



FORCE FILED

No. S-248267
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

PETITIONERS

NOTICE OF APPLICATION

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

To: The Service List

TAKE NOTICE that an application will be made by the Monitor at the courthouse at 800 Smith Street, Vancouver, British Columbia on October 29, 2025, at 9:00 a.m. for the orders set out in Part 1 below.

The Monitor estimates that the application will take one hour.

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

Part 1: ORDERS SOUGHT

1. The Monitor seeks the following orders:
 - a) an **"Interim Distribution Order"**, substantially in the form attached as **Schedule "B"** hereto, authorizing and directing the Monitor make certain distributions to each of the Royal Bank of Canada (**"RBC"**), the Business Development Bank of Canada (**"BDC"**), and together with RBC, the **"Senior Lenders"**), the IWA–Forest Industry

Pension and LTD Plans Trustee (the “**IWA Trustee**”), and the Canada Revenue Agency (the “**CRA**”);

- b) a “**Stay Extension Order**”, substantially in the form attached as **Schedule “C”** hereto, approving an extension of the stay of proceedings with respect to the Petitioners up to and including February 27, 2026;
- c) an “**Approval and Vesting Order (Langley Farm)**”, substantially in the form attached as **Schedule “D”** hereto, approving the asset purchase agreement dated October 15, 2025 (the “**Langley Farm APA**”) between the Monitor, in its capacity as court-appointed Monitor of Axon Lumber Ltd. (“**Axon**”), and Cattermole Storage Ltd. for the sale of real property and chattels located at 25895 88 Avenue, Langley, BC (the “**Langley Farm Property**”); and
- d) a “**Sealing Order**” sealing the confidential supplemental report related to the Langley Farm APA (the “**Confidential Supplement**”) to the Tenth Report of the Monitor dated October 22, 2025 (the “**Tenth Report**”) on the court file.

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

Part 2: FACTUAL BASIS

Introduction and Background

3. On November 29, 2024, this Court granted an initial order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the “**CCAA**”) with respect to the Petitioners. Under the Initial Order, this Court granted, among other things, certain enhanced powers to the Monitor.

4. On December 9, 2024, this Court granted an amended and restated initial order and on December 19, 2024, this Court granted a second amended and restated initial order (the “**SARIO**”), which, among other things, granted the Monitor further enhanced powers.

5. On January 16, 2025, this Court approved a sales and investment solicitation process (the “**SISP**”) with respect to certain of the Petitioners’ business and assets. That same day, this Court granted an order that, among other things, extended the stay of proceedings up to and including May 30, 2025. On May 7, 2025, this Court granted an order that, among other things, further extended the stay of proceedings up to and including July 18, 2025.

6. On the application of the Monitor on June 12, 2025, this Court approved three transactions for the sale of the San Group’s assets: the “**Coulson Transaction**”, the “**San Forest Transaction**”, and the “**Langley Plant Transaction**” (collectively, the “**Transactions**”). All three Transactions have now closed and the Monitor is holding the proceeds of the Transactions, pending distribution to the San Group’s Senior Lenders and other priority creditors. The remaining real property of the San Group to be sold following the closing of the Transactions is the Langley Farm Property.

7. On July 4, 2025, this Court granted a further extension to the stay of proceedings up to and including September 5, 2025.

8. On September 2, 2025, this Court granted an extension to the stay of proceedings up to and including October 31, 2025, to allow the Monitor to, among other things, continue its sale efforts with respect to the Langley Farm Property, seek an interim distribution of funds following the closing of the Transactions, and to otherwise continue its efforts to realize value for the San Group estate. As set out below, the Monitor now seeks orders to make such distributions and for approval of a sale transaction for the Langley Farm Property, as well as for an extension of the stay of proceedings.

The Interim Distributions

9. Having made significant progress to realize value for the San Group assets, and with funds being held by the Monitor following the closing of the Transactions of approximately \$27.8 million as of October 3, 2025, the Monitor now seeks to make distributions to the Senior Lenders. The Monitor also seeks to make certain distributions to the IWA Trustee and the CRA on the basis of priority claims made by these entities.

10. The distributions the Monitor seeks to make to RBC and BDC are as follows:

- a) an initial distribution to RBC of \$16,622,816;
- b) an initial distribution to BDC of \$5,121,353; and
- c) further distributions to both RBC (of an amount not to exceed \$910,171) and BDC (of an amount not to exceed \$919,085) following the bankruptcies of San Industries Ltd. ("**San Industries**") and Coulson Manufacturing 2017 Ltd. ("**Coulson**").

