

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 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

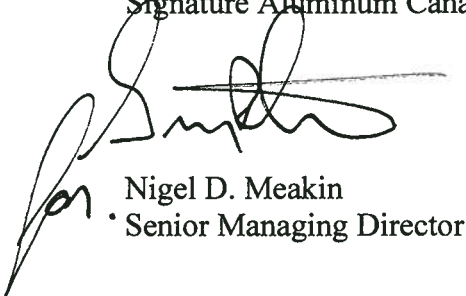
20. The Richmond Hill Plant and the St. Thérèse Plant have both been on extended shut down since December 13, 2009, and the employees at those plants have been on temporary layoff since that time (some employees elected to take vacation pay during this time). Although the Marketing Process identified 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 A

The Proposed Monitor's 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 A

The Plan Support Agreement

PLAN SUPPORT AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1 **MARKETING PROCESS**

1.01 Conduct of Marketing Process

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

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

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

ARTICLE 2
AGREEMENTS OF THE COMPANY

2.01 Initiating CCAA Proceedings

The Company agrees to use best efforts to:

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

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

2.02 Facilitating Plan

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

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

2.03 Credit Bid

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

ARTICLE 3 AGREEMENTS OF SPONSOR

3.01 Plan Payments

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

3.02 Application of Plan Support Payment

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

3.03 Return of Plan Deposit and Plan Support Payment

In the event that

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

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

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

3.04 Voting and Non-Monetary Plan Support

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

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

ARTICLE 4 **CREDIT BID OPTION**

4.01 Exercise of Credit Bid Option

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

ARTICLE 5 **REPRESENTATIONS & WARRANTIES**

5.01 Representations and Warranties in respect of the Company

The Company represents and warrants to the Sponsor as follows:

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

5.02 Representations and Warranties of the Sponsor

The Sponsor represents and warrants to the Company as follows:

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

5.03 Limitations of Representations, Warranties and Covenants

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

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

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

ARTICLE 6 **COVENANTS**

6.01 Conduct of Business and Compliance

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

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

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

6.02 Negative Covenants

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

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

ARTICLE 7 GENERAL MATTERS

7.01 Notices

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

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

(a) if to the Company:

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

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

With a copy to:

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

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

And a copy to the Monitor:

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

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

And a copy to:

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

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

(b) if to the Sponsor:

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

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

With a copy to:

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

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

And a copy to the Monitor:

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

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

And a copy to:

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

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

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

7.02 Entire Agreement

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

7.03 Waiver

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

7.04 Amendment

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

7.05 No Third Party Beneficiaries

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

7.06 Severability

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

7.07 Language

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

7.08 Governing Law

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

7.09 Successors and Assigns

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

7.10 Further Assurances

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

7.11 Counterparts

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

SIGNATURE ALUMINUM CANADA
INC.

BISCAYNE METALS FINANCE, LLC

P. Puria

By: _____
Name: *Parminder Puria*
Title: *Controller / Treasurer*

By: _____
Name: _____
Title: _____

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

3241715 NOVA SCOTIA LIMITED

By: _____
Name: _____
Title: _____

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

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

By: _____
Name: _____
Title: _____

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

**SIGNATURE ALUMINUM CANADA
INC.**

BISCAYNE METALS FINANCE, LLC

By:
Name:
Title:

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

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

3241715 NOVA SCOTIA LIMITED

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

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

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

By:
Name:
Title:

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

**SIGNATURE ALUMINUM CANADA
INC.**

BISCAYNE METALS FINANCE, LLC

By:
Name:
Title:

By:
Name:
Title:


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

3241715 NOVA SCOTIA LIMITED

By:
Name:
Title:

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

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



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

SCHEDULE "A"

ASSET PURCHASE AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Monitor’s Certificate” shall have the meaning ascribed to it in Section 5.2;

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

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

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

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

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

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

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

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

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

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

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

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

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

“Termination Date” means June 7, 2010;

