 324 in respect of Signature's real property in Ontario ("**324 Real Property Opinion**");
 - (iii) security granted in favour of 324 in respect of Signature's moveable and immovable property in Quebec ("**324 Quebec Opinion**");
 - (b) The following security held by Biscayne:
 - (i) security granted in favour of Biscayne in respect of Signature's personal property in Ontario ("**Biscayne Personal Property Opinion**");
 - (ii) security granted in favour of Biscayne in respect of Signature's real property in Ontario ("**Biscayne Real Property Opinion**");
 - (iii) security granted in favour of Biscayne in respect of Signature's moveable property in Quebec ("**Biscayne Quebec Opinion**");
 - (c) The following security held by HIG:

- (i) security granted in favour of HIG in respect of Signature's personal property in Ontario ("**HIG Personal Property Opinion**");
- (ii) security granted in favour of HIG in respect of Signature's real property in Ontario ("**HIG Real Property Opinion**");
and
- (iii) security granted in favour of HIG in respect of Signature's moveable and immoveable property in Quebec ("**HIG Quebec Opinion**").

324 SECURITY

324 Personal Property Opinion

- 2. Subject to the assumptions and qualifications contained in the 324 Personal Property Opinion, Monitor's Counsel opined that there were no material defects in the manner of completion or execution of the Security Documents (as defined in the 324 Personal Property Opinion), and that the Security Documents created a valid security interest in favour of 324 in Signature's personal property, enforceable against a trustee in bankruptcy of Signature.
- 3. Further, Monitor's Counsel concluded, subject always to the assumptions and qualifications contained therein, that the Security Documents were perfected by registration in accordance with the provisions of the Ontario PPSA.

324 Real Property Opinion

4. Subject to the assumptions and qualifications contained in the 324 Personal Property Opinion, Monitor's Counsel opined that although the Real Property Notices (as defined in the 324 Real Property Opinion) were not in the form of charges/mortgages of land as prescribed under the *Land Registration Reform Act* (Ontario) (the "LRRA"), based upon and subject always to the qualifications and limitations set forth in the 324 Real Property Opinion, the Real Property Notices constituted equitable charges of the Real Properties enforceable against a trustee in bankruptcy of Signature.

324 Quebec Opinion

5. In light of the decision of Justice Alary of the Superior Court of Quebec in *Re Positron Technologies Inc.*², and for the reasons stated in the 324 Quebec opinion, Monitor's Counsel could not opine as to whether the hypothec created under the Deed of Hypothec (as defined in the 324 Quebec Opinion) was valid and enforceable under the laws of the Province of Quebec.

BISCAYNE SECURITY

Biscayne Personal Property Opinion

6. Subject to the assumptions and qualifications contained in the Biscayne Personal Property Opinion, Monitor's Counsel opined that there were no material defects in the manner of completion or execution of the General Security and Pledge Agreement and the Demand Debenture (as each are defined in the Biscayne Personal Property Opinion); and that each of the General Security and Pledge Agreement and the Demand Debenture created a valid security interest in favour of Biscayne as Agent for the Lender Group (as such terms are defined in the Biscayne Personal Property Opinion) in the personal property described in those documents, enforceable against a trustee in bankruptcy of Signature.

² [2008] R.J.Q. 2503

7. Monitor's Counsel also concluded that subject always to the assumptions and qualifications in the Biscayne Personal Property Opinion, the Guaranty (as defined in the Biscayne Personal Property Opinion) constituted a legal, valid and binding obligation of the Guarantors (as defined in the Biscayne Personal Property Opinion), enforceable against each of the Guarantors in accordance with its terms.
8. Further, the General Security and Pledge Agreement and the Demand Debenture were perfected by registration in accordance with the provisions of the Ontario PPSA.

Biscayne Real Property Opinion

9. Based upon and subject always to the qualifications and limitations set forth in the Biscayne Real Property Opinion, Monitor's Counsel opined that the Richmond Hill Mortgage and the Pickering Mortgage (as each are defined in the Biscayne Real Property Opinion) each constituted, as at the date of the Biscayne Real Property Opinion, a second, fixed and specific mortgage of and charge upon each of the Real Properties, for a principal amount of \$50,000,000.00, enforceable against a trustee in bankruptcy of Signature.

Biscayne Quebec Opinion

10. Subject to the assumptions and qualifications contained in the Biscayne Quebec Opinion, Monitor's Counsel opined that each of the Documents (as defined in the Biscayne Quebec Opinion) constituted legal, valid and binding obligations of Signature, enforceable against it and against third parties, including against a trustee in bankruptcy, in accordance with its terms.

11. Furthermore, Monitor's Counsel concluded that the Biscayne Hypothec constituted, under the laws of the Province of Quebec, a valid hypothec without delivery for a total principal amount of Cdn\$96,000,000 (including an additional amount of Cdn\$16,000,000), with interest thereon at the rate of 25% *per annum*, in favour of Biscayne, acting as *fondé de pouvoir* as contemplated in Article 2692 of the Civil Code, on the property of Signature purported to be charged thereunder, as security for the payment and performance of the obligations described therein as being secured thereby. Subject to the delivery and the continued possession in the Province of Quebec by Biscayne of the Biscayne Bond, the Biscayne Pledge constituted, under the laws of the Province of Quebec, a valid and enforceable hypothec with delivery (pledge) on the Biscayne Bond for a principal amount of Cdn\$80,000,000, with interest thereon at the rate of 25% *per annum*, in favour of Biscayne, acting as agent and mandatary for the Creditors (as such term is defined in the Biscayne Pledge), as security for the payment and performance of the obligations described therein as being secured thereby.
12. Monitor's Counsel concluded that registration was made in all public offices provided for under the laws of the Province of Quebec where such registration is necessary to render opposable the hypothec without delivery created by the Biscayne Hypothec.

HIG SECURITY

HIG Personal Property Opinion

13. Subject to the assumptions and qualifications contained in the HIG Personal Property Opinion, Monitor's Counsel opined that there were no material defects in the manner of completion or execution of the Security Documents (as defined in the HIG Personal Property Opinion); and that the Security Documents created a valid security interest in favour of HIG in the personal property described therein, enforceable against a trustee in bankruptcy of Signature.
14. Further, the Security Documents were perfected by registration in accordance with the provisions of the Ontario PPSA.

HIG Real Property Opinion

15. Based upon and subject to the qualifications and limitations set forth in the HIG Real Property Opinion, Monitor's Counsel opined that the Richmond Hill Mortgage and the Pickering Mortgage each constituted, as at the date of the HIG Real Property Opinion, a first mortgage of and charge upon each of the Real Properties in favour of H.I.G. Bayside Advisors II, LLC, as general partner of HIG, for a principal amount of \$30,000,000.00, enforceable against a trustee in bankruptcy of Signature.

HIG Quebec Opinion

16. Subject to the assumptions and qualifications contained in the HIG Quebec Opinion, Monitor's Counsel opined that the Hypothec (as defined in the HIG Quebec Opinion) constituted legal, valid and binding obligations of Signature, enforceable against it and against third parties, including against a trustee in bankruptcy, in accordance with its terms. Furthermore, the Hypothec constituted, under the laws of the Province of Quebec, a valid immovable and movable hypothec without delivery for a total principal amount of Cdn\$5,400,000 (including an additional amount of Cdn\$900,000), with interest thereon at the rate of 25% per annum, in favour of HIG on the collateral of Signature purported to be charged thereunder.
17. Monitor's Counsel concluded that registration was made in all public offices provided for under the laws of the Province of Quebec where such registration is necessary to render the Hypothec opposable.