11. The Monitor also seeks the authority to make a distribution to the IWA Trustee, in the amount of \$247,368.13, regarding pension source deductions and to the CRA, of an amount of up to \$1,000,000 regarding deemed trust payroll source deductions.

The Need for an Extension of the Stay of Proceedings

12. The current stay of proceedings expires on October 31, 2025. Given the timeline of these proceedings and status of the Petitioners' restructuring efforts, a further extension to the stay of proceedings up to and including February 27, 2026 (the "**Stay Extension**") is both appropriate and necessary.

13. As is further set out in detail in the Tenth Report, the Monitor requires more time to continue its efforts to, among other things:

- a) review the remaining priority claims as against the San Group entities and, if accepted, seek authority to distribute funds with respect to these priority claims;
- b) assign San Industries and Coulson into bankruptcy and distribute further funds to the Senior Lenders;
- c) close the Langley Farm Transaction, should it be approved by this Court;
- d) continue to address outstanding insurance claim related matters;

- e) pursue other potential estate recoveries; and
- f) take other steps required to continue the Petitioners' restructuring.

14. As is set out in the Seventh Cash Flow Forecast attached as Appendix "C" to the Tenth Report, the Monitor believes that the Petitioners will have sufficient liquidity to operate through the end of the Stay Extension.

The Langley Farm Property

15. As discussed in greater detail in the Seventh Report of the Monitor dated June 4, 2025 (the "**Seventh Report**"), following Phase I of the SISF, the Monitor concluded that the letters of intent submitted for certain of the San Group assets, including the Langley Plant (as defined in the Seventh Report) and the Langley Farm Property were unsatisfactory. Therefore, the Monitor, in consultation with RBC and BDC, concluded that it was appropriate to exclude these properties from the SISF. The Monitor commenced a separate sales process to market these properties, referred to in the Seventh Report as the "Langley Sale Process", with Cushman & Wakefield ULC ("**Cushman**"). In addition to the sale of the Langley Plant, the Langley Sale Process has resulted in the proposed sale of the Langley Farm Property.

16. With respect to the Langley Farm Property specifically, the steps taken by Cushman included the following:

- a) listing the Langley Farm Property for sale on its website and the Multiple Listing Service;
- b) distributing a marketing brochure for the Langley Farm Property setting out the key attributes of the property;
- c) sending out marketing emails, including the marketing brochure, to its broad network of approximately 2,500 recipients, including industrial agents, real estate investors, and other potential buyers;
- d) making targeted phone calls to approximately 40 investors;
- e) taking various documents and information pertaining to the Langley Farm Property available in a data room, for 16 parties that executed a confidentiality agreement; and
- f) conducting tours of the Langley Farm Property with 12 interested parties.

17. Key terms of the Langley Farm APA include the following:

Term	Details
Transaction Structure	Asset purchase
Purchaser	Cattermole Storage Ltd.

Purchased Assets	The real property located at 25895 88 Avenue, Langley, British Columbia, all buildings, structures and improvements thereon, and all chattels owned by Axon and used solely or primarily in connection with the real property
Purchase Price	\$2,300,000, exclusive of any applicable taxes
Deposit	\$200,000
Conditions Precedent	Material conditions precedent are the granting of the Approval and Vesting Order (Langley Farm) and payment of balance of the purchase price by the purchaser
Closing Date	December 1, 2025
Outside Date	December 31, 2025

Part 3: LEGAL BASIS

The Distributions Should be Made

18. Orders granting interim distributions are frequently granted by Canadian courts in insolvency proceedings, including in particular with respect to net proceeds in the context of a sale of assets.

***AbitibiBowater Inc., (Re), 2009 QCCS 6461 at para. 71;
Ontario Securities Commission v. Bridging Income
Fund L.P., 2022 ONSC 4472 at paras. 8, 12***

19. The distributions contemplated by the Interim Distribution Order are primarily to RBC and BDC, the San Group's secured Senior Lenders (and previous interim lenders in these CCAA proceedings). The amounts owed to each of RBC and BDC are significant. As of October 2024, RBC was owed approximately CAD \$105 million and US \$1.7 million and BDC was owed approximately CAD \$45 million. It is expected both lenders will suffer a shortfall on this secured debt, and in the Monitor's view, it is appropriate that the available funds in the San Group estate be distributed to the Senior Lenders at this time.

20. The other entities to receive distributions, being the IWA Trustee and the CRA, are claimants who the Monitor is satisfied are entitled to a priority distribution at this time. As discussed in the Tenth Report, the Monitor is holding back funds to satisfy any further potential priority claims, once these claims have been determined—there is no prejudice to these stakeholders.

