

THE SECURITIES ACT

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Order No. 3431

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Section 103 &

)

July 2, 2001

National Policy Statement No. 41

**UNIFORÊT INC**

(A) Application has been made by Uniforêt Inc. ("Uniforêt") to The Manitoba Securities Commission (the "Commission") for:

(a) an order pursuant to Section 103 of the Act that Uniforêt be exempt from the obligations set forth in Section 101 of the Act concerning the filing and delivery of a circular; and

(b) an order pursuant to Section 3 of Part XII of NP 41 that Uniforêt be exempt from the requirements of Sections 1 to 6 of Part IV and Section 5 of Part VII of NP 41;

(B) It has been represented to the Commission by Uniforêt that;

1. Uniforêt is a corporation incorporated under the *Canada Business Corporations Act*. Its head office is located at 8000 Langelier Boulevard, Suite 506, Saint-Leonard, Quebec.

2. Uniforêt is a reporting issuer in Manitoba and is not in default of any of the requirements of the Act. Pursuant to a decision document dated May 30, 2001, Uniforêt has been permitted to file its quarterly financial statements, including interim MD&A, where applicable, for the period ended March 31, 2001 by July 30, 2001.

3. Uniforêt is an integrated forest products company that produces softwood lumber and bleached chemi-thermomechanical pulp and operates in the province of Quebec, through its subsidiaries located in Port-Cartier (sawmill) and in the Peribonka region (sawmill).

4. In May 1996, Uniforêt issued 8% convertible unsecured subordinate debentures, series A, maturing in 2006 (the "Debentures"). The aggregate principal amount of the Debentures is \$16,554,500.

5. Uniforêt class A subordinate voting shares are listed and posted for trading on the Toronto Stock Exchange (the "TSE") under the trading symbol UNF.A. Uniforêt's debentures are listed and posted for trading on the TSE under the trading symbol UNF.DB.

6. Over the last few months, Uniforêt has experienced cash flow difficulties. On several occasions it has issued press releases announcing that it was no longer able to meet all of its financial obligations.
7. As a result of the financial difficulties experienced by Uniforêt, on April 17, 2001, Uniforêt applied for, and obtained, an Order from the Superior Court of the Province of Quebec, district of Montreal (the "Court"), under the *Companies' Creditors Arrangement Act* (the "CCAA"), as extended (the "CCAA Order") under which, amongst other things, all legal proceedings against Uniforêt were stayed for a period of at least 30 days from the date of the grant of the CCAA Order.
8. The CCAA Order also stated that Uniforêt shall submit a proposal for a plan of arrangement or compromise to its creditors (the "Plan of arrangement") within the same period of 30 days from the date of the grant of the CCAA Order.
9. On May 16, 2001, an extension of the CCAA Order for an additional 45-day period was obtained by Uniforêt for submitting the Plan of arrangement to its creditors. On July 6, 2001, a new extension for an additional 45 day period was obtained.
10. The trustee under the indenture relating to the Debentures is General Trust of Canada. On July 6, 2001, search cards were delivered by General Trust of Canada to participants and intermediaries (as defined in Part IV of NP 41), at the addresses provided by CDS on same date.
11. Until now, the trustee has not taken any action in connection with the CCAA Order.
12. On July 11, 2001, Uniforêt filed in Court its Plan of arrangement pursuant to the CCAA. Uniforêt will seek approval of the Plan of arrangement by its creditors at a meeting to be held on or about August 15, 2001 (the "Creditors' Meeting"), in accordance with the CCAA Order and the CCAA.
13. Richter & Associates Inc. was appointed as monitor by the CCAA Order. Richter is preparing an independent report in accordance with the CCAA Order (the "Richter Report").
14. The following materials will be delivered to intermediaries for mailing to holders of the Debentures no later than 20 days prior to the Creditors' Meeting: (a) a copy of the Plan of arrangement; (b) a letter of explanation from Uniforêt's management; (c) a copy of the Richter Report; and (d) a proxy form ((a), (b), (c) and (d), together the "Meeting Materials"). These are the same materials that will be provided to each of Uniforêt's other classes of creditors. A copy of the Meeting Materials will contemporaneously be filed with the Commission.

15. The Meeting Materials will provide holders of the Debentures with appropriate information on which to base their decision to vote on the Plan of arrangement.

16. The Meeting Materials will be delivered to the beneficial holders of the Debentures who held such Debentures as of July 10, 2001 no less than 10 days prior to the Creditors' Meeting, therefore allowing such holders sufficient time to review Meeting Materials in advance of the Creditors' Meeting.

17. Uniforêt will place advertisements in two newspapers of national circulation no less than 5 days prior to the Creditors' Meeting. The advertisements will advise beneficial holders of the Debentures of their right to attend the Creditors' Meeting and to vote on the Plan of arrangement. The advertisements will also advise beneficial holders of Debentures that copies of the Meeting Materials will be available upon request and at no charge from Uniforêt and General Trust Canada up to the commencement of the Creditors' Meeting.

18. In the CCAA Order, the Court ordered and requested the aid and recognition of regulatory or administrative bodies in all provinces or territories of Canada, in carrying out the terms of the CCAA Order.

(C) In view of the foregoing, I am of the opinion that it would not be prejudicial to the public interest to issue this order.

**I HEREBY ORDER** pursuant to a delegation to me by the Commission under subsection 4(1) of the Act of the powers in that behalf:

**1. THAT**, pursuant to Section 103 of the Act, Uniforêt shall be exempt from Section 101 of the Act, concerning the filing and delivery of a circular, provided Uniforêt files and delivers the Meeting Materials in accordance with the foregoing; and

**2. THAT**, pursuant to Section 3 of Part XII of NP 41, Uniforêt shall be exempt from the requirements of Sections 1 to 6 of Part IV and Section 5 of Part VII of NP 41, provided that the Meeting Materials are delivered to intermediaries for mailing to holders of Debentures no later than 20 days prior to the date of the Creditors' Meeting.

**Director – Legal**