

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

SEVENTH REPORT OF THE MONITOR

DELOITTE RESTRUCTURING INC.

JUNE 4, 2025

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INTRODUCTION

- (1) On November 29, 2024, 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. ("**Deloitte**") 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**") (with the Monitor understanding that certain of the DIP Financing Facility has or may be transferred or assigned to the Business Development Bank of Canada ("**BDC**" together with RBC, the "**Senior Lenders**") by way of syndication or participation); 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' cash flow forecast for San Industries, San Forest Products Ltd. ("**San Forest**"), Coulson Manufacturing 2017 Ltd. ("**Coulson**"), Acorn Forest Products Ltd. ("**Acorn**"), Super-Cut Lumber Industries Ltd. ("**Super-Cut**"), and Axon Lumber Ltd. ("**Axon**", and collectively, the "**Operating Entities**") 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 and described 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 an update on the Current Concerns.
- (6) On December 19, 2024 the Court issued a Second Amended and Restated Initial Order (the "**Second ARIO**") which, among other things, granted further enhanced powers for the Monitor in the CCAA Proceedings, authorized an increase in the DIP Financing Facility to \$1,000,000, and granted 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 an update on the Current Concerns. 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 to \$5,000,000 (the "**Second DIP Financing Facility Increase**");
 - 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 Orders which, among other things, authorized the Second DIP Financing Facility Increase and approved the SISP and the Third Stay Extension.
- (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. ("**San Specialty**") and Mountainside Logging Ltd. ("**Mountainside**"), as well as CWB's specific security over certain property of San Forest and San Industries and (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**"). The Fourth Report was filed to provide the Court with information concerning Kingsley Trucking Ltd., Coombs Shadwell Holdings Ltd., 1351697 B.C. Ltd., and Cojax Heavy Duty Repair Ltd. (collectively, the "**Kingsley Group**"). The Fourth Report was filed with respect to the application made by 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.
- (11) On February 4, 2025, 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 RBC 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.
- (12) On February 18, 2025, the Monitor issued its fifth report in the CCAA Proceedings (the "**Fifth Report**"). The Fifth Report was filed to provide the Court with, among other things:
 - a) An update on the Monitor's activities in connection with the Kingsley Group Protective Order;
 - b) An overview of the material adverse change in the projected cash flows of the Operating Entities and the fourth cash flow forecast for the Operating Entities covering the period from February 8, 2025 to May 30, 2025 (the "**Fourth Cash Flow Forecast**"); and
 - c) The Monitor's request to obtain certain orders with respect to the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the "**WEPP Regulations**") and the release of inventory held by Jace and JPH, and the Log Loader held by Central Island Excavating Ltd. ("**CIE**").
- (13) On February 21, 2025, the Court made an Order declaring that Acorn, San Industries, and Super-Cut met the criteria established by section 3.2 of the WEPP Regulations.
- (14) On February 27, 2025, the Court granted Orders:
 - a) Requiring CIE to release the Log Loader to San Forest and return it to the Coulson Mill; and
 - b) Requiring Jace to provide certain documentation and records pertaining to the inventory it previously held in respect of sales orders SG86876 and SG86956.

- (15) On April 30, 2025, the Monitor issued its sixth report in the CCAA Proceedings (the "**Sixth Report**"). The Sixth Report was filed to provide the Court with, among other things, information pertaining to the Monitor's proposed plan to sell San Group's remaining lumber inventory and the Monitor's observations with respect to the Petitioners' updated cash flow projection for the Operating Entities for the 13-week period from April 19, 2025 to July 18, 2025.
- (16) On May 7, 2025, the Court issued an Order approving the Monitor's plan to sell the San Group's remaining lumber inventory (the "**Inventory Sale Process Approval Order**"). Additionally, the Court granted an Order increasing the Petitioners' borrowing authority under the DIP Financing Facility to \$7,000,000 and extended the stay to July 18, 2025.
- (17) This is the Monitor's seventh report to the Court (the "**Seventh Report**" or "**this Report**"). In addition to this Report, the Monitor has prepared a confidential supplement to the Seventh Report (the "**Confidential Report**") which the Monitor is seeking to be sealed in the Court file.
- (18) The Monitor has published its reports, along with various orders and other information related to these CCAA Proceedings, on its website at www.insolvencies.deloitte.ca/sangroup (the "**Monitor's Website**").
- (19) All dollar amounts in this Report are in Canadian dollars, unless otherwise indicated.
- (20) Unless otherwise provided, all capitalized terms not defined in this Report are as defined in the Second ARIO or the Monitor's previous reports, as applicable.

Purpose of the Seventh Report

- (21) The purpose of this Seventh Report is to provide information to the Court, and the Monitor's comments thereon, regarding the following:
 - a) The outcome of the SISP and the Monitor's efforts undertaken to date to realize on the assets of the San Group;
 - b) The asset purchase agreement entered into on May 11, 2025 (the "**Coulson Mill APA**") among the Monitor and 0752615 B.C. Ltd., Frasersview Cedar Products Ltd., Frasersview Re-Manufacturing Inc., and Gillwood Products Inc., carrying on business as a partnership as The Frasersview Cedar Partnership (collectively, "**Frasersview**") for the sale of the Coulson Mill and related operating assets;
 - c) The asset purchase agreement entered into on May 15, 2025 (the "**SFP Plant APA**") between the Monitor and 1537037 B.C. Ltd. ("**037BC**") for the sale of the land, buildings and equipment at the SFP Plant;
 - d) The asset purchase agreement entered into on June 2, 2025 (the "**Langley Plant APA**") between the Monitor and Cedarline Industries Ltd. ("**Cedarline**") for the sale of the land, buildings and equipment at the Langley Plant; and
 - e) The relief sought by the Monitor, including:
 - i. An order (the "**Coulson Mill Vesting Order**") approving the transaction contemplated by the Coulson Mill APA (the "**Coulson Mill Transaction**");
 - ii. An order (the "**SFP Plant Vesting Order**") approving the transaction contemplated by the SFP Plant APA (the "**SFP Plant Transaction**");
 - iii. An order (the "**Langley Plant Vesting Order**") approving the transaction contemplated by the Langley Plant APA (the "**Langley Plant Transaction**"); and

- iv. An order (the “**Sealing Order**”) that the Confidential Report be filed under seal and remain under seal, unless otherwise ordered by the Court or until the closing of each of the Coulson Mill Transaction, the SFP Transaction, and the Langley Plant Transaction.
- (22) The purpose of the Confidential Report is to provide the Court with an overview of the offers received from bidders during the SISP and further confidential information in respect of those offers.

Sealing of the Confidential Report

- (23) The Confidential Report contains confidential information pertaining to the assets of the Petitioners, which have not yet been sold. It also contains confidential information with respect to the assets subject to the applications before the Court, which would be detrimental to the Monitor’s ability to sell these assets should any of the Coulson Mill Transaction, the SFP Plant Transaction, or the Langley Plant Transaction fail to close. Publication of this confidential information would undermine the duty and efforts of the Monitor to maximize the realizations from the sale of the business and assets of the Petitioners, and would be detrimental to the commercial interests of the Petitioners and their various stakeholders.
- (24) Therefore, the Monitor respectfully requests that the Court grant the Sealing Order directing that this Confidential Report be filed under seal, and that it remain under seal, unless otherwise ordered by the Court or until the closing of each of the Coulson Mill Transaction, the SFP Transaction and the Langley Plant Transaction. The Monitor is of the view that the salutary effects of the Sealing Order outweigh any possible deleterious effects.

Disclaimer and Terms of Reference

- (25) 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 the Corporate Operating Officer and the Vice President of Finance (“**Management**”), 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.
- (26) 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 CPA 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.
- (27) 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.

- (28) 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.
- (29) 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.

THE SALE AND INVESTMENT SOLICITATION PROCESS

Phase I of the SISP

- (30) On January 16, 2025, the Court granted an order approving the SISP (the "**SISP Order**", attached as **Appendix "B"** to this Report).
- (31) The following assets were included in the SISP (collectively, the "**Property**").
 - a) The Coulson Mill, through Lots 1 and 2;
 - b) The SFP Plant, through Lots 3, 4 and 7;
 - c) The Langley Plant, through Lots 5 and 6; and
 - d) The Langley farm property at 25895 88 Ave., Langley, BC (the "**Langley Farm**"), through Lot 8.
- (32) The SISP contemplated a two-phase approach led by the Monitor. Terms not defined in this section of the Report are as defined in the SISP.
- (33) The Monitor engaged personnel from Deloitte's Corporate Finance team to lead the SISP process due to their experience in marketing similar businesses for sale and their extensive network of potential buyers.
- (34) Prior to and following the granting of the SISP Order, the Monitor undertook the following initiatives in preparation for the SISP:
 - a) Prepared marketing materials for a sale or investment in the San Group assets including:
 - i. A summary of the opportunity (the "**Teaser**");
 - ii. A confidential information summary (the "**CIS**") that summarized the investment opportunity and provided financial and operational information;
 - iii. A form of confidentiality agreement ("**CA**"); and
 - iv. An advertisement placed in the Insolvency Insider newsletter which ran for four weeks commencing on January 27, 2025.
 - b) With the assistance of Management, compiled a list of 75 potential bidders (the "**Potential Bidders**"), including local, national and international lumber and sawmill operating companies, local First Nation economic development corporations, and private equity groups; and
 - c) Populated a virtual data room ("**Data Room**") with documents to allow Potential Bidders to evaluate their interest in the San Group assets, following the execution of a CA. The Data Room was regularly updated based on information requests from Potential Bidders and to ensure that those who were granted access to the Data Room were privy to the same information.

- (35) Following the granting of the SISP Order, the Monitor began to contact Potential Bidders to circulate the Teaser and advise them of the SISP procedures, including the deadline of February 28, 2025 to submit non-binding LOIs (the "**LOI Deadline**"). A copy of the Teaser is attached hereto as "**Appendix C**".
- (36) The marketing efforts undertaken by the Monitor resulted in a substantial number of inquiries from the Potential Bidders. In total, the Monitor executed 29 CAs with Potential Bidders ("**Qualified Bidders**"), who, in turn, were provided with a copy of the CIS and access to the Data Room. A copy of the CIS is attached as an appendix to the Confidential Report.
- (37) Throughout Phase I of the SISP, the Monitor arranged telephone or videoconference calls with Qualified Bidders that required further information and to discuss the opportunity of acquiring the assets subject to the SISP. The Monitor also arranged for ten Qualified Bidders to complete tours at the San Group's operating locations, including the Coulson Mill, SFP Plant and Langley Plant.
- (38) On February 11, 2025, the Monitor sent a process letter to the Qualified Bidders to confirm the LOI Deadline set out in the SISP and to remind parties of the requirements for submitting a Qualified Non-Binding LOI.
- (39) A summary of the LOIs submitted in Phase I is included in the Confidential Report.

Phase II of the SISP

- (40) The Monitor reviewed the Qualified Non-Binding LOIs and discussed them with the Senior Lenders. Several parties were selected to advance to Phase II of the SISP.
- (41) The Monitor concluded that the LOIs submitted for the Langley Plant and the Langley Farm Property were unsatisfactory, particularly in light of the appraised values of these properties. Consequently, the Monitor, in consultation with the Senior Lenders, concluded that it was appropriate to exclude the Langley Plant and the Langley Farm from Phase II of the SISP. A process was initiated to market these properties with a commercial real estate broker, as further described in this Report.
- (42) With respect to the remainder of the SISP assets, throughout Phase II of the SISP, the Monitor responded to multiple information requests and queries from Qualified Bidders and undertook regular discussions with them with respect to various due diligence enquiries. The Monitor also undertook additional site tours at the Coulson Mill and SFP Plant and added various documents to the Data Room.
- (43) In response to feedback obtained during Phase I, the Monitor engaged an environmental consultant to conduct an updated environmental site assessment at the SFP Plant to assist the due diligence procedures of the Qualified Bidders.
- (44) On April 22, 2025, the Monitor sent a process letter to the Qualified Bidders to confirm that, pursuant to the SISP, all Qualified Bidders were required to submit binding Qualified Bids by April 30, 2025 (the "**Final Bid Deadline**") and to remind parties of the requirements for submitting a Qualified Bid.
- (45) Qualified Bids in respect of the Coulson Mill and SFP Plant were received from several Qualified Bidders by the Final Bid Deadline. The Monitor, in consultation with the Senior Lenders, reviewed the Qualified Bids, considering the evaluation criteria outlined in paragraph 33 of the SISP. This included, among other things, the proposed purchase price, terms and conditions of the bids, the timeline to closing, the impact of the bid on the Company's stakeholders, and the ability of the bid proponents to successfully complete a transaction.
- (46) An overview of the Qualified Bids received and subsequent negotiations with Qualified Bidders is provided in the Confidential Report.

The Langley Plant and Langley Farm Sale Process

- (47) In early March 2025, the Monitor requested proposals from a number of commercial real estate brokers to market for sale the Langley Plant and Langley Farm Property, as these assets were excluded from the SISP following the Phase I Bid Deadline.
- (48) A total of three proposals were received from realtors. The Monitor reviewed these proposals, engaged in discussions with the realtors, and consulted with the Senior Lenders to select the most suitable proposal. On March 4, 2025, the Monitor entered into a listing agreement with Cushman & Wakefield ULC ("**Cushman**"). In the Monitor's view, Cushman offered competitive commission fees and demonstrated the best experience in marketing similar lumber processing facilities for sale. This listing agreement was subsequently amended on April 24, 2025 (the "**Cushman Listing Agreement**") to list the Langley Farm Property on the Multiple Listing Service.
- (49) Under the Cushman Listing Agreement, Cushman was also engaged to provide assistance to the Monitor with its efforts to sell the SFP Plant and Coulson Mill, particularly in addressing any due diligence queries related to the real property. However, the marketing and SISP process would continue to be led by the Monitor for these assets.
- (50) For both the SFP Plant Transaction and the Coulson Mill Transaction, a commission fee of 0.25% of the respective purchase prices is payable to Cushman on closing of these transactions. Regarding the Langley Plant Transaction, a commission fee of 2% of the purchase price is due to Cushman upon closing, with 1% due to the co-operating broker representing Cedarline.
- (51) Cushman's marketing activities have included, among other things:
 - a) Listing both properties for sale on its website and, for the Langley Farm Property, also on the Multiple Listing Service;
 - b) Preparing a marketing brochure for both the Langley Plant and the Langley Farm Property setting out the investment opportunity highlights and key attributes of the properties;
 - c) Sending out marketing emails, including the marketing brochures, to its broad network of approximately 2,600 recipients, including industrial agents, real estate investors, forestry companies and other potential buyers;
 - d) Targeted phone calls with approximately 60 investors and owner-operators of similar assets;
 - e) Making various documents and information pertaining to the properties available in a data room, for 16 parties that executed a CA; and
 - f) Conducting several tours of the properties with prospective buyers.
- (52) The Monitor engaged an environmental consultant to conduct a Phase I and Phase II environmental site assessment at the Langley Plant and it was made available in Cushman's data room.
- (53) Cushman received several offers for the Langley Plant. The Monitor, in consultation with the Senior Lenders, reviewed these offers, taking into account factors such as the proposed purchase price, terms and conditions of the bids, the timeline to closing, and the ability of the bid proponents to successfully complete a transaction.
- (54) An overview of the offers received for the Langley Plant and subsequent negotiations with bidders is provided in the Confidential Report. Cushman is continuing to market the Langley Farm Property for sale.

Inventory Sale Process

- (55) In accordance with the terms of the Inventory Sale Process Approval Order, Tradewest contacted potential interested parties to solicit private sale bids for blocks of the Petitioners' remaining inventory.
- (56) Tradewest presented the bids to the Monitor on May 21, 2025. After consultation with the Senior Lenders, the Monitor entered into a sale agreement with Fraserview on May 29, 2025 for the sale of all inventory located at the Coulson Mill and the Langley Reman Plant for cash consideration of \$1,163,478 plus applicable taxes (the "**Inventory Purchase Price**"). Fraserview has paid the Inventory Purchase Price in full, and the removal of the inventory is expected to take place over the next two weeks.
- (57) Tradewest continues to market the inventory located at the SFP Plant for sale.

THE PROPOSED TRANSACTIONS

The Coulson Mill Transaction

- (58) On May 11, 2025, the Monitor entered into the Coulson Mill APA. A copy of the Coulson Mill APA is included as **Appendix "D"** to this Report. The Coulson Mill APA has been redacted to exclude the purchase price, deposit amount and purchase price allocation. Unless otherwise provided, all capitalized terms not defined in this section of the Report are as defined in the Coulson Mill APA.
- (59) Pursuant to the Coulson Mill APA, Fraserview has agreed to purchase, and the Monitor has agreed to sell, all of Coulson's right, title and interest in and to the Purchased Assets, free and clear of all claims (including, without limitation any Pre-Closing Union and Unionized Employee Claims and Pension Plan Liabilities) and encumbrances (other than certain permitted encumbrances).
- (60) Fraserview is an experienced manufacturer of wood products, having operated from Surrey, British Columbia since 1994. The Monitor understands that Fraserview intends to recommence operations at the Coulson Mill shortly after the closing of the Coulson Mill Transaction.
- (61) The material terms of the Coulson Mill APA include, *inter alia*, the following:
 - a) The Purchased Assets include SISP Lot 1 (the Coulson Mill land and buildings) and SISP Lot 2 (the Coulson chattels, equipment and all other assets, rights and interests of Coulson owned by and relating to the business of Coulson). The inventory owned and located at the Coulson Mill, any accounts receivable, refunds or receivables in respect to taxes and transfer taxes are excluded from the Coulson Mill Transaction.
 - b) In addition to the purchase price, Fraserview is assuming the Assumed Liabilities, including arrears of property taxes estimated at approximately \$104,000 as of May 31, 2025 and arrears of license fees under the Assigned Contracts estimated at approximately \$56,000 as of the same date.
 - c) The Purchased Assets are being acquired on an 'as-is where-is' basis with no representations or warranties provided by Coulson or the Monitor.
 - d) Fraserview will offer employment to the Unionized Employees on terms and conditions substantially the same as those upon which such Unionized Employees were employed by Coulson immediately prior to the Closing Date. Fraserview acknowledges that it is a successor employer to the Unionized Employees and shall be subject to the terms and conditions of the Collective Agreement.

- e) Conditions precedent to closing are stipulated in sections 8.1, 8.2 and 8.3 of the Coulson Mill APA. The most material closing conditions include, *inter alia*, the following:
 - i. Granting of the Coulson Mill Vesting Order; and
 - ii. Payment of the balance of the purchase price to the Monitor.
- f) The Closing Date is set for the fifth business day following the granting of the Coulson Mill Vesting Order, with an Outside Date of June 30, 2025.

The SFP Plant Transaction

- (62) On May 15, 2025, the Monitor entered into the SFP Plant APA. A copy of the SFP Plant APA is attached as **Appendix "E"** to this Report. The SFP Plant APA has been redacted to exclude the purchase price, deposit amount and purchase price allocation. Unless otherwise provided, all capitalized terms not defined in this section of the Report are as defined in the SFP Plant APA.
- (63) Pursuant to the SFP Plant APA, 037BC has agreed to purchase, and the Monitor has agreed to sell, all of San Forest's right, title and interest in and to the Purchased Assets, free and clear of all claims and encumbrances (other than certain permitted encumbrances).
- (64) 037BC is a newly incorporated entity set-up to undertake the SFP Plant Transaction. 037BC intends to lease the premises to IGV Housing Limited ("**IGV**") which is a company that specializes in manufacturing scalable and sustainable housing using a hybrid construction system. The Monitor understands that IGV intends to revitalize the SFP Plant as a central hub for prefabrication and production of affordable housing.
- (65) The material terms of the SFP Plant APA include, *inter alia*, the following:
 - a) The Purchased Assets include SISP Lot 3 (the SFP Plant land and buildings), SISP Lot 7 (a parcel of land adjoining the SFP Plant) and SISP Lot 4 (San Forest chattels and equipment). The inventory owned and located at the SFP Plant, any accounts receivable, refunds or receivables in respect to taxes and transfer taxes are excluded from the SFP Plant Transaction.
 - b) The Purchased Assets are being acquired on an 'as-is where-is' basis with no representations or warranties provided by San Forest or the Monitor.
 - c) Conditions precedent to closing are stipulated in sections 8.1, 8.2 and 8.3 of the SFP Plant APA. The most material closing conditions include, *inter alia*, the following:
 - i. Granting of the SFP Plant Vesting Order; and
 - ii. Payment of the balance of the purchase price to the Monitor.
 - d) The Closing Date is set for the fifth business day following the granting of the SFP Plant Vesting Order, with an Outside Date of June 30, 2025.

Monitor's Comments on the SISP, Coulson Mill Transaction and SFP Plant Transaction

- (66) The Monitor's comments on the SISP, and the resulting Coulson Mill Transaction and SFP Plant Transaction are as follows:
 - a) The Monitor is of the view that the SISP was a robust process and that the market was extensively canvassed over the course of several months. The Monitor believes the process was conducted in a fair and transparent matter and was reasonable;
 - b) The purchase price with respect to each of the Coulson Mill Transaction and the SFP Plant Transaction is fair and reasonable in the circumstances, taking into account the market

value of the assets being disposed of, other offers received, and feedback received on the condition and location of the Coulson Mill, the SFP Plant and the respective equipment;

- c) With respect to the Coulson Mill Transaction, various stakeholders of the San Group stand to benefit from the Coulson Mill being sold as a going concern, including the Unionized Employees, and Coulson's vendors, customers, other trading partners, and the Alberni Valley economy more generally;
 - d) With respect to the SFP Plant Transaction, various stakeholders of the San Group stand to benefit from the SFP Plant being sold to an entity that intends to operate a prefabrication and production facility, including local people as potential future employees, vendors, customers, other trading partners, and the Alberni Valley economy more generally;
 - e) The Monitor believes that the terms of the Coulson Mill Transaction and SFP Plant Transaction are reasonable and appropriate in the circumstances, represent the best outcome for stakeholders and will maximize the value of Coulson and San Forest's assets for the benefit of their creditors; and
 - f) The Coulson Mill Transaction and the SFP Plant Transaction represent a materially greater recovery than would be available under a bankruptcy.
- (67) RBC and BDC, as the primary secured creditors of Coulson's assets, are supportive of the Coulson Mill Transaction, notwithstanding that they will suffer a significant shortfall on their debt.
- (68) BDC, as the primary secured creditor of San Forest, is supportive of the SFP Plant Transaction, notwithstanding that they will suffer a significant shortfall on their debt.
- (69) Based on the foregoing, the Monitor supports the approval of the Coulson Mill Transaction, the relief sought in the Coulson Mill Vesting Order, the SFP Plant Transaction, and the SFP Plant Vesting Order.

