

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

ORDER MADE AFTER APPLICATION
(SISP)

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 800 Smithe Street, Vancouver, British Columbia on January 16, 2025; AND ON HEARING Peter L. Rubin and Claire Hildebrand, counsel for the Monitor, and such other counsel as listed in **Schedule "B"** hereto; AND UPON READING the materials filed, including the Second Report of the Monitor dated December 18, 2024 and the Third Report of the Monitor dated January 13, 2025,

THIS COURT ORDERS AND DECLARES that:

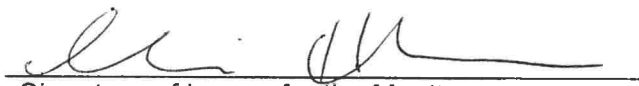
1. The Sale Process attached as **Schedule "C"** to this Order (the "**SISP**") is hereby approved. Capitalized terms not otherwise defined herein shall have the meanings given to them in the SISP, as applicable.
2. In accordance with paragraph 29(i) of the Second Amended and Restated Initial Order of this Court dated December 19, 2024, the Monitor and its advisors (if applicable) are hereby authorized and directed to carry out the SISP and to take such steps and execute such documents as may be necessary or incidental to the SISP.
3. The Monitor, the Company and their respective affiliates, partners, directors, employees, advisors, agents, shareholders and controlling persons shall have no liability with respect to any losses, claims, damages or liability of any nature or kind to any person in connection with or as a

result of the SISP or the conduct thereof, except to the extent of such losses, claims, damages or liabilities resulting from the gross negligence or willful misconduct of any of the foregoing in performing their obligations under the SISP.

4. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c.63, and any regulations promulgated under the authority of either Act or any equivalent enactments in Canada, the Monitor and its advisors may disclose personal information of identifiable individuals to Potential Bidders and their advisors in connection with the SISP, but only to the extent desirable or required to carry out the SISP. Each Potential Bidder (and their respective advisors) to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information solely to its evaluation of a transaction in respect of the Respondents and the Property, and if it does not complete such a transaction, shall return all such information to the Monitor or the Respondents, as applicable, or in the alternative destroy all such information. The Successful Bidder shall be entitled to continue to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Monitor and the Company and shall return all other personal information to the Monitor or the Company (as applicable) or ensure that all other personal information is destroyed.

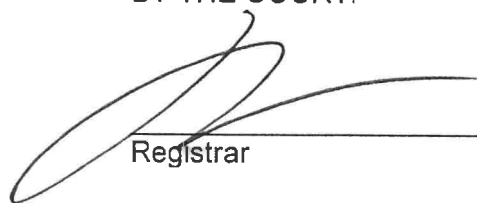
5. Endorsement of this Order by counsel appearing on this application other than counsel for the Monitor is hereby dispensed with.

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



FORM
CHECKED
MF

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
Glen Nesbitt	Royal Bank of Canada
Victoria Tortora	Canadian Western Bank
Heather McMahon Lisa Picotte-Li	Trustees of the IWA - Forest Industry Pension Plan and Trustees of the IWA - Forest Industry LTD Plan
Jonathan Wittig	Ministry of Attorney General
Andrew Froh	San Industries Ltd., 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., and San Terminals Inc.
Jennifer Patten	Business Development Bank of Canada
Coleen Groot	United Steelworkers Local 2005 and 1-1937

Nicole Gilewicz

Interp. Corporation

Schedule "C"

