



No. S-248267  
Vancouver Registry

**FORCE FILED**  
**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 "San Group" or 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 29, 2025, at 9:00 a.m. for the order 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 an order (the "**Order**"), substantially in the form attached as **Schedule "B"** hereto, which, among other things, shall lift the stay of proceedings to permit Canadian Western Bank ("**CWB**") to enforce its security with respect to certain property of the San Group.

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 November 29, 2024, this Court granted an initial order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the “**CCAA**”) with respect to the Company. Under the Initial Order, this Court granted, among other things, certain enhanced powers to the Monitor and a stay of proceedings with respect to the Company up to and including December 9, 2024.

4. On December 9, 2024, this Court issued an amended and restated initial order. On December 19, 2024, this Court issued a second amended and restated initial order (the “**SARIO**”) which, among other things, granted the Monitor further enhanced powers and an extension of the stay of proceedings up to and including January 17, 2025.

5. On January 16, 2025, this Court approved a sale process (the “**SISP**”) with respect to certain of the Company’s business and assets. That same day, this Court granted an order, which, among other things, extended the stay of proceedings up to and including May 30, 2025.

6. As set out in the Third Report of the Monitor dated January 13, 2025 (the “**Third Report**”), the Monitor has been working with CWB to come to an agreement with CWB, in consultation with the Company’s two primary secured lenders, the Royal Bank of Canada (“**RBC**”) and the Business Development Bank of Canada (“**BDC**”, and together with RBC, the “**Lenders**”), to exclude from the SISP certain property over which CWB claims a first ranking security interest and to permit CWB to sell these assets outside of the SISP.

7. As contemplated by its enhanced powers under the SARIO, and with the consent of the Lenders and CWB, the Monitor now seeks approval of the Order.

### *The Lift Stay & Sale of Certain Assets Order*

8. The terms of the Order permit the sale by CWB of certain real estate and equipment assets owned by members of the San Group, which include the following:

- (a) the property of San Forest Specialty Ltd. and Mountainside Logging Ltd. (the “**San Specialty and Mountainside Property**”); and
- (b) certain equipment owned by San Industries Ltd. and San Forest Products Ltd. over which CWB has security and which is listed on **Schedule “C”** to the Order (including all attachments and accessions to such property) (the “**Schedule C Property**”, and collectively with the San Specialty and Mountainside Property, the “**Enforcement Property**”).

9. The assets and equipment included as Schedule C Property may be amended, without further order of this Court, on agreement of counsel for CWB and the Monitor, and with the consent of the Lenders.

10. In order to permit the sale of the Enforcement Property, the Order provides that the stay of proceedings provided for in the SARIO shall be lifted and not apply to CWB in its enforcement of its security against the Enforcement Property.

11. After deduction of CWB's realization costs, all "**Net Proceeds**" from the sale of the Enforcement Property will be held in trust pending further Court order (meaning that no distributions of the Net Proceeds will be made without further application to this Court).

### **Part 3: LEGAL BASIS**

#### ***The Order is Necessary and Appropriate***

12. Pursuant to paragraphs 17 and 18 of the SARIO, the stay of proceedings may be lifted with the written consent of the Monitor (and the Company, for whom the Monitor now acts for pursuant to the enhanced powers granted to it under sections 28 and 29 of the SARIO).

13. The Monitor consents to the lifting of the Stay in order to permit CWB to sell the Enforcement Property pursuant to the terms of the proposed Order.

14. Further, consistent with the CCAA's remedial nature, the CCAA court has a broad and discretionary power under s. 11 of the CCAA to make any order that it considers "appropriate" in the circumstances, subject to only the restrictions set out in the CCAA

***1057863 B.C. Ltd. (Re), 2022 BCSC 759 at paras. 47-48, citing Canada v. Canada North Group Inc., 2021 SCC 30***

15. The basic purpose of the CCAA must be considered when determining what relief authorized by the CCAA is "appropriate" in the circumstances, which was summarized by the Court in *Century Services*:

The question is whether the order will usefully further efforts to achieve the remedial purpose of the CCAA — avoiding the social and economic losses resulting from liquidation of an insolvent company. [...] appropriateness extends not only to the purpose of the order, but also to the means it employs. Courts should be mindful that chances for successful reorganizations are enhanced where participants achieve common ground and all stakeholders are treated as advantageously and fairly as the circumstances permit.

***Century Services Inc. v. Canada (Attorney General), 2010 SCC 60 at para. 70.***

16. The Monitor submits that the requested Order is appropriate and reasonable in the circumstances for the following reasons:

- (a) CWB asserts first ranking security over the Enforcement Property;
- (b) the granting of the Order will allow for the sale of the Enforcement Property in an efficient manner by CWB;
- (c) the requirement to hold the Net Proceeds in trust following the sale of the Enforcement Property means that to the extent there are other claims made against the Net Proceeds, those claimants' rights will not be prejudiced and

stakeholders (including CWB and the Lenders) are treated as advantageously and fairly as the circumstances permit;

- (d) the Lenders consent to the granting of the Order; and
- (e) in the circumstances, the Monitor is of the view it is reasonable to permit CWB to take its own realization steps with respect to the Enforcement Property;

17. Having regard to the purpose and progress of these CCAA proceedings, including the sale of the San Group's other assets as part of the Court approved SISF and the goal of maximizing value for all of the San Group's stakeholders, the Monitor respectfully submits that granting the Order is appropriate in the circumstances.