The Langley Plant Transaction

- (70) On June 2, 2025, the Monitor entered into the Langley Plant APA. A copy of the Langley Plant APA is attached as **Appendix "F"** to this Report. The Langley Plant APA has been redacted to exclude the purchase price, deposit amount and purchase price allocation. Unless otherwise provided, all capitalized terms not defined in this section of the Report are as defined in the Langley Plant APA.
- (71) Pursuant to the Langley Plant APA, Cedarline has agreed to purchase, and the Monitor has agreed to sell, all of San Industries' right, title and interest in and to the Purchased Assets, free and clear of all claims and encumbrances (other than certain permitted encumbrances).
- (72) Cedarline is a manufacturer of Western Red Cedar products located in Surrey, British Columbia. The Monitor understands that Cedarline intends to recommence operations at the Langley Plant after closing the Langley Plant Transaction.
- (73) The material terms of the Langley Plant APA include, *inter alia*, the following:
- a) The Purchased Assets include SISP Lot 5 (the Langley Plant land and buildings), and certain components of SISP Lot 6 (the Langley Plant chattels and equipment). The inventory owned and located at the Langley Plant, any accounts receivable, refunds or receivables in respect to taxes and transfer taxes are excluded from the transaction.
 - b) The Purchased Assets are being acquired on an 'as-is where-is' basis with no representations or warranties provided by Axon (as the owner of the land and buildings), San Industries (as the owner of the equipment) or the Monitor.

- c) Conditions precedent to closing are stipulated in sections 8.1, 8.2 and 8.3 of the Langley Plant APA. The most material closing conditions include, *inter alia*, the following:
 - i. Granting of the Langley Plant Vesting Order; and
 - ii. Payment of the balance of the purchase price to the Monitor.
 - d) The Closing Date is set for the twenty second business day following the granting of the Langley Plant Vesting Order, with an Outside Date of July 31, 2025.
- (74) The Monitor's comments on the Langley Plant Transaction are as follows:
- a) As discussed above, the Langley Plant was removed from the SISP after Phase I and sold through a separate marketing process undertaken by Cushman. The Monitor is of the view that the subsequent marketing process undertaken by Cushman was robust and that the market was extensively canvassed over the course of several months (including with these assets being marketed pursuant to the SISP during Phase I). The Monitor believes the for the Langley Plant sale process was conducted in a fair and transparent matter and was reasonable;
 - b) The purchase price is fair and reasonable in the circumstances, taking into account the market value of the assets being disposed of, other offers received, and feedback received on the condition and location of the Langley Plant and equipment;
 - c) Various stakeholders of the San Group stand to benefit from the Langley Plant being sold to an entity that intends to recommence operations, including local people as potential future employees, vendors, customers, other trading partners, and the Langley area economy more generally;
 - d) The Monitor believes that the terms of the Langley Plant Transaction are reasonable and appropriate in the circumstances, represent the best outcome for stakeholders and will maximize the value of the Purchased Assets for the benefit of its creditors; and
 - e) The Langley Plant APA represents a materially greater recovery than would be available under a bankruptcy.
- (75) RBC, as the primary secured creditor in relation to the Purchased Assets, is supportive of the Langley Plant Transaction, notwithstanding that they will suffer a significant shortfall on their debt.
- (76) Based on the foregoing, the Monitor supports the approval of the Langley Plant APA and the relief sought in the Langley Plant Vesting Order.

CONCLUSIONS AND RECOMMENDATIONS

- (77) For the reasons stated herein, the Monitor respectfully recommends that this Court grant the Coulson Mill Vesting Order, the SFP Plant Vesting Order, the Langley Plant Vesting Order, and the Sealing Order.

This Report is respectfully submitted this 4th day of June, 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

A handwritten signature in blue ink, appearing to read "Jeff Keeble".

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

A handwritten signature in blue ink, appearing to read "Paul Chambers".

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

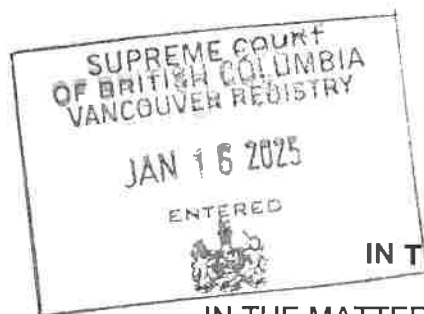
APPENDIX "A"

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"

Sales and Investment Solicitation Process Order



No. S-248267
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

ORDER MADE AFTER APPLICATION
(SISP)

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

ON THE APPLICATION of Deloitte Restructuring Inc. (the "**Monitor**"), in its capacity as Court-appointed monitor of San Industries Ltd. and those parties listed on **Schedule "A"** (collectively, the "**Company**") coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on January 16, 2025; AND ON HEARING Peter L. Rubin and Claire Hildebrand, counsel for the Monitor, and such other counsel as listed in **Schedule "B"** hereto; AND UPON READING the materials filed, including the Second Report of the Monitor dated December 18, 2024 and the Third Report of the Monitor dated January 13, 2025,

THIS COURT ORDERS AND DECLARES that:

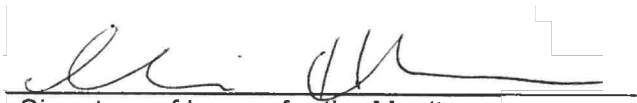
1. The Sale Process attached as **Schedule "C"** to this Order (the "**SISP**") is hereby approved. Capitalized terms not otherwise defined herein shall have the meanings given to them in the SISP, as applicable.
2. In accordance with paragraph 29(i) of the Second Amended and Restated Initial Order of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

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

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


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

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




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

BY THE COURT.



Registrar



FORM
CHECKED
MF

Schedule "A"

Petitioners

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

Schedule "B"

Appearance List

COUNSEL NAME	PARTY REPRESENTED
Glen Nesbitt	Royal Bank of Canada
Victoria Tortora	Canadian Western Bank
Heather McMahon Lisa Picotte-Li	Trustees of the IWA - Forest Industry Pension Plan and Trustees of the IWA - Forest Industry LTD Plan
Jonathan Wittig	Ministry of Attorney General
Andrew Froh	San Industries Ltd., Acorn Forest Products Ltd., Axon Lumber Ltd., Coulson Manufacturing 2017 Ltd., San Cedar Direct Sales Ltd., San Forest Products Ltd., San Holdings Inc., Super-Cut Lumber Industries Ltd., 1224676 B.C. Ltd., 1260729 B.C. Ltd., Mountainside Logging Ltd., 1170518 B.C. Ltd., 1175465 B.C. Ltd., San Farming Ltd., San Forest Specialty Ltd., and San Terminals Inc.
Jennifer Patten	Business Development Bank of Canada
Coleen Groot	United Steelworkers Local 2005 and 1-1937

Nicole Gilewicz

Interfor Corporation

Schedule "C"

Sale Process

SALES AND INVESTMENT SOLICITATION PROCESS

1. On November 29, 2024, San Industries Ltd., Acorn Forest Products Ltd., Axon Lumber Ltd., Coulson Manufacturing 2017 Ltd., San Cedar Direct Sales Ltd., San Forest Products Ltd., San Holdings Ltd., Super-Cut Lumber Industries Ltd., 1224676 B.C. Ltd., 1260729 B.C. Ltd., Mountainside Logging Ltd., 1170518 B.C. Ltd., 1175465 B.C. Ltd., San Farming Ltd., San Forest Specialty Ltd., and San Terminals Ltd. (collectively, the "**Company**") were granted protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**"), pursuant to an Order of the Supreme Court of British Columbia (the "**Court**"). Deloitte Restructuring Inc. (the "**Monitor**") was appointed as Monitor over the Company, with certain enhanced powers.
2. On December 9, 2024, the Court issued an amended and restated initial order. On December 19, 2024, the Court issued a second amended and restated initial order, which, among other things, granted the Monitor further enhanced powers.
3. On January 16, 2025, the Court granted an order (the "**SISP Order**"), among other things, approving this sales and investment solicitation process (the "**SISP**") with respect to the Company.
4. The SISP contemplates the sale of all of the Company's present and after-acquired assets, undertakings, and properties of every nature and kind whatsoever, and wherever situated (collectively, the "**Property**"), except for the assets and undertakings of Mountainside Logging Ltd. and San Forest Specialty Ltd., which are not subject to the SISP.
5. This SISP describes how the Monitor, on the terms set out herein, will advance the SISP and how interested parties may gain access to due diligence materials concerning the Company and the Property, how bids involving the Company, the Property, or any part or parts thereof ("**Bids**") will be submitted and addressed, and how the required Court approvals will be addressed in the Company's CCAA proceedings in respect of any transaction or transactions involving the Company or the Property.
6. The SISP will provide an opportunity for all qualified interested parties to participate in the SISP. The SISP is intended to find the highest and/or best offer(s) for the sale of the Company's Property, whether as a single transaction or multiple transactions, on a going concern or piecemeal basis, or a combination thereof ("**Transaction**").
7. The SISP Order, the procedures in respect of the SISP as contained herein (the "**SISP Procedures**") and any subsequent order issued by the Court pertaining to the SISP Procedures shall exclusively govern the process for soliciting and selecting bids for a Transaction.
8. All capitalized terms used but not otherwise defined herein shall have the following meanings:

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

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

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

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

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

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

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

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

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

“Interim Lender” means Royal Bank of Canada.

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

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

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

“Outside Closing Date” means June 30, 2025.

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

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

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

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

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

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

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

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

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

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

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

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

“VDR” means virtual data room.

Property Subject to SISP Procedures

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

Solicitation Process

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

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

Sale Opportunity

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

"As Is, Where Is"

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

Free of Any and All Claims and Interest

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

Timeline

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

Phase I — Initial Timing

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

Participation Requirements

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

Due Diligence

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

PHASE I

Seeking Non-Binding Letters of Intent from Qualified Bidders

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

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

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

PHASE II

Seeking Qualified Bids

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

Qualified Bids

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

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

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

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

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

Phase II Bid Evaluation

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

Approval Application

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

Deposits

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

Confidentiality and Access to Information

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

Supervision of the SISP

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

Miscellaneous

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

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

SCHEDULE "A"

DELOITTE RESTRUCTURING INC.

410 West Georgia Street
Vancouver, BC V6B 0S7

Attention: Jeff Keeble / Kaleb Butt

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

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

SCHEDULE "B": OFFERING PARCELS

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

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

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

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

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

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

APPENDIX "C"

SISP Teaser Document

Acquisition Opportunity • Project Bonsai

OPPORTUNITY OVERVIEW

- San Group is a vertically integrated primary and value-added manufacturer of lumber products across seven distinct wood species serving a broad customer base in both domestic and international markets.
- San Group has experienced a series of events that have impacted its profitability, however, has a long tenure of operations, critical equipment and strategically located facilities.



39,000+ MFBM
Throughput Capacity¹



~200
Employees At Peak



2 Large Scale
Value-Add Facilities

KEY INVESTMENT HIGHLIGHTS

0 1

Integrated forest products business with log storage / sorting, sawmilling and value-added capabilities

0 2

Operated at a competitive cost structure prior to supply issues and unexpected events

0 3

Key equipment and facilities all in place and ready to resume operations

FACILITY OVERVIEW

0 1

Coulson Manufacturing Sawmill Facility

Port Alberni, BC | Site 21.8 acres | Building 58k sq. ft.



Two adjacent sawmills capable of processing coastal log species and a wide-array of dimensions

0 2

San Forest Value-Add Facility

Port Alberni, BC | Site 25.6 acres | Building 300k+ sq. ft.



Value-add facilities specializing in value added lumber processing and solid wood products manufacturing

0 3

Langley Value-Add Facility

Langley, BC | Site 9.26 acres | Building 95k sq. ft.



Value-add facilities specializing in value added lumber processing and solid wood products manufacturing

0 4

Langley Agriculture Land

Langley, BC | Site 36.1 acres | Building 9k sq. ft.

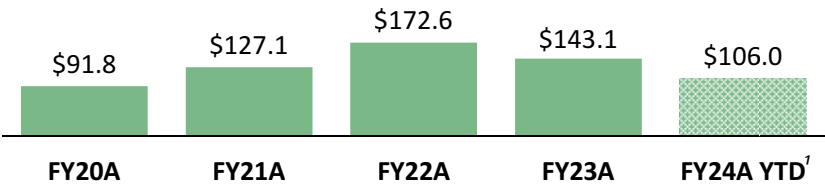


Agricultural land adjacent to Langley re-manufacturing facility with additional river access

REVENUE AND CUSTOMERS

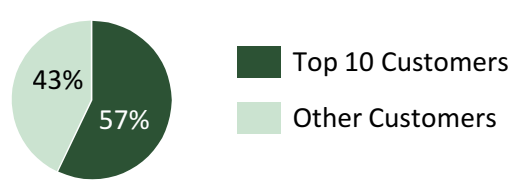
Historical Revenue (years ending October 31st)

(C\$ in millions)²



Diversified Customer Base - % Revenue

FY24 YTD²



(1) Figures calculated on a one-shift basis for Coulson Manufacturing Sawmill Facility, (2) For the period 11 months ending September 2024.

Acquisition Opportunity • Project Bonsai

PRODUCTS


- **Diverse Portfolio:** San Group offers a broad range of premium wood products catering to both modern and high-end architectural styles.
- **High-Quality Materials:** Crafted from durable, eco-friendly wood across a variety of species such as Western Red Cedar, Yellow Cedar and Douglas Fir.
- **Versatile Applications:** Designed for easy installation across residential, commercial, and outdoor uses.
- **Expert Craftsmanship:** Precision-engineered to ensure durability, and refined aesthetics, ideal for construction and design.
- **Sustainability Focus:** Products are eco-conscious, offering long-lasting solutions that align with sustainable construction practices.
- **Sizes and Dimensions:** Large and small diameter logs ranging from 3" to 60" across all species.




Signature Engineered	Decking and V-Joint Paneling
Shadow Gap Siding	Bevel Siding
Various Dimensions including Full Timber Deck Profile	Channel / Lap Siding


KEY EQUIPMENT


Sawmill A Edger



 Coulson Manufacturing Facility

Sawmill B Merchandising Line



 Coulson Manufacturing Facility

Slicer & Oven Drier




 San Forest Value-Add Facility

White and Green Molder




 San Forest Value-Add Facility

Planer Line Trimmer



 Langley Value-Add Facility

Product Resaw Line



 Langley Value-Add Facility

Acquisition Opportunity • Project Bonsai

Transaction Process

Non-binding letter of intent submissions deadline is 5:00 p.m. PT on Friday, February 28, 2025

- On November 29, 2024, San Industries Ltd. and certain related entities (“San Group”) filed for protection under the *Companies’ Creditors Arrangement Act* (“CCAA”). Deloitte Restructuring Inc. (“Deloitte”) has been appointed as monitor with enhanced powers of the business and financial affairs of San Group (“Monitor”) and a Sale and Investment Solicitation Process (“SISP”) has been initiated.
- On January 16, 2025, the Court granted a SISP Order authorizing the Monitor to undertake a SISP in respect of San Groups assets, undertakings and property. The material San Group entities that are included in the SISP are as follows: San Industries Ltd., Axon Lumber Ltd., Coulson Manufacturing 2017 Ltd., San Forest Products Ltd., San Cedar Direct Sales Ltd., San Farming Ltd., San Forest Specialty Ltd., and San Terminals Inc.
- Upon execution and receipt of a non-disclosure agreement, Deloitte will deliver a Confidential Information Summary and the associated Terms and Conditions to qualified interested parties, which will provide additional information on the San Group and this acquisition and investment opportunity.
- Interested parties are invited to submit offers either *en bloc* or for any one or more of the Offering Parcels (as defined in the SISP Order). The sale of any of the Property and/or any Offering Parcels will be on an “as-is, where is” basis.
- A copy of the SISP Order, including details of the Offering Parcels and further information pertaining to the San Group CCAA proceedings can be found on the Monitor’s website at: www.insolvencies.deloitte.ca/sangroup

Inquiries & Contact Information

- All inquiries and requests for additional information regarding San Group and this sale and investment opportunity should be directed to the Deloitte personnel listed below. Unless otherwise approved in advance by Deloitte, prospective interested parties should under no circumstances communicate directly with San Group or its management, board of directors, shareholders, creditors, employees, suppliers, and other constituents as described more fully in the non-disclosure agreement.

Doug Beaton
Senior Managing Director
dbeaton@deloitte.ca
+1 (604) 640-3058

Sean deLottinville
Executive Director
sdelottinville@deloitte.ca
+1 (519) 650-7809

Michael Kaiser
Associate
mikaiser@deloitte.ca
+1 (780) 421-3696

Carlee Olsen
Associate
carleolsen@deloitte.ca
+1 (416) 417-8280

Jeremy Dione
Analyst
jdione@deloitte.ca
+1 (604) 640-3853

Deloitte
410 West Georgia Street | Vancouver, British Columbia | V6B 0S7

DISCLAIMER

The preparation of this Teaser is based on information provided by management of San Group and is furnished to potential acquirers on the basis that none of Deloitte, San Group or their respective officers, partners, employees, agents, representatives or advisers, make any representation or warranty as to the accuracy or completeness of the material contained herein. By receiving this Teaser, the recipient (the “Recipient”) acknowledges and agrees that no representation or warranty is made (or will necessarily be made in any sale agreement) as to the accuracy, reliability or completeness of any information contained or referred to in this Teaser or provided either orally or in writing to the Recipient in the course of its evaluation, by Deloitte or any person who may be involved in the preparation of this Teaser or the Sales and Investment Solicitation Process generally. To the extent permitted by law, no responsibility for any statement, opinion, information or matter (whether express or implied) arising out of or contained in, or derived from, or for errors in, or omissions from (arising out of negligence or otherwise) this Teaser or any written or oral communications transmitted to the Recipient in the course of its evaluation of San Group, is accepted by Deloitte. The Recipient acknowledges that nothing in this Teaser (or elsewhere) creates any personal liability on the part of Deloitte or its employees or agents. While all reasonable efforts have been made to ensure the information contained in this Teaser is accurate and correct at the effective date, no responsibility for any errors in, or omissions from, this Teaser, whether arising out of negligence or otherwise, is accepted by Deloitte. Any person contemplating a purchase of San Group should make their own decision as to the sufficiency and relevance for their purposes of the information contained in this Teaser and their own independent investigation of San Group, after taking all appropriate advice from qualified professional persons. By receiving this Teaser, the Recipient acknowledges and agrees that it will rely entirely upon its own due diligence and professional advice in considering a purchase of San Group.

APPENDIX "D"
Coulson Mill APA (Redacted)

ASSET PURCHASE AGREEMENT

This asset purchase agreement is entered into as of May 11, 2025

BETWEEN:

DELOITTE RESTRUCTURING INC. (the “**Monitor**”), in its capacity as Court appointed monitor of **COULSON MANUFACTURING 2017 LTD.** (the “**Company**”), and not in its personal or corporate capacity, as vendor (the “**Vendor**”)

- and -

0752615 B.C. LTD., FRASERVIEW CEDAR PRODUCTS LTD., FRASERVIEW RE-MANUFACTURING INC., and GILLWOOD PRODUCTS INC., carrying on business as a partnership as **THE FRASERVIEW CEDAR PARTNERSHIP**, a partnership registered or otherwise recognized under the laws of the Province of British Columbia, as purchaser (the “**Purchaser**”)

WHEREAS:

A. Pursuant to the Initial Order of the Supreme Court of British Columbia (the “**Court**”) issued November 29, 2024 (the “**Filing Date**”), amended and restated December 9, 2024 and subsequently amended and restated December 19, 2024 (as amended, the “**SARIO**”), the Monitor was appointed as monitor of the Company with certain enhanced powers pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the “**CCAA**” and the “**CCAA Proceedings**”).

B. Pursuant to the SISP Order of the Court issued January 16, 2025 (the “**SISP Order**”), the sale process attached hereto as **Schedule C** (the “**Sale Process**”) was approved by the Court.

C. Pursuant to the Sale Process and the SISP Order, the Vendor desires to sell and assign to the Purchaser and the Purchaser desires to purchase and assume from the Vendor, all of the Purchased Assets (as defined herein) in accordance with the terms of this Agreement and the Approval and Vesting Order.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person,

and includes any Person in like relation to an Affiliate. A Person shall be deemed to **"control"** another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term **"controlled"** shall have a similar meaning.

"Agreement" means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof.

"Applicable Law" means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

"Approval and Vesting Order" means an order by the Court, in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably, among other things: (i) approving and authorizing this Agreement and the Transaction and (ii) vesting all right, title and interest in and to the Purchased Assets to the Purchaser on Closing free and clear of all Taxes payable by the Company, Pre-Closing Union and Unionized Employee Claims, Pension Plan Liabilities, other interests, Claims, Liabilities, liens, charges, and encumbrances other than the Assumed Liabilities and the Permitted Encumbrances.

"Assigned Contracts" means the Contracts provided for in Section 2.1(a).

"Assignment and Assumption Agreement" means an assignment and assumption agreement effecting the assignment to, and assumption by, the Purchaser of the Assigned Contracts and the Assumed Liabilities, in form and substance satisfactory to the Parties, acting reasonably.

"Assignment Order" means an order of the Court, in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably, assigning to the Purchaser the rights and obligations of the Company under the Assigned Contracts for which a consent, approval or waiver necessary for the assignment of such Assigned Contracts has not been obtained.

"Assumed Liabilities" means Liabilities arising under the Permitted Encumbrances, arrears of property taxes due with respect to the Real Property, and arrears of license fees under the Assigned Contracts.

"Authorization" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs or from any Person in connection with any easements, contractual rights or other matters.

"Books and Records" means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or

otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Company relating to the Purchased Assets.

“Business” means the business carried on by the Company at or on the Real Property as of the Filing Date.

“Business Day” means a day on which banks are open for business in the Province of British Columbia, but does not include a Saturday, Sunday or statutory holiday in the Province of British Columbia.

“CCAA” has the meaning set out in the recitals hereto.

“CCAA Proceedings” has the meaning set out in the recitals hereto.

“Chattels” means all chattels, appliances, tools, equipment, furniture and other tangible personal property located, incorporated or situated in or upon the Real Property as of the date hereof and owned by the Company and used solely or primarily in connection with the use or operation of the Real Property, including, without limitation the Equipment.