Sale Process

SALES AND INVESTMENT SOLICITATION PROCESS

1. On November 29, 2024, San Industries Ltd., Acorn Forest Products Ltd., Axon Lumber Ltd., Coulson Manufacturing 2017 Ltd., San Cedar Direct Sales Ltd., San Forest Products Ltd., San Holdings Ltd., 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., and San Terminals Ltd. (collectively, the "**Company**") were granted protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**"), pursuant to an Order of the Supreme Court of British Columbia (the "**Court**"). Deloitte Restructuring Inc. (the "**Monitor**") was appointed as Monitor over the Company, with certain enhanced powers.
2. On December 9, 2024, the Court issued an amended and restated initial order. On December 19, 2024, the Court issued a second amended and restated initial order, which, among other things, granted the Monitor further enhanced powers.
3. On January 16, 2025, the Court granted an order (the "**SISP Order**"), among other things, approving this sales and investment solicitation process (the "**SISP**") with respect to the Company.
4. The SISP contemplates the sale of all of the Company's present and after-acquired assets, undertakings, and properties of every nature and kind whatsoever, and wherever situated (collectively, the "**Property**"), except for the assets and undertakings of Mountainside Logging Ltd. and San Forest Specialty Ltd., which are not subject to the SISP.
5. This SISP describes how the Monitor, on the terms set out herein, will advance the SISP and how interested parties may gain access to due diligence materials concerning the Company and the Property, how bids involving the Company, the Property, or any part or parts thereof ("**Bids**") will be submitted and addressed, and how the required Court approvals will be addressed in the Company's CCAA proceedings in respect of any transaction or transactions involving the Company or the Property.
6. The SISP will provide an opportunity for all qualified interested parties to participate in the SISP. The SISP is intended to find the highest and/or best offer(s) for the sale of the Company's Property, whether as a single transaction or multiple transactions, on a going concern or piecemeal basis, or a combination thereof ("**Transaction**").
7. The SISP Order, the procedures in respect of the SISP as contained herein (the "**SISP Procedures**") and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for a Transaction.
8. All capitalized terms used but not otherwise defined herein shall have the following meanings:

"Approval Application" means a hearing before the Court to authorize the Monitor, on behalf of and in the name of the Company, to enter into agreements with respect to the Successful Bid or Successful Bids.

"Business" means the integrated forest products business carried on by the Company.

“Business Day” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are open for business in the City of Vancouver, in the Province of British Columbia.

“Claims and Interests” means pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against.

“Commencement Date” means the date the Monitor initiates the SISP in accordance with the SISP Procedures.

“Definitive Agreement” means the template agreement of purchase and sale provided by the Monitor to the Successful Bidder(s) and to be finalized between the Successful Bidder(s) and the Monitor, in the name of and on behalf of the Company.

“Definitive Agreement Deadline” means a date certain in reference to the Final Bid Deadline, as outlined below, unless extended by the Monitor or Order of the Court.

“Deposit” means an amount paid by one or more Qualified Bidders to be dealt with in accordance with the SISP Procedures.

“Final Bid Deadline” means a date certain in reference to the LOI Deadline, as outlined below, unless extended by the Monitor or Order of the Court.

“Interim Lender” means Royal Bank of Canada.

“Lenders” means all or any of Royal Bank of Canada, Business Development Bank of Canada, and Five Peaks Capital.

“LOI Deadline” means a date certain in reference to the Commencement Date, as outlined below, unless extended by the Monitor or Order of the Court.

“Offering Parcel” means each individual portions of the Property relating to different aspects of the Business, as detailed in paragraph 9.

“Outside Closing Date” means June 30, 2025.

“Phase I” means the period of the SISP Procedures that commences on Commencement Date and ends on the LOI Deadline.

“Phase II” means the period of the SISP Procedures that commences 5 Business Days following the LOI Deadline and ends on the Final Bid Deadline.

“Potential Bidder” means a party with an interest in a Transaction involving the Property however, that has not or not yet complied with the requirements of the SISP Procedures to be accepted as a Qualified Bidder.

“Purchase Price” means the price proposed for the Property to be acquired as part of a Qualified Bid, expressed in Canadian dollars.

“Qualified Bid” means a bid submitted to the Monitor in accordance with the SISP Procedures during Phase II of the SISP.

“Qualified Bidder” means a person(s) having complied with the requirements of the SISP Procedures that participates in the SISP, as further defined in paragraph 18.

“Qualified Non-Binding LOI” means a letter of intent submitted to the Monitor in accordance with the SISP Procedures during Phase I of the SISP.

“Regulatory Approvals” means any required Provincial, State, or Canadian or United States regulatory or other approvals required to operate the relevant aspects of the Business.

“Representatives” when used with respect to a person means each director, officer, employee, consultant, contractor, financial advisor, legal counsel, accountant and other agent, adviser or representative of that person.

“Successful Bid” means the most, or a combination of the most, favourable of the Qualified Bids received during Phase II as identified by the Monitor, in consultation with the Interim Lender and the applicable Lender(s).

“Successful Bidder” means the bidder(s) who submit a Successful Bid (or Successful Bids), as determined in the sole discretion of the Monitor in consultation with the Interim Lender and the applicable Lender(s).

“Target Dates” means the milestone dates identified for purposes of the SISP Procedures, as such dates may be amended or extended if the Monitor deems it to be necessary and advisable to do so, or by further order of the Court.