Appendix D

The Monitor's Second Report

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

Signature Aluminum Canada Inc.

SECOND REPORT OF THE MONITOR
March 15th, 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.

**SECOND 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. (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. As part of the CCAA filing, the Applicant submitted to the Court for approval a Marketing Process (as defined below) 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.

3. On February 25, 2010, the Honourable Madam Justice Karakatsanis granted orders approving a process for identifying and evaluating claims against the Applicant and extending the CCAA Stay Period to May 14, 2010.
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 (the “**Plan Sponsor**”), has provided a commitment to support the restructuring of the Applicant’s business and operations through either the sponsorship of a plan of compromise and 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 “**Credit Bid**”) 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 Credit Bid at the time of the initial application.
5. The purpose of this, the Monitor’s Second Report, is to inform the Court on the following:
 - (a) The results of Phase I of the Marketing Process, and the Applicant’s request for approval of a second phase to the Marketing Process (“**Phase II**”) approved by the Initial Order pursuant to which the Applicant will seek to identify one or more buyers for the Applicant’s business and assets and to establish a final bid deadline of April 6, 2010 at 5:00 pm Toronto time for the delivery by bidders of binding offers to purchase the Applicant’s business (the “**Final Bid Deadline**”), and the Monitor’s recommendation thereon. The binding offers are to be made by way of reference to a template asset purchase agreement to be made available to bidders; and
 - (b) The permanent layoff of employees at the Applicant’s Richmond Hill and St. Thérèse facilities.

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 the PSA or previous reports filed in the CCAA Proceedings.

RESULTS OF PHASE I OF THE MARKETING PROCESS AND PROPOSED PHASE II

8. The Initial Order authorized a marketing process (the "**Marketing Process**") to determine whether it would be possible to identify a purchaser or purchasers for the Applicant's assets and business that (a) would individually or in the aggregate result in a higher and better recovery for the assets of the Applicant than it would receive under the Credit Bid, and/or (b) might be prepared to acquire more than one facility on a going concern basis.
9. Following the granting of the Initial Order, CIBC commenced the Marketing Process for the sale of the business or assets of the Applicant. Pursuant to the Marketing Process, the deadline for the receipt of non-binding letters of intent was February 26, 2010 (the "**LOI Bid Deadline**").

10. A list of logical potential interested parties was compiled by CIBC with input from the Monitor and the Applicant. In addition, the Marketing Process was advertised in the national edition of the Globe and Mail on Friday, February 5th, 2010 and in La Presse on Monday, February 8th, 2010, both in accordance with the provisions of the Initial Order.
11. During Phase I of the Marketing Process, CIBC contacted 98 logical potential interested parties, including potential financial sponsors, strategic buyers and liquidators (“**Prospective Purchasers**”). Of the Prospective Purchasers, 37 requested, received and executed confidentiality agreements and were sent a copy of the confidential information memorandum and provided access to an electronic data room.
12. Pursuant to the Marketing Process as described in the Affidavit of Parminder Punia sworn January 28, 2010 (the “**January 28th Affidavit**”) and approved by the Court, if the Marketing Process did not result in any Phase One Qualifying Bidders (as defined in the January 28th Affidavit), the Applicant, with the support of Biscayne, intended to pursue a Plan, in accordance with the terms of the PSA. The Marketing Process provided that if one or more Phase One Qualifying Bids were received, the Applicant intended to return to the Court to seek approval of the next steps to be taken in the Marketing Process.
13. A number of non-binding letters of intent were received by the Phase I Bid Deadline. Attached as Confidential Appendix B to this report is a summary of the non-binding letters of intent received by the Phase I Bid Deadline. In connection with this motion, the Applicant will be seeking an order approving the sealing of Confidential Appendix B. Given the sensitive information contained in that appendix (identity of purchaser, price offered, conditions, if any, etc.), the Monitor believes that a sealing order is appropriate in the circumstances and necessary to protect the Marketing Process going forward and the value attributed to the assets by potential purchasers.

14. The Monitor has reviewed the letters of intent received by the Phase I Bid Deadline and is satisfied that the criteria required in order to continue the Marketing Process has been met¹. Accordingly, the Applicant is requesting, and the Monitor recommends, approval of Phase II of the Marketing Process and approval of the proposed Final Bid Deadline.

15. In order to participate in Phase II of the of Marketing Process, a bidder will be required to have submitted a letter of intent in form and substance reasonably satisfactory to the Monitor (in consultation with the Applicant), which indicates the bidders' corporate identification, proof of corporate authority and financial ability to close. Bidders who submitted letters of intent by the Phase I Bid Deadline automatically qualify for inclusion in Phase II of the Marketing Process. Each of the parties that submitted a letter of intent by the Phase I Bid Deadline has been contacted by CIBC and invited to proceed with additional due diligence, including site visits and meetings with management personnel of the Applicant. These parties were also informed that the Applicant would be seeking approval of a final bid deadline of early April.

¹ According to the letters of intent received by the Phase I Bid Deadline, the only plant that bidders are prepared to acquire on an operating basis is the Pickering Plant.

16. The Applicant, in consultation with the Monitor, CIBC, the Plan Sponsor and the Senior Secured Lenders, has determined that it will allow parties that did not submit letters of intent by the Phase I Bid Deadline and/or did not to conduct any due diligence during Phase I of the Marking Process to submit to the Monitor a letter of intent in form and substance satisfactory to the Monitor (in consultation with the Applicant) by reference to the criteria described in paragraph 15 above to undertake due diligence and to thereafter have access to Phase II of the Marketing Process. The Monitor believes that doing so will allow the canvassing of a greater number of opportunities and will not result in any unfairness to other parties as all letters of intent submitted so far were non-binding expressions of interests. Requiring new parties to submit satisfactory letters of intent before being permitted to participate in Phase II will ensure that resources will not be spent on exploring avenues that have little chances of success.
17. During Phase II of the Marketing Process, bidders will be permitted to continue or commence due diligence, as applicable, and will be required to submit a binding offer or offers based on a form of asset purchase agreement to be made available to such bidders. In the event that an offer or offers are received that are capable of acceptance by the Applicant by the Final Bid Deadline, the Applicant will have the opportunity to negotiate and, subject to the Court's approval, complete one or more final agreements of purchase and sale with one or more bidders.
18. The Applicant (in consultation with the Monitor) reserves the right to consider binding offers that deviate from the template asset purchase agreement. The Applicant (in consultation with the Monitor) shall have the right to accept one or more offers received by the Final Bid Deadline, in the form revised or in a revised format agreeable to the Applicant and the Monitor, or to accept none of the offers received. In the event that no offer is received by the Final Bid Deadline, or accepted by the Applicant, the Plan Sponsor intends to proceed with the Plan or Credit Bid, subject to Court approval and in accordance with terms of the PSA.

19. It is the Monitor's view that in the circumstances of this case, interested parties should have sufficient time to complete, as applicable, any necessary due diligence or additional due diligence and submit binding offers by the Final Bid Deadline. The Senior Secured Lenders (including the Plan Sponsor and the DIP Lender) have consented to April 6, 2010 being set as the Final Bid Deadline. Accordingly, the Monitor respectfully recommends that the Applicant's request for approval of Phase II of the Marketing Process and the Final Bid Deadline be approved by this Honourable Court.