“Claims” means any and all demands, claims, liabilities, actions, causes of action, counterclaims, expenses, costs, damages, losses, suits, debts, sums of money, refunds, accounts, indebtedness, rights of recovery, rights of set-off, rights of recoupment, and liens of whatever nature (whether direct or indirect, absolute or contingent, asserted or unasserted, secured or unsecured, matured or not yet matured, due or to become due, accrued or unaccrued, or liquidated or unliquidated), and including all costs, fees, and expenses relating thereto.

“Closing” means the closing and consummation of the Transaction.

“Closing Date” means the fifth Business Day following the Approval and Vesting Order, unless otherwise agreed by the Parties in writing.

“Closing Effective Time” means 12:01 a.m. (Vancouver time) on the Closing Date, or such other time as the Parties may agree to in writing.

“Collective Agreement” means the 2024-2030 Collective Agreement between Western Forest Products Inc. and United Steelworkers Local 1-1937 and Council of USW Locals Certified for Some Divisions of Western Forest Products Inc. entered into June 14, 2024.

“Company” has the meaning set out in the preamble hereto.

“Contracts” means any written legally binding contract, agreement, instrument, commitment or undertaking of any nature (including leases, subleases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts, letters of intent and purchase orders), including all amendments, supplements, exhibits and schedules thereto to which any Company is a party.

“Court” has the meaning set out in the recitals hereto.

“Deposit” has the meaning ascribed to that term in Section 3.2.

“Deposit Agreement” means the deposit agreement entered into on or prior to April 30, 2025 between the Purchaser and the Vendor.

“Equipment” means the equipment identified in **Schedule F**.

“Excise Tax Act” means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

“Excluded Assets” means all of the properties, rights, assets and undertakings of the Company not forming the Purchased Assets, which Excluded Assets include, without limitation, any accounts receivable, refunds and receivables in respect of Taxes and Transfer Taxes, and lumber inventory owned by or owing to the Company.

“Excluded Contracts” means all Contracts other than the Assigned Contracts.

“Filing Date” means November 29, 2024.

“General Conveyance” means one or more general conveyances evidencing the conveyance to the Purchaser of the Company’s interest in and to the Purchased Assets, in form and substance satisfactory to the Parties, acting reasonably.

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“GST/HST” means all goods and services tax imposed under Part IX of the *Excise Tax Act*.

“Identified Union Claims” means the obligations of the Company to the Union and/or the Unionized Employees as identified in **Schedule G**.

“Income Tax Act” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“Liability” or **“Liabilities”** means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Ordinary Course” means when used in relation to the conduct of the Business, any transaction that constitutes an ordinary day-to-day business activity of the Business conducted in a manner consistent with the Company’s past practice.

“Organizational Documents” means any certificate or articles of incorporation or amalgamation, notice of articles, articles, bylaws, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"Outside Date" means 11:59 pm (Vancouver time) on June 30, 2025, or such later date and time as the Vendor and the Purchaser may agree to in writing.

"Parties" means the Vendor and the Purchaser.

"Pension Plans" means any pension plans administered and sponsored by the Company under the Collective Agreement including the IWA-Forest Industry Pension Plan.

"Pension Plan Liabilities" means any and all obligations of the Company outstanding under the Pension Plans as at the Closing Date including, without limitation, unpaid employer deductions from wages, unpaid employer contributions, and any other monetary obligations of the Company under the Pension Plans due and outstanding as at the Closing.

"Permitted Encumbrances" means the encumbrances listed on **Schedule E** attached hereto.

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"Pre-Closing Union and Unionized Employee Claims" means Claims of a current employee or former employee of the Company or the Union in respect of Union dues, statutory or contractual notice, vacation pay, severance, termination, indemnity in lieu of notice, or amounts that are akin or in the nature of severance, termination, or damages in lieu thereof, for services provided to the Company prior to the Closing, whether such Claims are due and payable immediately prior to the Closing Date, or become due and payable on or after the Closing Date including, without limitation, the Identified Union Claims.

"Purchase Price" has the meaning set out in Section 3.1.

"Purchased Assets" has the meaning set out in Section 2.1.

"Purchaser" has the meaning set out in the preamble hereto.

"Purchaser Authorized Parties" has the meaning set out in Section 10.3.

"Real Property" means the lands identified on **Schedule B** and all buildings, structures and improvements thereon.

"Sale Process" has the meaning set out in the recitals hereto.

"SISP Order" has the meaning set out in the recitals hereto.

"Taxes" means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes,

withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties, but excluding arrears of property taxes due and payable with respect to the Real Property.

"Transaction" means the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser shall acquire the Purchased Assets.

"Transfer Taxes" means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including GST/HST.

"Union" means United Steelworkers Local 1-1937 and Council of USW Locals Certified to WFP.

"Unionized Employees" means the employees subject to the Collective Agreement.

"Vendor" has the meaning set out in the preamble hereto.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section", "Article" or reference to another subdivision followed by a number mean and refer to the specified Section, Article or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings and the term "third party" means any other Person other than the Vendor or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian dollars, unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following schedules are attached hereto and incorporated in and form part of this Agreement:

SCHEDULES

- Schedule A** - Assigned Contracts
- Schedule B** - Real Property
- Schedule C** - SISP Order and Sale Process
- Schedule D** - Allocation of Purchase Price
- Schedule E** - Permitted Encumbrances
- Schedule F** - Equipment
- Schedule G** - Identified Union Claims

Unless the context otherwise requires, words and expressions defined in this Agreement shall have the same meanings in the Schedules and the interpretation provisions set out in this Agreement shall apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchase and Sale of Purchased Assets

At the Closing, subject to the terms and conditions set forth in this Agreement, the Vendor shall sell, assign, transfer and convey to the Purchaser, and the Purchaser shall purchase, acquire and assume from the Vendor, the following property and assets (collectively, the “**Purchased Assets**”):

- (a) all Contracts relating to the operation of the Business as set forth on **Schedule A** attached hereto;
- (b) the Real Property and Chattels, including the Equipment; and
- (c) all other or additional assets, properties, privileges, rights and interests of the Company relating to the Business, the Assumed Liabilities or the Purchased Assets

of every kind and description and wherever located, whether known or unknown, fixed or unfixed, accrued, absolute, contingent or otherwise, and whether or not specifically referred to in this Agreement, as may be agreed to by the Purchaser and the Vendor.

2.2 Excluded Assets

Notwithstanding Section 2.1, the Purchased Assets shall not include the Excluded Assets or the Excluded Contracts, and nothing herein shall be deemed to sell, transfer, assign or convey the Excluded Assets or the Excluded Contracts.

2.3 Transfer of Purchased Assets and Assumption of Liabilities

Provided that Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, legal and beneficial ownership of the Purchased Assets shall transfer from the Company to the Purchaser on the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfill all of the Assumed Liabilities.

2.4 Assigned Contracts

- (a) Each of the Parties shall use reasonable commercial efforts to obtain, as may be required by the terms of such Assigned Contracts, all consents and approvals required to assign the Assigned Contracts to the Purchaser prior to the Closing.
- (b) To the extent that any Assigned Contract is not assignable without the consent or approval of the counterparty or any other Person, and such consent or approval has not been obtained prior to the Closing: (i) the Vendor's interest in, to and under such Assigned Contract may be conveyed to the Purchaser pursuant to an Assignment Order; (ii) the Vendor shall use commercially reasonable efforts to obtain an Assignment Order in respect of such Assigned Contract on or prior to the Closing; and (iii) if an Assignment Order is obtained in respect of such Assigned Contract at the request of the Purchaser, the Purchaser shall accept the assignment of such Assigned Contract on such terms.

2.5 Use of "Coulson Manufacturing" Name

The Monitor acknowledges and agrees that following Closing, the Purchaser may use the name "Coulson Manufacturing" or such reasonable variation thereof, provided however that nothing shall prevent the Monitor or the Company from taking such steps as the Monitor, in its sole discretion, deems necessary to administer the estate of the Company.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price for the Purchased Assets shall be [REDACTED] (the "**Purchase Price**") and shall be inclusive of the Deposit. The Purchase Price shall be paid on the Closing Date, in full, by wire transfer of immediately available funds to an account designated by the Vendor. The Parties agree that the Purchase Price shall be allocated among the Purchased Assets in the manner set forth on **Schedule D** attached

hereto. If requested by the Vendor, the Purchaser shall provide the Vendor with a detailed allocation of the Purchase Price between individual assets for any of the categories set forth on **Schedule D** attached hereto. If requested by the Vendor, the Purchaser shall provide the Vendor with a detailed allocation of the Purchase Price between individual assets for any of the categories set forth on **Schedule D** attached hereto.

3.2 Deposit and Satisfaction of Purchase Price

- (a) The Parties acknowledge that:
 - (i) as of the date hereof, the Purchaser has paid the amount equal to [REDACTED] (the "**Deposit**") to the Vendor;
 - (ii) the Deposit has been delivered to and shall be held in trust by the Vendor in an interest bearing account; and
 - (iii) the Deposit shall be held and administered by the Vendor in accordance with the terms and conditions of this Agreement (including this Section 3.2) or the Deposit Agreement if the Purchaser is not the "Successful Bidder" as defined in the SISP Order.
- (b) At Closing, the Purchase Price shall be paid and satisfied as follows:
 - (i) as to the amount of the Deposit, the Vendor shall apply the Deposit against the amount of the Purchase Price for the account of the Purchaser; and
 - (ii) as to the balance of the Purchase Price, the Purchaser shall pay such amount by wire transfer of immediately available funds to one or more accounts designated in writing by the Vendor.
- (c) If this Agreement is terminated:
 - (i) (A) pursuant to Section 9.1(a) by mutual agreement of the Parties; (B) pursuant to Section 9.1(b) or 9.1(c) by the Purchaser; (C) pursuant to Section 7.1(c) or 9.1(e) by the Vendor; or (D) for any other reason other than as contemplated under Section 3.2(c)(ii); then the Deposit and accrued interest shall be returned to the Purchaser; or
 - (ii) pursuant to Section 9.1(d) by the Vendor, the full amount of the Deposit and accrued interest shall be forfeited by the Purchaser to the Vendor,

and, in the event of termination of this Agreement under Section 3.2(c)(ii) pursuant to which the Vendor shall be entitled to retain the Deposit, the Parties agree that the amount of the Deposit, constitutes a genuine pre estimate of liquidated damages representing the Vendor's losses as a result of Closing not occurring and agree that the Vendor shall not be entitled to recover from the Purchaser any amounts that are in excess of the Deposit as a result of Closing not occurring. The Purchaser hereby waives any claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre estimate of the Vendor's damages.

3.3 Transfer Taxes

The Parties agree that:

- (a) The Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay any and all Transfer Taxes, if any, pertaining to the Purchaser's acquisition of the Purchased Assets.
- (b) Where the Vendor is required under Applicable Law to collect or pay Transfer Taxes, the Purchaser shall pay the amount of such Transfer Taxes to the Vendor on the Closing Date. The Vendor shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due.
- (c) The Purchaser submits that Fraserview Cedar Products Ltd., a partner of the Purchaser, is a GST/HST registrant for purposes of the Excise Tax Act and has been assigned the GST/HST account number 829704923RT0001 and 1534987 B.C. Ltd., the intended acquisition entity as per Section 10.9 of this Agreement, will be a GST/HST registrant prior to the Closing, and as such, that in accordance with subsection 221(2) of the Excise Tax Act, the Vendor will not collect GST in respect of the sale of the Real Property. The Purchaser hereby agrees that it will self-assess the GST applicable to the acquisition of the Real Property as required by the Excise Tax Act.
- (d) Except where the Vendor is required under Applicable Law to collect or pay such Transfer Taxes, the Purchaser shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due. The Vendor shall do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in a timely manner. If the Vendor is required under Applicable Law to pay any such Transfer Taxes which are not paid by the Purchaser on the Closing Date, the Purchaser shall promptly reimburse such Vendor the full amount of such Transfer Taxes upon delivery to the Purchaser of copies of receipts showing payment of such Transfer Taxes.
- (e) The Purchaser shall indemnify the Vendor for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that the Vendor may pay or for which the Vendor may become liable as a result of any failure by the Purchaser to pay or remit such Transfer Taxes.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Date as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) CCAA Proceedings. The SISP Order and Approval and Vesting Order remain in full force and effect.

- (b) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order, and any consents, approvals or waivers required in connection with the assignment of the Assigned Contracts, the Vendor does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Date, and acknowledges that the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (c) Incorporation and Status. The Purchaser is a partnership registered (or otherwise recognized) and existing under the laws of the Province of British Columbia, is in good standing under its governing statute and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (d) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (e) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (f) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (g) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (h) No Consents or Authorizations. Subject only to (i) obtaining the Approval and Vesting Order and (ii) obtaining any consents, approvals or waivers required in connection with the assignment of the Assigned Contracts, the Purchaser does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.
- (i) Residency. The Purchaser is not a “non-resident” for purposes of the *Income Tax Act*.

4.2 As is, Where is

The representations and warranties of the Vendor shall merge on Closing and shall thereafter be of no further force and effect. Despite any other provision of this Agreement, the Purchaser expressly acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” basis. No representation, warranty or condition is express or can be implied as to description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets. Without limiting the generality of the foregoing any and all conditions, warranties or representations expressed or implied pursuant to applicable sale of goods legislation or other similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Agreement are for purpose of identification only and, no representation, warranty or condition has or shall be given by the Vendor concerning completeness or accuracy of such descriptions.

ARTICLE 5 COVENANTS

5.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

5.2 Permits and Licenses

On or before the Closing Date, the Parties shall cooperate and work together in good faith, assist with submissions, share information and make any other efforts required to obtain any approval, Authorization, third-party consent, or permits and licences from any Governmental Authority necessary to effect the Closing. The Purchaser shall have all rights, elections and protections under the CCAA and all other applicable bankruptcy, insolvency, restructuring and similar laws with respect to the licenses granted under this Article 5.

5.3 Application for Approval and Vesting Order

As soon as practicable, the Vendor shall take all reasonable steps to seek to obtain the Approval and Vesting Order.

5.4 Insurance Matters

Until Closing, the Vendor shall use commercially reasonable efforts to keep in full force and effect all existing insurance policies of the Company.

5.5 Books and Records

The Vendor will use commercially reasonable efforts to deliver the Books and Records that relate to the Purchased Assets and Assigned Contracts (to the extent in the possession and control of the Vendor) to the Purchaser following the Closing Date.

5.6 Employees

On or before the Closing Date, the Purchaser will offer employment to be effective as of the Closing Date to all Unionized Employees on terms and conditions substantially the same as those upon which such Unionized Employees were employed by the Company immediately prior to the Closing Date (the “**Closing Offers of Employment**”). The Purchaser acknowledges that it is a

successor employer to the Unionized Employees, and following the Closing shall be subject to the terms and conditions of the Collective Agreement.

Notwithstanding the Closing Offers of Employment, nothing in this Agreement or otherwise shall be construed in a way that would result in the Purchaser assuming any monetary obligation under the Collective Agreement that are Pre-Closing Union and Unionized Employee Claims and Pension Plan Liabilities.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Effective Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

6.2 Vendor's Closing Deliveries

At or before the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) the General Conveyance, duly executed by the Vendor;
- (c) the Assignment and Assumption Agreement, duly executed by the Vendor;
- (d) the Purchased Assets;
- (e) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true and correct in all respects as of the Closing Date, with the same effect as though made at and as of the Closing Date, and that the Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Date; and
- (f) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

6.3 Purchaser's Closing Deliveries

At or before the Closing Date, the Purchaser shall deliver or cause to be delivered to the Vendor, the following:

- (a) payment of the Purchase Price, net of the Deposit and accrued interest;
- (b) payment of all Transfer Taxes (if any) payable on Closing to the Vendor (or evidence of payment by the Purchaser thereof to the relevant Governmental Authorities) in accordance with Section 3.3;

- (c) the Assignment and Assumption Agreement, duly executed by the Purchaser;
- (d) all tax elections contemplated by Section 3.3, duly executed by the Purchaser;
- (e) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all respects as of the Closing Date, with the same effect as though made at and as of the Closing Date, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Date; and
- (f) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 7 INSOLVENCY PROVISIONS

7.1 Court Orders and Related Matters

- (a) Closing is expressly subject to the approval of the Court, and all such other modifications, variations and orders of the Court, as may be applicable, and shall only occur after the Approval and Vesting Order has been granted by the Court approving this Agreement.
- (b) The Purchaser acknowledges and agrees that:
 - (i) at all times prior to Closing, the Vendor is subject to the jurisdiction and discretion of the Court to entertain other offers and to abide by any further orders the Court may make regarding the Purchased Assets and the SISF Order;
 - (ii) the Vendor may choose to advocate, or the Vendor may be compelled to advocate, that the Court consider other offers to obtain the highest price for the Purchased Assets, and, in this regard, the Vendor gives no undertaking or commitment to the Purchaser to advocate or otherwise express support for the acceptance of this Agreement;
 - (iii) it has been advised by the Vendor that, in order to protect its interests, the Purchaser should retain legal counsel to appear at the hearing of the application for the Approval and Vesting Order, including to make an amended or further offer for the Purchased Assets should that prove necessary; and
 - (iv) until the Approval and Vesting Order is granted, the Vendor is at liberty to deal with any and all other prospective purchasers of the Purchased Assets.
- (c) This Agreement shall be terminated if, at any time before the Court issues the Approval and Vesting Order:

- (i) the Vendor gives the Purchaser written notice that the Vendor has determined, in its sole discretion:
 - (a) that it is inadvisable to present this Agreement to the Court; or
 - (b) to withdraw such Agreement from the Court prior to any determination by the Court regarding its approval; or
- (ii) any order of the Court (or other court of competent jurisdiction) renders the completion impossible or the Vendor is restrained or enjoined or otherwise prevented from completing the sale,

and, following such termination, the Parties shall have no further obligations or liability to each other under this Agreement other than the obligation of the Vendor to return the Deposit to the Purchaser.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated; and
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Vendor's Deliverables. The Vendor shall have (i) delivered or conveyed, or caused to have been delivered or conveyed, to the Purchaser all of the Purchased Assets; and (ii) executed and delivered or caused to have been executed and delivered to the Purchaser all the documents contemplated in Section 6.2.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 4.1 shall be true and correct in all respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.

- (c) No Breach of Covenants. The Vendors shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendors on or before the Closing.
- (d) No Damage or Destruction. The Purchased Assets shall be free of material loss or destruction by fire or other insurable casualty.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If the conditions set out in this Section 8.2 are not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement whereupon the Deposit and accrued interest shall be returned to the Purchaser.

8.3 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents and payments contemplated in Section 6.3.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Article 4 shall be true and correct in all respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 8.3 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor and the Purchaser;
- (b) by the Purchaser, upon written notice to the Vendor, if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser,

and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 8.2 impossible by the Outside Date; or (ii) if such breach is curable, the Purchaser has provided prior written notice of such breach to the Vendor, and such breach has not been cured within five (5) days (or, if not curable within five (5) days, such longer period as is reasonable under the circumstances, not to exceed fifteen (15) days) following the date upon which the Vendor received such notice;

- (c) by the Purchaser, upon written notice to the Vendor, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Purchaser's breach of this Agreement;
- (d) by the Vendor, upon written notice to the Purchaser, if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 8.3 impossible by the Outside Date; or (ii) if such breach is curable, the Vendor has provided prior written notice of such breach to the Purchaser, and such breach has not been cured within five (5) days (or, if not curable within five (5) days, such longer period as is reasonable under the circumstances, not to exceed fifteen (15) days) following the date upon which the Purchaser received such notice; or
- (e) by the Vendor, upon written notice to the Purchaser, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the breach of this Agreement by the Vendor.

9.2 Effect of Termination

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement shall terminate and no Party shall have any Liability or further obligations hereunder, save and except the Deposit which shall be dealt with in accordance with Section 3.2 hereof.

ARTICLE 10 GENERAL

10.1 Governing Law

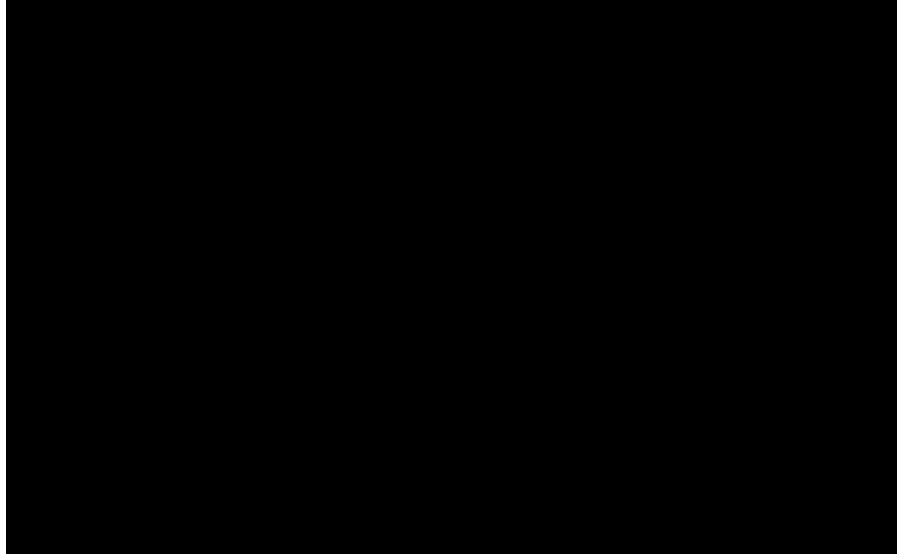
This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of British Columbia therefrom.

10.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

The Fraserview Cedar Partnership



(b) in the case of the Vendor, as follows:

Deloitte Restructuring Inc.
410 West Georgia Street
Vancouver, BC V6B 0S7

Attention: Jeff Keeble and Kaleb Butt
Email: jkeeble@deloitte.ca and kbutt@deloitte.ca

with a copy to:

Blake, Cassels & Graydon LLP
1133 Melville Street
Suite 3500, The Stack
Vancouver, BC V6E 4E5

Attention: Peter Rubin and Claire Hildebrand
Email: peter.rubin@blakes.com and claire.hildebrand@blakes.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Vancouver time) on a Business Day, shall be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Vancouver time) on a Business Day, shall be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to

legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.3 Public Disclosure

The Vendor shall be entitled to disclose this Agreement to the Court and parties with an interest in the Sale Process and as otherwise necessary to obtain the Approval and Vesting Order. The Purchaser acknowledges and agrees that any information provided to the Purchaser with respect to this Agreement or the transactions contemplated herein shall be kept confidential by the Purchaser and not disclosed to any third party, except the Purchaser's directors, officers, employees, agents or advisors, including lawyers, accountants, consultants, bankers and financial advisors (the "**Purchaser Authorized Parties**") for the purpose of carrying out the intent of this Agreement. The Purchaser will instruct the Purchaser Authorized Parties to comply with the provisions of this Section 10.3 and the Purchaser will be responsible for any breach of this Section 10.3 by a Purchaser Authorized Party.