“VDR” means virtual data room.

Property Subject to SISP Procedures

9. To seek to maximize value, while increasing the size of the potential buyer pool, the Monitor intends to divide the Property into distinct Offering Parcels, which are currently contemplated to be as set out in **Schedule B** to this SISP. The Monitor shall retain the discretion to revise the Offering Parcels or to consider Bids that make offers for the Property other than as contemplated by the Offering Parcels (as may be revised by the Monitor in its discretion).
10. Bids may be submitted either: (i) *en bloc*; or (ii) for any one or more of the Offering Parcels. For all Bids submitted (whether *en bloc* or for one or more Offering Parcels), the Purchase Price must be allocated in a commercially reasonable manner amongst all Offering Parcels and major asset classes covered by the Bid, including real property, inventory, accounts receivable, machinery and equipment. In addition to Bids to purchase any or all of the Offering Parcels, the Monitor will also consider Bids that contemplate a share transaction, including by way of a reverse vesting order structure.

Solicitation Process

11. The SISP Procedures set forth herein describe, among other things, the manner in which the Property will be made available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Property and the Company, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, the receipt and negotiation of bids received, the

ultimate selection of a Successful Bid or Bids, if any, and the Court's approval thereof. The SISP shall be conducted by the Monitor. If there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.

Sale Opportunity

12. The Monitor will prepare a teaser to be disseminated to Potential Bidders and, at its discretion, may also prepare a confidential information memorandum to be disseminated to Qualified Bidders, and place any advertisements as are advisable and commercially reasonable in order to solicit interest in a sale of the Property.

"As Is, Where Is"

13. The sale of any of the Property and/or any Offering Parcels will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Company, or any of their Representatives, except to the extent set forth in the definitive agreement with a Successful Bidder.

Free of Any and All Claims and Interest

14. In the event of a sale, all of the rights, title and interests of the Company in and to the Property to be acquired will be sold free and clear of all Claims and Interests, except surviving and permitted Claims and Interests, pursuant to an approval and vesting order to be made by the Court. The extinguished Claims and Interests will attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), subject to any Claims and Interests that survive pursuant to applicable law.

Timeline

15. The following sets out the Target Dates under the SISP, as further detailed below:
 - (a) The Commencement Date of Phase I shall be on or about January 17, 2025;
 - (b) The LOI Deadline for receiving letters of intent shall be February 28, 2025;
 - (c) Phase II shall commence 5 Business Days after the LOI Deadline;
 - (d) The Final Bid Deadline shall be April 30, 2025;
 - (e) A Definitive Agreement Deadline, as defined in the SISP, shall be entered into by no later than May 30, 2025;
 - (f) The Approval Application shall occur on or about June 16, 2025 (subject to Court availability); and
 - (g) The Outside Closing Date for the Definitive Agreement shall be June 30, 2025.
16. For greater certainty, the Target Dates may be amended or extended if the Monitor, in consultation with the Interim Lender, deems it to be necessary and advisable to do so.

Phase I — Initial Timing

17. During Phase I, the Monitor will solicit non-binding letters of intent to acquire the Company and/or all or part of the Property (**"Non-Binding LOIs"**).

Participation Requirements

18. Unless otherwise ordered by the Court or as otherwise determined by the Monitor, in order to participate in the SISP, each Potential Bidder must deliver to the Monitor at the address specified in **Schedule A** hereto (including by e-mail):
 - (a) prior to the distribution of any confidential information by the Monitor, an executed confidentiality agreement in form and substance satisfactory to the Monitor, which shall inure to the benefit of any purchaser of the Property under these SISP Procedures; and,
 - (b) on or prior to the LOI Deadline, a specific indication of the anticipated sources of capital for the Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor and its legal advisors to make, in their reasonable business or professional judgment, a determination as to the Potential Bidder's financial and other capabilities to consummate the Transaction.
19. A Potential Bidder that has executed a confidentiality agreement, as described above, and delivers the documents described above, whose financial information and credit quality support or enhancement demonstrate to the satisfaction of the Monitor, in its reasonable business judgment, is likely (based on availability of financing, experience and other considerations) to be able to consummate a Transaction will be deemed a **"Qualified Bidder"**.
20. The determination as to whether a Potential Bidder is a Qualified Bidder will be made as promptly as practicable after a Potential Bidder delivers all of the materials required above. If it is determined that a Potential Bidder is a Qualified Bidder, the Monitor will notify the Potential Bidder that it is a Qualified Bidder.

