

Deloitte.



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, AS AMENDED

AND

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

AND

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

PETITIONERS

FIFTH REPORT OF THE MONITOR

DELOTTE RESTRUCTURING INC.

FEBRUARY 18, 2025

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INTRODUCTION

- (1) On November 29, 2024 (the "**Filing Date**"), San Industries Ltd. ("**San Industries**") and those parties listed in **Appendix "A"** (collectively the "**Petitioners**", or "**San Group**"), were granted an order (the "**Initial Order**") by the Supreme Court of British Columbia (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended. The Petitioners' proceedings pursuant to the CCAA are referred to herein as the "**CCAA Proceedings**".
- (2) The Initial Order, among other things:
 - a) Appointed Deloitte Restructuring Inc. to monitor the business and financial affairs of the Petitioners (in such capacity, the "**Monitor**");
 - b) Granted a stay of proceedings against the Petitioners up to and including December 9, 2024 (the "**Initial Stay of Proceedings**");
 - c) Authorized the Petitioners to borrow \$600,000 under a debtor-in-possession financing facility (the "**DIP Financing Facility**") made available by the Royal Bank of Canada ("**RBC**" or the "**DIP Lender**"); and
 - d) Granted the Administration Charge and the DIP Lender's Charge (both as defined in the Initial Order).
- (3) On December 7, 2024, the Monitor issued its first report in the CCAA Proceedings (the "**First Report**"). The First Report was filed to, among other things, provide the Court with an update on the activities of the Petitioners and the Monitor since the granting of the Initial Order, and the Monitor's observations with respect to the Petitioners' cashflow forecast for the Operating Entities (as defined in the First Report) dated November 29, 2024 (the "**First Cash Flow Forecast**").
- (4) On December 9, 2024 the Court issued an Amended and Restated Initial Order (the "**ARIO**") which granted, among other things, an extension of the Initial Stay of Proceedings to December 19, 2024 (the "**First Stay Extension**"). The First Stay Extension granted was shorter than the initial request sought by the Petitioners in order to allow the Monitor to, among other things, try and better understand and address the Current Concerns (as defined in the First Report) identified in the First Report.
- (5) On December 18, 2024, the Monitor issued its second report in the CCAA Proceedings (the "**Second Report**"). Among other things, the Second Report was filed to provide the Court with an update since the date of the First Report on the activities of the Petitioners, activities of the Monitor, and the Current Concerns.
- (6) On December 19, 2024 the Court issued a Second Amended and Restated Initial Order (the "**Second ARIO**") which granted, among other things, further enhanced powers for the Monitor in the CCAA Proceedings, the First DIP Financing Facility Increase, and an extension of the Initial Stay of Proceedings to January 17, 2025.
- (7) On January 13, 2025, the Monitor issued its third report in the CCAA Proceedings (the "**Third Report**"). The Third Report was filed to provide the Court with an update since the date of the Second Report on the activities of the Petitioners, activities of the Monitor, and the Current Concerns (as defined later herein). The Third Report also included the Monitor's review of the actual cash flows for the four weeks ended January 10, 2025 compared to the projected amounts in the First Cash Flow Forecast, along with the Monitor's observations with respect to the Petitioners' updated cash flow forecast for the Operating Entities for the period January 11, 2025 to May 30, 2025. In the Third Report, the Monitor also provided its views on the relief sought by the Monitor which included, among other things:
 - a) Increasing the Petitioners' authority to borrow under the DIP Financing Facility, and increase the Interim Lender's Charge by \$4.0 million (the "**Second DIP Financing**

Facility Increase") from \$1.0 million to a maximum of \$5.0 million in respect of the Borrowers' Property (as defined in the ARIO);

- b) Approving the sale and investment solicitation process (the "**SISP**"); and
 - c) Granting a further stay extension to May 30, 2025 (the "**Third Stay Extension**").
- (8) On January 16, 2025 the Court issued an Order which granted, among other things, the approval of the Second DIP Financing Facility Increase which increased the total DIP Financing Facility to a maximum of \$5.0 million, the approval of the SISP, and the approval of the Third Stay Extension to May 30, 2025.
- (9) On January 29, 2025, the Monitor's counsel brought an application to have the stay of proceedings lifted to allow Canadian Western Bank ("**CWB**") to enforce its security interests as against the property of San Forest Specialty Ltd. and Mountainside Logging Ltd., as well as CWB's specific security over certain property of San Industries and San Forest Products Ltd. (collectively, the "**Enforcement Property**"). On the same day, the Court issued an order (the "**CWB Order**") to allow CWB to pursue the Enforcement Property and for any net proceeds to be accounted for and held by CWB's counsel pending further order of the Court.
- (10) On February 3, 2025, the Monitor issued its fourth report in the CCAA Proceedings (the "**Fourth Report**", and collectively with the First Report, Second Report, and Third Report, the "**Prior Reports**").
- (11) The Fourth Report was filed to provide the Court with information concerning Kingsley Trucking Ltd. ("**Kingsley**"), Coombs Shadwell Holdings Ltd., 1351697 B.C. Ltd., and Cojax Heavy Duty Repair Ltd. ("**Cojax**", and collectively, the "**Kingsley Group**"). The Fourth Report was filed with respect to the application made by the Royal Bank of Canada ("**RBC**") to have the Kingsley Group added as petitioners in the CCAA Proceedings and included a summary on the operations of the Kingsley Group and details regarding certain Related Party Transactions between San Group and the Kingsley Group.
- (12) On February 4, 2024, the Court made an Order (the "**Kingsley Group Protective Order**") to, among other things, compel the Kingsley Group to operate only in the normal course, to provide counsel for the Bank a list of all of the Kingsley Group's bank accounts, and to permit the Monitor to have access to Kingsley Group's physical assets and property to take an inventory of same.
- (13) This is the Monitor's fifth report to the Court (the "**Fifth Report**" or "**this Report**").
- (14) The Monitor has made its reports along with the various orders and other information related to these CCAA Proceedings available on its website at www.insolvencies.deloitte.ca/sangroup (the "**Monitor's Website**").
- (15) All dollar amounts in this Report are in Canadian dollars, unless otherwise indicated.
- (16) Unless otherwise provided, all capitalized terms not defined in this Report are as defined in the Second ARIO or the Prior Reports, as applicable.

Purpose of the Fifth Report

- (17) The purpose of this Fifth Report is to provide information to the Court, and the Monitor's comments thereon, regarding the following:
- a) The Monitor's efforts to undertake an inventory of Kingsley Group's physical assets and property;
 - b) The Monitor's review of the actual cash flows of the Operating Entities for the four weeks ended February 7, 2025 (the "**Cash Flow Period**") as compared to the projected cash flows in the Third Cash Flow Forecast (the "**Third Variance Analysis**");

- c) The Monitor's determination that there has been a material adverse change in the projected cash flows and financial circumstances of the Operating Entities;
- d) The Monitor's observations with respect to the Petitioners' updated cash flow projection for the Operating Entities (as defined later herein) for the period from February 8, 2025 to May 30, 2025 (the "**Fourth Cash Flow Forecast**") attached hereto as **Appendix "B"**; and
- e) The relief sought by the Monitor, including orders:
 - i. Requiring Central Island Excavating Ltd. ("**CIE**") and Mr. Michael Ryles ("**Mr. Ryles**") to release the Log Loader (as defined later in this Report) to San Forest and return it to the Coulson Mill;
 - ii. Requiring Jace Trucklines Ltd. ("**Jace**") and JPH Transport ("**JPH**") to release and make delivery of the inventory being held in respect of sales orders SG86876, SG86956 and SG86955 to ECMD Inc. ("**ECMD**"), in accordance with the terms of the agreements San Group holds with these logistics providers; and
 - iii. Declaring that Acorn Forest Products Ltd. ("**Acorn**"), San Industries Ltd. ("**San Industries**"), and Super-Cut Lumber Industries Ltd. ("**Super-Cut**") meet the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the "**WEPP Regulations**").

Disclaimer and Terms of Reference

- (18) In preparing this Report and conducting its analysis, the Monitor has been provided with, and has relied upon, certain unaudited financial information, draft and internal financial information from the books and records of the Petitioners, as applicable. The Monitor has also relied on information gathered from discussions with various parties, including senior management of the Petitioners ("**Management**") (with the Petitioners' Management having been terminated on or about January 31, 2025), shareholders, and the Petitioners' legal and financial advisors (collectively, the "**Information**"). The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this Report.
- (19) Except as otherwise described in this Report:
 - a) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b) Some of the Information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.
- (20) Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
- (21) Except as otherwise indicated, the Monitor's understanding of factual matters expressed in this Report concerning the Petitioners and its business is based on the Information, and not independent factual determinations made by the Monitor.

- (22) The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Report. Any use, which any party makes of this Report, or any reliance or decision to be made based on this Report, is the sole responsibility of such party.

KINGSLEY GROUP MATTERS

Background

- (23) The background on the business and operations of the Kingsley Group is described in the Fourth Report and not repeated here.