10.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.5 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing. The covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

10.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

10.7 Entire Agreement

This Agreement, the Schedules attached hereto and any application provisions of the SISP Order, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

10.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with the transactions contemplated by this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.9 Assignment

Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party, provided that notwithstanding this provision, the parties acknowledge that the Approval and Vesting Order will vest all right, title, and interest in and to the Purchased Assets in 1534987 B.C. Ltd., a newly incorporated company related to the Purchaser. For the avoidance of doubt, the Purchaser acknowledges and agrees that it shall remain liable under this Agreement notwithstanding the vesting of the Purchased Assets in 1534987 B.C. Ltd.

10.10 Further Assurances

Each of the Parties shall (including following Closing), take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement and the transactions contemplated herein.

10.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be an original, and all of which taken together will constitute one and the same agreement. An electronically or digitally signed counterpart of this Agreement using DocuSign or any other electronic or digital form of execution will have the same force and effect as a manually signed counterpart. Delivery of an executed counterpart of this Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (".pdf"), will be equally effective as delivery of an originally or manually executed counterpart.

10.12 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.13 Monitor's Capacity

In addition to all of the protections granted to the Vendor under the CCAA or any order of the Court in the CCAA Proceedings, the Purchaser acknowledges and agrees that the Vendor, acting in its capacity as monitor in respect of the Company and not in its personal or corporate capacity, shall have no liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as monitor.

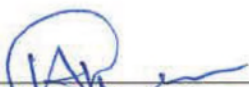
[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

DELOITTE RESTRUCTURING INC. in its capacity as Court appointed monitor of **COULSON MANUFACTURING 2017 LTD.**, and not in its personal or corporate capacity

Per: 
Name: Jeff Keeble
Title: Senior Vice President

0752615 B.C. LTD., FRASERVIEW CEDAR PRODUCTS LTD., FRASERVIEW RE-MANUFACTURING INC., and GILLWOOD PRODUCTS INC., carrying on business as a partnership known as **THE FRASERVIEW CEDAR PARTNERSHIP**

Per: 
Name: Amritpal Singh Gill
Title: Director of 0752615 B.C. Ltd.


Name: Amritpal Singh Gill
Title: Director of Fraserview Cedar Products Ltd.


Name: Balwant Singh Gill
Title: Director of Fraserview Re-Manufacturing Inc.


Name: Balwant Singh Gill
Title: Director of Gillwood Products Ltd.

[Signature Page to Asset Purchase Agreement]

SCHEDULE A

ASSIGNED CONTRACTS

License of Occupation dated for reference the 1st day of January, 2018, and all renewals thereto from time-to-time, made between the Port Alberni Port Authority as licensor and the Company as licensee

SCHEDULE B
REAL PROPERTY

Municipal Addresses:

100 Sezai Road, Port Alberni, British Columbia

Legal Description of the Lands:

PID: 008-892-075, Lot 1, District Lot 159, Alberni District, Plan 571

PID: 008-892-148, Lot 2, District Lot 159, Alberni District, Plan 571

PID: 008-892-199, The North 1/2 Of Lot 3, District Lot 159, Alberni District, Plan 571

PID: 008-892-083, The South 1/2 Of Lot 3, District Lot 159, Alberni District, Plan 571

PID: 008-892-644, Lot 4, District Lot 159, Alberni District, Plan 571

PID: 008-558-493, Parcel A (DD 9801N) Of District Lot 159, Alberni District

PID: 008-558-116, Parcel B (DD 18585N) Of District Lot 159, Alberni District, Except Part In Plan 285 RW

PID: 008-668-299, That Part Of Parcel B (DD 18585N) Of District Lot 159, Alberni District, Shown Outlined In Red On Plan 145R


SCHEDULE C

SISP ORDER

See attached.

SCHEDULE D

ALLOCATION OF PURCHASE PRICE

Asset Type	Amount (CAD\$)
Inventory	Nil
Chattels including Equipment	
Real Property	
Intangible Property including name "Coulson Manufacturing"	
Total:	

SCHEDULE E

PERMITTED ENCUMBRANCES

General Encumbrances:

Subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown.

Specific Encumbrances:

The following charges, liens and interests with respect to PIDs 008-892-075, 008-892-148, 008-892-199, 008-892-083, 008-892-644, 008-558-493, 008-558-116 and 008-668-299:

- (i) Exceptions and Reservations No. M76300
- (ii) Covenant No. ED18083
- (iii) Restrictive Covenant No. ED18085
- (iv) Easement No. EE98939

The following charges, liens and interests with respect to PID 008-558-493 only:

- (i) Right of Way 88777G

SCHEDULE F

EQUIPMENT

A Mill equipment

Large Log Mill Infeed

Log Infeed Deck, 20' x 20', 4 strand chain w/ drive

50' 3 strand log Infeed Conveyor w/ drive

L-M Equipment bar type log cutoff saw

Hy-Power Hydraulic Power Unit, 30HP

Double 30HP Hydraulic Power Unit

Debarker System

Debarker Infeed, 30' 2 Strand Chain Conveyor w/ drive

Transfer Conveyor w/ drive

(2) Hydraulic Kickers into Debarker

Rosser Head Debarker, Debarking Head, 20' Capacity, Carriage, Trunnion Rolls and kickers, 20'

Debarker Outfeed, 24" x 33' w/ Drive

Debarker Slab Deck w/ Kickers

Debarker Control Booth, Controls, Setworks

Head Rig

Log Infeed, 14' x 40' 3-4 chain, All new chain w/ drive

Prep Deck, 20' x 10', 5 Strand w/ drive

Hook Stop / Loader 4 Arm

Salem 3 Bunk HR Log Carriage, S/N 138581, 193kw, 500v

Innotech 115 Cable tensioner

Hydraulic Power Unit, (2) 30hp, 460v

Hydraulic power Unit , 20hp & (2) 10hp

Carriage Hydraulic #1

Carriage Hydraulic #2

Kockums 8' Head Rig Bandmill, Single Band, Air Strand, 400hp DC, Saw guide

Nelson Head Rig Dust Blower, 56", Type WSS #IF 888

Headrig Control Booth, Panelview 1000 DRO, Setworks

Slab Bed Conveyor

Retractable Conveyor

Outfeed Rollcase, 63" x 30' w/ 4 Jump Chains

Quarter Deck 5 Strand Chain Transfer, 17' x 30'

4 Arm Quarter Deck Tilt Hoist, 17'w

Flare Shifting Saw Edger, 10", Mod. 854TAS, S/N 00053, 2000, Optimized Scan Lights, 8

Saw w/ (1) shifting, 300hp, 575v, Softac PLC

Edger Jump Chains

Flare Edger Infeed transfer, 18' x 10' 4 Strand, Mod. 20-PP-02, S/N 00058, VDF panel

Edger Return transfer

Edger Return transfer

Edger Infeed Rollcase, 48"

Edger Infeed Hydraulic Unit, Bosch, 60hp

Edger Infeed Setworks, 25hp, 575v

Setworks Hydraulic Power Unit, Bosch 052860250

Edger Line Control Booth & Controls
 Edger Outfeed Rollcase, 48" x 21'
 Edger Outfeed Transfer Table, 15' x 24' 5 Strand Cant Deck
 Albany 5' Vertical Twin Bandmill, S/N 335-336
 Infeed Rollcase #2
 Jump Chain Infeed
 Cant Infeed Deck to Saw, 25' x 15' 6 Strand Camelback Chain
 Twin Band Prep Deck, 20' x 8' 6 Strand Camelback Chain
 Rollcase #3, 36" x 18'
 Rollcase #4
 Re-entry Tilt hoist, 4 Arm
 Twin Re-entry Transfer Deck
 Twin Re-entry Transfer Deck
 Hydraulic Power unit, for Lift chains
 Applied Industrial Tech Hydraulic Power Unit
 Applied Industrial Tech Hydraulic Power Unit
 Mill Blower
 Albany Bandmill Control Booth

Drop Sort System

Sorter Transfer #1, 20' x 20' 6 Strand Camelback Chain
 Sorter Transfer #2 20' x 13' 9 Strand Camelback Chain
 Sorter Transfer #3 20' x 15' 8 Strand Camelback Chain
 Outfeed Rollcase, 24" x 21', (8) Roll w/ drive
 Edger Return Rollcase
 Edger Return Belt Conveyor, 24" x 30'
 Edger Return Landing Table
 Return Belt Conveyor to Albany Twin
 Waste Transfer Deck, 20' x 32', 12 Strand Chain
 Trim Line
 Decline Chain Transfer, 20' x 6' 5 Strand
 Landing Table, 20' x 12' 6 Strand Camelback Chain
 Trash Gate Chains, (7) x 30"
 Trim Line Lug Loader, 5' x 20' 9 Strand w/ drive
 Trimmer Line, 36' x 20' lugged, (2) Zero Saws, (1) pop up saw, (4) sets of even ending rolls, lug chain VFD
 20' x 20' 6 Strand Lugged Traverse Decline Transfer
 Green Chain #1 20' x 10' 7 Strand Transfer
 Green Chain #2, 20' x 150' 5 Strand Roller Chain
 Power Rollcase #1
 Power Rolls Sec #2
 Green Chain #3 13' x 20' 5 Strand Camelback
 Power Rolls Sec #3
 (23) 21' Lumber Rolloffs
 Timber Deck General
 Timber Deck Decline
 Timber Deck Infeed, 15' x 20' 4 Strand Transfer to 36" x 20' Rollcase
 Timber Saw, Sliding Saw style, 36" saw
 Timber Deck Outfeed Rollcase, 36" x 24' to drop slide
 100HP 3 Saw Ripping Edger, 575v
 #1 Infeed Belt Conveyor
 #1 Infeed Transfer
 #2 Infeed Belt Conveyor
 #2 Infeed Transfer, 16' x 21' 5 Strand H78B Chain

10' x 16' 6 Strand Bar Type Unscrambler
Infeed Rolls, 23" x 13'
Setworks Hydraulic Power Unit, 20hp
6' x 20' 8 Strand Camel Back Chain
Incline Outfeed Transfer, 20' x 16' 8 Strand to Conveyor Drop Sort
Outfeed Rollcase
Resaw Sawdust Waste Conveyer

Package System

(2) 2 Strand Infeed Transfers, 2' x 30'
48" x 21' Infeed Rollcase Infeed w/ Guillotine End Bump
Acme 57B(6) Lumber Compression Strapper, S/N A857, Steel Banding, Auto Dunnage
3' x 21 2 Strand Package Outfeed Transfer
13' x 12' 4 Strand to 13' x 15' Trafer Dip Tank Infeed
20' Anti-Stain Dip Tank (for Hemlock) w/ Hydraulics
13' x 4 Strand Outfeed Transfer

Chipping & Sawdust Collection

Edem 24" x 50' Balanced Vibrating Conveyor, w/ Fibreglass Section
CAE 65" x 8 Knife Chipper, S/N 99A143, 300HP Motor, Side Feed, Bottom Discharge
Mdi Metal Detector w/ Control Panel
Chipper Infeed Belt Conveyor
Chipper Infeed Belt Conveyor
Edem 16" x 27' Balanced Vibrating Conveyor
Mdi Metal Detector w/ Control Panel
Softac Chipper Soft Start, 150hp
West Salem 48" Chipper, Mod. CK48-8-VT, 150HP, 550V
Chipper Outfeed Conveyor
Acrowood 6' x 14' Chip Screen, Model 6/4, Dual Drive
Fines Belt Conveyor
Overs Belt Conveyor
16" x 105' Incline Box Chain Chip Conveyor, 12" Chain
16" x 105' Incline Box Chain Chip Conveyor, 12" Chain
40 Unit Chip Bin System
Hog Infeed Waste Conveyor
Log Turner Waste Conveyor, Flyted Chain
Tilt Hoist Waste chain Conveyor
16" x 50' Hog Infeed Conveyor
26" x 21' Chevron Belt Hog Infeed Conveyor
Hog Infeed Belt w/ Metal Detector
Jeffrey 45WB Hammer Hog, S/N 11315, New Hammers, 200HP Motor, 575v
200HP Hog Soft Start
16" x 27' Hog Outfeed Conveyor
16" x 60' Hog Outfeed Box Chain Conveyor
16" x 45' Hog Outfeed Box Chain Conveyor
24 Unit Chip Bin Bin
Main Waste Conveyor
Quarter Deck Waste Conv
Twin Bandmill Waste Conveyor
Drop Sort Waste Conveyor
#1 Trim Saw Waste Belt Conveyor
#2 Trim Saw Waste Belt Conveyor
Timber Saw Waste Belt Conveyor

Slasher Deck
Vibrating Conveyor
Trim End Re-entry Belt Conveyor
Saw Dust Conveyor
Sawdust Edger Conveyor #1
Sawdust Edger Conveyor #2
Sawdust Conveyor #1
Sawdust Conveyor #2
Sawdust Conveyor #3

General items

Maintenance Shop & Contents
10' Sea Can , Hydraulics
New Spare Tires
(3) Dump Bins
Cat Cylinders, Spare 125HP Motor
(25) 10' Double Sided Cantilever Racks
Rack w/ Asst Steel & Plate

Electrics

MCC Room 2&3
Softac Headsaw Soft Start
Allen Bradley BUL2100 5 Section MCC, (19) Switches
Allen Bradley 400Amp Disconnect
MCC Room 1
Allen Bradley BUL2100 6 Section MCC, (21) Switches
Allen Bradley BUL2100 3 Section MCC, (8) Switches
Debarker Trunnion & Carriage Variable Frequency Drive
MDI Metal Detecto Panel
Main Transformer
MCC Room 6
Capacitor Bank, 729KVAR, Auto PFC, 600V, 9306/009, Mova3 300 DRO
Allen Bradley BUL2100 4 Section MCC, (2) Switches
300HP Chipper Soft Start
Safronics Carriage Soft Start
MCC4- Allen Bradley BUL2100 5 Section MCC , (16) Switches, Twin Band A&B
MCC5- Allen Bradley BUL2100 9 Section MCC , (39) Switches
MCC7- Allen Bradley BUL2100 6 Section MCC , (32) Switches
MCC8- Allen Bradley BUL2100 6 Section MCC , (21) Switches
Softac 150HP Chipper Soft Start (#2 Chipper)
MCC7A- Allen Bradley BUL2100 5 Section MCC , (16) Switches

Filing Room

Norpac Armstrong Stretcher Roll #4, S/N 16855, w/ Weld Clamp #11
Armstrong Pro-Filer , 230V, S/N 20025, w/ Armstrong #58 Filing Clamp
Armstrong Pro-Filer , 230V, S/N 20024, w/ Armstrong #58 Filing Clamp
Armstrong Stretcher Roll #5, S/N 16856
(6) Spare Bandsaws
HD Fan
Asst Hydraulic, Hose
(5) Bottle Jacks
Nielsen Saw Sharpener
Workbench w/ Vise, Grinders
Hewsaw R985302 Sharpener, 480V

Vollmer CHC Grinder, CHC 20H
 Armstrong Stretcher Roll, 3-10-C
 Asst Anvils
 Asst Saw Blades
 Armstrong Truesizer Dual Side Grinder
 Reform AR2100MM Flat Knife Grinder, Mod. 2151
 Babbit Pot & Bench
 Surface Grinder
 Armstrong 1760 Circular Saw Sharpener
 Asst Saw Blades

Millwright Shop

Horizontal Metal Band Resaw
 Line Burner
 Burn Table
 HD Double Grinder
 Inventory of Pillow Blocks, etc.
 25T Shop Press
 Rack of Hydraulic Motors
 Miller Spectrum 701 Welder
 Rack of Roller Chain
 Wire Feed Rolls
 Part Seacan, Belts, Sprockets, etc.
 Advance Milling & Drilling Machine, Mod RF-40C, w/ Vise
 Lincoln S500 Powerwave w/ Powerfeed
 Hobart Idealarc 6045
 Lincolnd 180 Powerfeed
 Parts Bins
 (2) Benches & Vises
 Bolt Bins & Contents
 Come-Alongs
 Parts Bins
 Hose Crimper
 Maintenance Office & Tools Contents
 Bosch Table Saw
 Oxygen Acetylene Cart
 (2) Mobile Pumps
 UHMW Strips & Sheets
 Mitre Saw
 (2) Racks of Motors, Reducers, Hydraulic Cylinders
 Rack of Asst Chain
 Rack of Cylinders
 Rack of Sprockets, Rollers, Etc.
 (2) Welders
 Miller Goldstar Welder
 Electrical Room Contents

Compressors

#1 Quincy 650E 150hp Screw Compressor, S/N 71159, 46609 Hours
 #2 Quincy 1000A 200HP Screw Compressor, S/N 17146, 19196 Hours
 #3 Sullari 25-150L 150HP Screw Compressor, S/N 1345 1 DGC
 Ingersol Rand 2475 Compressor, S/N NAR10309731
 Xebec Air Dryer, 1500EE24 AFG, S/N 2222, PLC Controls

B Mill Equipment

Merchandiser System

40' x 30' 5 Strand Log Infeed Deck, w/ Motor & Radicon
16" x 138' 3 Chain Log Infeed Conveyor
MPM Engineering 2D Scanner, Scan Meg
60" Swing Saw Log Cutoff, 30HP
60" Swing Saw Log Cutoff, 30HP
Hydraulic Power Unit, 40HP, 230/460V
16" x 25' 3 Strand Chain Log Outfeed Conveyor
16" x 180' Sort Belt Conveyor w/ (7) Sets of Outfeed Kickers
Steel Log Slide Bins

#1 Mill Infeed

30' x 5 Strand Log Infeed Deck, w/ Motor & Radicon
Linden 20' Log Step Feeder, 26' Wall to wall, New Rex Drive

Debarker System

16" x 26' 3 Strand Debarker Infeed Chain Conveyor w/ 7.5HP Motor, 230/460v
12' Debarker Centering Chain Conveyor
Valon Kone Brunette MKU-17"C 8 Roll Debarker (LH) Job #97-800-10, 20HP, 230/460V
Drive, S/N 97-800
14" x 36" Debarker Outfeed Belt Conveyor
17" x 90' Debarker Waste Conveyor, w/ 16" Box Chain
Debarker Electrical 20' Sea Can, VFD Panel, MCC1 1200AMP Main, Allen Bradley 4 Section MCC, 10 Switches

Hewsaw System

14" x 63' HewSaw Infeed Conveyor, Self Centering Chain, w/ 10hp Motor & Panetgear
Hewsaw Scanner, MPM Engineering
HewSaw Log Positioner, R983069
Hewsaw R200MSA Small Log Processor, 230/460v, S/N R963042, 150hp Top Head, 125HP Bottom Head, 125HP East Head, 125hp West Head
Hewsaw Control Room, MPM Engineering, Controls, PLC, VFD Panels
13" x 51' Hewsaw Outfeed Belt Conveyor, 5HP Motor & SM-Cyclo Reducer
18" x 40' Hewsaw Waste Conveyor, Flyted Chain (Under Hewsaw System)
Hew Saw Del Schneider , 50HP, 25HP, (2) 15HP Hydraulic Power Unit
Allen Bradley BUL 2100 10 Section MCC, 20 Switches

Trimmer Line

19' x 10' 8 Strand Landing Table, H78B Chain
19' x 34' 7 Strand Decline Chain Transfer, w/ 5HP Motor & Radicon
19' x 84' Outside Chain 90' Transfer Table, 6 Strand, w/ Motor & SM-Cyclo
19'8" x 9 Strand Transfer, UHMW Lined
48" x 19' Grading Station Rollcase, (9) Rolls, w/ Live Chain Fence
19' x 6' 8 Strand Backlog Transfer to 19' x 5'6" Transfer
19' x 33' 9 Strand Lugged Grading Table and Lug Loader Table, w/ CAR Newnes Scanner, O/H Hold down Rolls
20' X 25' 10 Strand Lugged Transfer w/ (7) 10' Even Ending Rolls
Trimmer Infeed Positioning System w/ Thickness/Width Sensors
Newnes 24' Trimmer System, 20 Saw, Left Hand, (20) Arbor Motors
19' x 37' 13 Strand Lugged Trimmer Outfeed, UHMW Lined, Ending Rolls, (12) 17'8" Even Ending Rolls

40" x 110' Sawbox Trim Ends Belt Conveyor w/ Drive

Sorter System

19' x 3' Transfer to 19' x 18' 7 Strand Sorter Incline Transfer

60 Bin J-Bar Sorter System, J-Hooks, 198' Length, 10 Control Panels, (4) 10HP Motors, 230/460v & Sm-Cyclo's

24' x 198' 6 Strand Floor Chains (4) Sections

Newnes 15HP Sorter Hydraulic Power Unit

Stacker System

22' x 14' 7 Strand Incline Chain Transfer

24' x 10'H 12 Strand Bar Type Unscrambler

22' x 9' 8 Strand Landing Table to 9' 7 Strand Transfer

24' x 20' 6 Strand Plastic Capped Chain Transfer to 6 Arm Lumber Stacker, (11) Stick Place Cartridges, Controls

Newnes Stacker Hydraulic Power Unit, 15HP, 230/460v

54" x 25' Stacker Outfeed Rollcase

Package Strapper System

56" x 27' Package Infeed Rollcase w/ End Bump Gate

14' x 20' 5 Strand Package Re-Entry

Strapper Guillotine Gate, (3) Roll Transfer

Signode Compression Strapper, Plastic Head, Edge Protector, Auto Dunnage, PLC Controls

Strapper Hydraulic Power Unit, (2) 10HP

15hp Compressor w/ Air Tank

Overhead Paper Wrap Dispensor

3' x 25' 2 Strand Package Outfeed w/ Drop Rolls

16' x 16' 6 Strand Package Transfer, (4) Drop Rollers

16' x 16' 6 Strand Package Transfer

16' x 16' 6 Strand Package Outfeed

Compressors

Sullair 25B-150L ACAC Screw Compressor, CRN5123467890, 30,130 Hrs, S/N 003-70058

Gardner Denver Srew Compressor, SSKB/9 SN#744854, 4981 Hrs

Ingersol Rand Model 15T SN#8620939

Custom Energized Air DHR-750 SN005-20

Chipping & Dust Collection

23" x 24' Hog Incline Waste Conveyor

CAE Drum Chipper, 125HP, 460V, 1180RPM, 30"

