



No. S-248267
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44,
THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF SAN INDUSTRIES LTD.,
AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

NOTICE OF APPLICATION

Name of applicant: Deloitte Restructuring Inc. (the "Monitor"), in its capacity as Court-appointed Monitor of San Industries Ltd. and those parties listed on Schedule "A" (collectively, the "Company").

To: The Service List

TAKE NOTICE that an application will be made by the Monitor at the courthouse at 800 Smithe Street, Vancouver, British Columbia on January 16, 2025, at 10:00 a.m. for the orders set out in Part 1 below.

The Monitor estimates that the application will take 30 minutes.

This application is not within the jurisdiction of an associate judge. Justice Stephens is seized of this matter.

Part 1: ORDER SOUGHT

1. The Monitor seeks a "**Stay Extension & DIP Increase Order**" substantially in the form attached as **Schedule "B"** hereto, which includes the following relief:

- (a) an extension of the stay of proceedings with respect to the Company up to and including May 30, 2025; and
- (b) an increase in the Company's Interim Lending Facility and a corresponding increase in the Interim Lender's Charge (each as defined in the Second Amended and Restated Initial Order dated December 19, 2025 (the "**SARIO**")) to a maximum of \$5,000,000.

2. The Monitor may also seek such other orders as counsel for the Monitor may advise and this Court may deem appropriate in the circumstances.

Part 2: FACTUAL BASIS

Introduction and Background

3. On January 10, 2025, the Monitor served a Notice of Application (the “**SISP Application**”), seeking approval for a sale process (the “**SISP**”) with respect to certain of the Company’s business and assets.

4. In support of its application for the Stay Extension & DIP Increase Order, the Monitor relies on and restates the factual basis set out in Part 2 of the SISP Application. Capitalized terms not defined in this Notice of Application shall have the meanings given to them in the SISP Application or in the Third Report of the Monitor dated January 13, 2025 (the “**Third Report**”).

The Proposed Stay Extension

5. Given the status of the Company’s restructuring efforts, the Monitor is of the view that the Company requires an extension to the stay of proceedings to May 30, 2025 (the “**Stay Extension**”).

6. Granting the Stay Extension to May 30, 2025, will, among other things, permit the Monitor sufficient time to significantly advance and administer the SISP, as well as otherwise advance the Company’s contemplated CCAA restructuring.

The Proposed DIP Increase

7. As set out in the cash flow forecast included in the Third Report (the “**Third Cash Flow**”), the Company requires an increase to the Interim Lending Facility and a corresponding increase in the Interim Lender’s Charge from \$1,000,000 to \$5,000,000 (representing an increase of \$4,000,000 from the previously approved Interim Lending Facility of \$1,000,000) (the “**DIP Increase**”) to provide the liquidity required to operate during the proposed Stay Extension period.

8. The DIP Increase is necessary to provide the Company and the Monitor sufficient liquidity to, among other things, administer the SISP, continue the Company’s operations at a reduced capacity and transfer the Company’s operations into care and maintenance, maintain the value of the Company’s assets during this time, and continue to pursue the Company’s outstanding insurance claims.

Part 3: LEGAL BASIS

The Stay Extension is Necessary and Appropriate

9. A stay of proceedings is the “central tool” by which this Court maintains the status quo for a debtor company, allowing it the necessary time, flexibility, and “breathing room” to carry out a supervised restructuring or organized sales process while continuing its ongoing operations.

1057863 B.C. Ltd. (Re), 2022 BCSC 876, paras. 31, 35, citing *Timminco Limited (Re)*, 2012 ONSC 2515, para. 15.

10. The baseline considerations and requirements for a stay extension are that a stay is “appropriate” and that the debtor company subject to the CCAA is acting in good faith and with due diligence.

CCAA, ss. 11.02(2)-(3).

11. As discussed above, the proposed Stay Extension is needed to provide the necessary time, flexibility, and “breathing room” for the Monitor to advance the Company’s CCAA restructuring, including in particular by advancing the proposed SISP. As discussed in the Third Report, the Company has been generally cooperating with the Monitor and the Monitor is of the view a further stay extension is appropriate in the circumstances.

12. The Monitor respectfully submits that, in these circumstances, it is reasonable, appropriate and necessary that the Stay Extension be granted. Should the DIP Increase be approved, as set out in the Third Cash Flow, it is the Monitor’s current view that the Company will have sufficient liquidity to continue these CCAA proceedings through the Stay Extension period (subject to the assumptions set out in the Third Cash Flow).