TERMINATION OF EMPLOYEES AT RICHMOND HILL AND PICKERING

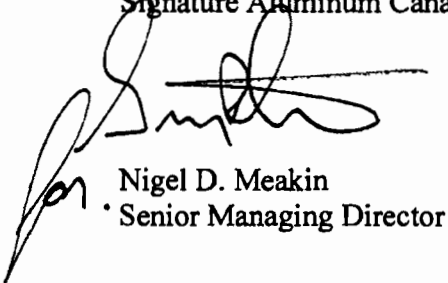
20. The Richmond Hill Plant and the St. Thérèse Plant have both been on extended shut down since December 13, 2009, and the employees at those plants have been on temporary layoff since that time (some employees elected to take vacation pay during this time). Although the Marketing Process identified going concern bidders for the Pickering Plant, the Marketing Process has not identified a going concern bidder for the Richmond Hill Plant or the St. Thérèse Plant. Accordingly, layoffs at these plants have been made permanent and by letters dated March 8, 2010, notice was given to individual employees that they will not be recalled to their jobs. There is an exception in respect of approximately 10 employees operating a single saw at the Richmond Hill Plant; the Applicant anticipates that these 10 employees will be placed on permanent layoff on or about March 26, 2010.
21. Prior to delivering notices of permanent layoff, the Applicant communicated with union representatives to advise them that the Marketing Process had not identified any purchasers wishing to maintain operations of Richmond Hill or St. Thérèse, and the consequent decision to make the temporary layoffs of employees permanent.

22. In addition to the plant employees terminated at the Richmond Hill Plant and the St. Thérèse Plant, the temporary layoffs of head office and salaried staff on February 9, 2010 was made permanent and by letters dated March 8, 2010, notice was given to these employees that they will not be recalled to their jobs.
23. It is anticipated that as a consequence of the permanent layoff of employees at the Richmond Hill and St. Thérèse Plants, and as a result of the substantial downsizing of the salaried staff, the pension plans relating to those employees will be wound up. The Applicant will be pursuing discussions with the relevant regulatory authorities in connection with this matter.

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

Dated this 15th day of March, 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 E

The Plan

**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.**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c.C-36, AS AMENDED**

**PLAN OF COMPROMISE AND ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.**

MAY 4, 2010

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**PLAN OF COMPROMISE AND ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.**

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

MAY 4, 2010

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context should otherwise require, the capitalized terms and phrases used but not defined herein have the following meanings:

“**324**” means 3241715 Nova Scotia Limited (previously 6919464 Canada Inc.);

“**Administration Charge**” means the Administration Charge granted under the Initial Order;

“**Administration Charge Reserve**” has the meaning set out in Section 5.2(a) of this Plan;

“**Affected Claim**” means a Claim that is not an Excluded Claim. For greater certainty, all Pre-Filing Claims and Subsequent Claims are “**Affected Claims**”;

“**Affected Pension Plans**” means, collectively, (i) the Pension Plan for Salaried Employees of Signature Aluminum Canada Inc., Financial Services Commission of Ontario Reg. No. 0311035, (ii) the Pension Plan for the Hourly Paid Employees of Signature Aluminum Canada Inc., Richmond Hill, Financial Services Commission of Ontario Reg. No. 0931642, and (iii) Régime De Retraite Des Employés D’Usine de Signature Aluminum Canada Inc., Régie des rentes du Québec Reg. No. 27145;

“**Applicable Law**” means, at any time, in respect of any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Authorized Authority;

“**Applicant**” means Signature Aluminum Canada Inc.

“**Authorized Authority**” means, in relation to any Person, transaction or event, any:

- (a) federal, provincial, territorial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign;
- (b) agency, authority, commission, instrumentality, regulatory body, court, or other entity exercising executive, legislative, judicial, taxing, regulatory or

administrative powers or functions of or pertaining to government, including any Taxing Authority;

- (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; or
- (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event;

“Base Distribution” means, for each Proven Claim, (i) 100% of the amount of the Proven Claim that is less than or equal to CDN\$1000, plus (ii) 50% of the amount of the Proven Claim that is greater than CDN\$1,000 and less than or equal to CDN\$4,750;

“BIA” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

“Biscayne” means Biscayne Metals Finance, LLC, including, without limitation, in its capacity as DIP Lender and Plan Sponsor;

“Business Day” means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario, Canada;

“Canadian Dollars”, **“CDN\$”** or **“\$”** means dollars denominated in lawful currency of Canada;

“CCAA” means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended;

“CCAA Court” means the Ontario Superior Court of Justice;

“CCAA Proceedings” means the proceedings commenced by the Applicant under the CCAA on January 29, 2010 in the CCAA Court, Court File No. CV-10-8561-00CL;

“Charges” has the meaning given to it in paragraph 42 of the Initial Order;

“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, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, legal or equitable, secured or unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, 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 together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA if the Applicant were bankrupt, and for greater certainty, includes, without limitation (i) any Tax Claim, (ii) any claims by any Person for obligations or indebtedness owing by the Applicant under the Affected Pension Plans, and (iii) any Subsequent Claim;

“Claims Bar Date” means 5:00 p.m. (Toronto Time) on March 26, 2010, or such other date as may be ordered by the CCAA Court;

“Claims Officer” means any individual appointed by the Applicant, under such terms as are approved by the Monitor or further order of the CCAA Court, to act as a claims officer for purposes of, and in accordance with, the Claims Procedure Order;

“Claims Procedure Order” means the Order of the Honourable Madam Justice Karakatsanis dated February 25, 2010, as may be amended, restated or varied by subsequent Orders of the CCAA Court;

“Creditor” means, subject to the Claims Procedure Order and Section 6.5 of this Plan, any holder of an Affected Claim, in that capacity;

“Creditors’ Meeting” means the meeting of Creditors called for the purposes of considering and voting in respect of this Plan, which has been set by the Creditors’ Meeting Order to take place at 9:30 a.m. (Toronto Time) on June 1, 2010 and any postponements, adjournments or amendments thereof;

“Creditors’ Meeting Order” means the Order of the CCAA Court made May 11, 2010 ordering and declaring, among other things, the procedures to be followed in connection with the Creditors’ Meeting, as amended, restated or varied from time to time by subsequent Order of the CCAA Court;

“Crown” means Her Majesty in right of Canada or a province of Canada;

“Crown Claim” means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the ITA;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides

for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

- (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
- (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

“**DIP Lender’s Charge**” means the DIP Lender’s Charge granted under the Initial Order;

“**DIP Lender**” means Biscayne in its capacity as lender under the DIP Term Sheet, and any other lenders becoming party as lenders to the DIP Term Sheet;

“**DIP Term Sheet**” means the DIP Term Sheet dated as of January 28, 2010 between the Applicant, as borrower, and Biscayne, as lender;

“**Disallowed Claim**” means a Disputed Claim (or any portion thereof) which has been finally disallowed in accordance with the Claims Procedure Order;

“**Disputed Claim**” means all or that portion of an Affected Claim that has not been allowed or accepted as proven by the Monitor, which is the subject of a Notice of Dispute or Notice of Revision or Disallowance, and which has not been resolved by the Claims Officer, by agreement or by further Order of the CCAA Court, as applicable. For greater certainty, once a Disputed Claim is finally determined, it shall become either a Proven Claim or a Disallowed Claim, as the case may be;

“**Disputed Claims Reserve**” shall have the meaning set out in Section 6.2;

“**Eligible Voting Creditor**” means a Creditor having a Proven Claim or a Disputed Claim;

“**Excluded Claim**” has the meaning set forth in Section 3.3 of this Plan;

“**Filing Date**” means January 29, 2010, being the date of the Initial Order;

“**Final Distribution Date**” means a Business Day to be chosen by the Monitor, in consultation with the Applicant, on which final distributions are to be made on account of Proven Claims and which shall be a date that occurs after all Disputed Claims have been finally determined in accordance with the Claims Procedure Order;