Due Diligence

21. The Monitor shall provide Qualified Bidders access to the VDR maintained by the Monitor. The Monitor and its contractors, advisors and consultants make no representation or warranty as to the information to be provided through the due diligence process in Phase I and II or otherwise (including in respect of the completeness and accuracy thereof).
22. For greater certainty, Qualified Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and the Company in connection with their participation in the SISP and any Transaction they enter into with the Monitor, in the name of and on behalf of the Company.

PHASE I

Seeking Non-Binding Letters of Intent from Qualified Bidders

23. Qualified Bidders that wish to participate in Phase I shall submit a Qualified Non-Binding LOI that complies with all of the following requirements to the Monitor at the address specified in **Schedule A** hereto (including by e-mail transmission), so as to be received by not later than 5:00 PM (PST) on the LOI Deadline, or such later date or time as the Monitor may determine:

- (a) a Qualified Non-Binding LOI must identify or contain, at minimum, the following:
 - (i) the Purchase Price in Canadian dollars, including details of any non-cash consideration, any liabilities to be assumed by the Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Offering Parcels or Property that are expected to be subject to the Transaction and any of the Offering Parcels or Property expected to be excluded;
 - (iii) full disclosure of the identity of each entity or person that will be entering into the Transaction, that is participating in, or benefiting from, such bid, including any equity holders or beneficial owners;
 - (iv) a specific indication of the sources of funding for the Phase 1 Qualified Bidder and preliminary evidence of the availability of such funding (including, but not limited to, the sources of funding of the purchase price, preliminary evidence of the availability of such funding, steps necessary and associated timing to obtain such funding and any related contingencies, as applicable), or such other form of financial disclosure and credit-quality support or enhancement that will allow the Monitor to make a reasonable judgment as to the Phase 1 Qualified Bidder's financial or other capabilities to consummate the Transaction contemplated by its Qualified Non-Binding LOI;
 - (v) a description of the conditions and approvals required for a final and binding offer, including any required Regulatory Approvals and any other factors affecting the speed, certainty and value of the Transaction;
 - (vi) an estimated allocation of value among major asset classes subject to the proposed Transaction including, but not limited to, real property, inventory, accounts receivable, machinery and equipment;
 - (vii) an outline of any additional due diligence required to be conducted, if any, in order to submit a final and binding offer;
 - (viii) contemplates closing the Transaction set out therein on or before the Outside Closing Date, or such other date as may be determined by the Monitor;

- (ix) any other terms or conditions that the Qualified Bidder believes are material to the proposed Transaction; and
 - (x) such other information as reasonably requested by the Monitor.
- 24. The Monitor may waive strict compliance with any one or more of the foregoing requirements and deem such non-compliant bids to be a Qualified Non-Binding LOI.
- 25. One or more letters of intent received from a Qualified Bidder, but which are for less than substantially all of the Property, will not be precluded from consideration.
- 26. The Monitor, in consultation with the Interim Lender, shall be at liberty to shorten or extend the timelines set forth herein, without further order of the Court.
- 27. Following the LOI Deadline, the Monitor shall provide copies of all Qualified Non-Binding LOIs received to the Interim Lender as soon as practicable. All Qualified Non-Binding LOIs will also be provided to the Lenders to the extent that the Qualified Non-Binding LOIs contemplate purchase of assets over which that Lender holds security.
- 28. The Monitor, in consultation with the Interim Lender and the Lenders may terminate the SISP at the end of Phase I if:
 - (a) no Qualified Non-Binding LOIs are received; or
 - (b) it is determined that there is no reasonable prospect that any Qualified Non-Binding LOIs received will result in a Qualified Bid, and the Monitor shall promptly notify each Qualified Bidder that submitted a Qualified Non-Binding LOI that the SISP has been terminated.

PHASE II

Seeking Qualified Bids

- 29. During Phase II, each Qualified Bidder that was not eliminated from the SISP in accordance with these SISP Procedures shall have such due diligence access to materials and information relating to the Property and the Company as the Monitor in its reasonable business judgment deems appropriate, having regard to the advancement of Phase II and the requirements of a Qualified Bid.
- 30. A Qualified Bidder that is not eliminated from the SISP in accordance with these SISP Procedures and that desires to participate in Phase II will deliver written copies of a Qualified Bid to the Monitor at the address specified in **Schedule A** hereto (including by e-mail) so as to be received by it not later than 5:00 PM (PST) on the Final Bid Deadline, or such later other date or time as may be agreed by the Monitor.