The DIP Increase is Necessary and Appropriate

13. Section 11.2(1) of the CCAA gives this Court the authority to grant a charge, in an amount the court considers appropriate, to secured interim financing provided during the course of CCAA proceedings.

14. The Monitor submits that the requested increase in the Company’s Interim Lending Facility (and corresponding increase to the Interim Lender’s Charge) is reasonable and appropriate in the circumstances, given (among other things):

- (a) the status of the Company’s restructuring efforts;
- (b) the lack of funding currently available to the Company;
- (c) the need to implement the SISP in order to seek to maximize value for the Company’s assets, to the benefit of its stakeholders; and
- (d) the need to transition the Company’s operations (which are currently running at a reduced capacity) to care and maintenance and maintain the value of the Company’s assets while in care and maintenance.

15. Having regard to the Company’s current financial needs and the progress of these CCAA proceedings, the Monitor submits that granting the DIP Increase is both prudent and appropriate in the circumstances and meets the non-exhaustive list of statutory factors set out in s. 11.2(4) of the CCAA.


Part 4: MATERIAL TO BE RELIED ON

1. First Report of the Monitor, dated December 7, 2024;
2. Second Report of the Monitor, dated December 18, 2024;
3. Third Report of the Monitor, dated January 13, 2025; and
4. such further and other materials as counsel may advise.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: January 13, 2025



Signature of lawyer for the Monitor
Peter L. Rubin / Claire Hildebrand

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs of Part 1 of this notice of application

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Associate Judge

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

Schedule "A"

Petitioners

Acorn Forest Products Ltd.
Axon Lumber Ltd.
Coulson Manufacturing 2017 Ltd.
San Cedar Direct Sales Ltd.
San Forest Products Ltd.
San Holdings Inc.
Super-Cut Lumber Industries Ltd.
1224676 B.C. Ltd.
1260729 B.C. Ltd.
Mountainside Logging Ltd.
1170518 B.C. Ltd.
1175465 B.C. Ltd.
San Farming Ltd.
San Forest Specialty Ltd.
San Terminals Inc.

SCHEDULE "B" TO NOTICE OF APPLICATION

No. S-248267
Vancouver Registry

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IN THE MATTER OF SAN INDUSTRIES LTD.,
AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

**ORDER MADE AFTER APPLICATION
(STAY EXTENSION & DIP INCREASE)**

BEFORE) THE HONOURABLE JUSTICE STEPHENS) January 16, 2025
))
)

ON THE APPLICATION of Deloitte Restructuring Inc. (the "**Monitor**"), in its capacity as Court-appointed monitor of San Industries Ltd. and those parties listed on **Schedule "A"** (collectively, the "**Company**") coming on for hearing at Vancouver, British Columbia, on the 16th day of January, 2025 ; AND ON HEARING Peter L. Rubin and Claire Hildebrand, counsel for the Monitor, and those other counsel listed on **Schedule "B"** hereto; AND UPON READING the material filed, including the First Report of the Monitor dated December 7, 2024, the Second Report of the Monitor dated December 18, 2024, and the Third Report of the Monitor dated January 13, 2025; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS that:

Stay Extension

1. The Stay Period (as defined in the Second Amended and Restated Initial Order of this Court dated December 19, 2024, (the "**SARIO**")) with respect to the Company is hereby extended up to and including May 30, 2025.

Interim Lending Facility and Interim Lender's Charge

2. Paragraph 44 of the SARIO is hereby amended such that the total amount of borrowings under the Interim Lending Facility (as defined in the SARIO) with respect to the Company is increased to a maximum of \$5,000,000.

3. The Interim Lender's Charge (as defined in paragraph 47 of the SARIO) is correspondingly increased to a maximum of \$5,000,000.

General

4. Endorsement of this Order by counsel appearing on this application other than counsel for the Monitor is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of lawyer for the Monitor
Peter L. Rubin / Claire Hildebrand

BY THE COURT.

Registrar

Schedule "A"

Petitioners

Acorn Forest Products Ltd.
Axon Lumber Ltd.
Coulson Manufacturing 2017 Ltd.
San Cedar Direct Sales Ltd.
San Forest Products Ltd.
San Holdings Inc.
Super-Cut Lumber Industries Ltd.
1224676 B.C. Ltd.
1260729 B.C. Ltd.
Mountainside Logging Ltd.
1170518 B.C. Ltd.
1175465 B.C. Ltd.
San Farming Ltd.
San Forest Specialty Ltd.
San Terminals Inc.

Schedule "B"**Appearance List**

COUNSEL NAME	PARTY REPRESENTED