Physical asset inventory

- (24) Following the granting of the Kingsley Group Protective Order, on February 5, 2025, Suki provided the Monitor with a list of trucks and trailers owned by Kingsley, which included 22 semi trucks and 101 trailers (the "**Kingsley Asset Listing**"). The Monitor was also provided with a screenshot from a GPS tracking system showing 18 semi trucks owned by Kingsley (the "**GPS Log**") and 19 semi trucks owned by lease operators that are contracted by Kingsley.
- (25) After further requests made by the Monitor to provide location details in respect of assets owned by Kingsley, on February 14, 2025, the Monitor was provided with a handwritten log of truck drivers and the associated trailers that they were hauling on February 13 and February 14, 2025 (the "**Driver Log**"). The Driver Log was provided by Ms. Jessica Sanghera ("**Ms. Sanghera**"), Suki's daughter, who the Monitor understands is involved in the accounting and operations of the Kingsley Group.
- (26) The Driver Log did not include location details for the trailers and Ms. Sanghera advised the Monitor that trailers that were not being moved on any given day will not appear on the Driver Log (i.e., because they are parked and awaiting a ferry between Vancouver Island and the Mainland). The Monitor has requested further details to verify the location of the trailers listed on the Driver Log.
- (27) On February 6, 2025, the Monitor attended at the Kingsley Premises and met with Suki to verify the completeness and existence of the Kingsley Asset Listing. In summary:
- a) The Monitor identified six out of the 22 semi trucks at the Kingsley Premises. The Monitor also identified 11 semi trucks on the GPS Log that were located, at the time, at various locations across Vancouver Island (mostly on the road undertaking deliveries). Upon further inquiry, the Monitor was provided with the location of two other semi trucks and was told another was out of service but was not provided with details of where the truck is presently stored. The Monitor is awaiting details on the location of the two semi trucks on the Kingsley Asset Listing which remain unaccounted for.
 - b) The Monitor identified 24 out of the 101 trailers at the Kingsley Premises. The Monitor was able to locate an additional four trailers at the Acorn Truck Yard following a site visit on February 12, 2025. There are 66 trailers listed in the Driver Log. The Monitor is awaiting details on the location of the seven other trailers included on the Kingsley Asset Listing that remain unaccounted for.
- (28) The Monitor also reviewed the BC Personal Property Registry (the "**PPR**") and identified an additional five semi trucks, six trailers, and 11 forklifts not included in the Kingsley Asset Listing (the "**PPR Listing**"). The Monitor needs to confirm why the assets in the PPR Listing were not included in the Kingsley Asset Listing provided by Suki and has the following initial comments with respect to the PPR Listing:
- a) The Monitor identified two of the semi trucks at the Kingsley Premises and also identified three semis on the GPS Log.

- b) The Monitor did not identify any of the six trailers at the Kingsley Premises but viewed one at the Truck Yard during the site visit on February 4, 2025. Four other trailers appear in the Driver Log. No details have been provided as to the location of the one trailer that remains unaccounted for.
 - c) The Monitor has been provided with the locations for 10 of the forklifts and is working to verify this information. No details have been provided as to the location for the one forklift which remains unaccounted for.
- (29) Through its investigations, the Monitor also obtained two further lists of Kingsley-owned assets compiled between 2022 and 2025. These lists identified equipment not included in either the Kingsley Asset Listing or the PPR Listing, including four additional semi trucks, 14 trailers, and 13 pieces of mobile equipment such as cars, trucks and ATVs (the "**Additional Asset Listing**"). With respect to the Additional Asset Listing:
- a) The Monitor identified one out of the four semi trucks from the Additional Asset Listing during its site visit of the Kingsley Premises on February 6, 2025. Two other trucks are located at the San Forest Plant, and the Monitor identified the remaining semi truck on the GPS Log.
 - b) The Monitor identified six out of 14 trailers at the Kingsley Premises and one at the Acorn Truck Yard. Three additional trailers appear in the Driver Log. The Monitor has not been provided with details on the location or existence of the remaining four trailers, although the Monitor acknowledges the possibility that some of these trailers may have been sold or scrapped during the normal course of business.
 - c) The Monitor identified two out of the 13 pieces of mobile equipment at the Kingsley Premises. The Monitor has received details regarding the location of 11 of these vehicles and is in the process of verifying the accuracy of this information.

Cojax assets

- (30) During its tour of the Kingsley Premises, the Monitor also observed the Cojax facilities, which are located on the same property but separately gated. The Monitor viewed a variety of spare parts, scrap metal, and small tools.
- (31) Suki informed the Monitor that Cojax has three remaining employees solely to service Kingsley's trucks and terminated 10 other employees in or around November 2024. Ms. Sanghera has advised the Monitor that there are no accounts receivable ("**AR**") or accounts payable ("**AP**") listings for Cojax as the company now operates solely to service the Kingsley trucks. The Monitor has not been able to verify the accuracy of this claim.
- (32) The Monitor notes that the latest available trial balance for Cojax dated July 31, 2024 shows accounts receivable of approximately \$81,000, inventory of approximately \$127,000, equipment and tools with a net book value ("**NBV**") of approximately \$225,000, and vehicles with a NBV of \$176,000.
- (33) The Monitor made several requests for a listing of the physical assets owned by Cojax, including their locations. On February 14, 2025, Ms. Sanghera provided an asset list (the "**Cojax Listing**") which included two semi trucks and 11 other pieces of mobile equipment (pick-up trucks, forklifts and dump trucks). Of the 13 assets in the Cojax Listing, four appear in the Additional Asset Listing (of which 3 are located), and another four were identified by the Monitor during the site visit on February 7, 2025. The Monitor has not yet been able to verify the location of six of the assets in the Cojax Listing and is awaiting further information from Ms. Sanghera.
- (34) The Monitor understands that RBC's counsel was provided with a list of bank accounts maintained by the Kingsley Group, along with copy statements, and that all bank accounts were held at RBC.

Conclusion Regarding the Kingsley Group

- (35) In light of the issues identified above, the Monitor has not been able to prepare or verify a complete listing of the physical assets of Kingsley or Cojax as it has not been provided with sufficient information by Kingsley or Cojax to do so.

Related Party Matters Regarding the Kingsley Group

- (36) As more fully described in the Fourth Report:
- a) the Monitor, on behalf of Acorn, issued a termination notice of the Parking Agreement to Kingsley on January 23, 2025 demanding that Kingsley provide vacant possession of the Truck Yard at the Acorn Mill by no later than 4:00pm on February 7, 2025. To date, Kingsley has refused to comply with this demand; and
 - b) there are a number of Related Party Transactions between Kingsley and San Group that remain under investigation by the Monitor.
- (37) In relation to the above matters, Suki expressed concerns regarding the Kingsley Group being brought into the CCAA Proceedings and Deloitte's potential role as monitor of both Kingsley Group and San Group during the Monitor's meeting with Suki on February 6, 2025.

LOG LOADER

- (38) On November 14, 2023, San Forest entered into a purchase and sale agreement with CIE to acquire certain equipment (the "**Log Loader Purchase Agreement**"), including a 2014 Hitachi 370 Forester Log Loader, model ZX370F-3 with serial number FFBHJXPC0370028 (the "**Log Loader**").
- (39) As contemplated in paragraph 10 of the Log Loader Purchase Agreement, attached hereto as **Appendix "C"**, ownership of the Log Loader transferred to San Forest upon execution of the agreement.
- (40) The Monitor has performed a search of the BC Personal Property Registry for the Log Loader and found there to be no registrations. The search is attached hereto as **Appendix "D"**.
- (41) The Monitor understands that there may be unpaid consideration owing by San Forest to CIE in respect of the Log Loader Purchase Agreement, but the quantum of the arrears is unclear (potentially \$35,000) (the "**Arrears**").
- (42) The Monitor understands that the Log Loader was seized by CIE in December 2024 and that it may currently be located in a remote logging area west of Port Alberni, BC.
- (43) On January 22, 2025, a representative of the Monitor spoke to Mr. Ryles, the owner of CIE and the signatory to the Log Loader Purchase Agreement, to request that the Log Loader be returned by CIE to the Coulson Mill. Mr. Ryles advised that he would not return the Log Loader unless the Arrears were paid in full.
- (44) On February 12, 2025, the Monitor wrote to the Mr. Ryles by email demanding the return of the Log Loader by 5pm on February 14, 2025 and advising Mr. Ryles that any claim that CIE may have in respect of the Arrears would be addressed in accordance with the priorities under the CCAA.
- (45) As of the date of this Report, the Monitor has not received a response to its request and the Log Loader was not returned by the deadline. The Monitor respectfully requests this Honourable Court grant an order requiring CIE to release the Log Loader to San Forest and return it to the Coulson Mill by no later than Friday, February 28, 2025. The Monitor intends to sell the Log Loader pursuant to the SISP.

INVENTORY HELD BY TRUCKING COMPANIES

- (46) The Monitor has been in correspondence with two trucking companies with existing contractual relationships with San Group that are holding and refusing to deliver certain finished product inventory to San Group's customers on account of outstanding pre-filing arrears owing to them.

Jace

- (47) The Monitor understands that Jace is holding inventory in respect of two sales orders (SG86876 and SG86956) that were due to be delivered to ECMD, a distribution partner for Lowe's Home Improvement, on or around November 22, 2024. The inventory has a sales value of approximately US\$73,000. The contracted delivery cost of these two orders is estimated at approximately \$10,400 (the "**Jace Delivery Cost**") based on similar shipments made by Jace.
- (48) The Monitor understands that Jace has refused to deliver these outstanding orders on account of pre-filing amounts owing to Jace of approximately \$90,500. A copy of the accounts payable listing for Jace from the San Group accounting system, along with details of the withheld shipments are attached hereto as **Appendix "E"**.
- (49) The Monitor further understands that Jace was engaged by San Group prior to filing for CCAA protection to transport San Group's inventory to its customers and distributors, and invoiced San Group in accordance with the agreed upon terms between the San Group and Jace, on a shipment-by-shipment basis.
- (50) On December 20, 2024, the Monitor wrote to Jace by email to, *inter alia*:
- a) Inform Jace of the CCAA Proceedings and advise them of the stay of proceedings;
 - b) Advise Jace of the limitations on making payments on account of pre-filing debt and the requirement to honour existing contracts;
 - c) To request that Jace confirm the location of the withheld shipments and to make arrangements to facilitate the delivery of the withheld shipments to ECMD; and
 - d) To advise Jace that payment of the Jace Delivery Cost would be made by the Monitor in the normal course after receipt of an invoice.
- (51) On December 30, 2024, the Monitor sent a follow-up email to Jace seeking a response to its email of December 20. On January 3, 2025, the Monitor and its legal counsel held a call with ST Law, counsel for Jace, to discuss, among other things, the provisions of the Second ARIO and Monitor's email of December 20.
- (52) The Monitor's legal counsel followed up with ST Law on January 3, 9 and 14, 2025. To date, the Monitor and its legal counsel have not received a substantive response from Jace or its legal counsel. The Monitor's correspondence with Jace and ST Law is attached hereto as **Appendix "F"**.