21" x 70' Incline Chain Waste Conveyor (to Bin)

(2) 20 Unit Chip Bins

15" x 54' Box Chain Incline Waste Conveyor, w/ Motor & Reducer

CAE 6' x 16' Chip Screen

Chip Incline Conveyor

35" x 75' Belt Conveyor, 5HP Gear Drive, 230/460V, Trim Ends

35" x 40' Chevron Belt Conveyor, 5HP Gear Drive, 230/460V

35" x 54' Belt Conveyor, 5HP Gear Drive, 230/460V

Edem 18' x 45' Balanced Vibrating Conveyor

MDI Metal Detector

Cancar 54" Chipper, 6 Knife, 100HP, 460V

MDI Metal Detector

23" x 115' Chevron Belt Incline Conveyor to Bins

Saw dust Blower
Large Cyclone
(3) 30 Unit Sawdust Bins

Electrical room

2020 Siemens Type R Main PDC, 4000AMP, 480V
Allen Bradley BUL2100 5 Section MCC, (13) Switches, Chipper Soft Start
HPS 75KVA Transformer, 480-208/120V
Electrics Room: (1) 600AMP, (1) 400AMP, (30) 200AMP, (1) 100AMP, 60 & 30 AMP Disconnects
Trimmer Deck Electrics
Sorter PLC Rack
Lug Loader I/F Xfers Variable Frequency Drive Cabinet, (7) Toshiba VFD's
Trim Saw Arbor Soft Start
MCC 4: Allen Bradley BUL2100 8 Section MCC, (25) Switches
Sorter PLC Rack 2 & 3
Sorter Variable Frequency Drive Panel
Stacker Deck Electrics
#5 Allen Bradley BUL2100 10 Section MCC (31) Switches
Stacker PLC Cabinet
Sorter PLC Rack

General

HD Fan
Trimmer Shavings Bin, w/ 8' Cyclone & Blower
Trimmer Office Contents
Waste Bin
20' Seacan
Compressor Room, Avery Weightronix ZM495, 5hp Compressor
Dump Bin
Blue Log Bunk
Steek Rack & Steel Contents
Oxygen Acetylene Cart
Dump Bin
Demag 2 Ton Crane w/ 3 Ton Hoist, Rails & Bussbar
Spare Chipper, 66", Sidefeed, Bottom Discharge, No Motor
Waste Bin
Boom Gear: (30) Sets of Sticks, (12) Chains per Set, Wires
40' Sea Can w/ Electrical Contents; (2) VFD Panels, PLC Panel, Beaver 75KVA Transformer, Merchandiser Main Panel, MCC D 3 Section

Mill Basement

WEG 400HP Motor, 575V, 710RPM, TEFC
Spare Electric Motors
Asst. Teck Cable
Spare Boxchain, Cameback Chain
Shelf of Hydraulic Cylinders, Chain
(4) Racks of Asst Sprockets
Newnes 24' Lug Loader, 6 Strand
Britco Office Trailer, 27' x 65'
Fuel Tank & Storage
Holmes High Pressure Blower, 40HP
25HP Blower
(2) Spare Grapples

Stick Rack

(2) 72" Merchandiser Saw Blades w/ Stand

Mobile Equipment & Water Vessels

Freightliner FC-70 Street Sweeper, S/N 1FVAB3BV02DH73904

Acklands 801 Diesel Welder, S/N KB89721

Red Golf Cart , S/N AG8840156819

White Golf Cart, S/N 512252624

Bobcat 763 Skidsteer, Erops w/ Bucket, S/N 512252624

Gruendler Portable Hog Model 2860, 500411/6533, (Condition Unknown)

Champion 74A Grader, 127-141-172-76-86, Good Rubber

19' Dozer Boat, w/ Screammers

Winch Barge Sidewinder, S/N 807486

Sidewinder 16', S/N 809740

Cat P7000 Forklift, 6360LB, 199" Lift, S/N AT13FS0251

Cat 966F Wheel Loader, Erops, Grapple, Good Rubber, 26622 Hours, 1SL01231

CAT 980G Wheel Loader, Erops, Grapple, S/N 2KR03525

2017 Volvo L220G Wheel Loader, Erops, WBM Bucket, 20467 Hours, S/N
VCEL220GK00012828

Hitachi 330 Log Loader, Erops, Grapple, S/N 1H7P0220003

JLG 1930ES Scissorlift

Toyota 42-6FG25 Forklift, 106-FG25-32050

Lincoln Diesel Welder, Commander 300

Winder Boat, refurbished, New Motor (From Acorn)

Winder Boat, Condition Unknown

John Deere 330 Fuel Tank

Spare Bucket (for Grapple

Grapple Attachment

Pond Float and Ramp

2018 Volvo EC220EFC Crawler Processor Excavator, 50% U/C, Waratah Head,
VCE220EV00310881

Acorn 4 16' Sidewinder

SCHEDULE G
IDENTIFIED UNION CLAIMS

See attached.

Coulson Manufacturing 2017 Ltd.
Union Obligations - IWA Pension Obligations

Period end date	Pre-filing pension contribution [ER]	Pre-filing pension contribution [EE]	Pre-filing LTD contribution [ER]	Pre-filing LTD contribution [EE]	Pre-filing H&S contribution [ER]	Total pre-filing contribution
29-Aug-24	34,090	20,640	2,834	2,834	46	60,445
26-Sep-24	33,608	20,348	2,717	2,717	46	59,437
24-Oct-24	35,762	21,652	2,920	2,920	49	63,302
21-Nov-24	12,334	7,467	922	922	17	21,661
Total	115,794	70,106	9,393	9,393	158	204,844

APPENDIX "E"
SFP Plant APA (Redacted)

ASSET PURCHASE AGREEMENT

This asset purchase agreement is entered into as of May ^{5/15/2025}_____, 2025

BETWEEN:

DELOITTE RESTRUCTURING INC. (the “**Monitor**”), in its capacity as Court appointed monitor of **SAN FOREST PRODUCTS LTD.** (the “**Company**”), and not in its personal or corporate capacity, as vendor (the “**Vendor**”)

- and -

1537037 B.C. LTD., a company incorporated under the laws of British Columbia, having its registered office at 202 - 4430 Chatterton Way, Victoria BC V8X 5J2, as purchaser (the “**Purchaser**”)

WHEREAS:

A. Pursuant to the Initial Order of the Supreme Court of British Columbia (the “**Court**”) issued November 29, 2024 (the “**Filing Date**”), amended and restated December 9, 2024 and subsequently amended and restated December 19, 2024 (as amended, the “**SARIO**”), the Monitor was appointed as monitor of the Company with certain enhanced powers pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the “**CCAA**” and the “**CCAA Proceedings**”).

B. Pursuant to the SISP Order of the Court issued January 16, 2025 (the “**SISP Order**”), the sale process attached hereto as **Schedule C** (the “**Sale Process**”) was approved by the Court.

C. Pursuant to the Sale Process and the SISP Order, the Vendor desires to sell and assign to the Purchaser and the Purchaser desires to purchase and assume from the Vendor, all of the Purchased Assets (as defined herein) in accordance with the terms of this Agreement and the Approval and Vesting Order.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “**control**” another Person if such Person possesses, directly or indirectly, the power to

direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term **“controlled”** shall have a similar meaning.

“Agreement” means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof.

“Applicable Law” means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“Approval and Vesting Order” means an order by the Court, in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably, among other things: (i) approving and authorizing this Agreement and the Transaction and (ii) vesting all right, title and interest in and to the Purchased Assets to the Purchaser on Closing free and clear of all interests, claims, liens, charges, and encumbrances other than the Permitted Encumbrances.

“Authorization” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs or from any Person in connection with any easements, contractual rights or other matters.

“Books and Records” means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Company relating to the Purchased Assets.

“Business” means the business carried on by the Company at or on the Real Property as of the Filing Date.

“Business Day” means a day on which banks are open for business in the Province of British Columbia, but does not include a Saturday, Sunday or statutory holiday in the Province of British Columbia.

“CCAA” has the meaning set out in the recitals hereto.

“CCAA Proceedings” has the meaning set out in the recitals hereto.

“Chattels” means all chattels, appliances, tools, equipment, furniture and other tangible personal property located, incorporated or situated in or upon the Real Property as of the date hereof and owned by the Company and used solely or primarily in connection with the use or operation of the Real Property.

“Closing” means the closing and consummation of the Transaction.

“Closing Date” means the fifth Business Day following the Approval and Vesting Order, unless otherwise agreed by the Parties in writing.

“Closing Effective Time” means 12:01 a.m. (Vancouver time) on the Closing Date, or such other time as the Parties may agree to in writing.

“Company” has the meaning set out in the preamble hereto.

“Court” has the meaning set out in the recitals hereto.

“Deposit” has the meaning ascribed to that term in Section 3.2.

“Deposit Agreement” means the deposit agreement entered into on or prior to April 30, 2025 between the Purchaser and the Vendor.

“Excise Tax Act” means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

“Excluded Assets” means all of the properties, rights, assets and undertakings of the Company not forming the Purchased Assets, which Excluded Assets include, without limitation, any accounts receivable, refunds and receivables in respect of Taxes and Transfer Taxes, and lumber inventory owned by or owing to the Company.

“Filing Date” means November 29, 2024.

“General Conveyance” means one or more general conveyances evidencing the conveyance to the Purchaser of the Company’s interest in and to the Purchased Assets, in form and substance satisfactory to the Parties, acting reasonably.

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“GST/HST” means all goods and services tax imposed under Part IX of the *Excise Tax Act*.

“Income Tax Act” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“Liability” or **“Liabilities”** means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Organizational Documents” means any certificate or articles of incorporation or amalgamation, notice of articles, articles, bylaws, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“Outside Date” means 11:59 pm (Vancouver time) on June 30, 2025, or such later date and time as the Vendor and the Purchaser may agree to in writing.

“Parties” means the Vendor and the Purchaser.

“Permitted Encumbrances” means the encumbrances listed on **Schedule E** attached hereto.

“Person” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“Purchase Price” has the meaning set out in Section 3.1.

“Purchased Assets” has the meaning set out in Section 2.1.

“Purchaser” has the meaning set out in the preamble hereto.

“Purchaser Authorized Parties” has the meaning set out in Section 10.3.

“Real Property” means the lands identified on **Schedule B** and all buildings, structures and improvements thereon.

“Sale Process” has the meaning set out in the recitals hereto.

“SISP Order” has the meaning set out in the recitals hereto.

“Taxes” means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties.

“Transaction” means the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser shall acquire the Purchased Assets.

“Transfer Taxes” means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including GST/HST.

“Vendor” has the meaning set out in the preamble hereto.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section”, “Article” or reference to another subdivision followed by a number mean and refer to the specified Section, Article or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Vendor or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian dollars, unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following schedules are attached hereto and incorporated in and form part of this Agreement:

SCHEDULES

- Schedule A** - Equipment and Chattels
- Schedule B** - Real Property
- Schedule C** - SISP Order and Sale Process
- Schedule D** - Allocation of Purchase Price
- Schedule E** - Permitted Encumbrances

Unless the context otherwise requires, words and expressions defined in this Agreement shall

have the same meanings in the Schedules and the interpretation provisions set out in this Agreement shall apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchase and Sale of Purchased Assets

At the Closing, subject to the terms and conditions set forth in this Agreement, the Vendor shall sell, assign, transfer and convey to the Purchaser, and the Purchaser shall purchase, acquire and assume from the Vendor, the following property and assets (collectively, the “**Purchased Assets**”):

- (a) the Real Property; and
- (b) Equipment and Chattels as set forth on **Schedule A** attached hereto.

2.2 Excluded Assets

Notwithstanding Section 2.1, the Purchased Assets shall not include the Excluded Assets or any contracts relating to the operation of the Business, and nothing herein shall be deemed to sell, transfer, assign or convey the Excluded Assets or any contracts relating to the operation of the Business.

2.3 Transfer of Purchased Assets

Provided that Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, legal and beneficial ownership of the Purchased Assets shall transfer from the Company to the Purchaser on the Closing Date.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price for the Purchased Assets shall be [REDACTED] (the “**Purchase Price**”) and shall be inclusive of the Deposit. The Purchase Price shall be paid on the Closing Date, in full, by wire transfer of immediately available funds to an account designated by the Vendor. The Parties agree that the Purchase Price shall be allocated among the Purchased Assets in the manner set forth on **Schedule D** attached hereto. If requested by the Vendor, the Purchaser shall provide the Vendor with a detailed allocation of the Purchase Price between individual assets for any of the categories set forth on **Schedule D** attached hereto. If requested by the Vendor, the Purchaser shall provide the Vendor with a detailed allocation of the Purchase Price between individual assets for any of the categories set forth on **Schedule D** attached hereto.

3.2 Deposit and Satisfaction of Purchase Price

- (a) The Parties acknowledge that:

- (i) as of the date hereof, the Purchaser has paid the amount equal to [REDACTED] (the “Deposit”) to the Vendor;
 - (ii) the Deposit has been delivered to and shall be held in trust by the Vendor in a non-interest bearing account; and
 - (iii) the Deposit shall be held and administered by the Vendor in accordance with the terms and conditions of this Agreement (including this Section 3.2) or the Deposit Agreement if the Purchaser is not the “Successful Bidder” as defined in the SISP Order.
- (b) At Closing, the Purchase Price shall be paid and satisfied as follows:
- (i) as to the amount of the Deposit, the Vendor shall apply the Deposit against the amount of the Purchase Price for the account of the Purchaser; and
 - (ii) as to the balance of the Purchase Price, the Purchaser shall pay such amount by wire transfer of immediately available funds to one or more accounts designated in writing by the Vendor.
- (c) If this Agreement is terminated:
- (i) (A) pursuant to Section 9.1(a) by mutual agreement of the Parties; (B) pursuant to Section 9.1(b) or 9.1(c) by the Purchaser; (C) pursuant to Section 7.1(c) or 9.1(e) by the Vendor; or (D) for any other reason other than as contemplated under Section 3.2(c)(ii); then the Deposit shall be returned to the Purchaser; or
 - (ii) pursuant to Section 9.1(d) by the Vendor, the full amount of the Deposit shall be forfeited by the Purchaser to the Vendor,

and, in the event of termination of this Agreement under Section 3.2(c)(ii) pursuant to which the Vendor shall be entitled to retain the Deposit, the Parties agree that the amount of the Deposit, constitutes a genuine pre estimate of liquidated damages representing the Vendor’s losses as a result of Closing not occurring and agree that the Vendor shall not be entitled to recover from the Purchaser any amounts that are in excess of the Deposit as a result of Closing not occurring. The Purchaser hereby waives any claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre estimate of the Vendor’s damages.

3.3 Transfer Taxes¹

The Parties agree that:

- (a) The Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay any and all Transfer Taxes, if any, pertaining to the Purchaser’s acquisition of the Purchased Assets.
- (b) Where the Vendor is required under Applicable Law to collect or pay Transfer Taxes, the Purchaser shall pay the amount of such Transfer Taxes to the Vendor

¹ **Note to Bidders:** Tax provisions are subject to review and comment by Deloitte.

on the Closing Date. The Vendor shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due.

- (c) The Purchaser submits that it is a GST/HST registrant for purposes of the Excise Tax Act and has been assigned the GST/HST account number 701542029RT0001 and, as such, that in accordance with subsection 221(2) of the Excise Tax Act, the Vendor will not collect GST in respect of the sale of the Real Property. The Purchaser hereby agrees that it will self-assess the GST applicable to the acquisition of the Real Property as required by the Excise Tax Act.
- (d) Except where the Vendor is required under Applicable Law to collect or pay such Transfer Taxes, the Purchaser shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due. The Vendor shall do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in a timely manner. If the Vendor is required under Applicable Law to pay any such Transfer Taxes which are not paid by the Purchaser on the Closing Date, the Purchaser shall promptly reimburse such Vendor the full amount of such Transfer Taxes upon delivery to the Purchaser of copies of receipts showing payment of such Transfer Taxes.
- (e) The Purchaser shall indemnify the Vendor for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that the Vendor may pay or for which the Vendor may become liable as a result of any failure by the Purchaser to pay or remit such Transfer Taxes.

3.4 Property Taxes

The Purchaser shall assume and pay all property taxes related to the Real Property from, and including, the Closing Date. The Vendor shall be responsible for and shall pay all property taxes related to the Real Property for periods prior to the Closing Date.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Date as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) CCAA Proceedings. The SISP Order and Approval and Vesting Order remain in full force and effect.
- (b) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order, the Vendor does not require any consent, approval, waiver or other

Authorization from any Governmental Authority or any Representations and Warranties of the Purchaser.

4.2 The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Date, and acknowledges that the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the laws of British Columbia, is in good standing under its governing statute and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) No Consents or Authorizations. Subject only to (i) obtaining the Approval and Vesting Order, the Purchaser does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.
- (g) Residency. The Purchaser is not a “non-resident” for purposes of the *Income Tax Act*.

4.3 As is, Where is

The representations and warranties of the Vendor shall merge on Closing and shall thereafter be of no further force and effect. Despite any other provision of this Agreement, the Purchaser expressly acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” basis. No representation, warranty or condition is express or can be implied as to description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets. Without limiting the generality of the

foregoing any and all conditions, warranties or representations expressed or implied pursuant to applicable sale of goods legislation or other similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Agreement are for purpose of identification only and, no representation, warranty or condition has or shall be given by the Vendor concerning completeness or accuracy of such descriptions.

ARTICLE 5 COVENANTS

5.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

5.2 Permits and Licenses

On or before the Closing Date, the Parties shall cooperate and work together in good faith, assist with submissions, share information and make any other efforts required to obtain any approval, Authorization, third-party consent, or permits and licences from any Governmental Authority necessary to effect the Closing. The Purchaser shall have all rights, elections and protections under the CCAA and all other applicable bankruptcy, insolvency, restructuring and similar laws with respect to the licenses granted under this Article 5.

5.3 Application for Approval and Vesting Order

As soon as practicable, the Vendor shall take all reasonable steps to seek to obtain the Approval and Vesting Order.

5.4 Insurance Matters

Until Closing, the Vendor shall use commercially reasonable efforts to keep in full force and effect all existing insurance policies of the Company.

5.5 Books and Records

The Vendor will use commercially reasonable efforts to deliver the Books and Records that relate to the Purchased Assets (to the extent in the possession and control of the Vendor) to the Purchaser following the Closing Date.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Effective Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

6.2 Vendor's Closing Deliveries

At or before the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) all Tax elections contemplated by Section 3.3, duly executed by the Vendor;
- (c) the General Conveyance, duly executed by the Vendor;
- (d) the Purchased Assets;
- (e) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true and correct in all respects as of the Closing Date, with the same effect as though made at and as of the Closing Date, and that the Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Date; and
- (f) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

6.3 Purchaser's Closing Deliveries

At or before the Closing Date, the Purchaser shall deliver or cause to be delivered to the Vendor, the following:

- (a) payment of the Purchase Price, net of the Deposit;
- (b) payment of all Transfer Taxes (if any) payable on Closing to the Vendor (or evidence of payment by the Purchaser thereof to the relevant Governmental Authorities) in accordance with Section 3.3;
- (c) all tax elections contemplated by Section 3.3, duly executed by the Purchaser;
- (d) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all respects as of the Closing Date, with the same effect as though made at and as of the Closing Date, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Date; and
- (e) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 7 INSOLVENCY PROVISIONS

7.1 Court Orders and Related Matters

- (a) Closing is expressly subject to the approval of the Court, and all such other modifications, variations and orders of the Court, as may be applicable, and shall only occur after the Approval and Vesting Order has been granted by the Court approving this Agreement.

- (b) The Purchaser acknowledges and agrees that:
 - (i) at all times prior to Closing, the Vendor is subject to the jurisdiction and discretion of the Court to entertain other offers and to abide by any further orders the Court may make regarding the Purchased Assets and the SISP Order;
 - (ii) the Vendor may choose to advocate, or the Vendor may be compelled to advocate, that the Court consider other offers to obtain the highest price for the Purchased Assets, and, in this regard, the Vendor gives no undertaking or commitment to the Purchaser to advocate or otherwise express support for the acceptance of this Agreement;
 - (iii) it has been advised by the Vendor that, in order to protect its interests, the Purchaser should retain legal counsel to appear at the hearing of the application for the Approval and Vesting Order, including to make an amended or further offer for the Purchased Assets should that prove necessary; and
 - (iv) until the Approval and Vesting Order is granted, the Vendor is at liberty to deal with any and all other prospective purchasers of the Purchased Assets.
- (c) This Agreement shall be terminated if, at any time before the Court issues the Approval and Vesting Order:
 - (i) the Vendor gives the Purchaser written notice that the Vendor has determined, in its sole discretion:
 - (a) that it is inadvisable to present this Agreement to the Court; or
 - (b) to withdraw such Agreement from the Court prior to any determination by the Court regarding its approval; or
 - (ii) any order of the Court (or other court of competent jurisdiction) renders the completion impossible or the Vendor is restrained or enjoined or otherwise prevented from completing the sale,

and, following such termination, the Parties shall have no further obligations or liability to each other under this Agreement other than the obligation of the Vendor to return the Deposit to the Purchaser.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated; and
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Vendor's Deliverables. The Vendor shall have (i) delivered or conveyed, or caused to have been delivered or conveyed, to the Purchaser all of the Purchased Assets; and (ii) executed and delivered or caused to have been executed and delivered to the Purchaser all the documents contemplated in Section 6.2.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 4.1 shall be true and correct in all respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Vendors shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendors on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If the conditions set out in this Section 8.2 are not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement.

8.3 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents and payments contemplated in Section 6.3.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section (b) shall be true and correct in all respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.

- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 8.3 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor and the Purchaser;
- (b) by the Purchaser, upon written notice to the Vendor, if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 8.2 impossible by the Outside Date; or (ii) if such breach is curable, the Purchaser has provided prior written notice of such breach to the Vendor, and such breach has not been cured within five (5) days (or, if not curable within five (5) days, such longer period as is reasonable under the circumstances, not to exceed fifteen (15) days) following the date upon which the Vendor received such notice;
- (c) by the Purchaser, upon written notice to the Vendor, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Purchaser's breach of this Agreement;
- (d) by the Vendor, upon written notice to the Purchaser, if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 8.3 impossible by the Outside Date; or (ii) if such breach is curable, the Vendor has provided prior written notice of such breach to the Purchaser, and such breach has not been cured within five (5) days (or, if not curable within five (5) days, such longer period as is reasonable under the circumstances, not to exceed fifteen (15) days) following the date upon which the Purchaser received such notice; or
- (e) by the Vendor, upon written notice to the Purchaser, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the breach of this Agreement by the Vendor.