21. As such, the Interim Distribution Order is in the interests of the San Group's stakeholders, including in particular those parties receiving distributions, is an efficient means to distribute funds to verified creditors from the estate prior to the conclusion of these CCAA proceedings, and is reasonable and appropriate in the circumstances.

CCAA, s. 11.

The Stay Extension is Necessary and Appropriate

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

Canada v. Canada North Group Inc., 2021 SCC 30 at para. 19; 1057863 B.C. Ltd. (Re), 2022 BCSC 876 at paras. 31, 35.

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

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

24. As discussed above, the proposed Stay Extension is needed to provide the necessary time, flexibility, and “breathing room” for the Monitor to continue to advance the Petitioners’ CCAA proceedings.

25. In the Monitor’s view, the Stay Extension is reasonable and appropriate. The Senior Lenders have been consulted regarding the Stay Extension and have indicated their support. The Monitor does not believe any of the Petitioners’ creditors will be materially prejudiced by the Stay Extension.

The Langley Farm Transaction Should be Approved

Governing Legal Principles with respect to a Sale Approval

26. Restructuring proceedings under the CCAA are intended to provide a means whereby the devastating social and economic effects of bankruptcy or creditor-initiated termination of ongoing business operations can be avoided. In furtherance of this purpose, Canadian courts have regularly approved sales of distressed businesses, recognizing that such sales are consistent with the remedial nature of the CCAA.

Ted Leroy Trucking [Century Services] Ltd. Re, 2010 SCC 60 at para. 59; Nortel Networks Corp. (Re) 2009, 55 C.B.R. (5th) 229 (Ont. S.C.J.) at paras. 47-48.

27. Section 36 of the CCAA expressly authorizes this Court to approve sales of a debtor’s assets outside of the ordinary course of business. Section 36(3) of the CCAA sets out the non-exhaustive list of factors to be considered in respect of a sale of an insolvent debtor’s assets:

- a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

- b) whether the monitor approved the process leading to the proposed sale or disposition;
- c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
- d) the extent to which the creditors were consulted;
- e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
- f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

***Nelson Education Ltd (Re)*, 2015 ONSC 5557 at para. 38.**

28. In addition to the factors set out above, the court should consider all the circumstances to determine whether the proposed sale is fair and reasonable. To that end, courts have also considered the four factors set out by Chief Justice Morawetz in *Nortel* (also commonly referred to as the “*Soundair*” factors), which are:

- a) whether sufficient effort has been to obtain the best price and that the debtor has not acted improvidently;
- b) the interests of all parties;
- c) the efficacy and integrity of the process by which offers have been obtained; and
- d) whether there has been unfairness in the working out of the process.

***North American Tungsten Corporation Ltd. (Re)*, 2016 BCSC 12 at paras. 29-30 [*North American Tungsten*], citing *Nortel Networks Corp. (Re)* (2009), 56 C.B.R. (5th) 224 (Ont. S.C.J.) at para. 35.**

29. In terms of assessing the appropriateness of proposed sale under the CCAA, the business judgment of the monitor and the monitor’s recommendation has been held to be particularly important and to carry “great weight” with the court in any approval process. Indeed, courts will generally approve a sale where the monitor is of the view that the sale price and terms are commercially reasonable and satisfactory.

***Aveos Fleet Performance Inc.*, 2012 QCCS 4074 at para. 50; *Sanjel (Re)*, 2016 ABQB 257 at para. 57, citing *AbitibiBowater Inc. (Re)*, 2010 QCCS 1742 at paras. 70-72; *North American Tungsten* at para. 30.**

The Transaction Should be Approved

30. For the reasons set out below (and as described in greater detail in the Seventh Report, the Tenth Report and the Confidential Supplement) the Monitor is of the view that the Langley Farm APA represents the highest or otherwise best offer for Langley Farm Property and that the Langley Farm APA meets the criteria set out in section 36 of the CCAA:

- a) The Langley Sale Process was reasonable: The sale process for the Langley Farm, which was developed following input from the San Group's Senior Lenders, was a robust process that extensively canvassed the market over the course of several months and was conducted in a reasonable, fair and transparent manner.
- b) Monitor Approval: Pursuant to the provisions of the SARIO, which grant the Monitor enhanced powers, the Monitor approved the process for the sale of the Langley Farm and now seeks approval of the Langley Farm APA.
- c) Creditors have been Consulted: RBC, as the primary secured creditor in relation to this asset, is supportive of the Langley Farm APA, notwithstanding they will suffer a significant shortfall on their debt.
- d) Benefit to Stakeholders: The transaction contemplated by the Langley Farm APA is more beneficial to the San Group estate than a liquidation and will maximize the value of the these assets, for the benefit of Axon's creditors.
- e) The Transaction is the Best Available in the Circumstances: The Monitor is of the view that 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 Farm Property.