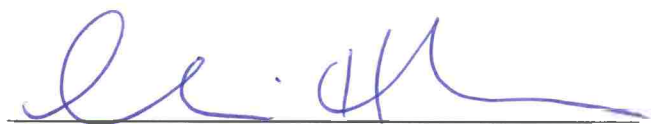
#### **Part 4: MATERIAL TO BE RELIED ON**

1. Second Report of the Monitor dated December 18, 2024;
2. Third Report of the Monitor, dated January 13, 2025; and
3. such further and other materials as counsel for the Monitor 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 26, 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"

No. S-248267  
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**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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AND

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

PETITIONERS

## ORDER MADE AFTER APPLICATION (Lift Stay and Sale of Certain Assets)

BEFORE ) THE HONOURABLE JUSTICE STEPHENS ) January 29, 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 29, 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 Third Report of the Monitor dated January 13, 2025;

THIS COURT ORDERS that:

1. The stay of proceedings provided for by paragraphs 17 and 18 of the Second Amended and Restated Initial Order pronounced in these proceedings on December 19, 2024 (the “**SARIO**”), as may be amended, is lifted and shall not apply to the Canadian Western Bank (“**CWB**”) in the enforcement of its security against: (i) the property of San Forest Specialty Ltd. and Mountainside Logging Ltd. (the “**San Specialty and Mountainside Property**”); and (ii) the property of San Industries Ltd. and San Forest Products Ltd. over which CWB has security and which is listed on **Schedule “C”** (including all attachments and accessions to such property) (the “**Schedule C Property**”, and collectively with the San Specialty and Mountainside Property, the “**Enforcement Property**”).



2. The Schedule C Property may be amended without further order of this Court on agreement of counsel for CWB and the Monitor, and with the consent of Royal Bank of Canada and Business Development Bank of Canada, with the parties at liberty to apply to this Court for directions.

3. Any proceeds realized by CWB from its enforcement against the Enforcement Property shall, net of the costs of realization (the "**Net Proceeds**"), be held by CWB's counsel McCarthy Tétrault LLP, in trust, pending further order of this Court.

4. CWB shall provide the Monitor with an accounting of any costs of realization with respect to the Net Proceeds.

5. The sale of the Enforcement Property by CWB shall be free and clear of all court-ordered changes granted in these proceedings including, without limitation and as applicable, the Administration Charge, the Interim Lender's Charge and the Directors' Charge (each as defined in the SARIO and collectively referred to as the "**Charges**").

6. Notwithstanding paragraph 5 of this Order, for the purposes of determining the nature and priority of claims, (including, without limitation, claims relating to the Charges), the Net Proceeds from the sale of the Enforcement Property shall stand in the place and stead of the Enforcement Property, and all claims shall attach to the Net Proceeds from the sale of the Enforcement Property with the same priority as they had with respect to the Enforcement Property immediately prior to the sale, as if the Enforcement Property had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

7. No amounts incurred or otherwise arising and secured by the Charges from or after the date of this Order shall be allocated to the Enforcement Property.

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:

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

BY THE COURT.

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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

**Schedule "C"****Property**

<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>S/N</b>
2019	MFG Zeller	Weinig Hydromat 30N Planing Machine	253-890
2019	c/w	Walk-in Sound Cabin	
2019	c/w Weinig	Infeed System with Hydraulic Unit Electric Cabinet	
2019	c/w Weidner	Transport Belt	
2019	HYUNDAI	HD_70D-9 CL5 FORKLIFT	HHKHFA03CJ0000929
2020	RFS PROTECH	EG48X240X6 (RB) 30KW GENERATOR	13-1022
2020	MASSEY FERGUSON	4707 GLOBAL LOADER TRACTOR	MC040CJ5302002
2020	HLA-HORST	MB84BO500 84" BUCKET	19LA71178
2020	MASCHIO	H165 TILLER	164156
2020	MASCHIO	B230 TILLER	194628
2020	Waco	Dominant Planer Saws	
2020		Grading Software	
2020	Waco	Dominant 3000	890473
2020	Ultimizer	1400B-100 Full line	1400B-318
2020	Stacker	Sony Software PVM-97	1024480
2020	KUBOTA	SSV65P SKID STEER	13867
2020	LAND PRIDE	PALLET FORKS	1076718K
2020	Taylor	GT-100 Forklift	P45275
2020	Taylor	GT-100 Forklift	P-45277
2005	GENIE	Z60/34 4x4 ARTICULATED BOOM	Z60055331

Year	Make	Model	S/N
		LIFT	
2013	NEVILLE	48 FT TRIDEM	1N9DD4831DL175003
2003	TY-CROP	45 FT TRIDEM	2T9YAAVC23D016176
2020	TAYLOR	TX GT-180 FORKLIFT	P-45279
2020	TAYLOR	TX GT-180 FORKLIFT	P-45280
2003	JOHN DEERE	800C LOG LOADER	FF800CX971024
2003	IMAC	4 cord Short Wood Grapple, Custom Bottom, Front Boom	