9.2 Effect of Termination

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement shall terminate and no Party shall have any Liability or further obligations hereunder, save and except the Deposit which shall be dealt with in accordance with Section 3.2 hereof.

ARTICLE 10 GENERAL

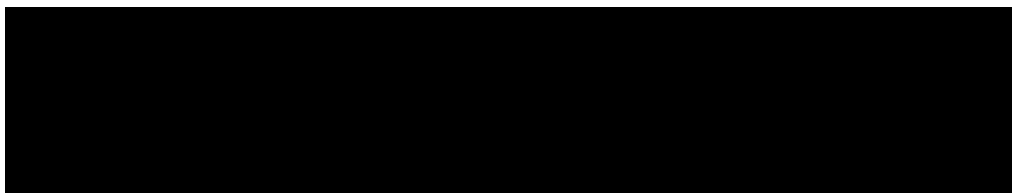
10.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of British Columbia therefrom.

10.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:



- (b) in the case of the Vendor, as follows:

Deloitte Restructuring Inc.
410 West Georgia Street
Vancouver, BC V6B 0S7

Attention: Jeff Keeble and Kaleb Butt
Email: jkeeble@deloitte.ca and kbutt@deloitte.ca

with a copy to:

Blake, Cassels & Graydon LLP
1133 Melville Street
Suite 3500, The Stack
Vancouver, BC V6E 4E5

Attention: Peter Rubin and Claire Hildebrand
Email: peter.rubin@blakes.com and claire.hildebrand@blakes.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Vancouver time) on a Business Day, shall be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Vancouver time) on a Business Day, shall be deemed to

have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.3 Public Disclosure

The Vendor shall be entitled to disclose this Agreement to the Court and parties with an interest in the Sale Process and as otherwise necessary to obtain the Approval and Vesting Order. The Purchaser acknowledges and agrees that any information provided to the Purchaser with respect to this Agreement or the transactions contemplated herein shall be kept confidential by the Purchaser and not disclosed to any third party, except the Purchaser's directors, officers, employees, agents or advisors, including lawyers, accountants, consultants, bankers and financial advisors (the "**Purchaser Authorized Parties**") for the purpose of carrying out the intent of this Agreement. The Purchaser will instruct the Purchaser Authorized Parties to comply with the provisions of this Section 10.3 and the Purchaser will be responsible for any breach of this Section 10.3 by a Purchaser Authorized Party.

10.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.5 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing. The covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

10.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

10.7 Entire Agreement

This Agreement, the Schedules attached hereto and any application provisions of the SISP Order, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

10.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with the transactions contemplated by this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.9 Assignment

Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.

10.10 Further Assurances

Each of the Parties shall (including following Closing), take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement and the transactions contemplated herein.

10.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be an original, and all of which taken together will constitute one and the same agreement. An electronically or digitally signed counterpart of this Agreement using DocuSign or any other electronic or digital form of execution will have the same force and effect as a manually signed counterpart. Delivery of an executed counterpart of this Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (".pdf"), will be equally effective as delivery of an originally or manually executed counterpart.

10.12 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.


10.13 Monitor's Capacity

In addition to all of the protections granted to the Vendor under the CCAA or any order of the Court in the CCAA Proceedings, the Purchaser acknowledges and agrees that the Vendor, acting in its capacity as monitor in respect of the Company and not in its personal or corporate capacity, shall have no liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as monitor.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

DELOITTE RESTRUCTURING INC.
in its capacity as Court appointed
monitor of **SAN FOREST PRODUCTS**
LTD., and not in its personal or
corporate capacity

Per: 
Name: Jeff Keeble
Title: Senior Vice President

1537037 B.C. LTD.

Per: 
Signed by:
645222D3064F488...
Name: Zoran Knezevic
Title: Director

Per: 
DocuSigned by:
A03DA2B3064B49E...
Name: Joshua Hunt
Title: Director

[Signature Page to Asset Purchase Agreement]

SCHEDULE A
EQUIPMENT AND CHATTELS

1. Equipment and Chattels Listings:

Attached hereto.

- 2.** All other chattels appliances, tools, equipment, furniture and other tangible personal property located, incorporated or situated in or upon the Real Property as of the date hereof and owned by the Company and used solely or primarily in connection with the use or operation of the Real Property.

**Schedule A
Included Equipment**

Mill equipment

Panel Line

MANN-RUSSELL 10' CONTINUOUS CROSS-FLOW LUMBER EDGE GLUER; RADIO FREQUENCY (RF) PRESS, 10' LINE

ANTHON 51" PANEL CALLIBRATION/SANDING MACHINE; MODEL CD6 WWS 130; S/N 99.2.-19; 6 HEAD; (4) 100HP, (2) 50HP

2002 ANTHON PANEL SIZER LINE: ANTHON LNB/LNB-28 MACHINE PRESSURE BEAM ACTS AS SUCTION DUCT FOR SAW CLAMPS.5/13.5 CNC PANEL SIZER FOR AUTO RIP & CROSS CUTTING OF SOLID WOOD; LENGTH 2800MM X WIDTH 1220MM; RAW BOARD MIN: 900 X 800MM; THICKNESS 12-38MM; RIPPING LENGTH: 2850MM; CROSS CUTTING LENGTH: 1350; MIN. FINISHED PART: 415 X 143MM; INVOICE COST CAD \$1,391,000; COMPRISED OF: INSPECTION ROLLER TRACK W/ LIFTABLE FRAME, INSPECTION ROLLER TRACK W/ LIFTABLE FRAME, BOOK FORMING STATION W/ LIFTING TABLE, MAX STACK 800MM, ROLLER TRACK W/ FORKLIFT SLITS, INTERMEDIATE POWER ROLLER TRACK, ANGULAR SAW SYSTEM, INCLUDING: PREP TABLE FOR RIP CUT POSITIONING, GUIDE SYSTEM, RIP SAW LNB 28.5: STRAIGHT RIP OR USED FOR TRIMMING APPROX. 20MM; SAW CARRIAGE SPEED 60M/MIN., & 80M/MIN RETURN; CROSS TRANSFER SYSTEM W/ LIFTABLE ROLLER TRACK FOR SMALL STRIPS, PREP TABLE CROSS CUT SAW W/ POSITIONING FEEDER, CROSS CUT SAW LNB 13.5, SWITCHGEAR, MICRO PROCESSOR CONTROLS; DESTACKING: INTERMEDIATE ROLLER TRACK W/ TRIM CUT SLUICE, ANGULAR TRANSFER

ROBOT STACKER: YASKASWA MOTOMAN SP400X / XRC ROBOTIC PLACER; W/ REMOTE CONTROL; ATTACHED TO (4) CONVEYORS, PALLET STATION & PAPER ROLL STORAGE; HORIZONTAL STROKE 3100MM, VERTICAL STROKE 2200 MM; GRIPPER ARM CAPACITY 400KG; GRIPPING TOOLS IS FORK & PNEUMATICK HOLD- DOWN CYLINDERS

Baker Resaw Line

54" x 21' Package Infeed Rollcase

15'w x 4 Arm Tilt Hoist, Mechanical w/ Gear Drive

13' x 16' 5 Strand Infeed Transfer

20" x 14' Infeed Rollcase (6) Rolls, w/ 14' x 6' 5 Strand Transfer

Baker 6 Head Horizontal Resaw, 12" x 40' Feed thru belt, 30HP Heads, 208-230/460v

11" x 23' Outfeed Rollcase w/ (5) Pneumatic Board Pushers

12'9" x 24' 5 Strand Outfeed Transfer to 13' 7 Arm Stacker, 4 Arm Hoist, 12' x 12' 4 strand outfeed

Planer & Chop Line

12' x 10' 4 Strand Infeed to 3 Arm Mechanical Tilt Hoist

12' x 12' 5 Strand Plastic Capped Landing Table w/ 12" x 13' Stick Belt

12' x 13' 5 Strand Transfer to 14" x 16' Infeed Rollcase, (2) Pineapple Rolls

Yates American 4 Head Planer, Model A-20 SN# R25029

11" x 27' Outfeed Belt Conveyor to 13' x 36' 5 Strand Incline Transfer w/ Gear drive

15" x 8' Belt Conveyor, System TM A/S, DK-8300 Type 60 SN# 19802

Microtec Golden Eye 500 Scanner System TM A/S Diameter DK-8300. Type 500

6" x 21' Infeed, System TM, w/ 30" Rollcase

15' x 4' Incline Belt Transfer w/ (6) Drop Belts

15' x 7' 6 Strand Transfer, w/ Jump Belts, Type 61

15' x 14' 6 Strand Transfer, Type 62 Decline Chain to #1 Chop Saw

(2) TM A/S Optikap-4003 Automatic Chop Saws, Type 794 SN# 19802

(2) 12" x 125"TM 390 Chop Saw Outfeed Belt Conveyors w/ Pneumatic Pushers

(4) TM Opti Stacker 3000 Systems, Type 900

TM 230 Stacker Reject Belt Conveyors

(2) 29" x 24' TM 230 Chop Saw Outfeed Belts

6'7" x 37' 3 Belt Transfer To FJ Infeed

46" x 37' Outfeed Belt Conveyor

Dominator Line

15' x 16' Infeed transfer w/ Motor & Reducer

15' x 4 Arm Mechanical Tilt Hoist

15' x 12' Landing Table to 15' x 12' 5 Strand Transfer w/ 4 Jump Arms

24" x 20' Stick Belt Conveyor

15' x 7' 6 Strand Lugged Trim Table w/ Zero saw and (1) Adjustable Saw

Trim Ends 12" Waste Conveyor

Lateral Chain Moulder Infeed Transfer, 4 Strand

11" x 27' Moulder Outfeed Belt w/ Motor & Reducer

22" x 5' Slow Down Belt to Stacker

16" x 21' Outfeed Rollcase

Reject Cross Belt Conveyor

18' x 4' 6 Strand Transfer to Angled Rollcase

Jonab 16' x 5 Belt Transfer to 5 Board Stacker, DRO Controls

14'x 21' 4 Strand Package Outfeed

15'x 15' 5 Strand Incline Transfer

7' x 15' Tilt Hoist Landing Table

21' x 5 Arm Hydraulic Tilt Hoist to Resaw

16'x 20' 5 Strand Transfer w/ Tong Loaders

16' x 10' 5 Belt Transfer

Jonab 16' x 10' 5 Arm Board Stacker, Mechanical, 4 Arm Hoist

Stacker Outfeed Transfer

1st to Stacker #3

Jonab 16' x 10' 5 Arm Board Stacker, Mechanical, 4 Arm Hoist

Outfeed Transfer

12" x 15' Resaw Linebar Infeed

23" x 50' Resaw Outfeed Conveyor

Plc and Controls

Weinig Moulder Lines

13' x 21' 4 Strand Package Infeed w/ 5HP Motor & Reducer

12"W 4 Arm Tilt Hoist, Hydraulic Driven w/ Hydraulic Power Unit

16' x 10' 5 Strand Landing Table

12" x 20' Drop Out Conveyor

Waycon 16' x 12' 5 Strand 2 Saw Adjustable Trim Table w/ 12" x 16' Waste Conveyor

11"x 14'7" Incline Waste Conveyor (from Trimmer) w/ 1hp Geardrive

Infeed Trim Deck

Weinig 13' x 6' 5 Strand Infeed Transfer

Doucet 14" x 13' Infeed Rollcase

Weinig Hydromat 23 8 Head Moulder, Jointed, S/N 023-2676

12"x 20' Moulder Outfeed Belt w/ Motor & Reducer

17'6" x 8'6" 7 Strand Plastic Chain Outfeed Transfer w/ 5HP Geardrive

16' x 8'6" 5 Strand Plastic Chain Outfeed Transfer w/5hp Geardrive

17' x 7' 7 Belt Transfer to Stenner Resaw, w/ 5HP Geardrive

Doucet 20HP Hydraulic Power Unit

Moulder Electrics: Rex 200KVA Transformer, 4800400Y/231, 3PH, 400Amp Disconnect

Stick Desticking Line

17'3" x 25' 6 Strand Package Infeed to Tilt hoist

18'w x 6 Arm Tilt Hoist, 102" High, 62" Arms, Hydraulic Power Unit, 15HP, 575v

13'5" x 6'9" 6 Strand Spill Table

16" x 27' Stick Belt Conveyor, w/ Motor & Reducer

13'5" x 27' 4 Strand Transfer Table/Drop Arms w/ 5HP Motor & Reducer

16" x 65' Cross Belt Conveyor w/ Motor & Reducer

24" x 22' Angled Belt Conveyor w/ Motor & Reducer

19' x 9' 8 Strand H78B Chain Transfer

19' x 10' 5 Strand H78B Incline Transfer to Stacker

19' x 18' 6 Strand H78B Chain Transfer to 6 Arm Stacker, 5 Arm Hoist
16' x 24' 5 Strand Package Outfeed
27" x 15' Rollcase Cross Rollcase w/ (2) Pinapple Rolls
14.5' x 54' Transfer Rollcase
42" x 68" Slow Down Belt w/ Pivot
18" x 30" 6 Strand Camelback Transfer Table
Newnes 5 Arm Stacker, 19' x 27' 6 Strand Transfer, Mechanical, 5 Arm Hoist
12 Cartridge Stick Placer
16' x 28' 5 Strand Stacker Package Outfeed Transfer
30" x 24' 2 Strand Package Outfeed
30" x 42' 2 Strand Package Outfeed
Resaw Line
Incline Transfer
12" x 24' Infeed Belt Conveyor w/ 5HP Gear Drive
Stenner Model VHR 48 SN# C1702 48", 50HP
12" x 21' Outfeed Rollcase to 14' x 30' 5 Strand Plastic Capped Chain
L&M Package Saw, Travelling Saw
Strapack & Little General Flat Top Strappers
Weinig Moulder Line
54" x 26' Infeed Rollcase to Tilt Hoist w/ 5HP Motor & Radican
11'w x 4 Arm Tilt Hoist, 52" Arms, 4'2" High
14' x 5'6" 8 Strand Spill Deck w/ (5) Jump Chains w/ stops
14' x 7 Strand Lugged Transfer, w/ 14' x 7" Even Ending Rollcase, Double End Trim Table
Weinig 13' x 6' 9 Strand Infeed w/ (2) Holddown Rolls
Weinig Hydromat 22BL 7 Head Moulder, Controls, Jointed
8" x 12'5" Outfeed Belt Conveyor, w/ Drive
13'4" x 4'2" 5 Strand Plastic Capped Transfer
12'6" x 25' 6 Strand Plastic Capped Outfeed Transfer
(2) 7.5KW & 18.5KW Hydraulic Power Unit
Electrics: Siemens 400Amp Disconnect, (3) 60Amp, (3) 30Amp
Doucet 20HP Hydraulic Power Unit
Overhead Chain Hoist
Packaging Line
14' x 18' 5 Strand Package Infeed
52" x 27' Infeed Rollcase to Strapper
Signode MHT-80 MP44 Compression Strapper, MSS Plastic Head, S/N 9924, 10HP HPU
3' x 50' 2 Strand Outfeed to 14' x 12' 5 Strand Outfeed Transfer
Friulmac End Matcher System, Disassembled, Condition Unknown)
Robopac Model SPIOR 400HP, S/N K/N077578, 2007
Paint and Stain Line
12' x 9' Infeed Conveyor
2 Nozzle Paint Sray System, Graco King XL60-220 Portable Spray Pump
21" x 36' Rollcase to 21" x21' Rollcase, w/ (3) Pneumatic Pushers
20' x 15' 6 Strand Drying Tunnel, (8) Jump Arms, Reznor Heater and Ducting
10" x 20' Rollcase 20' x 5'3" 4 Belt Outfeed, Makor Controls
Makor FTL/HE Spray System, UV Dryer, vacuum, S/N 9010
15' x 6" Cross Transfer Table
Makor FT2/HE 15' x 15' 14 Strand Oven S/N 8714 w/ Boiler System & Fan
6" x 15' Outfeed Rollcase & Outfeed Transfer
Mako ACA Board Stacker , 15'W, 4 Belt Outfeed
2021 Renzo Brogonovo VGS97 Plaster Coating Machine, S/N 4943R, 400v
Dubois 8 Gun Spray System, Mod RSM, S/N 5021, Belt Clean System, 40' Heat Tunnel
Small RF Press General
23"x 37' Chain Infeed w/ Glue Applicator, 20" Rolls

24"x 27' Infeed w/ Pusher
 Advance 4' x 8', 8000lb Scissorlift
 RFS Protech RF Press, Model EG48x240x6, S/N 13022, DRO Readout, 50KW
 Generator

54" x 10' Rollcase Outfeed

Large RF Press

13'x 12' 4 Strand Infeed Transfer w/ SEW Eurodrive
 14'5" 5 Arm Tilt Hoist, Mechanical Drive
 20HP Hydraulic Power Unit
 14'x9'4" 5 Strand Transfer
 Weinig 14' x 5'5" 7 Flat Plastic Chain Feed Table w/ (2) Hod Down Roll, S/N 44501
 6" x 24" Flatchain Infeed w/ Apquip 859 Glue System, (2) Graco Glue Pots
 49" x 14'6" Outfeed Rollcase
 14'3" x 14'6" 5 Strand Outfeed Transfer w/ Jump Chain
 Hyssman Coolent System
 Gantry Hoist w/ (3) Glue Totes & Mixer

Finger Joint Line

60" x 10' Block Infeed Conveyor
 Western Machinery Finger Jointer Model FJW2VF20, S/N FJ-19607, Apquip Glue
 Applicator, 22' Press, Trimsaws, 575v, DRO Controls, (5) Vfd's, 20hp HPU
 8" x 24' Belt Conveyor

Slicer Line

18' x 9' 12 Belt Infeed Transfer w/ Geardrive, (2) 11" x 18 Rolls
 Fezer Type FM30 Veneer Slicer, S/N 16, 25HP, 480Y/277V
 18' x 9' Outfeed Transfer Section 12 Belt Outfeed/Merry-Go-Round, (2) 11" x 18 Rolls
 11" x 18' Rollcase Recirculation Transfer to Infeed
 11"x 15' Slicer Outfeed Incline Rough Belt Conveyor
 21' x 30' 8 Belt Dryer Accumulation Table w/ drive
 15'w Infeed Pinch Roller w/ Hydraulic Power Unit
 15' x 12' Decline Roller Transfer
 Omeco 8R 4.8 4 Tray Veneer Dryer System, (8) Section, 15' x 60' Tunnel, S/N 1/251, (8) Fans, Dro
 Touchscreen, (8) VFD's, 400AMP Disconnect, 15' x 15' Outfeed Rollers

Dry Kilns

(2) 2020 Hildebrandt Brunner Dry Kilns , Type HTR 100, 50' x 30' Each, Hildebrandt Brunner Kiln
 Controls, Stainless Boiler, Fans, Kiln Carts & Track, 6 Valve Condensate Pump & Controls

(2) 2020 Hildebrandt Brunner Dry Kilns , Type HTR 100, 50' x 30' Each, Hildebrandt Brunner Kiln
 Controls, Stainless Boiler, Fans, Kiln Carts & Track, 6 Valve Condensate Pump & Controls

2020 Hurst Natural Gas Boiler, Low Pressure, BPU-067293, Mod. SEG-500-15, 24828000BTU, DRO
 Panel, Water Treatment System

Compressors & Air Dryers

Sullair Model 5509VB AC Screw Compresso, S/N 201602030014, 125PSIG,
 Gardner Denver Electrascrew 50HP Compressor, Model ES-JAF, S/N W21682
 APPL APS-380-FP Air Dryer, S/N 20-171, 380CFM

Kilns & Boiler System

(2) Porta-Kiln Dry Kilns, 53', w/ ICS Porta-Kiln Controls, (2) Westinghouse VFD's, Kiln
 Carts, Beaver 112.5LVS Transformer, 600/480Y SN# LL4H00272643

45' N/G Dry Kiln, End Load, ICS Steamer Controls, Hurst Low Pressure Boiler, 4VT-G-80- 150
 2022 Miura LX-300sg-16 High Pressure Boiler, SN#2022S4398 CRNK8670.12560, Water Softening
 System, 10' x 32' Skid Mounted Building, W/ Electrical(Veneer Dryer)

24' Lumber Dip Tank, 2 Arm Hoist

Chop Line

48" x 20' Infeed Conveyor Belt
 21" x 10' Infeed Rollcase
 Precision 14M RH Pop Up Chop Saw, 5HP, S/N 1662
 15" x 13'8" Outfeed Rollcase w/ Stops
 12"x 24' Incline Waste Belt Conveyor, w/ Drive
 12" x 120' Rollcase

Grinding Room

Approx 350 Moulder Profile Heads
 Reform Type 51 Knife Grinder, 1500mm, S/N 6968, 16KW
 Schneenerger Type 23 Grinder
 Schneenerger Type 15 Centromat Grinder, Auto Controls
 Weinig R912 Auto Profile Grinder, S/N 912-543
 Weinig R935 Profile Grinder, S/N 935-229, w/ Scope
 Weinig R936 Profile Grinder, S/N 936-387, w/ Scope
 Weinig CMA-970 System, S/N 970-1437
 Wright Talon TF-2Circular Saw Sharpener, S/N F9702
 Wadkin Cutter Head Setup Stand
 Assorted Tooling, Spindles, Grinding Wheels
 Weinig Opti-Control Scope, Mod-970-070, S/N 96903
 Wright Talon TF-2Circular Saw Sharpener
 MVM SX80 Bandsaw Sharpener, S/N 7014/22

MVM SZ75 Bandsaw Tooth Setter,S/N 6604/21
 Asst Circular & Band Saw Blades

Mobile Shop

Canco 7.5 Ton Double Girder Crane, 48' Span
 Yale 5 Ton Crane, 18' Span

Mobile Equipment

Hitachi Log Loader 370 Forrester IFFBHJOXCO370028
 Volvo Wheel Loader L150H VCEL150HT00005470
 Ingersol Rand Portable Air Compressor 175 123275 U81 953
 Sullair Compressor 25B-150 003-77932
 Armstrong Handsaw Sharpener 54 16066
 Bench Wheel
 Powermatic Pedestal Drill 1140A 96114095
 Vollmer Saw Sharpener CF 210 524
 Accu-Sharp TFH-C Saw Sharpener Series 2
 Vollmer Saw Sharpener
 RecScieTech Saw Sharpener Rec - 14 2007--03
 Genie Work Platform PLC-30 1488-15294-5
 Babbit Pot
 Bag House
 WBM Loader Bucket
 WBM Loader Bucket
 WBM Grapple
 WBM Grapple
 Cincinnati Bickford Radial Arm Drill Press FE104 29
 WesternStar Highway Truck 5964SS 2WKRDDXH71K 968502
 CAE Mini Blast Medial Blaster PLT-5X
 Power Fist/Princess AutoMedial Blast Enclosure 8046492
 Enervac Corp Desssicant Dryer F2DB-2105-3E-D-46 23711A0995
 Horizontal Bandsaw
 Harvard Filtration Cart
 Moulder Frame
 Cyclone
 The Welding Engineering Co.Air Receiver B-755