“**GST**” means goods and services tax under the *Excise Tax Act* (Canada), R.S.C., 1985, c. E-15, as amended to the date of this Plan;

“H.I.G.” means, collectively, H.I.G. Bayside Debt & LBO Fund II L.P., H.I.G. Bayside Advisors II, LLC and H.I.G.-GPII, Inc.;

“Initial Distribution Date” means a Business Day to be chosen by the Monitor, in consultation with the Applicant, on which initial distributions are to be made on account of Proven Claims;

“Initial Order” means the Order granted by the CCAA Court in the CCAA Proceedings on January 29, 2010, as amended, restated, varied or extended from time to time by subsequent Orders of the CCAA Court;

“ITA” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended to the date of this Plan;

“Lien” means any mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law;

“Monitor” means FTI Consulting Canada Inc., solely in its capacity as Court-appointed monitor of the Applicant in the CCAA Proceedings, and not in its corporate or personal capacity;

“Monitor’s Certificate” has the meaning given to it in Section 8.3 of this Plan;

“Monitor’s Website” means the website maintained by the Monitor located at the following address: <http://cfcanada.fticonsulting.com/signature>;

“Notice of Claim” means the notice of claim which may be provided by the Monitor to Known Creditors or Subsequent Claimants (each as defined in the Claims Procedure Order), as the case may be, substantially in the form attached as Schedule “2” to the Claims Procedure Order;

“Notice of Dispute” means a written notice, substantially in the form attached as Schedule “4” to the Claims Procedure Order, delivered to the Monitor by a Creditor disputing either a Notice of Claim or Notice of Revision or Disallowance issued by the Monitor, with reasons for its dispute;

“Notice of Revision or Disallowance” means a written notice, substantially in the form attached as Schedule “5” to the Claims Procedure Order, delivered to a Creditor advising that the Monitor has revised or disallowed all or part of such Creditor’s Filed Claim (as defined in the Claims Procedure Order) for the purposes of voting and/or distribution and providing the reasons for the revision or disallowance;

“Order” means any order of the CCAA Court in the CCAA Proceedings;

“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;

“**Plan**” means this Plan of Compromise and Arrangement, as it may be amended, restated, or supplemented from time to time in accordance with the provisions hereof;

“**Plan Implementation Date**” means a Business Day, as determined by the Applicant, once all conditions precedent to the implementation of this Plan set out in Section 8.2 have been satisfied or waived;

“**Plan Sponsor**” means Biscayne in its capacity as “Sponsor” under the Plan Support Agreement;

“**Plan Support Agreement**” means the plan support agreement, dated January 28, 2010, between the Applicant and Biscayne, as amended, attached as Appendix “A” to the Pre-filing Report of the Proposed Monitor, dated January 28, 2010;

“**Plan Support Deposit**” means the amount held by the Monitor pursuant to Section 3.01 of the Plan Support Agreement;

“**Plan Support Fund**” means the amount of CDN\$1,925,000;

“**Plan Support Fund Residual**” means the Plan Support Fund less the aggregate total of Base Distributions;

“**Plan Termination Date**” means June 7, 2010;

“**Pre-Filing Claim**” means any Claim other than (i) an Excluded Claim, and (ii) a Subsequent Claim;

“**Proof of Assignment**” means a notice of transfer or assignment of an Affected Claim executed by a Creditor and the transferee or assignee, together with satisfactory evidence of such transfer or assignment as may be reasonably required by the Monitor and the Applicant, in accordance with Paragraph 11 of the Claims Procedure Order;

“**Proof of Claim**” means a proof of claim, in substantially the form attached as Schedule 3 to the Claims Procedure Order, as submitted to the Monitor by a Creditor in accordance with the Claims Procedure Order;

“**Pro Rata Distribution**” means, for each Proven Claim, an amount calculated by multiplying the Plan Support Fund Residual by the Proven Claim Residual, divided by the aggregate total of all Proven Claim Residuals;

“**Proven Claim**” means the amount, status and/or validity of the Claim of a Creditor, as finally determined in accordance with the Claims Procedure Order, any other order of the CCAA Court and/or this Plan;

“Proven Claim Residual” means a Proven Claim less the Base Distribution on account of such Proven Claim;

“Proven Creditor” means a Creditor holding a Proven Claim;

“Related Parties” means 324, Biscayne, Shapes and H.I.G.;

“Related Party Claims” means Claims held by the Related Parties;

“Sanction Date” means the date that the Sanction Order is granted;

“Sanction Order” means an Order sanctioning this Plan and giving all necessary directions regarding its implementation, which shall include the provisions set forth in Section 9.1 of this Plan;

“Secured Claim” means any Claim or portion thereof that is secured by a validly attached and existing Lien on the property of the Applicant that was duly and properly registered or perfected in accordance with Applicable Law at the Filing Date or in accordance with the Initial Order, but only to the extent of the realizable value of the property of the Applicant subject to such security, still in the possession of the Applicant, having regard to, among other things, the priority of such security;

“Shapes” means Shapes L.L.C.;

“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”;

“Tax” or “Taxes” means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

“Tax Claim” means any Claim against the Applicant for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a “Tax Claim” shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto;

“Taxing Authorities” means Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and any Canadian or foreign governmental authority exercising taxing powers in administering and/or collecting Taxes;

“Unaffected Pickering Pension Plan” means the defined contribution Pension Plan for the employees of the Applicant, Financial Services Commission of Ontario Reg. No. 1012053 relating to the Applicant’s operating facility in Pickering, Ontario.

1.2 Article and Section Reference

The terms **“this Plan”**, **“hereof”**, **“hereunder”**, **“herein”**, and similar expressions refer to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa, and any word or words importing gender shall include all genders.

1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

1.5 Inclusive Meaning

As used in this Plan, the words **“include”**, **“includes”**, **“including”** or similar words of inclusion means, in any case, those words as modified by the words **“without limitation”** and **“including without limitation”**; so that references to included matters shall be regarded as illustrative rather than exhaustive.

1.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to Canadian Dollars. For the purposes of voting or distribution, Affected Claims shall be denominated in Canadian Dollars and all cash distributions under this Plan shall be paid in Canadian Dollars. Any Affected Claim in a currency other than Canadian Dollars will be deemed to have been converted to Canadian Dollars at the spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at noon on the Filing Date, which rate for greater certainty for the conversion of United States Dollars to Canadian Dollars was 1.0650.

1.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time to the date of this Plan and any statute or regulation that supplements or supersedes such statute or regulation to the date of this Plan.

1.8 Successors and Assigns

The rights, benefits and obligations of any Person named or referenced in this Plan shall be binding on and shall inure to the benefit of any heir, administrator, executor, legal personal representative, successor or assign, as the case may be, or a trustee, receiver, interim receiver, receiver and manager, liquidator or other Person acting on behalf of such Person, as permitted hereunder.

1.9 Governing Law

This Plan, shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to any conflict of law provision that would require the application of the law of any other jurisdiction. Any dispute or issue in connection with, or related to the interpretation, application or effect of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the CCAA Court.

1.10 Severability of Plan Provisions

If any provision of this Plan is illegal, invalid or unenforceable, or becomes illegal, invalid or unenforceable on or following the Plan Implementation Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Plan, or the legality, validity or enforceability of that provision in any other jurisdiction.

1.11 Timing Generally

Unless otherwise specified, all references to time herein, and in any document issued pursuant hereto, shall mean local time in Toronto, Ontario, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day.