JPH

- (53) The Monitor understands that JPH is holding inventory in respect of one sale order (SG86955) that was due to be delivered to ECMD on or around November 22, 2024. The inventory has a sales value of approximately US\$40,000. The contracted delivery cost of this orders is estimated at approximately US\$3,300 (the "**JPH Delivery Cost**") based on similar shipments made by JPH.
- (54) The Monitor understands JPH has refused to deliver this outstanding order on account of pre-filing amounts owing to JPH of approximately \$7,300. A copy of the accounts payable listing

for JPH from the San Group accounting system, along with details of the withheld shipments are attached hereto as **Appendix "G"**.

- (55) The Monitor further understands that JPH was engaged by San Group prior to filing for CCAA protection to transport San Group's inventory to its customers and distributors, and invoiced San Group in accordance with the agreed upon terms between the San Group and JPH, on a shipment-by-shipment basis.
- (56) On December 20, 2024, the Monitor wrote to JPH by email to, *inter alia*:
 - a) Inform JPH of the CCAA Proceedings and advise them of the stay of proceedings;
 - b) Advise JPH of the limitations on making payments on account of pre-filing debt and the requirement to honour existing contracts;
 - c) To request that JPH confirm the location of the withheld shipments and to make arrangements to facilitate the delivery of the withheld shipments to ECMD; and
 - d) To advise JPH that payment of the JPH Delivery Cost would be made by the Monitor in the normal course after receipt of an invoice.
- (57) On December 31, 2024, the Monitor sent a follow-up email to JPH seeking a response to its email of December 20. On January 3, 2025, JPH acknowledged receipt of the Monitor's correspondence and on January 8, 2025 held a call with the Monitor to discuss, among other things, the provisions of the Second ARIO and Monitor's email of December 20.
- (58) The Monitor followed up with JPH on January 10 and 14, 2025. To Date, the Monitor has not received a response from JPH. The Monitor's correspondence with JPH is attached hereto as **Appendix "H"**.
- (59) As previously communicated to both Jace and JPH, the Monitor is prepared to make payment of the Jace Delivery Cost and the JPH Delivery Cost after the shipments have been completed and upon receipt of an invoice. The Monitor respectfully requests this Honourable Court grant an order requiring Jace and JPH to make delivery of the inventory being held in respect of sales orders SG86876, SG86956 and SG86955 to ECMD in accordance with the pre-existing contractual agreements between San Group and these parties and by no later than Friday, February 28, 2025.

EMPLOYEE MATTERS

- (60) On or around the Filing Date, San Group had approximately 256 employees at the Acorn Mill, Coulson Mill, SFP Plant, and Langley Plant. These employees are employed by Acorn, Super-Cut, Coulson and San Industries. A summary of the current and previous employees at each of these operations is further described below as based on the San Group records available to the Monitor:
 - a) At the Acorn Mill, 75 employees are unionized and are members of United Steelworkers Local 2009 (the "**Acorn Union Employees**"). They are governed by the Collective Bargaining Agreement ("**CBA**") dated March 16, 2020. An additional three employees were non-unionized (together with the Acorn Union Employees, the "**Acorn Employees**"). All 78 Acorn Employees were laid off following the Acorn Fire but, as of the date of this Report have not yet been formally terminated. The Acorn Union Employees are employed by Acorn, and the non-unionized Acorn Employees are employed by Super-Cut. Regrettably, there is no prospect of the Acorn Mill re-opening following the Acorn Fire. Accordingly, the Monitor intends on formally terminating the Acorn Employees prior to February 21, 2025.
 - b) At the Coulson Mill, 84 employees are unionized and are members of United Steelworkers Local 1-1937 (the "**Coulson Union Employees**"). They are governed by a CBA effective from June 15, 2024 and ratified on January 17, 2025. An additional four employees were

non-unionized (together with the Coulson Union Employees, the "**Coulson Employees**"). The Monitor has retained two non-unionized employees, and the other two have been terminated. The Monitor has also retained two Coulson Union Employees, and the remaining 82 Coulson Union Employees have been laid off, but not formally terminated. The Coulson Union Employees are employed by Coulson, and the non-unionized employees are employed by Super-Cut.

- c) At the Langley Plant, 59 non-unionized employees were employed on or around the Filing Date (the "**Langley Employees**"). The Monitor has retained eight of these employees to assist with various care and maintenance and accounting matters. The remaining 51 employees were terminated throughout December 2024 and January 2025. The Langley Employees were, or continue to be, employed by Super-Cut or San Industries depending on whether or not they are part of the Temporary Foreign Worker Program.
- d) At the SFP Plant, 31 non-unionized employees were employed on or around the Filing Date (the "**SFP Employees**"). All 31 were terminated throughout December 2024 and January 2025. The SFP Employees were employed by Super-Cut or San Industries depending on whether or not they are part of the Temporary Foreign Worker Program.

WEPPA

- (61) On November 20, 2021, amendments to the *Wage Earners Protection Program Act* ("**WEPPA**") and WEPPA Regulations came into force which authorized the Court to make a determination that terminated employees are entitled to WEPPA payments in the context of CCAA proceedings if the following criteria, as set out in subsection 5(1) of WEPPA, are established:
 - a) The individual's employment ended for a reason prescribed by regulation which includes termination or expiry of the individual's employment;
 - b) The former employer is subject to proceedings under the CCAA;
 - c) The individual is owed eligible wages by the former employer; and
 - d) A Court determines under subsection 5(5) of WEPPA that criteria prescribed by the WEPPA Regulations are met.
- (62) In this respect, the enacted subsection 5(5) of WEPPA provides that on application by any person, the supervising court may determine that a former employer satisfies the criteria prescribed by regulation. In turn, section 3.2 of the WEPPA Regulations now provides that "*for the purposes of subsection 5(5) of [WEPPA], a court may determine whether the former employer is the former employer of all of whose employees in Canada have been terminated other than any retained to wind down its business operations.*"
- (63) The Monitor is seeking a determination that Acorn, Super-Cut, and San Industries are entities that meet the criteria of the WEPPA Regulations. The Monitor continues to assess the provisions of the CBA with respect to the Coulson Union Employees and is actively seeking a going concern buyer for the Coulson Mill as part of the SISP. Accordingly, the Coulson Union Employees remain laid off but have not been formally terminated at this time.
- (64) The Monitor is of the view that substantially all employees terminated from Acorn, Super-Cut, and San Industries (the "**Terminated Employees**") are entitled to statutory termination pay, vacation pay, and/or salary continuance pursuant to the employment standards legislation in British Columbia, contractual entitlement, and/or an employment termination agreement. The Monitor understands that none of the Terminated Employees have received any form of termination or severance pay from the Petitioners. Accordingly, the Terminated Employees would have "eligible wages" as assessed under WEPPA, subject to the review by Service Canada.

- (65) Following the termination of the Terminated Employees, all employees of Acorn, Super-Cut, and San Industries other than those required to be retained to wind down the business operations of these entities will have been terminated.
- (66) Based on the above, the Monitor is of the view that it is appropriate for this Honourable Court to declare that Acorn, Super-Cut, and San Industries meet the criteria as prescribed in the WEPPA Regulations and that former employees of San Group are entitled to receive payments under WEPPA, in order for the Terminated Employees to access their statutory entitlements with respect to unpaid termination and/or vacation pay.

CASH FLOW

Third Variance Analysis

- (67) The Monitor has worked closely with the Petitioners and the DIP Lender in respect of managing and monitoring cash receipts and cash disbursements in accordance with the Third Cash Flow Forecast as prepared by Management. A summary of the actual cash flows as compared to the projected amounts in the Third Cash Flow Forecast for the Cash Flow Period is set out below.

San Group				
Cash Flow Variance Analysis - For the four week period ended February 7, 2025				
CAD\$; unaudited	Forecast	Actual	Variance (\$)	Variance (%)
Receipts				
Accounts receivable	854,126	1,226,728	372,602	44%
Sales	1,461,403	151,502	(1,309,901)	(90%)
Rental income	600	600	-	100%
Tax refunds (payments)	-	(4,288)	(4,288)	0%
Total receipts	2,316,129	1,374,541	(941,587)	(41%)
Operating Disbursements				
Vendors	(378,826)	(210,106)	168,720	45%
Payroll	(563,217)	(446,393)	116,824	21%
General and administrative expenses	(530,414)	(364,545)	165,869	31%
Rent	(630,000)	-	630,000	100%
Insurance claim costs	(600,000)	-	600,000	100%
Security	(47,607)	(17,859)	29,748	62%
Professional fees	(674,284)	(275,353)	398,931	59%
Contingency	(40,000)	-	40,000	100%
Total operating disbursements	(3,464,348)	(1,314,256)	2,150,091	62%
Net operating cash flow	(1,148,219)	60,285	1,208,504	105%
Financing Disbursements				
Leases	(132,031)	(31,307)	100,723	(76%)
Loan payment - RBC	-	42,354	42,354	0%
DIP interest	(5,031)	-	5,031	(100%)
Total financing disbursements	(137,062)	11,046	148,108	(108%)
Net cash flow	(1,285,281)	71,331	1,356,612	(106%)
Opening Bank Balance				
Net cash flow	711,158	711,158	-	
DIP Financing Facility draws	(1,285,281)	71,331	1,356,612	(106%)
DIP Financing Facility draws	750,000	750,000	-	0%
Ending bank balance	175,878	1,532,489	1,356,612	771%

- (68) The net cash flow for the Operating Entities during the Cash Flow Period (excluding DIP Financing Facility draws) amounted to approximately \$71,000, which was approximately \$1.4 million better than projected mainly as a result of positive timing differences in respect of disbursements which were partially offset by negative permanent differences for projected customer receipts. The more significant variances in the Cash Flow Period are as follows:
- Accounts receivable ("AR") collections were approximately \$373,000, or 44%, higher than projected due to faster than projected collections and an increase in collectible AR balances as a result of Management bringing the customer invoicing up to date.
 - Collections from new sales were approximately \$1.3 million, or 90%, lower than projected primarily due to San Group being unable to efficiently fulfill and ship pending customer orders. Due to a shortage of inventory, various scheduling delays and sales team

personnel issues, pending orders could not be fulfilled in a timely, economic manner and the Monitor ceased all operations effective January 31, 2025. This represents a permanent negative variance, which may, in the future, be partially offset through a sale of the remaining inventory through the SISP.