Volvo Wheel Loader L150H VCEL150HH00005476
Hyster Forklift 120 Fortis
Sullair Compressor 25B-150 003-77933
Sullair Compressor 25S-200L 003-91474
Quincy Compressor 1000-F 200hp 910665
Hitachi Excavator ZX270LC3 1FFAST0XTA0820154
FTLNR-Sterling-Rolloff Bin Truck Chasis/Cab 2FZXKXYB5XAA49383

Electrical Equipment

Resaw PLC
Strapper Line PLC (TB-550)
Stackers 1&2 Panel
Stackers 1,2&3 200Amp Disconnect
Twin Inffed & Twin Stacker PLC

Electrical In FJ Building on Mezzanine

MCC100- Allen Bradley BUL2100 5 Section MCC, (11) Switches
MCC200- Allen Bradley BUL2100 5 Section MCC, (14) Switches
Stacker 5 MCC Panel
Acme 225KVA Transformer, 600-480/277
Dominator Dust Collection Soft Start
Stackers 1-4 MCC's
Trimsaw Waste Conveyors PLC
GE 500KVA Transformer, 600-460v
MCC300- Allen Bradley BUL2100 5 Section MCC, (17) Switches
Chopsaw 2 MCC Panel
Chopsaw 1 MCC Panel
Main MCC- System TM Chop Line, 480V
2019 Microtec PLC for Scanner, 230v
Spec Air Hansentek Baghouse Spark Detection Panel, S/N 4510

Electrics near Chop Line

Siemens 600v 400Amp Disconnect
(2) 100Amp, (1) 60 & (1) 30Amp Disconnects
Beaver 75KVA Transformer, 3ph, 600-480Y/277V
Moulder Variable Drive Cabinet (4) VFD'S
Beaver 30KVA Transformer, 480-400Y/231
MCC600 Allen Bradley BUL2100 3 Section MCC, (5) Switches
Beaver 750KVA Transformer, 600V-480V, 3PH Auto
42' Eelectrical Sea Can: MCC 500 Allen Bradley BUL2100 4 Section MCC, 1200Amp Hor. 300Amp Vert.;
MCC400 Allen Bradley BUL2100 4 Section MCC (9) Switches

Stick Line Electrics

PLC Panels w/ Stacker Variable Speed Drives
PLC Cabinet
(2) Siemens 400AMP Main Disconnects
(2) Transformers
MCCA Allen Bradley BUL2100 3 Section MCC, (9) Switches w/ Transformer
Spray Line Electrics
Beaver 112.5KVA Transformer, 480y/277V, w/ Siemens 400AMP Disconnect(Slicer Oven)
Main PVC Room:
Siemens 4000AMP PVC, 480V, w/ Siemens Main PDC Switches, (7) Switches
Yates Planer MCC- Allen Bradley BUL2100 2 Section MCC, (11) Switches
Yates VFD Panel, (4) Variable Frequency Drives

Other Equipment

Little General Flat Top Strapper

Stand with Cutter Heads
Little General Flat Top Strapper
HD Fan on Stand
Assorted Lumber Carts
17' Grey Tilt Hoist
16' Green 4 Arm Tilt Hoist
Maintenance Area Tools, Beches, Drill Press, Floor Jack
Windsor Chain Saw Sharpener
Asst Steel & Parts
42' x 84' Fabric Building, Double Girder Crosses, Concrete Blocks
(2) 42' Sea Cans
Skids of Motors & Hydraulic Units (on top of containers)
Banding Cart
(9) Moulder Heads

Dust Collection

Allied Blower 80, 150HP, 460V, 1730 RPM
13' Long Length Cyclone
60 Unit Shavings Bin w/ 8' & 5' Cyclone
60 Unit Shavings Bin
30 Unit Shavings Bin
24 Unit Shavings Bin
Absco Double Baghouse System, (2) Airlocks
Anderson 75 Blower, 250HP, 460V, 1780 RPM
11' Long Length Cyclone
60HP Blower (To Bins), 230/460V, 1175 RPM
23" X 40' Incline Waste Belt Conveyor
24 Bag Dust Collection System
30 Bag Dust Collection System
10' Long Lenth Cyclone
Pacific Blower, Mod 80, 200HP, 575V, 1780RPM, New Bearings
Torit Airlock
4' Unscrambler
NY Blower Fan

Truck Shop

Tool Room- Hydraulics, Bolt Bins, Parts, Chain, Etc.
Aeroquip Procrimp 1380 w/ Tooling
Parts Room: Firehose, Parts, Vises, Benches,
Lincoln DC-600 Welder
Dump Bin
Parts Washer
Oil Tank
Propane Tank Cage
Devilbiss 15HP Compressor, 575v
Kohler 6.6HP Pressure Washer
Asst Chains w/ Hooks
Asst Jerry Cans
Hydraulic oil

Yard Area

7' Sea Can & Contents
14' Cyclone
18' x 18' Sawdust Chamber
Challenger Grinder (Parts)
Newnes TA-20 RH198 24' Trimmer, s/n 87372.KA, 12 Strand Lugged Transfer, 20 Saws
Northern Steel Fuel Yank & Pump
Koetter Dry Kiln, Mod. 10.232, 25' Side Load

(2) 40' Sea Cans

Asst. Scrap, Steel, Catwalk, Conveyors, Transfer Decks

2019 Conception Short Block Feed 14' Turn Table, (1) Brush Head, (1) Rubber Wheel, Mod. 9291DM, S/N J174611-0

(4) Wacker Neusen Heaters (Condition Unknown)

4'3" Cyclone w/ Stand

(3) Pieces of Steel I-Beam

6' x 34' 8 Strand Transfer, UHMW Lined, No Chain, w/ Motor & Reducer

Newnes 8 Cartridge Stick Blacer, 21' Long

75HP Blower

12' x 4' 6 Strand Bar Type Unscrambler

21' x 5' 7 Strand Lug Loader

5' x 18' Even Ending Spiraled Rollcase, w/ Side Belt

10'6" Long Length Cyclone, 28'L, 36" w/ Stand

Nelson Size 600 Blower, 150HP, 460V, 1475RPM

(2) 16' Transfers, Rollcase

(2) Hydraulic Power Units

Lumber Stacker, 4 Arm, 13'3"w x 15' 5 Strand, 5 Arm Hoist, Mechanical

8'4" Long Length Cyclone

8'6" Long Length Cyclone

8'6" Long Length Cyclone

Asst Blower Pipe

10'4" Long Length Cyclone

Heavy Duty Cantalever Racking, (7) Uprights, (14) Crosses, (60) Arms

Kiln Stick Inventory: Approx. 78 Bundles of 4' x 1.5" Sticks

(5) Stick Racks

Blue Dump Bin

34" x 75' Belt Conveyor w/ 7.5HP Motor & Radicon

(2) 24" x 19' Chevron Belt Conveyors (not Motors)

43" x 15' Incline Belt Conveyor w/ Gear Drive

(2) Strick Racks & Dump Bin

(4) 24' Kiln Carts

Gross Wood Waste Grinder, 50HP, 460V

Brown Building

RES 5' x 10' Press

Italpresse SCF/8 Hot Press, 51" x 10'10"

RES FR Press

Cantek CANH-400PB Horizontal Resaw, 30HP, 575V, S/n B14-266

Cantek CANHR-400PB Horizontal Resaw, 30HP, 575V, S/n B140267

2008 ARPAC MODEL TS833CF SHRINK WRAP SYSTEM, S/N 10204; 18" X 18' INFEED BELT CONVEYOR W/ GEAR DRIVE, WRAP DISPENSERS & RACKS, POWER OUTFEED ROLLCASE, 16" X 9'; 2008 ARPAC MPD1222120 12' HEAT TUNNEL; S/N 11064, POWER ROLLCASE, 12" X 10'; AIR OPERATED PUSH OFF BAR TO DECLINE
4 RUN TIPPLE ROLL TRANSFER W/ BOTTOM STOP; C/W OUTFEED ROLLS VFD

Air Dryer

2002 ARPAC GREAT LAKES TS37 NE SHRINK WRAP SYSTEM, S/N 4815; CONTINUOUS MOTION ADJUSTABLE SIDE SEAL WRAPPER W/ SHANKLIN T-72 FREE STANDING HEAT TUNNEL; 5 RUN LATERAL INFEED TRANSFER, RUBBER RUNS ON STEEL FRAME; 12" X 17' BELT INFEED CONVEYOR; BRAKED; (2) 12" X 10' POWER ROLLCASES; AIR OP. PUSHOFF BAR TO DECLINE TIPPLE ROLL WITH BOTTOM STOP; 460V; INVOICE COST CAD \$127,672; W/ VARIABLE FREQUENCY DRIVE

Asst Motors, Reducers, Etc

Rex Transformer

(20 Pallets of shrink Wrap

SCHEDULE B
REAL PROPERTY

Municipal Addresses:

1. 5105 Nuupts' Ikapis Way, Port Alberni, BC
2. Stamp Ave, Port Alberni, British Columbia

Legal Description of the Lands:

3. PID: 031-823-670, PARCEL A (BEING CONSOLIDATION OF THE LOTS 1 AND 2, SEE CB280610) DISTRICT LOT 1 ALBERNI DISTRICT AND PART OF THE BED OF THE PUBLIC HARBOUR OF ALBERNI PLAN EPP84367
4. PID: 030-612-659, LOT 3 DISTRICT LOT 1 ALBERNI DISTRICT AND PART OF THE BED OF THE PUBLIC HARBOUR OF ALBERNI PLAN EPP84367

SCHEDULE C

SISP ORDER

See attached.

SCHEDULE D
ALLOCATION OF PURCHASE PRICE

Asset Type	Amount (CAD\$)
Owned Equipment	<div></div>
Real Property	
Other Assets	
Total:	

SCHEDULE E

PERMITTED ENCUMBRANCES

Subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities to Real Property.

APPENDIX "F"
Langley Plant APA (Redacted)

ASSET PURCHASE AGREEMENT

This asset purchase agreement is entered into as of May 31, 2025

BETWEEN:

DELOITTE RESTRUCTURING INC. (the "**Monitor**"), in its capacity as Court appointed monitor of **AXON LUMBER LTD.** and **SAN INDUSTRIES LTD.** (together, the "**Company**"), and not in its personal or corporate capacity, as vendor (the "**Vendor**")

- and -

CEDARLINE INDUSTRIES LTD., a company incorporated under the laws of British Columbia, having its registered office at 6578 144th Street, Surrey, British Columbia, V3W 5R4, as purchaser (the "**Purchaser**")

WHEREAS:

A. Pursuant to the Initial Order of the Supreme Court of British Columbia (the "**Court**") issued November 29, 2024 (the "**Filing Date**"), amended and restated December 9, 2024 and subsequently amended and restated December 19, 2024 (as amended, the "**SARIO**"), the Monitor was appointed as monitor of the Company with certain enhanced powers pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the "**CCAA**" and the "**CCAA Proceedings**").

B. Pursuant to the SISP Order of the Court issued January 16, 2025 (the "**SISP Order**"), the sale process attached hereto as **Schedule C** (the "**Sale Process**") was approved by the Court.

C. Pursuant to the Sale Process and the SISP Order, the Vendor desires to sell and assign to the Purchaser and the Purchaser desires to purchase and assume from the Vendor, all of the Purchased Assets (as defined herein) in accordance with the terms of this Agreement and the Approval and Vesting Order.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

"**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to "**control**" another Person if such Person possesses, directly or indirectly, the power to

direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term **"controlled"** shall have a similar meaning.

"Agreement" means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof.

"Applicable Law" means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

"Approval and Vesting Order" means an order by the Court, in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably, among other things: (i) approving and authorizing this Agreement and the Transaction and (ii) vesting all right, title and interest in and to the Purchased Assets to the Purchaser on Closing free and clear of all Taxes payable by the Company, other interests, Claims, Liabilities, liens, charges, and encumbrances other than the Assumed Liabilities and the Permitted Encumbrances.

"Assumed Liabilities" means Liabilities arising under the Permitted Encumbrances.

"Authorization" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs or from any Person in connection with any easements, contractual rights or other matters.

"Books and Records" means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Company relating to the Purchased Assets.

"Business" means the business carried on by the Company at or on the Real Property as of the Filing Date.

"Business Day" means a day on which banks are open for business in the Province of British Columbia, but does not include a Saturday, Sunday or statutory holiday in the Province of British Columbia.

"CCAA" has the meaning set out in the recitals hereto.

"CCAA Proceedings" has the meaning set out in the recitals hereto.

"Chattels" means all chattels, appliances, tools, equipment, furniture and other tangible personal property located, incorporated or situated in or upon the Real Property as of the date hereof and owned by the Company and used solely or primarily in connection with

the use or operation of the Real Property, including, without limitation the Equipment, provided, for greater certainty, that the Chattels and the Purchased Assets shall not include any technological equipment, such as servers, desktop computers or laptops, located on the Real Property used for accounting, human resources systems, administration or similar functions related to the operation of the Business, but do include any computer equipment that operates machinery.

"Claims" means any and all demands, claims, liabilities, actions, causes of action, counterclaims, expenses, costs, damages, losses, suits, debts, sums of money, refunds, accounts, indebtedness, rights of recovery, rights of set-off, rights of recoupment, and liens of whatever nature (whether direct or indirect, absolute or contingent, asserted or unasserted, secured or unsecured, matured or not yet matured, due or to become due, accrued or unaccrued, or liquidated or unliquidated), and including all costs, fees, and expenses relating thereto.

"Closing" means the closing and consummation of the Transaction.

"Closing Date" means the Twenty-Two (22) Business Days following the Approval and Vesting Order, unless otherwise agreed by the Parties in writing.

"Closing Effective Time" means 12:01 a.m. (Vancouver time) on the Closing Date, or such other time as the Parties may agree to in writing.

"Company" has the meaning set out in the preamble hereto.

"Contracts" means any written legally binding contract, agreement, instrument, commitment or undertaking of any nature (including leases, subleases, licenses, mortgages, notes, guarantees, sublicenses, subcontracts, letters of intent and purchase orders), including all amendments, supplements, exhibits and schedules thereto to which any Company is a party.

"Court" has the meaning set out in the recitals hereto.

"Deposit" has the meaning ascribed to that term in Section 3.2.

"Deposit Agreement" means the deposit agreement entered into on or prior to April 30, 2025 between the Purchaser and the Vendor.

"Equipment" means the equipment identified in **Schedule A**.

"Excise Tax Act" means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

"Excluded Assets" means all of the properties, rights, assets and undertakings of the Company not forming the Purchased Assets, which Excluded Assets include, without limitation, any accounts receivable, refunds and receivables in respect of Taxes and Transfer Taxes, and lumber inventory owned by or owing to the Company.

"Filing Date" means November 29, 2024.

"General Conveyance" means one or more general conveyances evidencing the conveyance to the Purchaser of the Company's interest in and to the Purchased Assets, in form and substance satisfactory to the Parties, acting reasonably.

"Governmental Authority" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"GST/HST" means all goods and services tax imposed under Part IX of the *Excise Tax Act*.

"Income Tax Act" means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

"Liability" or "Liabilities" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"Organizational Documents" means any certificate or articles of incorporation or amalgamation, notice of articles, articles, bylaws, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"Outside Date" means 11:59 pm (Vancouver time) on July 31, 2025, or such later date and time as the Vendor and the Purchaser may agree to in writing.

"Parties" means the Vendor and the Purchaser.

"Permitted Encumbrances" means the encumbrances listed on **Schedule E** attached hereto.

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"Purchase Price" has the meaning set out in Section 3.1.

"Purchased Assets" has the meaning set out in Section 2.1.

"Purchaser" has the meaning set out in the preamble hereto.

"Purchaser Authorized Parties" has the meaning set out in Section 10.3.

"Real Property" means the lands identified on **Schedule B** and all buildings, structures and improvements thereon.

"Sale Process" has the meaning set out in the recitals hereto.

"SISP Order" has the meaning set out in the recitals hereto.

"Taxes" means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties, but excluding arrears of property taxes due and payable with respect to the Real Property.

"Transaction" means the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser shall acquire the Purchased Assets.

"Transfer Taxes" means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including GST/HST.

"Vendor" has the meaning set out in the preamble hereto.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section", "Article" or reference to another subdivision followed by a number mean and refer to the specified Section, Article or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings and the term "third party" means any other Person other than the Vendor or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian dollars, unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following schedules are attached hereto and incorporated in and form part of this Agreement:

SCHEDULES

- Schedule A** - Equipment
- Schedule B** - Real Property
- Schedule C** - SISP Order and Sale Process
- Schedule D** - Allocation of Purchase Price
- Schedule E** - Permitted Encumbrances

Unless the context otherwise requires, words and expressions defined in this Agreement shall have the same meanings in the Schedules and the interpretation provisions set out in this Agreement shall apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchase and Sale of Purchased Assets

At the Closing, subject to the terms and conditions set forth in this Agreement, the Vendor shall sell, assign, transfer and convey to the Purchaser, and the Purchaser shall purchase, acquire and assume from the Vendor, the following property and assets (collectively, the **"Purchased Assets"**):

- (a) the Real Property and Chattels; and
- (b) the Equipment as set forth on **Schedule "A"** attached hereto.

2.2 Excluded Assets

Notwithstanding Section 2.1, the Purchased Assets shall not include the Excluded Assets or any Contracts relating to the operation of the Business, and nothing herein shall be deemed to sell,

transfer, assign or convey the Excluded Assets or any Contracts relating to the operation of the Business.

2.3 Transfer of Purchased Assets and Assumption of Liabilities

Provided that Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, legal and beneficial ownership of the Purchased Assets shall transfer from the Company to the Purchaser on the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfill all of the Assumed Liabilities.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price for the Purchased Assets shall be [REDACTED] (the "Purchase Price") and shall be inclusive of the Deposit. The Purchase Price shall be paid on the Closing Date, in full, by wire transfer of immediately available funds to an account designated by the Vendor. The Parties agree that the Purchase Price shall be allocated among the Purchased Assets in the manner set forth on **Schedule D** attached hereto. If requested by the Vendor, the Purchaser shall provide the Vendor with a detailed allocation of the Purchase Price between individual assets for any of the categories set forth on **Schedule D** attached hereto. If requested by the Vendor, the Purchaser shall provide the Vendor with a detailed allocation of the Purchase Price between individual assets for any of the categories set forth on **Schedule D** attached hereto.

3.2 Payment of Deposit and Satisfaction of Purchase Price

(a) The Parties acknowledge that:

- (i) within 48 hours following the signature of this Agreement by both Parties, the Purchaser will pay to the Vendor, by wire transfer of immediately available funds to one or more accounts designated in writing by the Vendor, the amount of [REDACTED] (the "Deposit");
- (ii) the Deposit shall be held in trust by the Vendor in an interest bearing account; and
- (iii) the Deposit shall be held and administered by the Vendor in accordance with the terms and conditions of this Agreement (including this Section 3.2) or the Deposit Agreement if the Purchaser is not the "Successful Bidder" as defined in the SISP Order.

(b) At Closing, the Purchase Price shall be paid and satisfied as follows:

- (i) as to the amount of the Deposit, the Vendor shall apply the Deposit against the amount of the Purchase Price for the account of the Purchaser; and

- (ii) as to the balance of the Purchase Price, the Purchaser shall pay such amount by wire transfer of immediately available funds to one or more accounts designated in writing by the Vendor.
- (c) If this Agreement is terminated:
 - (i) (A) pursuant to Section 9.1(a) by mutual agreement of the Parties; (B) pursuant to Section 9.1(b) or 9.1(c) by the Purchaser; (C) pursuant to Section 7.1(c) or 9.1(e) by the Vendor; or (D) for any other reason other than as contemplated under Section 3.2(c)(ii); then the Deposit and accrued interest shall be returned to the Purchaser; or
 - (ii) pursuant to Section 9.1(d) by the Vendor, the full amount of the Deposit and accrued interest shall be forfeited by the Purchaser to the Vendor,

and, in the event of termination of this Agreement under Section 3.2(c)(ii) pursuant to which the Vendor shall be entitled to retain the Deposit, the Parties agree that the amount of the Deposit, constitutes a genuine pre estimate of liquidated damages representing the Vendor's losses as a result of Closing not occurring and agree that the Vendor shall not be entitled to recover from the Purchaser any amounts that are in excess of the Deposit as a result of Closing not occurring. The Purchaser hereby waives any claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre estimate of the Vendor's damages.

3.3 Transfer Taxes

The Parties agree that:

- (a) The Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay any and all Transfer Taxes, if any, pertaining to the Purchaser's acquisition of the Purchased Assets.
- (b) Where the Vendor is required under Applicable Law to collect or pay Transfer Taxes, the Purchaser shall pay the amount of such Transfer Taxes to the Vendor on the Closing Date. The Vendor shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due.
- (c) The Purchaser submits that it is a GST/HST registrant for purposes of the Excise Tax Act and has been assigned the GST/HST account number 81951 3144 RT0001 and as such, that in accordance with subsection 221(2) of the Excise Tax Act, the Vendor will not collect GST in respect of the sale of the Real Property. The Purchaser hereby agrees that it will self-assess the GST applicable to the acquisition of the Real Property as required by the Excise Tax Act.
- (d) Except where the Vendor is required under Applicable Law to collect or pay such Transfer Taxes, the Purchaser shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due. The Vendor shall do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in a

timely manner. If the Vendor is required under Applicable Law to pay any such Transfer Taxes which are not paid by the Purchaser on the Closing Date, the Purchaser shall promptly reimburse such Vendor the full amount of such Transfer Taxes upon delivery to the Purchaser of copies of receipts showing payment of such Transfer Taxes.

- (e) The Purchaser shall indemnify the Vendor for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that the Vendor may pay or for which the Vendor may become liable as a result of any failure by the Purchaser to pay or remit such Transfer Taxes.