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

1.2 Purchaser Joint and Several

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

ARTICLE 2 PURCHASE OF ASSETS

2.1 Agreement to Purchase and Sell

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

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

2.2 Amount of Purchase Price

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

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

2.3 Satisfaction of the Purchase Price

The Purchase Price shall be satisfied by:

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

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

2.4 “As is, where is”

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

2.5 Excluded Contracts and Assets

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

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

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

2.6 Taxes and GST Election

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

2.7 Other Tax Election

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

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

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

2.8 Allocation

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

2.9 Schedules

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

ARTICLE 3 OPERATING FACILITY DESIGNATION

3.1 Operating Facility Designation

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

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

ARTICLE 4 EMPLOYEE MATTERS

4.1 Assumed Employees

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

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Closing

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

5.2 Seller's Closing Deliveries

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

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

5.3 Purchaser's Closing Deliveries

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

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

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

ARTICLE 6 CONDITIONS OF CLOSING

6.1 Purchaser's Conditions

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

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

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

6.2 Conditions not Fulfilled.

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

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

6.3 Seller's Conditions

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

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

6.4 Conditions not Fulfilled.

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

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

6.5 Termination

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

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

6.6 Effect of Termination

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

**ARTICLE 7
REPRESENTATIONS AND WARRANTIES**

7.1 Representations and Warranties of the Purchaser

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

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

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

7.2 Representations and Warranties of the Seller

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

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

ARTICLE 8 COVENANTS

8.1 Expedient Closing Date

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

8.2 Action Until the Closing Date

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

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

8.3 Access to Records and Properties

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

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

8.5 Books and Records

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

8.6 Name Change

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

8.7 Indemnification for Assumed Liabilities

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

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

8.8 Assignment of Material Contracts

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

8.9 Insurance and Risk of Loss

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

8.10 Cooperation

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

8.11 Further Assurances

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

8.12 Court Approval

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

ARTICLE 9 SURVIVAL

9.1 Survival of Representations and Warranties

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

9.2 Survival of Post-Closing Covenants

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

ARTICLE 10 GENERAL

10.1 Expenses

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

10.2 Notices

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

- (a) if to the Seller:

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

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

With a copy to:

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

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

- (b) if to the Purchaser:

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

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

With a copy to:

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

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

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

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

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

And a copy to:

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

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

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

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

10.3 Entire Agreement

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

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

10.4 No Third Party Beneficiaries

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

10.5 Waiver and Amendment

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

10.6 Severability

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

10.7 Governing Law; Submission to Jurisdiction

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

10.8 Successors and Assigns

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

10.9 Counterparts

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

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

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

BISCAYNE METALS FINANCE, LLC

3241715 NOVA SCOTIA LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

SIGNATURE ALUMINUM CANADA INC.

By: _____
Name:
Title:

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

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

By: _____
Name:
Title:

SCHEDULE A

Excluded Assets

Nil

SCHEDULE B

Excluded Contracts

Nil

SCHEDULE C

Material Contracts

Nil

SCHEDULE D

Material Licences

Nil

Appendix B

The January 28 Forecast

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.

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

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

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

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

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

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



Parminder Punia
Signature Aluminum Canada Inc.