- c) Vendor payments were approximately \$168,000, or 45%, lower than projected as a result of reduced operations. This represents a permanent positive variance.
- d) Payroll was approximately \$117,000, or 21%, lower than projected due primarily to significantly lower hourly wage obligations incurred at the mills due to reduced operations. A portion of the variance (approximately \$13,000) is due to timing of payroll related payments clearing the bank.
- e) Rent to the Vancouver Port Authority was originally forecast to be paid on January 31, 2025 however, this payment was deferred due to the significant decrease in sales receipts and the timing of draws on the DIP Financing Facility resulting in materially decreased liquidity for the Operating Entities. A payment of approximately \$631,000 is now expected to be made in the week ending February 28, 2025 which coincides with the termination date of the Vancouver Port Authority lease.
- f) Costs related to professional fees in dealing with the pending insurance claims have not been incurred and/or invoiced as quickly as what was contemplated in the Third Cash Flow Forecast resulting in a positive timing difference of \$600,000.
- g) Professional fees were approximately \$399,000, or 59%, lower than forecast due to the timing of the professional services firms rendering their invoices and most of this variance is expected to reverse in future periods.
- h) The contingency was not required resulting in a permanent positive variance of \$40,000.
- i) Lease payments were approximately \$101,000, or 76% lower than forecast due to the majority of leased equipment being returned to the leasing companies. This represents a permanent positive variance.

Fourth Cash Flow Forecast

- (69) The Monitor has continued to work closely with the remaining Management to update a rolling cash flow forecast for the Operating Entities and the related assumptions to May 30, 2025.
- (70) The Fourth Cash Flow Forecast for the period from February 8, 2025 to May 30, 2025, as summarized in the table below and attached hereto as **Appendix "B"**, with the related assumptions, contemplates the Operating Entities remaining in care and maintenance for the duration of the SISP.

San Group					
Cash Flow Forecast for the 16 week period ended May 30, 2025					
CAD\$; unaudited					
<i>Week Nos.</i>	<i>1 - 4</i>	<i>5 - 8</i>	<i>9 - 12</i>	<i>13 - 16</i>	Weeks 1 to 16
<i>Period Ended</i>	<i>7-Mar-25</i>	<i>4-Apr-25</i>	<i>2-May-25</i>	<i>30-May-25</i>	TOTAL FORECAST
Receipts	416,719	600	-	-	417,319
Operating disbursements	(2,866,715)	(1,347,290)	(1,111,342)	(983,682)	(6,309,029)
Net operating cash flow	(2,449,996)	(1,346,690)	(1,111,342)	(983,682)	(5,891,710)
Financing disbursements	(10,219)	(26,631)	(37,340)	(48,607)	(122,797)
Net cash flow	(2,460,215)	(1,373,321)	(1,148,682)	(1,032,289)	(6,014,507)
Opening bank balance	1,532,489	572,274	198,953	1,000,271	1,532,489
Net cash flow	(2,460,215)	(1,373,321)	(1,148,682)	(1,032,289)	(6,014,507)
DIP Financing Facility draws	1,500,000	1,000,000	1,950,000	150,000	4,600,000
Ending bank balance	572,274	198,953	1,000,271	117,983	117,983
Opening DIP Financing Facility	1,350,000	2,850,000	3,850,000	5,800,000	1,350,000
DIP Financing Facility draws	1,500,000	1,000,000	1,950,000	150,000	4,600,000
Closing DIP Financing Facility	2,850,000	3,850,000	5,800,000	5,950,000	5,950,000

- (71) The more significant assumptions included in the Fourth Cash Flow Forecast are as follows:
- a) The opening cash balance of approximately \$1.5 million is largely consumed within the first two weeks and DIP Financing Facility draws totalling \$4.6 million are required through to May 30, 2025, of which \$3.65 million is the remaining amount currently available under the DIP Financing Facility.
 - b) AR collections are projected to total approximately \$417,000 based on the remaining AR last reported by Management as of January 29, 2025. The AR receipts do not include approximately US\$113,000 for certain customer orders being held by Jace and JPH (i.e. represents potential upside to the forecast).
 - c) Vendor payments of approximately \$389,000 that will be paid to cover the existing commitments made since the Initial Filing Date along with amounts to be incurred to cover payments to vendors for care and maintenance costs.
 - d) Payroll costs of approximately \$539,000 are required to sustain care and maintenance for the duration of the SISP. Payroll costs include employee and employer payroll source deductions and all ongoing pension and benefits amounts.
 - e) General and administrative costs of approximately \$1.5 million are estimated to cover mainly insurance, utilities and contractor fees.
 - f) Rent of approximately \$630,000 is for the Acorn premises and reflects the post CCAA filing costs incurred to February 28, 2025.
 - g) Insurance claim costs of \$726,000 reflect the estimated fees and costs required for counsel, adjusters, experts and consultants to advance the Outstanding Insurance Matters.
 - h) Professional fees of approximately \$1.9 million are estimated for the professionals covered by the Administration Charge.
 - i) A contingency of \$160,000 to provide for any unknown additional costs or receipt shortfalls.
- (72) The Monitor's comments on the more significant assumptions included in the Fourth Cash Flow Forecast are as follows:
- a) The operating disbursements need to be incurred and paid as projected with no significant costs or variances.
 - b) Management has not been able to provide the Monitor with supporting documentation for required vendor costs during care and maintenance. Consequently, the Monitor is still in the process of assessing the reasonableness of the amounts projected.
 - c) The current DIP Financing Facility is approved up to \$5.0 million. There remains \$3.65 million of availability under this facility. The Fourth Cash Flow Forecast indicates that this funding should be sufficient to allow the Operating Entities to continue in care and maintenance until approximately May 2, 2025 but a further increase in the DIP Financing Facility of \$950,000 (up to \$5.95 million in total) may be required to sustain the operations and CCAA Proceedings to May 30, 2025. This funding increase has not yet been approved by the DIP Lender.
 - d) The limitations in the availability and timeliness of information from San Group's financial system continues to constrain the Monitor's ability to review the reasonableness of the underlying assumptions and quantum of future cash flows. Accordingly, there is a material risk that the required funding may be higher than projected.

- (73) Since the cash flows are based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, at this time, the Monitor cannot provide any assurance as to whether the Fourth Cash Flow Forecast will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information referenced in this Report or relied upon by the Monitor in preparing this Report.

Material Adverse Change

- (74) As previously described, collections from new sales during the four-week period ended February 7, 2025 were approximately \$1.3 million, or 90%, lower than projected in the Third Cash Flow Forecast primarily due to San Group being unable to efficiently fulfill and ship pending customer orders. This represents a permanent negative variance, which may only be partially offset through a sale of the remaining inventory through the SISP. The timing of any receipts in relation to inventory sold through the SISP is uncertain.
- (75) Based on the foregoing, the Monitor has ascertained that there has been a material adverse change in the Petitioners' circumstances which has or will result in:
- a) a significant adverse effect on the projected cash flows of the Operating Entities; and
 - b) a significant or reasonably expected significant impairment to the Petitioners' financial circumstances and the ability of San Group to carry on operations in care and maintenance.
- (76) The Monitor is of the view that a material adverse change occurred in the Petitioners' projected cash-flow and financial circumstances pursuant to section 23(1)(d)(i) of the CCAA. The Monitor intends to make this Report available on the Monitor's Website.

CONCLUSIONS AND RECOMMENDATIONS

- (77) Based on the foregoing, the Monitor respectfully recommends that this Court grant an order(s):
- a) Requiring CIE to return the Log Loader to the Coulson Mill;
 - b) Requiring Jace and JPH to release and make delivery of the inventory being held in respect of sales orders SG86876, SG86956 and SG86955 to ECMD; and
 - c) Declaring that Acorn, San Industries and Super-Cut meet the criteria established by section 3.2 of the WEPP Regulations, SOR/2008-222.

This Report is respectfully submitted this 18th day of February, 2025.

DELOITTE RESTRUCTURING INC.,

In its capacity as Court-appointed
Companies' Creditors Arrangement Act Monitor of
San Group (as defined herein)
and not in its personal capacity


Per: Jeff Keeble, CPA, CA, CIRP, LIT, CBV
Senior Vice-President

Paul Chambers, FCA(UK), CIRP, LIT
Senior Vice-President

APPENDIX "A"
LIST OF PETITIONERS

1. Acorn Forest Products Ltd.
2. Axon Lumber Ltd.
3. Coulson Manufacturing 2017 Ltd.
4. San Cedar Direct Sales Ltd.
5. San Forest Products Ltd.
6. San Holdings Inc.
7. Super-Cut Lumber Industries Ltd.
8. 1224676 B.C. Ltd.
9. 1260729 B.C. Ltd.
10. Mountainside Logging Ltd.
11. 1170518 B.C. Ltd.
12. 1175465 B.C. Ltd.
13. San Farming Ltd.
14. San Forest Specialty Ltd.
15. San Terminals Inc.