1.12 Time of Payments and Other Actions

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the payment to the next succeeding Business Day if the last day of the period is not a Business Day. Wherever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

1.13 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

Schedule "A" - Form of Monitor's Certificate

ARTICLE 2 PURPOSE AND EFFECT OF PLAN

2.1 Purpose

The purpose of this Plan is:

- (a) to facilitate the rationalization of the Applicant's business of aluminum extrusion at its operating facility located in Pickering, Ontario; and
- (b) to provide for a compromise and arrangement of all Affected Claims against the Applicant;

in order to enable the business of the Applicant to continue as a going concern, in the expectation that a greater benefit will be derived by the Applicant and its stakeholders, including suppliers, customers, shareholders, secured creditors and employees, from the continued operation of the business of the Applicant and the distributions under the Plan than would result from the sale or forced liquidation of its assets.

ARTICLE 3 CLASSIFICATION OF CLAIMS

3.1 Classification of Claims

For the purposes of considering and voting on this Plan and receiving a distribution hereunder, the Affected Claims of the Creditors shall be grouped into a single class.

3.2 Affected Persons

On the Plan Implementation Date, this Plan shall be binding upon the Applicant and the Creditors and their respective heirs, executors, administrators, legal representatives, successors and assigns in accordance with its terms, but shall not affect Excluded Claims.

3.3 Claims Excluded by the Plan

This Plan does not compromise, release or otherwise affect the following Claims (collectively, "Excluded Claims"), and, subject to Section 3.4 hereof, such Excluded Claims shall be addressed by the Applicant in the ordinary course:

- (a) Claims for goods and/or services provided to the Applicant on or after the Filing Date;
- (b) Claims of the nature secured by the Administration Charge or the DIP Lender's Charge;
- (c) Crown Claims;
- (d) Secured Claims, to the extent they are Proven Claims;
- (e) Related Party Claims; and
- (f) Claims relating to or in respect of the Unaffected Pickering Pension Plan.

3.4 Defences to Excluded Claims

Nothing in this Plan shall affect the Applicant's rights and defences, both legal and equitable, with respect to any Excluded Claims or any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims. Nothing herein shall constitute a waiver of any right of either the Monitor or the Applicant to dispute the entitlement to or quantum of an Excluded Claim.

3.5 Crown Claims

All Crown Claims in respect of all amounts that were outstanding at the Filing Date or related to the period ending on the Filing Date shall be paid in full to the Crown within six months of the Sanction Order, as required by section 6(3) of the CCAA.

ARTICLE 4 TREATMENT OF CREDITORS

4.1 Voting by Creditors

Each Eligible Voting Creditor shall have one vote, which vote shall have the aggregate value of its Dispute Claim(s) and/or Proven Claim(s), as applicable. The Monitor shall keep a separate record and tabulation of any votes cast in respect of Disputed Claims. The Monitor shall report the result of the vote and the tabulation of votes of Proven Claims and Disputed Claims to the CCAA Court, and if the vote on the approval or rejection of the Plan by Eligible Voting Creditors is decided by the votes in respect of the Disputed Claims, the Applicant shall seek an order for an expedited determination of any material Disputed Claims and an appropriate deferral of the application for the Sanction Order and any other applicable dates in the Plan. The fact that a Disputed Claim is allowed for voting purposes shall not preclude the Applicant and the Monitor from disputing the Disputed Claim for distribution purposes.

4.2 Treatment of Proven Claims

The Monitor shall distribute to each Proven Creditor, in full satisfaction of its Proven Claim, a cash distribution equal to:

- (a) the Base Distribution; plus
- (b) the Pro Rata Distribution.

ARTICLE 5 IMPLEMENTATION OF THE PLAN

5.1 Funding of Creditor Distributions

Prior to the issuance of the Creditors' Meeting Order, Biscayne shall have paid to the Monitor, or fund the Applicant's payment to the Monitor, the difference between the Plan Support Fund and the Plan Support Deposit, in satisfaction of Biscayne's obligation under the Plan Support Agreement.

5.2 Exit Financing and Charges

- (a) **Administration Charge.** On the Plan Implementation Date, (i) all outstanding, invoiced obligations, liabilities, fees and disbursements of the type secured by the Administration Charge shall be fully paid by the Applicant, and (ii) a reserve for any uninvoiced amounts of the type secured by the Administration Charge as of the Plan Implementation Date (together with an estimated amount for future accruals) shall be fully funded by the Applicant or Biscayne ("**Administration Charge Reserve**"). The amount of the Administration Charge Reserve shall be agreed to by the Monitor, the Applicant and Biscayne, acting reasonably, and the Administration Charge Reserve shall be administered by the Monitor. Subject to Section 8.1(g), upon payment of the amounts secured by the Administration

Charge, or the funding of the Administration Charge Reserve, the Administration Charge shall be and be deemed to be discharged from the assets of the Applicant and attach to the Administration Charge Reserve, if applicable. On the date of the discharge of the Monitor, to the extent that the Administration Charge Reserve exceeds the actual costs paid or payable from the Administration Charge Reserve, the excess amount shall be returned to the Applicant.

- (b) **DIP Lender's Charge.** On the Plan Implementation Date, all amounts owing by the Applicant to Biscayne pursuant to the DIP Term Sheet shall be (i) fully paid by the Applicant with cash on hand, or (ii) converted to liabilities of the Applicant under an exit financing facility between the Applicant (as borrower) and Biscayne or its designee (as lender), and shall be secured by such contractual security as may be agreed to by the parties, the terms and conditions of such exit facility to be settled by the Applicant and Biscayne, acting reasonably, not less than five Business Days prior to the Plan Implementation Date.

5.3 Effectuating Documents

Any Director or the Controller and Treasurer of the Applicant shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents, and take such other actions, as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of this Plan. The secretary or assistant secretary of the Applicant shall be authorized to certify or attest to any of the foregoing actions.

ARTICLE 6 PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Distributions on Proven Claims

On the Initial Distribution Date, all Proven Creditors will receive distributions in accordance with Section 4.2 hereof, provided, however, that with respect to a Creditor that is the holder of both a Proven Claim and a Disputed Claim, the Monitor may elect, in its sole discretion, to withhold distribution on such Creditor's Proven Claim on the Initial Distribution Date and make a single distribution to such Proven Creditor on the Final Distribution Date.

6.2 Distribution when Disputed Claims Outstanding

In the event that the Monitor elects to designate an Initial Distribution Date while Disputed Claims are still outstanding, then for the purposes of the calculation of the Pro Rata Distribution only, Disputed Claims shall be treated as though they are Proven Claims. For greater certainty, no distribution will be made on account of Disputed Claims unless and until such Disputed Claims become Proven Claims, but the aggregate amount of the Pro Rata Distribution attributable to such Disputed Claims shall be held in reserve by the Monitor in a separate, interest bearing trust account (the "Disputed Claims Reserve").

6.3 Final Distribution on Account of Proven Claims

On the Final Distribution Date, the Disputed Claims Reserve shall be distributed to Proven Creditors, such that the total of distributions made to each Proven Creditor shall be the Base Distribution plus the Pro Rata Distribution.

6.4 Distributions by the Monitor

All cash distributions to be made under this Plan to a Proven Creditor shall be made by the Monitor by cheque and will be sent, via regular mail, to such Proven Creditor to the last known address for such Proven Creditor in the list of Known Creditors provided to the Monitor by the Applicant pursuant to the Claims Procedure Order or, if a Proven Creditor filed a Proof of Claim or Notice of Dispute, the address specified in the Proof of Claim or Notice of Dispute filed by such Proven Creditor or such other address as the Proven Creditor may from time to time notify the Monitor in accordance with Section 11.8 of this Plan.