Signature Aluminum Canada
Cash Flow Forecast

US\$000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total	
Week ending	01/13/10	02/07/10	02/14/10	02/21/10	02/28/10	03/07/10	03/14/10	03/21/10	03/28/10	04/04/10	04/11/10	04/18/10	04/25/10	05/02/10	05/09/10	05/16/10	05/23/10	05/30/10	06/06/10	Total	
Beginning Cash Balance	2,820.7	3,004.2	1,828.8	608.6	273.0	621.4	583.5	596.5	310.4	505.0	330.9	300.8	218.5	460.3	538.6	231.4	340.9	226.5	298.7	2,820.7	
Receipts																					
Sales and Accounts Receivable	1,249.0	855.7	513.4	1,322.7	1,608.7	1,504.2	1,512.1	1,374.6	1,374.6	1,374.6	1,396.0	1,396.0	1,396.0	1,396.0	1,396.0	1,524.6	1,524.6	1,524.6	1,524.6	1,524.6	25,767.8
Intercompany Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	25.5	17.5	10.5	27.0	32.8	30.7	30.9	28.1	28.1	28.1	28.5	28.5	28.5	28.5	28.5	31.1	31.1	31.1	31.1	31.1	525.9
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,274.5	873.2	523.9	1,349.7	1,641.5	1,534.9	1,542.9	1,402.7	1,402.7	1,402.7	1,424.5	1,424.5	1,424.5	1,424.5	1,424.5	1,555.7	1,555.7	1,555.7	1,555.7	1,555.7	26,293.6
Disbursements																					
Raw Materials - Metal	450.0	766.3	678.8	679.2	679.2	635.7	723.2	765.9	678.4	811.5	723.6	724.5	724.5	724.5	768.0	811.1	680.1	681.4	724.9	680.9	13,387.1
Raw Materials - Other	18.4	55.5	55.5	55.5	63.3	63.3	63.3	63.3	63.3	60.1	60.1	60.1	60.1	60.1	59.6	59.6	59.6	59.6	56.5	56.5	1,093.6
Intercompany Payments (Scrap)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll and Benefits	251.4	219.8	219.8	219.8	233.2	233.2	233.2	233.2	233.2	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	4,945.3
Operating Expenses	105.0	278.0	78.0	217.8	68.1	234.3	68.1	234.3	68.1	72.7	216.0	72.7	216.0	72.7	63.4	197.7	63.4	197.7	55.2	224.6	2,731.1
SG&A Expenses	81.2	38.4	329.1	38.4	130.6	38.4	79.6	38.4	79.6	89.4	38.4	38.4	38.4	38.4	130.6	38.4	38.4	38.4	130.6	38.4	1,473.2
Other Non-recurring	-	-	40.0	40.0	20.0	-	-	-	-	104.0	-	-	-	-	13.0	-	-	-	13.0	-	270.0
Taxes (GST & DST)	-	-	112.0	-	-	-	114.1	-	-	-	122.6	-	-	-	125.3	-	-	-	124.0	-	596.0
Legal and Professional Fees	85.0	247.5	115.0	95.0	70.0	70.0	70.0	55.0	55.0	55.0	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	1,487.5
Bank Fees and Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capex	-	75.0	12.3	11.7	11.7	11.6	11.5	12.5	12.9	12.1	12.7	11.7	11.8	12.1	12.1	12.7	12.7	11.1	11.3	11.6	278.9
Total Disbursements	1,091.0	2,048.5	1,844.0	1,685.5	1,293.1	1,572.7	1,530.0	1,688.7	1,208.1	1,776.8	1,654.6	1,506.8	1,382.6	1,646.2	1,731.7	1,446.2	1,670.0	1,583.5	1,599.3	1,599.3	29,959.3
Net Cash Flow	183.5	(1,175.4)	(1,320.1)	(335.7)	348.4	(97.3)	12.9	(286.0)	194.6	(374.1)	(230.1)	(82.3)	41.8	(221.7)	(307.2)	109.5	(114.4)	(27.8)	(43.6)	(43.6)	(3,665.7)
DIP Advances	-	-	100.0	-	-	-	-	-	-	200.0	200.0	-	200.0	-	-	-	-	-	100.0	-	1,000.0
DIP Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	3,004.2	1,828.8	608.8	273.0	621.4	583.5	596.5	310.4	505.0	330.9	300.8	218.5	460.3	538.6	231.4	340.9	226.5	298.7	255.1	255.1	
DIP Facility																					
Opening Balance	-	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	500.0	500.0	700.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Advances	-	-	100.0	-	-	-	-	-	-	200.0	200.0	-	200.0	-	-	-	-	-	100.0	-	1,000.0
Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	300.0	500.0	500.0	700.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0

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

Appendix C

The DIP Term Sheet

DIP TERM SHEET

Dated as of January 28, 2010

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

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

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

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

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

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

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

**FUNDING CONDITIONS
UNDER THE DIP FACILITY:**

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

REPAYMENT:

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

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

CASH FLOW PROJECTIONS:

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

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

AVAILABILITY UNDER DIP FACILITY:

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

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

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

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

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

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

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

DISBURSEMENT ACCOUNT:

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

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

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

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

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

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

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

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

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

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

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

Event of Default hereunder.