APPENDIX "B"

**Fourth Cash Flow Forecast for the Operating Entities for the
period from February 8, 2025 to May 30, 2025**

San Group
Fourth Cash Flow Forecast for the Period from February 8, 2025 to May 30, 2025 ⁽¹⁾

In C\$; unaudited	Note	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Week No. Week Ended		1 14-Feb-25	2 21-Feb-25	3 28-Feb-25	4 07-Mar-25	5 14-Mar-25	6 21-Mar-25	7 28-Mar-25	8 04-Apr-25	9 11-Apr-25
Receipts										
Accounts receivable	2	46,190	82,737	287,191	-	-	-	-	-	-
Sales	3	-	-	-	-	-	-	-	-	-
Other		-	-	-	600	-	-	-	600	-
Tax refund	4	-	-	-	-	-	-	-	-	-
Total receipts		46,190	82,737	287,191	600	-	-	-	600	-
Operating Disbursements										
Vendors	5	(68,635)	(50,000)	(50,000)	(50,000)	(50,000)	(20,000)	-	(20,000)	-
Payroll	6	(116,117)	(13,557)	(49,210)	(13,557)	(48,611)	(13,557)	(42,648)	(13,557)	(42,648)
General and administrative expenses	7	(360,947)	(13,383)	(40,325)	(18,502)	(46,338)	(13,383)	(290,325)	(18,488)	(6,202)
Rent		-	-	(631,710)	-	-	-	-	-	-
Insurance claim costs		(101,321)	(200,000)	(75,000)	(50,000)	(50,000)	(50,000)	(25,000)	(50,000)	-
Security		(33,176)	(52,692)	-	(52,692)	-	(52,692)	-	(52,692)	-
Professional fees	8	(449,268)	-	(336,624)	-	(260,000)	-	(190,000)	-	(175,000)
Contingency		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Total operating disbursements		(1,139,464)	(339,632)	(1,192,869)	(194,750)	(464,949)	(159,632)	(557,973)	(164,736)	(233,851)
Net operating cash flow		(1,093,274)	(256,894)	(905,677)	(194,150)	(464,949)	(159,632)	(557,973)	(164,136)	(233,851)
Financing Disbursements										
Leases	9	-	-	-	-	-	-	-	-	-
DIP Interest payments		-	-	(10,219)	-	-	-	-	(26,631)	-
Total financing disbursements		-	-	(10,219)	-	-	-	-	(26,631)	-
Net cash flow		(1,093,274)	(256,894)	(915,897)	(194,150)	(464,949)	(159,632)	(557,973)	(190,767)	(233,851)
Opening bank balance	10	1,532,489	439,216	182,321	766,425	572,274	107,325	947,694	389,720	198,953
Net cash flow		(1,093,274)	(256,894)	(915,897)	(194,150)	(464,949)	(159,632)	(557,973)	(190,767)	(233,851)
DIP Financing Facility draws		-	-	1,500,000	-	-	1,000,000	-	-	1,150,000
Ending bank balance	11	439,216	182,321	766,425	572,274	107,325	947,694	389,720	198,953	1,115,103
Opening DIP Financing Facility		1,350,000	1,350,000	1,350,000	2,850,000	2,850,000	2,850,000	3,850,000	3,850,000	3,850,000
DIP Financing Facility draws		-	-	1,500,000	-	-	1,000,000	-	-	1,150,000
Closing DIP Financing Facility		1,350,000	1,350,000	2,850,000	2,850,000	2,850,000	3,850,000	3,850,000	3,850,000	5,000,000

San Group

Fourth Cash Flow Forecast for the Operating Entities for the Period from February 8, 2025 to May 30, 2025 (the "Fourth Cash Flow Forecast")

Notes and Summary of Assumptions

Disclaimer

Since the Fourth Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period (defined below) will vary from the Fourth Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized.

The Fourth Cash Flow Forecast is presented in Canadian dollars and includes the following Petitioners (collectively the "**Operating Entities**"):

- San Industries Ltd.
- San Forest Products Ltd.
- Coulson Manufacturing 2017 Ltd.
- Acorn Forest Products Ltd.
- Axon Lumber Ltd.
- Super-Cut Lumber Industries Ltd.

All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Monitor's Fifth Report dated February 18, 2025.

Note 1 Purpose of the Cash Flow Forecast

The purpose of the Fourth Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Operating Entities for the period from February 8, 2025 to May 30, 2025 (the "**Forecast Period**"). The Fourth Cash Flow Forecast has been prepared by the Petitioners, in consultation with the Monitor. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Accounts receivable collections

Outstanding accounts receivable are forecast to be collected based on collection terms, and Management's best estimate of when these customers pay in the ordinary course.

Note 3 Sales collections

As discussed in this Report, no inventory sales are projected in the Forecast Period.

Note 4 Tax refunds

Tax refunds reflect anticipated cash inflows from income tax and sales tax refunds in the Forecast Period.

Note 5 Vendors

Vendor disbursements include, but are not limited to, repairs and maintenance expenses, the majority of which are assumed on a cash on demand basis.

Note 6 Payroll

Disbursements for payroll costs include salaries and wages, payroll taxes and remittances, employee benefits, and pension costs related to the Petitioners' operational and administrative employees. Payroll expenses are forecast based on anticipated headcount, and hours worked (for hourly employees) and are paid bi-weekly and semi-monthly, depending on the payroll group.

Note 7 General and administrative expenses

General and administrative expenses include expenses required to operate the plants, and limited administrative costs. These expenses include, but are not limited to utilities, insurance, IT and other overhead costs.

Note 8 Professional fees

Professional fees and disbursements include those of the Monitor, counsel to the Monitor, counsel to the secured lenders, and corporate and insurance counsel to the Petitioners, incurred or projected during the CCAA Proceedings.

Note 9 Leases

Includes monthly lease payments for equipment required to operate the plants.

Note 10 Opening bank balance

Opening cash is based on the balances in the bank accounts held with RBC by the Operating Entities as at the end of day on February 7, 2025. There may be additional bank accounts held outside of RBC by some of the Other Petitioners, and the balances of those accounts are not available to fund operations and therefore are excluded from the above calculation.

Note 11 Interim financing

The Fourth Cash Flow Forecast reflects advances under the DIP facility of \$4.6 million during the Forecast Period.

APPENDIX "C"

Log Loader Purchase Agreement dated November 14, 2023

Purchase and Sale Agreement

Dated the ^{14th} day of November 2023.

Between :

San Forest Products Ltd.

4000 Stamp Avenue, Port Alberni British Columbia V9Y 5J7

(San Forest)

And:

Central Island Excavating Ltd.

6257 Renton Road N, Port Alberni, British Columbia, V9Y 8S7

(Seller)

Whereas:

1. San Forest wishes to purchase two log loaders for their Coulson Mill in Port Alberni, BC.
2. The Seller has rented one log loader, a **Hitachi** 330 to San Forest.
3. The Seller has a second log loader that is available for sale and desires to sell this piece of equipment along with the rented Log Loader.
4. The Seller is the owner of the two log loaders described in clause 2 noted below.

Wherefore the parties agree as follows to the purchase and sale of the 2 log loaders:

1. The Seller warrants that they are the rightful owner of the equipment listed in clause 2 and are legally able to transfer title ownership to San Forest free and clear of all encumbrances and liens and or claims.
2. The log loader equipment subject to this Purchase and Sale Agreement is set out as follows:
 - a. **2014 Hitachi 370 Forester Log Loader Model ZX370F 3
Serial Number FFBHJOXPC0370028**
 - b. **2001 Hitachi 330 Forester Log Loader Serial Number IH4Q
020966-330 (Serial number to be verified)**
3. San Forest agrees to accept the equipment "as is, where is" without warranty. Any repairs or maintenance is the full responsibility of San Forest.
4. With respect to the Hitachi 370 log loader, this purchase and sale agreement is condition precedent subject to a satisfactory hydraulic oil analysis as determined by San Forest in their sole discretion.
5. The Hitachi 370 Log Loader will be delivered by the Seller to the Coulson Sawmill.
6. The terms of the sale both log loaders delivered to San Forest's Coulson Mill at Port Alberni, British Columbia.
7. All taxes, licenses, and associated fees shall be paid by the San Forest at the time of purchase. San Forest agrees to indemnify and

hold harmless to the Seller against any claims of loss or damage without limitation with respect to this transfer.

8. The total purchase price of the two log loaders above noted is \$162,500.00 Canadian dollars.
9. The Seller agrees to transfer the ownership of the listed property to San Forest based on the payment terms set out below in clause 11 with payment made under the terms set out in clause 11.
10. For greater certainty, ownership of the two log loaders transfer on the signing of this agreement and the consideration of one dollar in valuable and other consideration which is acknowledged and noted as paid in full.
11. The payment terms are as follows for this purchase. The payment of \$10,000 dollars plus applicable taxes for 16 months with the final payment making up the residual amount owing under this Purchase and Sale Agreement.
12. Monthly payments of \$10,000 dollars plus applicable taxes per month will commence on November 20, 2023. Post dated cheques for each 6-month period will be issued as required to complete the transaction.
13. Should there be a missed payment over 30 days for any reason, interest will be charged on the outstanding balance at 20% per annum. This amount will be added to the next monthly payment. All payments to be received on the 20th of the month.
14. For greater clarity, it is agreed that the rental of the Hitachi 330 between the parties terminates on the signing of this Purchase and Sale Agreement. Any outstanding rental fees must be paid by November 20,2023.
15. The parties agree that the original grapple removed from the Hitachi 330 Log Loader will be returned to the seller and does not form part of this Purchase and Sale Agreement.

A handwritten signature in black ink, appearing to be 'MR' followed by a stylized name.

16. The Seller agrees to indemnify and hold harmless San Forest for any matter that impacts this Purchase and Sale Agreement including the use and operation of the 2 log loaders by San Forest in their operations at the Coulson Mill or elsewhere.

17. The Parties agree that this Purchase and Sale Agreement cannot be assigned.

18. Notice under this Purchase and Sale Agreement can be given by email as follows:

a. San Forest: kevin.somerville@sangroupinc.com

b. Seller: cmryles@shaw.ca

19. It is agreed that this agreement can be signed electronically and in counterparts and is binding upon the parties as if signed in the presence of one another.

20. Any alteration or change in this agreement must be made in writing between the parties and will be added as if attached as an addendum to this agreement.

21. This equipment Purchase and Sale Agreement is governed by the laws of British Columbia

22. The Parties agree that is Purchase and Sale Agreement is binding upon them.


Dated and signed at the location noted below.

A handwritten signature in black ink, appearing to be 'MR A', located in the bottom right corner of the page.



San Forest Products Ltd

at Port Alberni, British Columbia.



Central Island Excavating Ltd.

at Port Alberni, British Columbia.