6.5 Interest on Affected Claims

No interest or penalties shall accrue or be paid on an Affected Claim from and after or in respect of the period following the Filing Date and no holder of an Affected Claim will be entitled to any interest in respect of such Affected Claim accruing on or after or in respect of the period following the Filing Date. All interest accruing on any Affected Claim after or in respect of the period following the Filing Date shall be forever extinguished and released under this Plan.

6.6 Distributions in respect of Transferred or Assigned Claims

The Applicant and the Monitor shall not be obligated to deliver any distributions under this Plan to any transferee or assignee of an Affected Claim unless a Proof of Assignment has been delivered to the Monitor and the Applicant no later than five Business Days prior to the Initial Distribution Date or Final Distribution Date, as applicable to such assigned Affected Claim.

6.7 Undeliverable and Unclaimed Distributions

If any delivery or distribution to be made pursuant to Article 6 of this Plan is returned as undeliverable, or in the case of any distribution made by cheque, the cheque remains uncashed, for a period of more than seven months after the Final Distribution Date, or the date of delivery or mailing of the cheque, whichever is later, the Claim of any Proven Creditor with respect to such undelivered or unclaimed distribution shall be discharged and forever barred, notwithstanding any federal or provincial laws to the contrary and any such cash allocable to the undeliverable or unclaimed distribution, shall be released by the Monitor to the Applicant, free and clear of any claims of said Proven Creditor or any other Creditors and their respective successors and assigns. Nothing contained in this Plan shall require the Applicant or the Monitor to attempt to locate any holder of any undeliverable or unclaimed distributions.

6.8 Tax Matters

- (a) **Allocation of Distributions.** All distributions made pursuant to this Plan in respect of a Proven Claim shall be applied first in consideration of the outstanding principal amount of such Proven Claim, and secondly in consideration of the accrued and unpaid interest and penalties, if any, which form part of such Proven Claim. Notwithstanding any other provision of this Plan, including subsection (b) below, each Proven Creditor that is to receive a distribution or payment pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Authorized Authority on account of such distribution.
- (b) **Withholding Rights.** All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any Applicable Law or any Taxing Authority and the Applicant shall direct the Monitor, on behalf of the Applicant, to deduct, withhold and remit from any distributions hereunder payable to a Proven Creditor or to any Person on behalf of any Proven Creditor, such amounts as the Applicant determines that it or the Monitor, on behalf of the Applicant, are required to deduct and withhold with respect to such payment under the ITA or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the Proven Creditor in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority. The Monitor shall have no responsibility to undertake any investigation regarding the Applicant's directions (or lack thereof) with respect to withholding and reporting requirements. Unless directed to withhold from a distribution on account of a Proven Claim by the Applicant, the Monitor shall have no liability with respect to any claim arising from any failure to make withholdings from any distribution on account of a Proven Claim.

ARTICLE 7 CREDITORS' MEETING

7.1 Creditors' Meeting and Conduct

The Creditors' Meeting to consider and vote on this Plan shall be held and conducted by the Monitor in accordance with the terms of the Creditors' Meeting Order.

7.2 Acceptance of Plan

If the Plan is approved by the required majorities of Creditors entitled to vote at the Creditors' Meeting, being a majority in number of Creditors present and voting either in person or by proxy, representing two thirds in value of the aggregate Affected Claims, then this Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by the Creditors and shall be binding upon all Creditors, if the Sanction Order is granted.

ARTICLE 8
CONDITIONS OF PLAN IMPLEMENTATION

8.1 Sanction Order

If this Plan is approved by the required majorities of Creditors entitled to vote at the Creditors' Meeting, the Applicant shall bring a motion before the CCAA Court for the Sanction Order as soon as reasonably practicable, which Sanction Order shall provide, among other things, that:

- (a) (i) this Plan has been approved by the required majorities of Creditors entitled to vote at the Creditors' Meeting in conformity with the CCAA; (ii) the Applicant acted in good faith and has complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the CCAA Court is satisfied that the Applicant has not done nor purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated by it are fair and reasonable;
- (b) this Plan (including the compromises, arrangements and releases set out herein) shall be sanctioned and approved pursuant to Section 6 of the CCAA and will be binding and effective as herein set out on the Applicant, all Creditors and all other Persons as provided for in this Plan or in the Sanction Order;
- (c) subject to the performance by the Applicant and Biscayne of their respective obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, all obligations or agreements to which the Applicant is a party, other than agreements which were terminated or repudiated by the Applicant prior to the deadline specified in the Creditors' Meeting Order in accordance with the Initial Order, will be and shall remain in full force and effect as at the Plan Implementation Date, unamended except as they may have been amended by agreement of the parties subsequent to the Filing Date in accordance with the Plan, and no Person who is a party to any such obligations or agreements shall, following the Plan Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:
 - (i) any defaults or events of default arising as a result of the insolvency of the Applicant prior to the Plan Implementation Date;
 - (ii) any change of control of the Applicant arising from implementation of the Plan;
 - (iii) the fact that the Applicant has sought or obtained relief under the CCAA or that this Plan has been implemented by the Applicant;

- (iv) the effect on the Applicant of the completion of any of the transactions contemplated by this Plan;
 - (v) any compromises or arrangements effected pursuant to this Plan; or
 - (vi) any other event(s) which occurred on or prior to the Plan Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Applicant after the Filing Date. For greater certainty, nothing in this paragraph shall waive any obligations of the Applicant in respect of any Excluded Claim;
- (d) the appointment of one or more Claims Officer(s), if applicable, shall cease on the Plan Implementation Date, except with respect to matters to be completed pursuant to the Claims Procedure Order and this Plan after the Plan Implementation Date (including, without limitation, the resolution of the Disputed Claims), unless otherwise agreed with the Applicant;
 - (e) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery with respect to any Claim released, discharged or terminated pursuant to this Plan shall be permanently enjoined;
 - (f) the releases effected by this Plan shall be approved, and declared to be binding and effective as of the Plan Implementation Date upon all Creditors, the Monitor and all other Persons affected by this Plan and shall enure to the benefit of all such Persons; and
 - (g) all Charges established by the Initial Order (other than the Administrative Charge) or any other Order of the CCAA Court, shall be terminated, released and discharged effective on the Plan Implementation Date, save and except insofar as the Administration Charge has attached to the Administration Charge Reserve established by the Monitor pursuant to Section 5.2 herein.

8.2 Conditions of Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment or waiver, where applicable, of the following conditions on or before the Plan Implementation Date:

- (a) this Plan shall have been approved by the required majorities of Creditors entitled to vote at the Creditors' Meeting;
- (b) the Sanction Order shall have been granted by the CCAA Court in a form acceptable to the Applicant and Biscayne, and shall be in full force and effect and not reversed, stayed, varied, modified or amended;

- (c) all applicable appeal periods in respect of the Sanction Order shall have expired and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (d) all approvals, orders, determinations or consents required pursuant to Applicable Law (including approvals under the *Investment Canada Act* and/or the *Competition Act*), if applicable, shall have been obtained on terms and conditions satisfactory to the Applicant, Biscayne and the Monitor, acting reasonably, and shall remain in full force and effect on the Plan Implementation Date;
- (e) all necessary corporate action and proceedings of the Applicant shall have been taken to approve this Plan and to enable the Applicant to execute, deliver and perform its obligations under the agreements, documents and other instructions to be executed and delivered by it pursuant to this Plan;
- (f) the delivery, completion and execution of any documentation required in connection with the exit financing facility as contemplated in Section 5.2 shall have occurred;
- (g) all agreements, resolutions, documents and other instruments, which are necessary to be executed and delivered by Biscayne (whether in its capacity as DIP Lender or Plan Sponsor) or any director or officer of the Applicant in order to implement this Plan and perform their obligations under this Plan shall have been executed and delivered; and
- (h) the Monitor shall file the Monitor's Certificate with the CCAA Court and deliver a copy thereof to the Applicant and Biscayne.