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

NEGATIVE COVENANTS:

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

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

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

INDEMNITY AND RELEASE:

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

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

EVENTS OF DEFAULT:

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

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

any given week;

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

REMEDIES:

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

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

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

DIP LENDER APPROVALS:

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

TAXES:

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

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

FURTHER ASSURANCES:

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

**ENTIRE AGREEMENT;
CONFLICT:**

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

**AMENDMENTS, WAIVERS,
ETC.:**

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

ASSIGNMENT:

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

SEVERABILITY:

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

**COUNTERPARTS AND
FACSIMILE SIGNATURES:**

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

NOTICES

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

In the case of Biscayne Metals Finance, LLC:

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

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

With a copy to:

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

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

In the case of Signature Aluminum Canada Inc.:

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

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

With a copy to:

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

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

In either case, with a copy to the Monitor:

FTI Consulting Canada Inc.

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

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

And a copy to:

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

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

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

**GOVERNING LAW AND
JURISDICTION:**

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

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

BISCAYNE METALS FINANCE, LLC

Per: _____

Name: Sean DeBolt
Title: _____

I have authority to bind the corporation.

SIGNATURE ALUMINUM CANADA INC.

Per: _____

Name: _____

Title: _____

I have authority to bind the corporation.

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

BISCAYNE METALS FINANCE, LLC

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

SIGNATURE ALUMINUM CANADA INC.

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

SCHEDULE "A"