3.4 Property Taxes

The Purchaser shall assume and pay all property taxes and utilities related to the Real Property from, and including, the Closing Date. The Vendor shall be responsible for and shall pay all property taxes and utilities related to the Real Property prior to the Closing Date.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Date as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) CCAA Proceedings. The SISP Order and Approval and Vesting Order remain in full force and effect.
- (b) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order, the Vendor does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any Representations and Warranties of the Purchaser.

The Purchaser hereby represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Date, and acknowledges that the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (c) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the laws of the Province of British Columbia, is in good standing under its governing statute and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (d) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (e) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation

of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.

- (f) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (g) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (h) No Consents or Authorizations. Subject only to (i) obtaining the Approval and Vesting Order, the Purchaser does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.
- (i) Residency. The Purchaser is not a "non-resident" for purposes of the *Income Tax Act*.

4.2 As is, Where is

The representations and warranties of the Vendor shall merge on Closing and shall thereafter be of no further force and effect. Despite any other provision of this Agreement, the Purchaser expressly acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis. No representation, warranty or condition is express or can be implied as to description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets. Without limiting the generality of the foregoing any and all conditions, warranties or representations expressed or implied pursuant to applicable sale of goods legislation or other similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Agreement are for purpose of identification only and, no representation, warranty or condition has or shall be given by the Vendor concerning completeness or accuracy of such descriptions.

ARTICLE 5 COVENANTS

5.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

5.2 Application for Approval and Vesting Order

As soon as practicable, the Vendor shall take all reasonable steps to seek to obtain the Approval and Vesting Order.

5.3 Insurance Matters

Until Closing, the Vendor shall use commercially reasonable efforts to keep in full force and effect all existing insurance policies of the Company.

5.4 Books and Records

The Vendor will use commercially reasonable efforts to deliver the Books and Records that relate to the Purchased Assets (to the extent in the possession and control of the Vendor) to the Purchaser following the Closing Date.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Effective Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

6.2 Vendor's Closing Deliveries

At or before the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) the General Conveyance, duly executed by the Vendor;
- (c) the Purchased Assets;
- (d) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true and correct in all respects as of the Closing Date, with the same effect as though made at and as of the Closing Date, and that the Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Date; and
- (e) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

6.3 Purchaser's Closing Deliveries

At or before the Closing Date, the Purchaser shall deliver or cause to be delivered to the Vendor, the following:

- (a) payment of the Purchase Price, net of the Deposit and accrued interest;
- (b) payment of all Transfer Taxes (if any) payable on Closing to the Vendor (or evidence of payment by the Purchaser thereof to the relevant Governmental Authorities) in accordance with Section 3.3;
- (c) all tax elections contemplated by Section 3.3, duly executed by the Purchaser;

- (d) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all respects as of the Closing Date, with the same effect as though made at and as of the Closing Date, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Date; and
- (e) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 7 INSOLVENCY PROVISIONS

7.1 Court Orders and Related Matters

- (a) Closing is expressly subject to the approval of the Court, and all such other modifications, variations and orders of the Court, as may be applicable, and shall only occur after the Approval and Vesting Order has been granted by the Court approving this Agreement.
- (b) The Purchaser acknowledges and agrees that:
 - (i) at all times prior to Closing, the Vendor is subject to the jurisdiction and discretion of the Court to entertain other offers and to abide by any further orders the Court may make regarding the Purchased Assets and the SISP Order;
 - (ii) the Vendor may choose to advocate, or the Vendor may be compelled to advocate, that the Court consider other offers to obtain the highest price for the Purchased Assets, and, in this regard, the Vendor gives no undertaking or commitment to the Purchaser to advocate or otherwise express support for the acceptance of this Agreement;
 - (iii) it has been advised by the Vendor that, in order to protect its interests, the Purchaser should retain legal counsel to appear at the hearing of the application for the Approval and Vesting Order, including to make an amended or further offer for the Purchased Assets should that prove necessary; and
 - (iv) until the Approval and Vesting Order is granted, the Vendor is at liberty to deal with any and all other prospective purchasers of the Purchased Assets.
- (c) This Agreement shall be terminated if, at any time before the Court issues the Approval and Vesting Order:
 - (i) the Vendor gives the Purchaser written notice that the Vendor has determined, in its sole discretion:
 - (a) that it is inadvisable to present this Agreement to the Court; or

- (b) to withdraw such Agreement from the Court prior to any determination by the Court regarding its approval; or
- (ii) any order of the Court (or other court of competent jurisdiction) renders the completion impossible or the Vendor is restrained or enjoined or otherwise prevented from completing the sale,

and, following such termination, the Parties shall have no further obligations or liability to each other under this Agreement other than the obligation of the Vendor to return the Deposit to the Purchaser.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated; and
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Vendor's Deliverables. The Vendor shall have (i) delivered or conveyed, or caused to have been delivered or conveyed, to the Purchaser all of the Purchased Assets; and (ii) executed and delivered or caused to have been executed and delivered to the Purchaser all the documents contemplated in Section 6.2.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 4.1 shall be true and correct in all respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Vendor shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Vendors on or before the Closing.

- (d) No Damage or Destruction. The Purchased Assets shall be free of material loss or destruction by fire or other insurable casualty.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If the conditions set out in this Section 8.2 are not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement whereupon the Deposit and accrued interest shall be returned to the Purchaser.

8.3 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing all the documents and payments contemplated in Section 6.3.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Article 4 shall be true and correct in all respects: (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 8.3 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Vendor may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor and the Purchaser;
- (b) by the Purchaser, upon written notice to the Vendor, if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 8.2 impossible by the Outside Date; or (ii) if such breach is curable, the Purchaser has provided prior written notice of such breach to the Vendor, and such breach has not been cured within five (5) days (or, if not curable

within five (5) days, such longer period as is reasonable under the circumstances, not to exceed fifteen (15) days) following the date upon which the Vendor received such notice;

- (c) by the Purchaser, upon written notice to the Vendor, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Purchaser's breach of this Agreement;
- (d) by the Vendor, upon written notice to the Purchaser, if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 8.3 impossible by the Outside Date; or (ii) if such breach is curable, the Vendor has provided prior written notice of such breach to the Purchaser, and such breach has not been cured within five (5) days (or, if not curable within five (5) days, such longer period as is reasonable under the circumstances, not to exceed fifteen (15) days) following the date upon which the Purchaser received such notice; or
- (e) by the Vendor, upon written notice to the Purchaser, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the breach of this Agreement by the Vendor.

9.2 Effect of Termination

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement shall terminate and no Party shall have any Liability or further obligations hereunder, save and except the Deposit which shall be dealt with in accordance with Section 3.2 hereof.

ARTICLE 10 GENERAL

10.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of British Columbia therefrom.

10.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

Cedarline Industries Ltd.





(b) in the case of the Vendor, as follows:

Deloitte Restructuring Inc.
410 West Georgia Street
Vancouver, BC V6B 0S7

Attention: Jeff Keeble and Kaleb Butt
Email: jkeeble@deloitte.ca and kbutt@deloitte.ca

with a copy to:

Blake, Cassels & Graydon LLP
1133 Melville Street
Suite 3500, The Stack
Vancouver, BC V6E 4E5

Attention: Peter Rubin and Claire Hildebrand
Email: peter.rubin@blakes.com and claire.hildebrand@blakes.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Vancouver time) on a Business Day, shall be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Vancouver time) on a Business Day, shall be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.3 Public Disclosure

The Vendor shall be entitled to disclose this Agreement to the Court and parties with an interest in the Sale Process and as otherwise necessary to obtain the Approval and Vesting Order. The Purchaser acknowledges and agrees that any information provided to the Purchaser with respect

to this Agreement or the transactions contemplated herein shall be kept confidential by the Purchaser and not disclosed to any third party, except the Purchaser's directors, officers, employees, agents or advisors, including lawyers, accountants, consultants, bankers and financial advisors (the "**Purchaser Authorized Parties**") for the purpose of carrying out the intent of this Agreement. The Purchaser will instruct the Purchaser Authorized Parties to comply with the provisions of this Section 10.3 and the Purchaser will be responsible for any breach of this Section 10.3 by a Purchaser Authorized Party.

10.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.5 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing. The covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

10.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

10.7 Entire Agreement

This Agreement, the Schedules attached hereto and any application provisions of the SISP Order, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

10.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with the transactions contemplated by this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.9 Assignment

Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.

10.10 Further Assurances

Each of the Parties shall (including following Closing), take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances,

transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement and the transactions contemplated herein.

10.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be an original, and all of which taken together will constitute one and the same agreement. An electronically or digitally signed counterpart of this Agreement using DocuSign or any other electronic or digital form of execution will have the same force and effect as a manually signed counterpart. Delivery of an executed counterpart of this Agreement by electronic means, including by facsimile transmission or by electronic delivery in portable document format (".pdf"), will be equally effective as delivery of an originally or manually executed counterpart.

10.12 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.


10.13 Monitor's Capacity

In addition to all of the protections granted to the Vendor under the CCAA or any order of the Court in the CCAA Proceedings, the Purchaser acknowledges and agrees that the Vendor, acting in its capacity as monitor in respect of the Company and not in its personal or corporate capacity, shall have no liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as monitor.


[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

DELOITTE RESTRUCTURING INC. in its capacity as Court appointed monitor of **AXON LUMBER LTD.** and **SAN INDUSTRIES LTD.**, and not in its personal or corporate capacity

Per: 
Name: Jeff Keeble
Title: Senior Vice President

CEDARLINE INDUSTRIES LTD.

Per: 
Name: Rashpal Sidhu
Title: Director

[Signature Page to Asset Purchase Agreement]

SCHEDULE A

EQUIPMENT

Mill equipment

MOULDER LINE

14'3" x 14'8" 4 Strand Package Infeed w/ Motor & Reducer
14' 4 Arm Tilt Hoist, Mechanical Driub, 64" Posts, 51.5" Arms
14' x 12" 5 Strand Landing Table w/ 5 HP Motor & Reducer, Steel Drop Slide
14' x 6' 6 Strand Transfer w/ 3 Jump Chains, board stops
14' x 8'5" 6 Strand Lugged Infeed Transfer
Mid Oregon Lateral Chain Infeed x 5, Pineapple Roll & Knurled Hold Down, Plastic Chain, Control Arm, Mod.
LCF-8N-440-HP-LV, s/n 1996036-33790
Weinig H22-BL 6 Head Moulder, 230/460V Jointed, Control Panel, Speed Control
Spare Parts, Rollers
15" x 30' Moulder Outfeed Rollcase w/ Fence, 3 Cross Chains w/ Pneumatic Pusher w/ Drive x 6'9" 6 Belt
Transfer, 3" Belts
Asst. Footpedals (5)
14' x 30' 7 Belt Outfeed Transfer, 6" Belts, w/ 5HP Motor & Reducer
(2) Little General Flat Top Strapper
Weinig Main Panel, 480V, Weinig Panel A., Weinig HPU
Little General Strapper
Maggi Radial Arm Saw, Junior 460
15HP Hydraulic Power Unit, 460V (For Moulder Infeed)

RESAW LINE ENTRY (OFF MOULDER OUTFEED)

22" x 90" Belt Conveyor w/ Drive
17'4" x 8' 6 Strand H78B Chain Transfer w/ Motor & Reducer
15' x 13' 5 Belt Incline Transfer w/ Drive, 4" Belts
Line Bar Infeed, 12" x 24', Turner Vertical Resaw K593 (48 or 52) Hyd. Feedworks, 60HP, 2
44" x 8' Conveyor w/ Motor (No Belt)
20HP Hydraulic Power Unit
Asst. Electrics on Wall, Resaw 200AMP, 480V, Dongan 30KVA, 480-4801/230V, 3PH
Transformer, Disconnects, Panels
40HP Blower
75HP Blower 190/380v
4 x 8 Scissorlift on Lumber Cart
6" x 25' Producto Infeed, Producto Circular Resaw Mod. 80 S/N 0200801-D, Hydraulic
10HP HPU, 230/460V, w/ Heat Exchange
42" x 24' Wide Belt Conveyor w/ Hydraulic Drive
Custom Dog Ear Fencing Machine, (2) Saws, 1.5HP, 208/230/460V
5HP HPU
32" x 18' Outfeed Belt Conveyor w/ Motor & Reducer
Asst. MCC's, 9 Section Square D, 3 Section
(2) Pallets of Spare Motors
Shi The Double End Tenoner
(2) Lumber Carts
Electrics, Disconnects
20HP Gardner Denver Compressor
CP Air Dryer
20HP Gardner Denver Compressor
4' x 27' 2 Strand Package Infeed w/ Trolley
(2) Precision Chopsaws R & L Hand, w/ Infeed Rolls & Outfeeds w/ Stops
35" x 40 Outfeed Belt Conveyor
35" x 32 Outfeed Belt Conveyor w/ Motor & Reducer
Leader Mac C230-6 Moulder (Condition Unknown)

Dump Bin
(2) AEM Drum Sanders

ELECTRICAL ROOM

Cutler Hammer 400 AMP Main
FPE 1200AMP Main Disconnect, 480V, 3 Section
Asst. Disconnects 30 - 800AMP
Hammond 75 KVA Transformer, 480-208/120V
New Lights
New Variable Frequency Drives
(2) Mitsubishi 40HP VFD's
Asst. Mill Electrical
(5) Pallets of Bearings, Pullys, Pillow Blocks
CRS 2 Ton Hoist, Electric
40' Container w/ Spray System
Stetson Ross 6-12A2 Planer, 15", 10 Knife
Mobil Oil Tank
Steel Hopper Bin
(4) Lumber Wrap Stands
IR Screw Compressor
Charly Robot Profile CNC, X, Y, Z, Charly-4U
Zebra 2T230 Labeler
Zebra 2T230 Labeler
Banding Cart
50' Container
Contents of Motors
Polychem SV-5000C Auto Strapper
20' Container
Asst. Moulder Heads, Set Up Stand
New Plastic Table Top Chain
New Boxes T-50 3/8" Hammer Tacker Staples, Approx 40 Boxes
New Signode Strapping
04 Dimpter Opti Cut 200 Opti Chop Line, Infeed Belt & Outfeed Belt w/ (4) Pneumatic Kickers, S/N 1853.10, 460V
Saw Filing Container 40'
Weinig Rondamat R936 Profile Grinder, S/N 936-278 w/ Scope
Weinig Rondamat R912 Profile Grinder, S/N 912-433, Auto Controls
Asst. Knife Profiles
Approx. (70) Moulder Heads, 2" - 9", Some Hydrolock
Set-up Stand
Bench & Grinder
Spindles
Knife Steel
Asst. Saw Blades
Tooling & Grinding Stones
(2) Dollies
Parts Washer
99" x 27' Power Rollcase w/ Motor & Reducer
Oneida Dust System
30 Unit Shavings Bin w/ 5' Cyclone
L-M Equipment Package Saw, 30' Package Dock, 15HP, 460V Arc Style
Parts & Maintenance Shop
Fromm Pneumatic Strapper
Fromm Battery Strapper
Signode Battery Strapper
Repair Shop Tools
Lincoln SP-180T
King Nova Voyager Drill Press

RESAW LINE

1392-0732-8279.2

15' x 16' 4 Strand Package Infeed to, 16' 4 Arm Tilt Hoist, Hydraulic Drive

12" x 21' Stick Belt w/ Motor & Reducer

16' x 11'4" 6 Strand Landing Table w/ Drive

20' Line Bar Resaw Infeed w/ Powered Rollcase

Turner R709 Vertical Resaw Hyd. Feedworks, Twin Band

5HP Allied Blower

24" x 30' Resaw Outfeed Rollcase w/ 4 Arm Board Kicker

12'6" x 40' 4 Strand Outfeed Chain, H78B Chain, w/ Motor & Reducer

(5) 14' Lumber Rolloffs

5HP HPU

Electrical on Wall

5HP HPU

PLANER LINE

20' X 21' 5 Strand Package Infeed w/ Motor & Reducer

24' 4 Arm Tilt Hoist w/ 20HP Hydraulic Unit

20' x 22' 6 Strand Infeed Transfer w/ Drive

30" x 28' Planer Infeed Rollcase w/ (6) Smooth Rolls, (2) Spiral Rolls, Pineapple Roll & Knurled Rolls, Planer Bridge, (4) Roll Chipping Head

Stetson Ross 6-12-A Planer, 20", 12 Knife, Ripping Head

(10) Spare Heads

4 Bolt Cartridge w/ Ripping Blade

(7) Tapered Side Heads

20" x 5' Outfeed Rollcase

25" x 3' Outfeed Rollcase

30" x 5' Belt Conveyor

SHARPENING ROOM

Stetson Ross 372 Side Head Grinder

Reform AR15 Flat Knife Grinder, 1520MM, 460V, Magnetic Bed

(4) Cartridges, (3) 4 Bolt, (1) 2 Bolt

(5) Pairs of Side Heads

Disston Hendrick Setup Stand

Asst. Planer Room Parts

Tool Chest

Spray System Container

Anti Stain Spray Box

16' x 25' 7 Strand H78B Landing Table w/ Drive

16' x 21' 7 Strand Transfer to Salem 9 Head Over head Trim Saw, Lugged Chain Transfer, 7.5 HP Arbor Saws

16" x 24' Waste Conveyor

18' x 102' 6 Strand Roller Green Chain w/ Drive

21' 5 Strand Incline Transfer

18' x 12' 5 Arm Lumber Stacker, 8 Arm Package Hoist

(13) 14' Lumber Rolloffs

AB BUL 2100 4 Section MCC, 20 Switches (1) UFD

50HP Cantek SYC-300M Scroll Ripsaw, S/N 094706

Marathon 6042 - XLP Baler S/N 71813

ELECTRICAL ROOM

AB BUL 2100 8 Section MCC 800/300 AMP, 34 Switches

AB BUL 2100 2 Section MCC, 8 Switches

Slow Down Belt Variable Frequency Drive

Blower Starter Panel

Resaw PLC Cabinet

Planer Feed VFD Cabinet

Asst. Disconnects

17' x 21' Package Outfeed Transfer

52" x 21' Package Rollcase w/ 5HP Motor & Reducer

52" x 40' Package Rollcase w/ End Guillotene Bump w/ 13' x 24' 4 Strand Package Re-Entry

ACME Package Compression Strapper, Samuel Plastic Head, VK30 Conv. S/N A-2047, 480V, Control Console, Edge Protector, Auto Dunnage, Guillotene Gate, 36" x 60' 2 Strand Package Outfeed w/ 3HP Motor & Reducer w/ 4 Sets of Jump Skate Rolls, 15' x 18' 4 Strand Package Outfeed w/ Motor & Reducer, HPU

Paper Wrap Overhead System

Fromm Battery Powered Strapper

Container Load Forklift Attachment

Precision 18M LH Pop Up Saw

TRIM LINE

36" x 60' Waste Belt Conveyor

16' x 18' 7 Strand Landing Table

16' x 8' 6 Strand Transfer w/ Stops

40' x 18' 11 Strand Valley Trimmer, (2) Zero Saws, 6' Saw, 60" Even Ending Rolls, UHMW Lined, Lugged

12" x 36' Chevron Waste Belt w/ Drive

35" x 40' Chevron Waste Belt (under Trimmer)

36" x 85' Waste Belt Conveyor w/ Drive

42" x 35' Incline Chevron Waste Belt w/ Drive

18' x 45' 6 Strand Transfer

13'6" x 120' Green Chain 5 Strand, Plastic Capped Chain w/ Motor & Reducer, Side Rolls

(7) 20' Rolloffs

(12) 16' Rolloffs

(6) 20' w/ Wood Deck

(4) 14' Rolloffs

(2) 2' Rolloffs

4 Section MCC, 10 Switch

Blower

(3) Sawdust Bins, 30 Unit, (1) 10' Cyclone

Stenner 36" Resaw, 18.5KW, 230/460V

(5) Waste Bins

2021 Tidy Tank Fuel Tank w/ Fill Rite Pump, 2140L

(2) 53' Porta Kilns, IC5 Porta Kiln Controls, VFDS Raypak HI Delta Boiler Computer, Moisture Meters

Sullair 12BG-50L ACAC Screw Compressor 12-50, 71, 499 Hrs.

Sullivan Pallatek Air Dryer

Air Tank

Baker Model A Horizontal Resaw

Waste Bin

Fence Panel Assembly Tools, Mitre Saw, Nailers (2) Comp

Storage Area

Cantalever Rack

MOBILE EQUIPMENT

Taylor GT-180 Forklift Cab, 18,000 LB., Diesel, Dual Front 16,000 LB. Fork Positioning, 7119 Hrs. S/N XGT13180-0267-10024KF

#1 Hyster 120 Forklift S/N V005V08803T, 10,850LB., 185" Lift, Fork Positioning Dual Tank LPG, Cab, Dual Front Tires

#5 Hyster 120FT. Forklift, 185" HT. LPG (2 Tanks) 09090 Hrs., Fork Positioning S/N U005V1024ST, 10,859 CAP.

Spare Forklift Frame & Forks, Fork Positioning

(4) Hysters (not running): Hyster 110, Hyster 100, #3 Hyster 120, Hyster 120 (s/n 11T) Hyster H110 #2617G

#9 Hyster 120 Forklift, Electric Mod. J120XN, Cab. Fork Positioning S/N A970BO2888T, Dual Front, 10, 750 lb., 196.5"

Hyster 120 Ft. Forklift S/N U005V05486R, 9322 Hrs., 11, 600 LB., 185", Dual Front LPG.

SCHEDULE B
REAL PROPERTY

Municipal Addresses:

- 25583 88 Avenue, Langley, British Columbia, V1M 3N8

Legal Description of the Lands:

- PID: 005-068-894, Parcel "G" (Reference Plan 985) District Lot 325, Group 2 Except: Part .385 Acres Outlined Red on Plan 49957, New Westminster District


SCHEDULE C

SISP ORDER

See attached.

SCHEDULE D

ALLOCATION OF PURCHASE PRICE

Asset Type	Amount (CAD\$)
Owned Equipment and Chattels	
Real Property	
Total:	

SCHEDULE E

PERMITTED ENCUMBRANCES

General Encumbrances:

- Subsisting conditions, provisos, restrictions, easements, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights of way in favour of utilities and public authorities.

Specific Encumbrances:

Legal Notations

- This Certificate of Title may be affected by the *Agricultural Land Commission Act*, see Agricultural Land Reserve Plan No. 28 deposited July 30th, 1974.

Charges, Liens and Interests

- Statutory Right of Way 295811C registered on January 3, 1961 in favour of British Columbia Hydro and Power Authority; and
- Statutory Right of Way P20534 registered on March 7, 1978 in favour of British Columbia Hydro and Power Authority.