Except for the conditions set out in 8.2(a), (b) and (h), each of the conditions set out in this Section 8.2 may be waived in whole or in part by the Applicant with the consent of Biscayne by written notice to the Monitor. If a condition set out above has not been satisfied or waived in accordance with this Section 8.2 on or before the date of the Plan Termination Date, this Plan shall automatically terminate, in which case the Applicant shall not be under any further obligation to implement this Plan.

8.3 Monitor's Certificate

Upon written notice from the Applicant and Biscayne (or respective counsel on their behalf) to the Monitor that the conditions set out in Section 8.2, other than condition 8.2(h), have been satisfied or waived, the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Applicant and Biscayne, and file with the CCAA Court, a certificate which states that all conditions precedent set out in Section 8.2 have been satisfied or waived, in substantially the form as the certificate attached as Schedule "A" to this Plan (the "**Monitor's Certificate**").

ARTICLE 9 AMENDMENTS TO THE PLAN

9.1 Amendments to Plan Prior to Approval

The Applicant reserves the right to file any variation or modification of, or amendment or supplement to, this Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement or both filed with the CCAA Court at any time or from time to time prior to the commencement of the Creditors' Meeting, provided that the Applicant obtains the prior consent of the Monitor and Biscayne to any such variation, modification, amendment or supplement. Any such supplementary or amended and restated plan or plans of compromise or arrangement or both shall, for all purposes, be deemed to be a part of and incorporated into this Plan. Any such variation, modification, amendment or supplement shall be posted on the Monitor's Website on the day on which it is filed with the CCAA Court and notice will be provided to the CCAA Proceedings service list. Creditors are advised to check the Monitor's Website regularly. Creditors who wish to receive written notice of any variation, modification, amendment or supplement to the Plan should contact the Monitor in the manner set out in Section 11.8 of this Plan. Creditors in attendance at the Creditors' Meeting will also be advised of any amendment made to the Plan.

In addition, the Applicant may propose a variation, modification of, or amendment or supplement to this Plan during the Creditors' Meeting, provided that (a) the Applicant obtains the prior consent of the Monitor and Biscayne to any such variation, modification, amendment or supplement, and (b) notice of such variation, modification, amendment or supplement is given to all Eligible Voting Creditors present in person or by proxy at the Creditors' Meeting prior to the vote being taken, in which case any such variation, modification, amendment or supplement shall, for all purposes, be deemed to be part of the Plan. Any variation, amendment, modification or supplement at the Creditors' Meeting will be promptly posted on the Monitor's Website and filed with the CCAA Court as soon as practicable following the Creditors' Meeting.

9.2 Amendments to Plan Following Approval

After the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicant may at any time and from time to time vary, amend, modify or supplement this Plan without the need for obtaining an Order of the CCAA Court or providing notice to the Creditors, if the Applicant, Biscayne and the Monitor, acting reasonably and in good faith, determine that such variation, amendment, modification or supplement is of a technical or administrative nature that would not be materially prejudicial to the interests of any of the Creditors under this Plan and is necessary in order to give effect to the substance of this Plan or the Sanction Order. The Monitor shall post a notice of such variance, amendment, modification or supplement to the Plan on the Monitor's Website, together with the varied, amended, modified or supplemented language.

**ARTICLE 10
PLAN IMPLEMENTATION AND EFFECT OF THE PLAN**

10.1 Implementation

On the Plan Implementation Date, subject to the satisfaction or waiver of the conditions contained in Section 8.2 of this Plan, this Plan shall be implemented by the Applicant and shall be binding upon all Creditors in accordance with the terms of this Plan and the Sanction Order.

10.2 Effect of the Plan Generally

The payment, compromise or satisfaction of any Affected Claims under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon each Creditor, his, her or its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and this Plan will constitute: (a) full, final and absolute settlement of all rights of any Creditor against the Applicant in respect of the Affected Claims; and (b) an absolute release and discharge of all indebtedness, liabilities and obligations of or in respect of the Affected Claims against the Applicant, including any interest or costs accruing thereon whether before or after the Filing Date.

10.3 Compromise Effective for All Purposes

No Person who has a Claim as a guarantor, surety, indemnitor or similar covenant in respect of any Claim which is compromised under this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under this Plan shall be entitled to any greater rights than the Creditor whose Claim was compromised under this Plan. Accordingly, the payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon such Creditor, its heirs, executors, administrators, successors and assigns for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, surety, indemnitor, director, joint covenantor, principal or otherwise.

10.4 Contracts

As of the Plan Implementation Date, each contract to which the Applicant is a party as at the Filing Date, as it may have been modified, amended or varied after the Filing Date remains in full force and effect as at the Plan Implementation Date (other than in respect of Claims that are affected by this Plan) unless such contract: (a) is the subject of a notice of repudiation or disclaimer delivered prior to the deadline specified in the Creditors' Meeting Order, or (b) has expired or terminated pursuant to its terms.

10.5 Plan Releases

On the Plan Implementation Date:

- (a) The Applicant shall be forever released from all Affected Claims;

- (b) In consideration for the obligations of the Applicant and Biscayne under the Plan and the distributions to be delivered in connection with the Plan, each holder of a Claim (whether or not a Proven Claim) against, or equity interests in, the Applicant, and each Person or entity participating in distributions under or pursuant to the Plan, for itself and its respective successors and assigns, transferees, current and former officers, directors, agents and employees, in each case in their capacity as such, shall be deemed to have released (i) the Applicant; (ii) the Related Parties; (iii) the Monitor; (iv) subject to section 5.1(2) of the CCAA, any of their respective directors, officers, employees, agents, professional advisors (including legal counsel) affiliates and their respective property, and (v) any person who may claim contribution or indemnification against for from the Applicants, the Related Parties or the Monitor, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or before the Plan Implementation Date relating to, arising out of or in connection with the Applicant, the Applicant's property, business or affairs, this Plan, the CCAA Proceedings or the DIP Term Sheet;
- (c) The Applicant shall release and be permanently enjoined from any prosecution or attempted prosecution against (i) the Monitor, (ii) the Related Parties, and (iii) any of the Related Parties' and the Monitor's respective directors, officers, employees, agents, professional advisors (including legal counsel), affiliates and their respective property, of any and all demands, claims, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, charges and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or before the Plan Implementation Date relating to, arising out of or in connection with the Applicant, the Applicant's property, business or affairs, this Plan, the CCAA Proceedings or the DIP Term Sheet;

provided, however, that nothing in this Section 10.5 shall release (i) any Person from fraud, gross negligence, wilful misconduct, or criminal conduct, (ii) any Excluded Claim, or (iii) any Person's right to enforce the Applicant's obligations under this Plan.

10.6 Stay of Proceedings

Any and all proceedings, including, without limitation, suits, actions, extra-judicial proceedings, enforcement processes or other remedies commenced, taken or proceeded with or that may be commenced, taken or proceeded with by any Person having a Claim, and by any employees,

shareholders, customers, suppliers, contractors, lenders, equipment lessors, licensors, licensees, sub-licensors, sub-licensees, governments of any nation, province, state or municipality or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada or elsewhere and any corporation or other entity owned or controlled by or which is the agent of any of the foregoing, or by any other Person, firm, corporation or entity wherever situate or domiciled, against or in respect of the Applicant or in respect of any property, assets, rights, concessions and undertaking wherever located, whether held by the Applicant, in whole or in part, directly or indirectly, as principal, agent or nominee, beneficially or otherwise, whether pursuant to the BIA or otherwise, shall be permanently stayed as reflected in the Sanction Order.