Qualified Bids

- 31. A bid submitted to acquire one or more Offering Parcels will be considered a Qualified Bid only if: (i) the bid is submitted by a Qualified Bidder who submitted a Qualified Non-Binding LOI on or before the LOI Deadline; (ii) the Qualified Bidder was not eliminated from the

SISP in accordance with these SISF Procedures; and, (iii) the bid complies with all of the following (as applicable):

- (a) it constitutes, in the reasonable business judgment of the Monitor, a reasonable offer;
- (b) it includes a letter stating that the Qualified Bidder's offer is irrevocable until the earlier of (i) the selection of the Successful Bidder, and (ii) sixty (60) days following the Final Bid Deadline, provided that if such Qualified Bidder is selected as the Successful Bidder its offer shall remain irrevocable until the closing of the sale to such Successful Bidder;
- (c) it includes a duly authorized and executed acquisition agreement in the template form provided by the Monitor (including a blackline showing any changes to the template form), specifying the Purchase Price for the Offering Parcels or Property proposed to be acquired, expressed in Canadian dollars, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements);
- (d) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed Transaction, which will allow the Monitor to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the Transaction contemplated by the bid;
- (e) it is not conditioned on: (i) the outcome of unperformed due diligence by the Qualified Bidder; and/or, (ii) obtaining financing;
- (f) it fully discloses the identity of each entity that will be sponsoring or participating in the bid, and the complete terms of any such participation;
- (g) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property to be acquired and liabilities to be assumed in making its bid; and, (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Property to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement;
- (h) it includes evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the Transaction contemplated by the bid;
- (i) it outlines any anticipated regulatory and other approvals required to close the Transaction and the anticipated timeframe and any anticipated impediments for obtaining such approvals;
- (j) it may not request or entitle the Qualified Bidder to any break-up fee, expense reimbursement, termination or similar type of fee or payment. Further, a Qualified

Bidder shall be deemed to irrevocably waive any right to pursue a claim in any way related to the submission of its bid or this SISP;

- (k) it includes an allocation of value among major asset classes subject to the Qualified Bid, including, but not limited to, real property, inventory, accounts receivable, machinery and equipment;
- (l) it is accompanied by a Deposit (defined below) in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to the Monitor, payable to the order of the Monitor, in trust, in an amount equal to not less than 10% of the Purchase Price, to be held and dealt with by the Monitor in accordance with these SISP Procedures; and,
- (m) it contains other information reasonably requested by the Monitor.

Phase II Bid Evaluation

- 32. Following the Final Bid Deadline, the Monitor will assess the bids received. The Monitor shall, exercising its reasonable business judgment, disqualify any bids that are deemed not to be Qualified Bids. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder. The Monitor shall provide copies of all Qualified Bids received to the Interim Lender. All Qualified Bids will also be provided to the Lenders to the extent that the Qualified Bids contemplate purchase of assets over which that Lender holds security.
- 33. In consultation with the Interim Lender and the applicable Lender(s), the Monitor may identify the most favourable of the Qualified Bids received during Phase II as the Successful Bid or Bids. Evaluation criteria will include, but are not limited to, matters such as: (a) the purchase price or net value being provided by such Bid; (b) the terms of the purchase and sale agreement; (c) the identity, circumstances and ability of the Qualified Bidder to successfully complete the contemplated transaction; (d) the impact of the Bid on the Company's stakeholders; (e) the conditionality of the Bid; (f) the firm, irrevocable commitment for any financing required; (g) the timeline to closing, including potential third-party contractual arrangements or consents required to close; (h) the assets included, or excluded, from the proposed transaction; (i) the identity, circumstances, and ability of the Bid proponents to successfully complete a transaction; and (j) the costs associated with the Bid and its consummation, including restructuring costs.
- 34. The Monitor shall then proceed to negotiate and settle the terms and conditions of a definitive agreement in respect of a Successful Bid or Bids by the Definitive Agreement Deadline, all of which shall be conditional upon Court approval and also conditional on the Successful Bid closing on or before the Outside Closing Date, or such date as shall be agreed to by the Monitor. If a definitive agreement has been negotiated and settled in respect of a Successful Bid, the person(s) who made the Successful Bid shall be the Successful Bidder.
- 35. The Monitor, in consultation with the Interim Lender, shall be at liberty to shorten or extend the timelines set forth herein, without further order of the Court.