19 Week CCAA Cash Flow

**Signature Aluminum Canada
Cash Flow Forecast**

US\$000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Total	
Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
01/31/10	02/27/10	02/14/10	02/21/10	03/07/10	03/23/10	03/30/10	04/14/10	04/21/10	05/05/10	05/12/10	05/19/10	06/02/10	06/09/10	06/16/10	06/23/10	07/07/10	07/14/10	07/21/10	08/04/10	08/11/10	
Beginning Cash Balance	2,820.7	3,004.2	1,828.8	608.8	273.0	621.4	583.5	596.5	310.4	505.0	330.9	300.8	218.5	460.3	538.6	231.4	340.9	276.5	298.7	2,820.7	
Receipts																					
Sales and Accounts Receivable	1,249.0	855.7	513.4	1,322.7	1,608.7	1,504.2	1,512.1	1,374.6	1,374.6	1,374.6	1,396.0	1,396.0	1,396.0	1,396.0	1,396.0	1,524.6	1,524.6	1,524.6	1,524.6	1,524.6	25,767.8
Intercompany Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	25.5	17.5	10.5	27.0	32.8	30.7	30.9	28.1	28.1	28.1	28.5	28.5	28.5	28.5	28.5	31.1	31.1	31.1	31.1	31.1	525.9
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,274.5	873.2	523.9	1,349.7	1,641.5	1,534.9	1,542.9	1,402.7	1,402.7	1,402.7	1,424.5	1,424.5	1,424.5	1,424.5	1,424.5	1,555.7	1,555.7	1,555.7	1,555.7	1,555.7	26,293.6
Disbursements																					
Raw Materials - Metal	450.0	766.3	678.8	679.2	679.2	635.7	723.2	765.9	678.4	811.5	723.6	724.5	724.5	768.0	811.1	680.1	681.4	724.9	680.9	13,387.1	
Raw Materials - Other	18.4	55.5	55.5	55.5	63.3	63.3	63.3	63.3	63.3	60.1	60.1	60.1	60.1	59.6	59.6	59.6	59.6	56.5	56.5	56.5	1,093.6
Intercompany Payments (Scrap)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Payments (Fabrication)	251.4	219.8	219.8	219.8	233.2	233.2	233.2	233.2	233.2	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	286.9	4,945.3
Payroll and Benefits	100.0	328.1	203.5	328.1	17.0	286.2	167.0	286.2	17.5	285.1	166.8	285.1	17.5	285.1	172.6	277.6	17.5	277.6	17.5	277.6	3,694.7
Operating Expenses	105.0	278.0	78.0	217.8	68.1	234.3	68.1	234.3	68.1	72.7	216.0	72.7	216.0	63.4	63.4	63.4	197.7	55.2	224.6	55.2	2,791.1
SG&A Expenses	81.2	38.4	329.1	38.4	130.6	38.4	79.6	38.4	79.6	89.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	1,473.2
Other Non-recurring	-	40.0	40.0	40.0	20.0	-	-	-	104.0	-	-	-	-	13.0	-	-	-	-	13.0	-	270.0
Taxes (GST & QST)	-	-	112.0	-	-	-	114.1	-	-	-	122.6	-	-	-	125.3	-	-	-	124.0	-	598.0
Legal and Professional Fees	85.0	247.5	115.0	95.0	70.0	70.0	70.0	55.0	55.0	55.0	27.5	27.5	27.5	27.5	27.5	27.5	377.5	27.5	-	1,487.5	
Bank Fees and Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capex	-	75.0	12.3	11.7	11.7	11.6	11.5	12.5	12.9	12.1	12.7	11.7	11.8	12.1	12.7	12.7	11.1	11.3	11.6	-	278.9
Total Disbursements	1,091.0	2,048.5	1,844.0	1,685.5	1,293.1	1,572.7	1,530.0	1,688.7	1,208.1	1,716.8	1,654.6	1,506.8	1,382.6	1,646.2	1,731.7	1,446.2	1,670.0	1,583.5	1,599.3	29,959.3	
Net Cash Flow	183.5	(1,175.4)	(1,320.1)	(335.7)	348.4	(87.8)	12.9	(286.0)	194.6	(374.1)	(230.1)	(82.3)	41.8	(221.7)	(307.2)	109.5	(134.4)	(27.8)	(43.6)	(43.6)	(3,665.7)
DIP Advances	-	-	100.0	-	-	-	-	-	-	200.0	200.0	-	200.0	-	-	-	-	-	100.0	-	1,100.0
DIP Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	5,004.2	1,828.8	608.8	273.0	621.4	583.5	596.5	310.4	505.0	330.9	300.8	218.5	460.3	538.6	231.4	340.9	276.5	298.7	255.1	255.1	2,820.7
DIP Facility																					
Opening Balance	-	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	500.0	500.0	500.0	700.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,100.0
Advances	-	-	100.0	-	-	-	-	-	-	200.0	200.0	-	200.0	-	-	-	-	-	-	-	1,100.0
Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	500.0	500.0	700.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,100.0	1,100.0

Notes:

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

SCHEDULE "B"

Form of Drawdown Certificate

DRAWDOWN CERTIFICATE

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

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

DATE: •

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

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

SIGNATURE ALUMINUM CANADA INC.

Per: _____

Name:

Title:

I have authority to bind the corporation.

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

Court File No: 10-CL-

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

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

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

Ogilvy Renault LLP
Suite 3800

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

Virginie Gauthier LSUC#: 41097D

Tel: (416) 216-4853

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Lawyers for the Proposed Monitor, FTI
Consulting Canada Inc.

Appendix B

Summary of Phase I Letters of Intent

The contents of this appendix are confidential and subject to a sealing order by the Court.

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

SECOND REPORT OF THE MONITOR
(March 15, 2010)

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

Virginie Gauthier LSUC#: 41097D
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Lawyers for the Monitor,
FTI Consulting Canada Inc.