APPENDIX "D"

Log Loader Personal Property Registry Search

Serial Number - "FFBHJOXPC0370028"

Search Date and Time: February 11, 2025 at 10:03:05 am Pacific time
Account Name: Not available.
Folio Number: 536570

NO REGISTRATIONS SELECTED

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been selected by the searching party.



Similar Matches for "FFBHJXPC0370028"

type	Serial Number	Year	Make/Model	Base Regn#	Regn Type	Creation Date
■ MV	1FF3754DJB0370028	2011	JOHN DEERE/3754D	945012M	SA	2021-May-4
■ MV	1FFBHJXPC0370028	2012	HITACHI/LOG LOADER	435133H	SA	2013-Jul-3

Serial Number - "IH4Q020966-330"

Search Date and Time: February 11, 2025 at 10:04:19 am Pacific time
Account Name: Not available.
Folio Number: 536571

NIL RESULT

0 Matches in 0 Registrations in Report

Exact Matches: 0 (*)

Total Search Report Pages: 0

The search returned a NIL result. 0 registrations were found.

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been found.

APPENDIX "E"

Jace accounts payable listing and withheld shipments details

JPH Transport Payables Details

Company	Vendor	Vendor Name	Invoice	Entry Date	Invoice Date	Amount US\$	Amount Due US\$
SAN	JPHTRA	JPH Transport Ltd.	2476	11/8/2024	11/5/2024	3,300.00	3,300.00
SAN	JPHTRA	JPH Transport Ltd.	2522	12/3/2024	11/25/2024	4,000.00	4,000.00
Total payable to JPH Transport Ltd.						7,300.00	7,300.00

Withheld Shipment Details

Sale Order	Sale Order Date	Customer Name	Shipping Date	Shipment Value US\$	San Industries Invoice Date	Invoice #	Amount US\$
SG86955	Sep 23, 2024	ECMD	Nov 22, 2024	42,484.16	11/27/2024	736692R	40,396.48

APPENDIX "F"

Monitor's email correspondence with Jace

From: [Rubin, Peter](#)
To: [Vin S. Chahal](#)
Cc: [Keeble, Jeff](#); [McGregor, Naomi](#); [Hildebrand, Claire](#)
Subject: [EXT] RE: Sans Group - Jace Trucklines - Delivery No 426346
Date: Tuesday, January 14, 2025 11:21:01 AM
Attachments: [image009.png](#)
[image010.png](#)
[image011.jpg](#)
[image012.jpg](#)
[image013.jpg](#)
[image014.jpg](#)
[image015.jpg](#)
[image016.jpg](#)
[image017.jpg](#)
[image018.jpg](#)

Hello Vin,

This was first raised via email on December 20, 2024. That is 25 days ago. There has been no response, your client has delivered the lumber shipment in question and has not advised as to the current location of lumber. Your client has not confirmed it remains in possession of the lumber or that it has not sold or otherwise disposed of the lumber. We require this information by tomorrow and in advance of our court hearing. I encourage your client to have someone attend in court.

Peter

Peter Rubin*
Partner
peter.rubin@blakes.com
T. +1-604-631-3315
* denotes law corporation

From: Vin S. Chahal <chahal@stlawbc.ca>
Sent: Tuesday, January 14, 2025 10:58 AM
To: Rubin, Peter <peter.rubin@blakes.com>
Cc: Jeff Keeble CA CIRP CBV (jkeeble@deloitte.ca) <jkeeble@deloitte.ca>; McGregor, Naomi <naomcmgregor@deloitte.ca>; Hildebrand, Claire <claire.hildebrand@blakes.com>
Subject: Re: Sans Group - Jace Trucklines - Delivery No 426346

• External Email | Courrier électronique externe •

Good morning Peter,

As you know from our call, I am outside of Canada and I have had limited access to email. I have not been able to speak with my client but I will follow up again via email now for an update in this matter.

Please bear with me as I try to obtain instructions. I hope to be in touch with an update soon.

Please bring this email to the attention of the presiding judge on Thursday.

regards,

Vin S. Chahal

ST LAW

Barristers & Solicitors

Suite 208, 7110 - 120th Street

Surrey, B.C. V3W 3M8 - Canada

Tel.: (604) 543-3886 | Fax: (604) 543-3889

chahal@stlawbc.ca | www.stlawbc.ca

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From: Rubin, Peter <peter.rubin@blakes.com>

Sent: Tuesday, January 14, 2025 7:46 AM

To: Vin S. Chahal <chahal@stlawbc.ca>

Cc: Jeff Keeble CA CIRP CBV (jkeeble@deloitte.ca) <jkeeble@deloitte.ca>; McGregor, Naomi <naomcmgregor@deloitte.ca>; Hildebrand, Claire <claire.hildebrand@blakes.com>

Subject: RE: Sans Group - Jace Trucklines - Delivery No 426346

Vin,

We still have not had a response to our emails of January 3 or January 9. We are following up again with you. May we have the courtesy of a response.

If this matter is not addressed we will have no choice but to bring this matter before the Court and will be forced to seek costs against your client. In that regard, we reserve the right to bring this correspondence to the Court's attention.

We are before our supervising Judge on Thursday this week and intend on raising this issue at that time. The hearing is set for 10 am at the courthouse at 800 Smithe Street.

Peter

Peter Rubin*

Partner

peter.rubin@blakes.com

T. +1-604-631-3315

* denotes law corporation

Blake, Cassels & Graydon LLP

3500 - 1133 Melville Street, Vancouver, BC V6E 4E5 ([Map](#))

blakes.com | [LinkedIn](#)



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From: Rubin, Peter <peter.rubin@blakes.com>

Sent: Thursday, January 9, 2025 10:52 AM

To: chahal@stlawbc.ca

Cc: Jeff Keeble CA CIRP CBV (jkeeble@deloitte.ca) <jkeeble@deloitte.ca>; McGregor, Naomi <naomcmgregor@deloitte.ca>; Hildebrand, Claire <claire.hildebrand@blakes.com>

Subject: FW: Sans Group - Jace Trucklines - Delivery No 426346

Vin,

I do not believe we have had a response to our email below. The issue of compliance with a court order is of importance. Can you please get back to us.

Peter

Peter Rubin*

Partner

peter.rubin@blakes.com

T. +1-604-631-3315

* denotes law corporation

From: Rubin, Peter <peter.rubin@blakes.com>

Sent: Friday, January 3, 2025 11:49 AM

To: chahal@stlawbc.ca

Cc: Jeff Keeble CA CIRP CBV (jkeeble@deloitte.ca) <jkeeble@deloitte.ca>; McGregor, Naomi <naomcmgregor@deloitte.ca>; Hildebrand, Claire <claire.hildebrand@blakes.com>

Subject: FW: Sans Group - Jace Trucklines - Delivery No 426346

Vin,

Thank you for the call earlier today. As discussed, attached is the current and amended Court order dated December 19, 2024. I also attach the original CCAA Order dated November 29, 2024.

The applicable provisions are found in paragraphs 12(a), 17 and 18 of the orders. These provisions provide for a stay of proceedings preventing all creditors (including your client) from exercising all rights and remedies (the “stay” provisions) and place limitations on making payments on account of pre-filing debt (para 12(a)). In short, by way of court order, pre-filing debts such as the one owing to your client are not to be paid at this time.

In addition, and as noted during our call, your client is prohibited by court order from selling the lumber.

As set out in paragraph 20, all creditors must honour existing contracts. As noted in Deloitte’s email of December 20 below, payment for the trucking services related to the shipment in question (and for any future services provided) will be paid in the normal course.

Further to the Monitor’s request made on December 20, please advise as to the current location of lumber in question.

Can you please get back to us no later than end of day on Tuesday so that we can finally address the matters in issue.

Thank you.

Peter

Peter Rubin*

Partner

peter.rubin@blakes.com

T. +1-604-631-3315

* denotes law corporation

From: Vin S. Chahal <chahal@stlawbc.ca>

Sent: Friday, January 3, 2025 10:03 AM

To: McGregor, Naomi <naomcmgregor@deloitte.ca>; Jace Trucklines - Dalvir <dalvir@jacetrucklines.com>

Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera <jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: [EXT] Re: Sans Group - Jace Trucklines - Delivery No 426346

Good morning Naomi,

I just tried your line. Please advise if we are proceeding with a call.

regards,

Vin S. Chahal

ST LAW

Barristers & Solicitors

Suite 208, 7110 - 120th Street

Surrey, B.C. V3W 3M8 - Canada

Tel.: (604) 543-3886 | Fax: (604) 543-3889

chahal@stlawbc.ca | www.stlawbc.ca

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From: McGregor, Naomi <naomcmgregor@deloitte.ca>

Sent: Thursday, January 2, 2025 3:24 PM

To: Vin S. Chahal <chahal@stlawbc.ca>; Jace Trucklines - Dalvir <dalvir@jacetrucklines.com>

Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera <jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: RE:Sans Group - Jace Trucklines - Delivery No 426346

Thanks Vin,

My direct line is 403-503-1423.

Kind regards,

Naomi McGregor, CPA, CGA

Director | Financial Advisory

Deloitte

700, 850 – 2 Street SW, Calgary, AB T2P 0R8

D: (403) 503-1423 | M: (403) 267-1700

naomcgregor@deloitte.ca | www.deloitte.ca

From: Vin S. Chahal <chahal@stlawbc.ca>

Sent: Thursday, January 2, 2025 4:13 PM

To: McGregor, Naomi <naomcgregor@deloitte.ca>; Jace Trucklines - Dalvir <dalvir@jacetrucklines.com>

Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera <jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: [EXT] Re: Sans Group - Jace Trucklines - Delivery No 426346

That should work Naomi. Please provide the best number to reach you on.

regards,

Vin S. Chahal

ST LAW

Barristers & Solicitors

Suite 208, 7110 - 120th Street

Surrey, B.C. V3W 3M8 - Canada

Tel.: (604) 543-3886 | Fax: (604) 543-3889

chahal@stlawbc.ca | www.stlawbc.ca

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From: McGregor, Naomi <naomcgregor@deloitte.ca>

Sent: Thursday, January 2, 2025 3:10 PM

To: Jace Trucklines - Dalvir <dalvir@jacetrucklines.com>; Vin S. Chahal <chahal@stlawbc.ca>

Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera <jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: RE:Sans Group - Jace Trucklines - Delivery No 426346

Thank you Dalvir.