Approval Application

36. The Approval Application to authorize the Monitor to enter into agreements with respect to the Successful Bid or Bids will be held on a date to be scheduled by the Court upon application by the Monitor. All Qualified Bids (for the same Property as the Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

Deposits

37. All Deposits shall be held by the Monitor or Monitor's counsel in a single interest-bearing account designated solely for such purpose. If there is a Successful Bidder, the Deposit (plus accrued interest, if any) paid by the Successful Bidder whose bid is approved at the Approval Application will be applied to the Purchase Price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable upon Court approval. A Deposit paid by a Qualified Bidder shall be dealt with in accordance with these SISP Procedures. Deposits, including any interest earned thereon, paid by Qualified Bidders not selected as a Successful Bidder, shall be returned to such Qualified Bidders (less any applicable fees) within five (5) Business Days of Court approval of the Successful Bid for the same Property the unsuccessful Qualified Bidders had sought.

Confidentiality and Access to Information

38. All discussions regarding any potential Transaction must be directed through the Monitor or such other party as the Monitor may direct. Under no circumstances should any members of management, employees, customers, suppliers, tenants/landlords or other creditors of the Company be contacted by a Bidder directly without the prior written consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP at the discretion of the Monitor.
39. Participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Qualified Bidders, Bidders, Qualified Bids, the details of any bids or Qualified Bids submitted or the details of any confidential discussions or correspondence between the Monitor, the Company and such other Bidders or Qualified Bidders in connection with the SISP, except to the extent that the Monitor, with the consent of the applicable participants, is seeking to combine separate bids into a single bid.
40. The Monitor may restrict its consultation with and limit the provision of information and documents to the Company and its affiliates, related entities, employees, owners, investors, and/or any related persons in such a manner as the Monitor in its professional judgment and sole discretion considers to be reasonable to preserve the integrity of the SISP.
41. Notwithstanding the foregoing, under no circumstances will the Monitor share any material information concerning any of the bids with any person other than its legal counsel, the Company and its legal counsel and the Interim Lender and Lenders and their legal and financial advisors, to the extent provided for under this SISP.

Supervision of the SISP

42. The Monitor shall oversee, in all respects, the conduct of the SISP.
43. This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Monitor, the Company and any Potential Bidder, or Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Monitor, in the name of and on behalf of the Company. Further, the Monitor reserves the right not to enter into such definitive agreement.
44. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Qualified Bidder, Bidder, the Successful Bidder, the Company, or any other creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by these SISP Procedures, except to the extent such act or omission is the result of such party's gross negligence or willful misconduct. By submitting a bid, each Bidder, Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of the gross negligence of, or willful misconduct by the Monitor.
45. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
46. In consultation with the Interim Lender, the Monitor shall have the right to modify the SISP Procedure if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP, provided that the service list in the CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.
47. The Monitor may, at any time, remove any of the Property from this SISP, in consultation with the Interim Lender and the Lenders holding a security interest in such Property, or pursuant to an order of the Court, if such removal would further the interests of the Company's CCAA proceedings.

Miscellaneous

48. The Monitor may engage such other consultants, agents or experts and such other persons from time to time as may be reasonably necessary to assist the Monitor in carrying out this SISP.
49. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.
50. Each Qualified Bidder, upon being declared as such under the SISP Procedures, shall be deemed to have irrevocably and unconditionally attorned and submitted to the jurisdiction of the Court in respect of any action, proceeding or dispute in relation to the conduct or any aspect of the SISP Procedures and the SISP.

51. At any time during the SISP process, the Monitor may apply to the Court for advice and directions with respect to the discharge of its obligations and duties herein.
52. The Company shall co-operate fully with the Monitor in the exercise of its powers and duties and discharge of its obligations under the SISP and provide the Monitor with assistance, information and documentation that is reasonably necessary to enable the Monitor to adequately carry out the Monitor's functions herein.

SCHEDULE "A"

DELOITTE RESTRUCTURING INC.

