

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-11-033234-085

S U P E R I O R C O U R T

(Commercial Division)

(Sitting as a court designated pursuant to the *Companies'*
Creditors Arrangement Act,
R.S.C. 1985, c. C-36)

**SHERMAG INC.
JAYMAR FURNITURE CORP.
SCIERIE MONTAUBAN INC.
MEGABOIS (1989) INC.
SHERMAG CORPORATION
JAYMAR SALES CORPORATION**

Debtors

INSTRUCTION LETTER FOR THE CLAIMS PROCESS OF THE DEBTORS

A. Claims Process

By order of the Honourable Justice Robert Mongeon, J.S.C. dated July 18, 2008 under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA"), the Debtors has been authorized to conduct a claims process (the "Claims Process").

This letter provides instructions for responding to a Notice of Scheduled Employee's Claim or completing the Proof of Claim. For your information, there is currently no proposed plan filed under the CCAA. Defined terms which are not defined herein shall have the meaning ascribed thereto in the Claims Process.

The Claims Process is intended for any person with any claim of any kind or nature whatsoever against the Debtors, or any of its directors and officers, as more particularly described in the Claims Process.

If you have any questions regarding the Claims Process, please contact the Court-appointed Monitor at the address provided below.

(français – au recto)

All notices and enquiries with respect to the Claims Process should be addressed to the Monitor at:

RSM Richter Inc.
(in its capacity as Monitor of Shermag Inc. et al)
2, Place Alexis Nihon
Suite 2200
Montréal, Québec H3Z 3C2

Attention: André Hébert, CA, CIRP
Fax: 514.934.3504
E-mail: shermag@rsmrichter.com

B. For Creditors who have received a Notice of Scheduled Employee's Claim

If you have received a Notice of Scheduled Employee's Claim, you do not need to file a Proof of Claim. Your Claim will be admitted at the amount set out in the Notice of Scheduled Employee's Claim.

If you have received a Notice of Scheduled Employee's Claim and you disagree with the amount set out therein, you are entitled to dispute the Notice of Scheduled Employee's Claim by delivering a Notice of Dispute (in the form enclosed herewith) together with supporting documentation so that it is received by the Monitor and the Debtors by no later than 5:00 p.m. (Montreal time) on September 5, 2008 (the "Claims Bar Date").

If you do not deliver a Notice of Dispute so that it is received by the Monitor and the Debtors by the Claims Bar Date, the value of your Claim will be deemed to be as set out in the Notice of Scheduled Employee's Claim.

If you have not received a Notice of Scheduled Employee's Claim, please follow the instructions under Section C ("Submitting a Proof of Claim") below.

C. For Persons Submitting a Proof of Claim

If you believe that you have a Claim against the Debtors and you have not received a Notice of Scheduled Employee's Claim, you will have to file a Proof of Claim with the Monitor by the Claims Bar Date, failing which your Claim whether against the Debtors, Directors and Officers of the Debtors, will be extinguished and forever barred.

Additional Proof of Claim forms can be found on the Monitor's website at <http://www.rsmrichter.com/Restructuring/Shermag.aspx> or obtained by contacting the Monitor in writing by mail, fax, or e-mail at the coordinates indicated above and providing particulars as to your name, address, facsimile number and e-mail address. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Claim forms.

Dated at Montreal, this 23rd day of July 2008.

RSM Richter Inc.
Court-appointed Monitor

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