[@Vin S. Chahal](#) – would you be available for a call at 9:00 AM (PST) tomorrow?

Kind regards,

Naomi McGregor, CPA, CGA

Director | Financial Advisory

Deloitte

700, 850 – 2 Street SW, Calgary, AB T2P 0R8

D: (403) 503-1423 | M: (403) 267-1700

naomcgregor@deloitte.ca | www.deloitte.ca

From: Jace Trucklines - Dalvir <dalvir@jacetrucklines.com>

Sent: Thursday, January 2, 2025 3:30 PM

To: McGregor, Naomi <naomcgregor@deloitte.ca>; Vin S. Chahal <chahal@stlawbc.ca>

Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera <jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: [EXT] RE: Sans Group - Jace Trucklines - Delivery No 426346

Hi Naomi,

Please talk to my Lawyer his Name Vin Chahal also CC in this email

Thanks

Dalvir Jhudge

Jace Trucklines Ltd.

Unit#211, 14770-64 Ave,

Surrey, B.C V3S 1X7

PH.604.593.1400

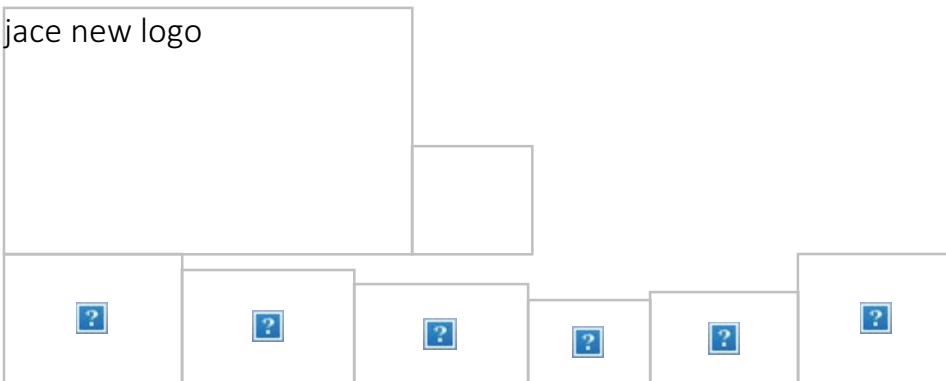
FX.604.593.1055

Cell.604.690.4142

Web. <https://jacetrucklines.com/>

Note - Our address has been changed. Please update your records.

jace new logo



MC-825167 | USDOT-2399449 | FEIN-98-1098649 | NSC-202-099-055 |

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From: McGregor, Naomi <naomcgregor@deloitte.ca>

Sent: Monday, December 30, 2024 4:06 PM

To: Jace Trucklines - Dispatch <dispatch@jacetrucklines.com>

Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera <jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: RE:Sans Group - Jace Trucklines - Delivery No 426346

Importance: High

Good afternoon,

We are following up on the email below as we have not received a response to date. Please advise the Monitor of the status and whereabouts of the shipment(s) in questions and the anticipated delivery date immediately.

Should you have any questions or would like to discuss further, I can be reached at 403-503-1423 or naomcgregor@deloitte.ca.

Thank you,

Naomi McGregor, CPA, CGA

Director | Financial Advisory

Deloitte

700, 850 – 2 Street SW, Calgary, AB T2P 0R8

D: (403) 503-1423 | M: (403) 267-1700

naomcgregor@deloitte.ca | www.deloitte.ca

From: McGregor, Naomi

Sent: Friday, December 20, 2024 7:42 AM

To: 'dispatch@jacetrucklines.com' <dispatch@jacetrucklines.com>

Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera <jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: Sans Group - Jace Trucklines - Delivery No 426346

Good morning,

As you may know on November 29, 2024 (the "**Filing Date**"), the Supreme Court of British Columbia (the "**Court**") granted an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") in respect of San Industries Ltd., San Forest Products Ltd., Coulson Manufacturing 2017 Ltd., San Farming Ltd., San Forest Specialty Ltd., San Terminals Inc., San Cedar Direct Sales Ltd., San Holdings Inc., Super-Cut Lumber Industries Ltd., Axon Lumber Ltd., Mountainside Logging Ltd., 1224676 B.C. Ltd., 1260729 B.C. Ltd., 1170518 B.C. Ltd., and 1175465 B.C. Ltd. (collectively, "**San Group**" or the "**Companies**").

Pursuant to the attached Second Amended and Restated Initial Order (the "**Second ARIO**"), Deloitte Restructuring Inc. was appointed to monitor the business and financial affairs of San Group (in such capacity, the "**Monitor**").

During the CCAA proceedings, San Group, with the assistance of the Monitor, expects to continue to operate in the normal course while a refinancing, sale, and investment solicitation process is pursued in respect of the Companies' business and assets, for the benefit of all stakeholders.

Pursuant to the Second ARIO, all proceedings against the Companies, its directors and officers, and the Monitor (among others) are stayed and no such proceedings may be commenced or continued without consent of the Companies and the Monitor, or leave of the Court. The Second ARIO also prohibits any contractual parties from ceasing to perform their contracts with the Companies on account of the CCAA filing, provided they are paid in the normal course or as otherwise agreed, or there being any outstanding amounts due as of the Filing Date.

We understand that Jace Trucklines has been engaged to deliver the order(s) related to the attached documents; however, the shipment has not been delivered to the customer to date.

The Monitor can advise that payment for the trucking services related to the shipment in question (and for any future services provided) will be paid in the normal course.

Please advise the Monitor of the status and whereabouts of the shipment(s) in questions and the anticipated delivery date as soon as possible? Should you have any questions or would like to discuss further, I can be reached at 403-503-1423 or naomcgregor@deloitte.ca.

Thank you,

Naomi McGregor, CPA, CGA

Director | Financial Advisory

Deloitte

700, 850 – 2 Street SW, Calgary, AB T2P 0R8

D: (403) 503-1423 | M: (403) 267-1700

naomcgregor@deloitte.ca | www.deloitte.ca

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APPENDIX "G"

JPH accounts payable listing and withheld shipments details

Jace Trucking Payables Details

Company	Vendor	Vendor Name	Invoice	Entry Date	Invoice Date	Amount \$	Amount Due \$
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13006	9/6/2024	9/4/2024	5,400.00	5,400.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13187	10/4/2024	10/3/2024	5,400.00	5,400.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13256	11/15/2024	10/15/2024	4,000.00	4,000.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13285	10/18/2024	10/15/2024	4,000.00	4,000.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13286	10/18/2024	10/15/2024	5,400.00	5,400.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13259	10/18/2024	10/16/2024	4,000.00	4,000.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13391	10/31/2024	10/29/2024	4,000.00	4,000.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13390	10/31/2024	10/30/2024	6,000.00	6,000.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13487	11/19/2024	11/18/2024	6,700.00	6,700.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13540	11/19/2024	11/18/2024	5,200.00	5,200.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13541	11/19/2024	11/18/2024	5,200.00	5,200.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13543	11/25/2024	11/22/2024	4,000.00	4,000.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13549	11/25/2024	11/22/2024	5,200.00	5,200.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13550	11/25/2024	11/22/2024	5,200.00	5,200.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13551	12/3/2024	11/26/2024	5,200.00	5,200.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13600	12/3/2024	11/26/2024	5,200.00	5,200.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13601	12/3/2024	11/27/2024	5,200.00	5,200.00
SAN	JACTRU	JACE TRUCKLINES LTD.	JC13598	12/3/2024	11/27/2024	5,200.00	5,200.00
Total payable to Jace						90,500.00	90,500.00

Withheld Shipment Details

Sale Order	Sale Order Date	Customer Name	Shipping Date	Shipment Value US\$	San Industries Invoice Date	Invoice #	Amount US\$
SG86876	8/21/2024	EDMC	11/15/2024	43,802.16	11/22/2024	736686R	30,187.44
SG86956	9/23/2024	EDMC	11/22/2024	42,475.84	11/28/2024	736695R	42,553.90
TOTAL				86,278.00			72,741.34

APPENDIX "H"

Monitor's email correspondence with JPH

From: [Keeble, Jeff](mailto:Jeff.Keeble@deloitte.ca)
To: dispatch@jphtransport.com
Cc: [Rubin, Peter](mailto:Peter.Rubin@blakes.com); [Butt, Kaleb](mailto:Kaleb.Butt@deloitte.ca); [Hildebrand, Claire](mailto:Claire.Hildebrand@blakes.com); [McGregor, Naomi](mailto:Naomi.McGregor@deloitte.ca)
Subject: RE: [EXT] RE:San Group - JPH Transport - Delivery 426353
Date: Tuesday, January 14, 2025 5:12:39 PM
Attachments: [2025-01-14 Notice of Application \(Stay Ext & DIP Increase\).pdf](#)
[2025-01-13 Notice of Application.pdf](#)

Hi Paul,

Naomi is away this week but I wanted to advise that the Monitor is bringing a Court application on Thursday this week (January 16) at 10am to seek, among other things, the approval of a sales process and additional funding in the CCAA proceedings of San Group. Copies of the application materials are attached.

We are following up again with you for an update on the status of undelivered San Group lumber inventory in JPH's possession and require an update by end of day tomorrow and in advance of our court application. This matter will be brought to the attention of the supervising Judge and you are free to attend in court. If this issue is not satisfactorily resolved, the Monitor will have no choice but to bring a future application before the Court and will be forced to seek costs against JPH.

Please govern yourself accordingly.