10.7 Knowledge of Claims

Each Person to which Section 10.5 applies shall be deemed to have granted the releases set forth in Section 10.5 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any Applicable Law which would limit the effect of such releases to those Claims or causes of action known or suspected to exist at the time of the granting of the release.

10.8 Exculpation

None of (i) the Applicant; (ii) the Related Parties; (iii) the Monitor; and (iv) any of their respective directors, officers, employees, agents, professional advisors (including legal counsel) or successors and assigns, shall have or incur any liability to any holder of a Claim or equity interest in the Applicant, or other party in interest, or any of their respective members, officers, directors, employees, professional advisors (including legal counsel) or agents or any of their successors and assigns, for any act or omission in connection with, related to, or arising out of the CCAA Proceedings, the pursuit of the sanction of the Plan, the consummation of the Plan or the administration of the Plan, or the property to be distributed under the Plan, including the negotiation and solicitation of the Plan, except for wilful misconduct or gross negligence, and, in all respects, the Applicant and each other their respective members, officers, directors, employees, professional advisors (including legal counsel) or agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

10.9 Waiver of Defaults

From and after the Plan Implementation Date, and subject to any express provisions to the contrary in any amending agreement entered into with the Applicant after the Filing Date, all Persons shall be deemed to have waived any and all defaults of the Applicant then existing or previously committed by the Applicant or caused by the Applicant or any of the provisions hereof or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, any amendments or

supplements thereto, existing between such Person and the Applicant. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or other notices, including without limitation, any notices of intention to proceed to enforce security, arising from any of such aforesaid defaults shall be deemed to have been rescinded and withdrawn. For greater certainty, nothing in this paragraph shall waive any obligations of the Applicant in respect of any Excluded Claim.

10.10 Consents and Releases

From and after the Plan Implementation Date, all Persons with a Claim shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Creditor shall be deemed to have granted, and executed and delivered to the Applicant all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

10.11 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

ARTICLE 11 GENERAL PROVISIONS

11.1 Different Capacities

Creditors whose Claims are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, each such Creditor shall be entitled to participate hereunder in each such capacity. Any action taken by a Creditor in any one capacity shall not affect the Creditor in any other capacity, unless expressly agreed by the Creditor in writing or unless the Claims overlap or are otherwise duplicative.

11.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, assurances, instruments, documents, elections, consents or filings as may be reasonably required by the Applicant in order to implement this Plan.

11.3 Set-Off

The law of set-off applies to all Claims made against the Applicant and to all actions instituted by it for the recovery of debts due to the Applicant in the same manner and to the same extent as if the Applicant was plaintiff or defendant, as the case may be.

11.4 Paramountcy

Without limiting any other provision hereof, from and after the Plan Implementation Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral and any and all amendments or supplements thereto existing between the Applicant and any other Persons affected by this Plan, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

To the extent the Plan is inconsistent with the report of the Monitor filed in connection with the Plan, the provisions of the Plan shall govern and shall take precedence and priority.

11.5 Revocation, Withdrawal, or Non-Consummation

The Applicant reserves the right to revoke or withdraw this Plan at any time prior to the Plan Implementation Date and to file subsequent plans of compromises or arrangement (or to file no subsequent plan), in each case with the consent of the Monitor and Biscayne. If the Applicant revokes or withdraws this Plan, or if the Sanction Order is not issued, (a) this Plan shall be null and void in all respects, (b) any Affected Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Affected Claim to an amount certain), assumption or termination, repudiation of contracts or leases effected by this Plan, any document or agreement executed pursuant to this Plan shall be deemed null and void, and (c) nothing contained in this Plan, and no action taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Affected Claims by or against the Applicant or any Person; (ii) prejudice in any manner the rights of the Applicant or any Person in any further proceedings involving the Applicant, or (iii) constitute an admission of any sort by the Applicant or any Person.

11.6 Preservation of Rights of Action

Except as otherwise provided in this Plan or in the Sanction Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, following the Plan Implementation Date, the Applicant will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Applicant may hold against any Person or entity without further approval of the CCAA Court.

11.7 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Applicant and is not responsible or liable for any obligations of the Applicant. The Monitor will have the powers granted to it by this Plan, by the CCAA and by any Order, including the Initial Order.

11.8 Notices

Any notice or communication to be delivered hereunder will be in writing and will reference this Plan and may, subject to as hereinafter provided, be made or given by personal delivery or by facsimile or email transmission addressed to the respective parties as follows:

(a) if to the Applicant:

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

Attention: Parminder Punia
Fax: 905-884-2453
E-mail: parminder.punia@signaturealuminumcanada.com

with a copy to:

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

Attention: Linc Rogers
Fax: 416-863-2653
E-mail: linc.rogers@blakes.com

and a copy to:

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

Attention: Nigel Meakin
Fax: 416-649-8101
E-mail: 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 a Creditor:

To the last known address (including fax number or email address) for such Creditor set out in the books and records of the Applicant or, if a Creditor filed a Proof of Claim, the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Monitor in accordance with this Section.

(c) if 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
E-mail: nigel.meakin@fticonsulting.com

with 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

(d) if to Biscayne:

Biscayne Metals Finance, LLC
c/o H.I.G. Bayside Capital
1001 Brickell Bay Drive, 26th Floor
Miami, Florida 33131

Attention: Sean Ozbolt
Fax: 305-379-3655
E-mail: sozbolt@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
E-mail: clifton.prophet@gowlings.com

and a copy to:

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

Attention: Nigel Meakin
Fax: 416-649-8101
E-mail: 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

or to such other address as any party may from time to time notify the others in accordance with this Section. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or emailed if sent before 5:00 p.m. (Toronto Time) on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent.

SCHEDULE "A"

FORM OF MONITOR'S CERTIFICATE

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c.C-36, AS AMENDED**

MONITOR'S CERTIFICATE

RECITALS

- A. Pursuant to the order of this Honourable Court dated January 29, 2010 (the "Initial Order") Signature Aluminum Canada Inc. ("the Applicant") filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended.
- B. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed the Monitor of the Applicant (the "Monitor") with the powers, duties and obligations set out in the Initial Order;
- C. The Applicant has filed a Plan of Compromise and Arrangement under the CCAA dated May 3, 2010 (the "Plan"), which Plan has been approved by the Creditors and the Court; and
- D. Unless otherwise indicated herein, initially capitalized terms used herein have the meaning set out in the Plan.

* * * * *

THE MONITOR HEREBY CERTIFIES that it has been advised by the Applicant and Biscayne in accordance with Section 8.3 of the Plan that the conditions precedent set out in Section 8.2 of the Plan, other than the delivery of this certificate, have been satisfied or waived in accordance with the Plan on _____, 2010 and that accordingly, the Plan Implementation Date is _____, 2010.

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

FTI CONSULTING CANADA INC., in its capacity as Monitor of Signature Aluminum Canada Inc. and not in its personal or corporate capacity

By: _____
Name:
Title:

**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.**

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

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

Proceeding commenced at Toronto

**PLAN OF COMPROMISE AND
ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.
(May 4, 2010)**

BLAKE, CASSELS & GRAYDON LLP
Barristers & Solicitors
Box 25, Commerce Court West
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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

THIRD REPORT OF THE MONITOR
(May 5, 2010)

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