410 West Georgia Street
Vancouver, BC V6B 0S7

Attention: Jeff Keeble / Kaleb Butt

Phone: 604-235-4197 / 604-595-5422

Email: jkeeble@deloitte.ca / kbutt@deloitte.ca

SCHEDULE "B": OFFERING PARCELS

Lot #	Lot Type	Lot Description	Asset Description	Owner	Location
1	Coulson	Facility, land and buildings	21.81 acres of land located at 100 Seizai Road in Port Alberni with two sawmill buildings, maintenance shops, administrative buildings and lunch rooms. The two mills are flanked by two log yards, dewatering grids, foreshore licences and booming grounds.	CML ¹	100 Seizai Rd., Port Alberni, BC
2	Coulson	Equipment and intellectual property	<p>Mill A - 20-foot Head-rig mill (8-foot single cut band mill), 6 saw setting edger, twin verticle band mill, 3 saw resaw pony edger, timber deck and 20 bin (manual) green chain.</p> <p>Mill B - R200 Hewsaw line with Nicholson debarker and supported by a grading station, scanner, and trimmer saw for lumber under 22 feet and a 60-bin lumber sorter.</p> <p>Mill A and Mill B share a common packaging line capable of kiln stick placement and anti-sap stain application via a separate dip tank line.</p> <p>Other mobile and spare equipment.</p> <p>Intellectual property</p>	CML	100 Seizai Rd., Port Alberni, BC
3	San Forest	Facility, land and buildings	16.41 acres of land located at 5105 Nuupts' Ikapis Way in Port Alberni with several structures on the property including a two-storey office building, 300,000 sq ft main operating floor and several adjacent buildings, warehouses and shops.	SFP ²	5105 Nuupts' Ikapis Way, Port Alberni, BC

¹ Coulson Manufacturing 2017 Ltd. ("CML" or "Coulson"). Coulson operates two sawmill facilities, converting raw logs to timber, which in turn is either transported to a re-manufacturing facility, or sold as raw unfinished timber. The Coulson property contains two sawmills, Mill A and Mill B, which operate on the north and south ends of the property respectively, and share a common packaging line. The facilities are located adjacent to the Alberni Inlet and include foreshore rights for boom staging, as well as a dry yard for staging and scaling of logs. Access is via a packed gravel road from Port Alberni.

² San Forest Products Ltd. ("SFP" or "San Forest"). San Forest operates a re-manufacturing facility, converting lumber to re-manufactured products. The facility contains approximately a dozen buildings spread out across the southern end of the property and includes a two-storey office building, dry kilns, covered storage, and fully enclosed warehouse space. On the north end of the property is unused yard space on a subdivided parcel (Lot 7). The property is located in downtown Port Alberni and is a 15-minute drive north of the Coulson site.

4	San Forest	Equipment and intellectual property	<p>Remanufacturing equipment including 6 dry kilns, planers, chop line, finger joint line, baker saw, several moulders, slicer and drier, glue press and panel line.</p> <p>Mobile and spare equipment.</p> <p>Intellectual property.</p>	SFP	5105 Nuupts' Ikapis Way, Port Alberni, BC
5	San Industries ³	Facility land and buildings	9.26 acres of land located at 25583 88 Avenue in Langley with several structures on the property including office space and shelters for equipment.	AXN ⁴	25583 88 Ave., Langley, BC
6	San Industries	Equipment, inventory, and intellectual property	<p>Remanufacturing equipment including dry kilns, optimizing cut-off saw, a resaw line, moulder line, trimer line, and planer and sorting line.</p> <p>Dimensional lumber inventory in various stages of completion, with the majority packaged and tagged to define the species, length, and width. Primarily consists of western red cedar, hemlock, fir, and yellow cedar, among other species.</p> <p>Mobile and spare equipment.</p> <p>Intellectual property.</p>	SAN	25583 88 Ave., Langley, BC
7	San Forest	Spare land	9.19 acre parcel of land located at 4000 Stamp Avenue in Port Alberni.	SFP	4000 Stamp Ave., Port Alberni, BC
8	San Industries	Spare land and buildings	36.08 acres of land located at 25895 88 Avenue in Langley with various structures on the property and foreshore rights. Includes a 10-acre farm, a residence, barn, and three greenhouses. This property is currently listed for sale.	AXN	25583 88 Ave., Langley, BC

³ San Industries Ltd. ("SAN" or "San Industries"). San Industries operates a re-manufacturing facility in Langley, BC, which processes the lumber that is cut at the Coulson site. The property is located along the Fraser River and includes extensive yard storage and staging grounds.

⁴ Axon Lumber Ltd. ("AXN"). Axon is a real estate holding company with no operations.