Regards,

Jeff Keeble, CPA, CA, CIRP, LIT, CBV
Deloitte
Partner | Financial Advisory
410 West Georgia Street, Vancouver, British Columbia, V6B 0S7, Canada
D: 604-235-4197 | M: 604-360-1746
jkeeble@deloitte.ca | www.deloitte.ca

From: McGregor, Naomi <naomcmcgregor@deloitte.ca>
Sent: Friday, January 10, 2025 1:45 PM
To: dispatch@jphtransport.com
Cc: [Rubin, Peter](mailto:Peter.Rubin@blakes.com) <peter.rubin@blakes.com>; [Keeble, Jeff](mailto:Jeff.Keeble@deloitte.ca) <jkeeble@deloitte.ca>; [Butt, Kaleb](mailto:Kaleb.Butt@deloitte.ca) <kbutt@deloitte.ca>; [Hildebrand, Claire](mailto:Claire.Hildebrand@blakes.com) <claire.hildebrand@blakes.com>
Subject: RE: [EXT] RE:San Group - JPH Transport - Delivery 426353

Hi Paul,

Following up on our conversation from earlier this week. We have not received confirmation that the shipment(s) will be delivered or your position on the matter as we had discussed. The Monitor does need this resolved as soon as possible and has escalated the matter to our legal counsel (cc'd on this email).

Kind regards,

Naomi McGregor, CPA, CGA
Director | Financial Advisory
Deloitte
700, 850 – 2 Street SW, Calgary, AB T2P 0R8
D: (403) 503-1423 | M: (403) 267-1700
naomcmcgregor@deloitte.ca | www.deloitte.ca

From: dispatch@jphtransport.com <dispatch@jphtransport.com>
Sent: Wednesday, January 8, 2025 9:47 AM
To: McGregor, Naomi <naomcmcgregor@deloitte.ca>
Cc: [jaskaran@sangroupinc.com](mailto:Jaskaran.Sangrou@sangroupinc.com); [jasmin@sangroupinc.com](mailto:Jasmin.Sangrou@sangroupinc.com); kamal@sangroupinc.com; Keeble, Jeff

<jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>

Subject: [EXT] RE:San Group - JPH Transport - Delivery 426353

Sure give me a call around 3pm. Please honour contracts by paying your carriers **ON TIME** lol. Who contracted this load from San Group? We have Bhawan Singh from Kingsley Trucking.

Regards,

Paul Hayer- Logistics

JPH Transport Ltd

P: (604)-625-2747

F: (604)-625-2745

C: (236)-380-2105



On Wed, 8 Jan 2025 16:39:09 +0000, "McGregor, Naomi" <naomcgregor@deloitte.ca> wrote:

Good morning Paul,

Further to our email exchange on January 3, 2025, are you available for a call this afternoon at 3:00 PM (PST) to further discuss this matter? Our request to confirm the whereabouts of the shipment(s) remains outstanding and we do require the shipment(s) you are with holding to be delivered immediately.

Attached is the current and amended Court order dated December 19, 2024. We also attach the original CCAA Order dated November 29, 2024.

Please refer to paragraphs 12(a), 17 and 18 of the orders. These provisions provide for a stay of proceedings preventing all creditors (including JPH) from exercising all rights and remedies (the "stay" provisions) and place limitations on making payments on account of pre-filing debt (para 12(a)). In short, by way of court order, pre-filing debts such as the one owing to JPH are not to be paid at this time.

In addition, JPH is prohibited by court order from selling the lumber.

As set out in paragraph 20, all creditors must honour existing contracts. As previously noted in my email of December 20, 2024 and January 3, 2025 below, payment for the trucking services related to the shipment in question (and for any future services provided) will be paid in the normal course.

If the suggest time to meet this afternoon does not work for you, please let us know of some times this week that you would be available and we will circulate a calendar invite accordingly.

Kind regards,

Naomi McGregor, CPA, CGA

Director | Financial Advisory

Deloitte

700, 850 – 2 Street SW, Calgary, AB T2P 0R8

D: (403) 503-1423 | M: (403) 267-1700

naomcgregor@deloitte.ca | www.deloitte.ca

From: McGregor, Naomi

Sent: Friday, January 3, 2025 2:34 PM

To: dispatch@jphtransport.com

Cc: jaskaran@sangroupinc.com; jasmin@sangroupinc.com;

kamal@sangroupinc.com; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb

<kbutt@deloitte.ca>

Subject: RE: [EXT] RE:San Group - JPH Transport - Delivery 426353

Good afternoon Paul,

Thank you for your response. We are available to discuss the CCAA proceedings and its impact on JPH at any time. As mentioned in my email dated December 20, 2024, payment for the trucking services related to the shipment in question (and for any future services provided) will be paid in the normal course.

Please let us know your availability for a call on January 7th once the owner is back from holidays and we will circulate a calendar invite. In the meantime, can you please confirm the current location of the of shipment in question.

Kind regards,

Naomi McGregor, CPA, CGA

Director | Financial Advisory

Deloitte

700, 850 – 2 Street SW, Calgary, AB T2P 0R8

D: (403) 503-1423 | M: (403) 267-1700

naomcgregor@deloitte.ca | www.deloitte.ca

From: dispatch@jphtransport.com <dispatch@jphtransport.com>
Sent: Friday, January 3, 2025 12:51 PM
To: McGregor, Naomi <naomcgregor@deloitte.ca>
Cc: jaskaran@sangroupinc.com; jasmin@sangroupinc.com;
kamal@sangroupinc.com; Keeble, Jeff <jkeeble@deloitte.ca>; Butt, Kaleb
<kbutt@deloitte.ca>
Subject: [EXT] RE:San Group - JPH Transport - Delivery 426353

Good Afternoon,

Thank you for reaching out. Our owner is currently out of office for holidays and will be returning January 7th next week. He can give you definite answers. It's a shame this is the way we are getting held of. I was the dispatch on these shipments. And its been over month trying to call and get hold of someone and won't reply to emails. It is a complete shame how "SAN GROUP" can scam so many carriers and knowing the fact they are doing it sickens the whole trucking industry. Only started using our company when other carriers refused to do any services beacuse of not paying them and only found out after doing couple shipments. Over 12 companies called us and advised us of the situation. There are so many shady dealings we have noticed such as customs invoice not matching what they are saying or simply being sent over from San Group they have rep "Bhawan" (Kinglsey Trucking) that will sweet talk and get you to do these shipments for them and then later go ghost mode once you start asking payment related questions. I had a San Group rep call me and beg me to help him because he has his image because he would like to take his business else where. I find it funny how no one feels anything for the drivers and companies that have been hit hard by this situation. How do you expect us to pay our drivers? And please let us know anticipated date we can expect to get paid for the services we provided?

Regards,

Paul Hayer- Logistics

JPH Transport Ltd

P: (604)-625-2747

F: (604)-625-2745

C: (236)-380-2105



On Tue, 31 Dec 2024 00:07:39 +0000, "McGregor, Naomi"
<naomcgregor@deloitte.ca> wrote:

Good afternoon,

We are following up on the email below as we have not received a response to date. Please advise the Monitor of the status and whereabouts of the shipment(s) in questions and the anticipated delivery date immediately.

Should you have any questions or would like to discuss further, I can be reached at 403-503-1423 or naomcgregor@deloitte.ca.

Thank you,

Naomi McGregor, CPA, CGA
Director | Financial Advisory
Deloitte
700, 850 – 2 Street SW, Calgary, AB T2P 0R8
D: (403) 503-1423 | M: (403) 267-1700
naomcgregor@deloitte.ca | www.deloitte.ca

From: McGregor, Naomi
Sent: Friday, December 20, 2024 7:46 AM
To: dispatch@jphtransport.com
Cc: Jaskaran Gill <jaskaran@sangroupinc.com>; Jasmin Sanghera
<jasmin@sangroupinc.com>; Kamal Sanghera <kamal@sangroupinc.com>; Keeble,

Jeff <jkeeble@deloitte.ca>; Butt, Kaleb <kbutt@deloitte.ca>
Subject: San Group - JPH Transport - Delivery 426353

Good morning,

As you may know on November 29, 2024 (the "**Filing Date**"), the Supreme Court of British Columbia (the "**Court**") granted an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") in respect of San Industries Ltd., San Forest Products Ltd., Coulson Manufacturing 2017 Ltd., San Farming Ltd., San Forest Specialty Ltd., San Terminals Inc., San Cedar Direct Sales Ltd., San Holdings Inc., Super-Cut Lumber Industries Ltd., Axon Lumber Ltd., Mountainside Logging Ltd., 1224676 B.C. Ltd., 1260729 B.C. Ltd., 1170518 B.C. Ltd., and 1175465 B.C. Ltd. (collectively, "**San Group**" or the "**Companies**").

Pursuant to the attached Second Amended and Restated Initial Order (the "**Second ARIO**"), Deloitte Restructuring Inc. was appointed to monitor the business and financial affairs of San Group (in such capacity, the "**Monitor**").

During the CCAA proceedings, San Group, with the assistance of the Monitor, expects to continue to operate in the normal course while a refinancing, sale, and investment solicitation process is pursued in respect of the Companies' business and assets, for the benefit of all stakeholders.

Pursuant to the Second ARIO, all proceedings against the Companies, its directors and officers, and the Monitor (among others) are stayed and no such proceedings may be commenced or continued without consent of the Companies and the Monitor, or leave of the Court. The Second ARIO also prohibits any contractual parties from ceasing to perform their contracts with the Companies on account of the CCAA filing, provided they are paid in the normal course or as otherwise agreed, or there being any outstanding amounts due as of the Filing Date.

We understand that JPH Transport has been engaged to deliver the order(s) related to the attached documents; however, the shipment has not been delivered to the customer to date.

The Monitor can advise that payment for the trucking services related to the shipment in question (and for any future services provided) will be paid in the normal course.

Please advise the Monitor of the status and whereabouts of the shipment(s) in questions and the anticipated delivery date as soon as possible? Should you have any questions or would like to discuss further, I can be reached at 403-503-1423 or naomcgregor@deloitte.ca.

Thank you,

Naomi McGregor, CPA, CGA
Director | Financial Advisory
Deloitte
700, 850 – 2 Street SW, Calgary, AB T2P 0R8
D: (403) 503-1423 | M: (403) 267-1700
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