The Sealing Order Should be Granted

31. The Monitor also seeks an order sealing the Confidential Supplement on the Court file until further Court order or until the closing of the transaction contemplated by the Langley Farm APA.

32. The test for when a sealing order should be granted is found in the Supreme Court of Canada's decision *Sherman Estates v. Donovan* (which re-stated the previous test set out in *Sierra Club*). An applicant must establish that:

- a) court openness poses a serious risk to an important public interest;
- b) the order sought is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and
- c) as a matter of proportionality, the benefits of the order outweigh its negative effects.

Sherman Estates v. Donovan, 2021 SCC 25 at paras. 38 and 43.

33. This Court has previously sealed sale agreements in CCAA proceedings on the basis that disclosure of certain confidential information would be prejudicial to stakeholders.

***Walter Energy (Re)*, 2016 BCSC 1746 at paras. 5-10.**

34. The Confidential Supplement contains confidential information with respect to the assets subject to the applications before the Court. While the Monitor has disclosed the purchase price under the Langley Farm APA, the Confidential Supplement contains information that would undermine the duty and efforts of the Monitor to maximize the realizations from the sale of the business and assets of the San Group should the transaction contemplated by the Langley Farm APA fail to close, and would be detrimental to the commercial interests of the San Group and their various stakeholders.

35. Any deleterious effects are outweighed by the benefits of the Sealing Order. The Monitor therefore asks this Court to approve the proposed Sealing Order.

Part 4: MATERIAL TO BE RELIED ON

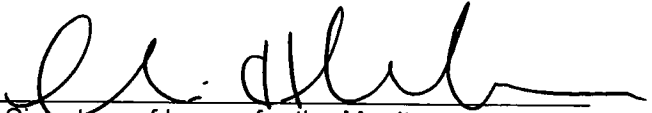
1. Seventh Report of the Monitor dated June 3, 2025;
2. Tenth Report of the Monitor, dated October 22, 2025;
3. Confidential Supplement to the Tenth Report of the Monitor; and
4. such further and other materials as counsel may advise.

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

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: October 22, 2025


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

To be completed by the court only:

Order made

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

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Associate Judge

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

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

Schedule "A"

Petitioners

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

Schedule "B"

No. S-248267
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
(INTERIM DISTRIBUTION)**

BEFORE	)		)	
	)	THE HONOURABLE JUSTICE STEPHENS	)	October 29, 2025
	)		)	

ON THE APPLICATION of Deloitte Restructuring Inc. (the "**Monitor**"), in its capacity as Court-appointed monitor of San Industries Ltd. and those parties listed on **Schedule "A"** (collectively, the "**Petitioners**") coming on for hearing at Vancouver, British Columbia, on the 29th day of October, 2025; AND ON HEARING Peter L. Rubin and Claire Hildebrand, counsel for the Monitor; AND UPON READING the material filed, including the Tenth Report of the Monitor dated October 22, 2025; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS THAT:

Authorized Distributions

1. The Monitor is hereby authorized and directed to make the following interim distributions to:

- (a) Royal Bank of Canada ("**RBC**") in the total amount of \$16,622,816 in respect of amounts owing to RBC;

- (b) Business Development Bank of Canada ("**BDC**") in the total amount of \$5,121,353 in respect of amounts owing to BDC; and
- (c) IWA–Forest Industry Pension and LTD Plans Trustee (the "**IWA Trustee**") in the total amount of \$247,368.13 in respect of amounts owing to the IWA Trustee.

2. The Monitor is hereby authorized, but not required, to make the following further interim distributions following the assignment of San Industries Ltd. ("**San Industries**") and Coulson Manufacturing 2017 Ltd. ("**Coulson**") into bankruptcy:

- (a) to RBC, an amount not to exceed \$910,171 in respect of amounts owing to RBC; and
- (b) to BDC, an amount not to exceed \$919,085 in respect of amounts owing to BDC.

3. The Monitor is hereby authorized, but not required, to make a distribution to the Canada Revenue Agency of an amount not to exceed \$1,000,000 in respect of amounts owing to the CRA for deemed trust payroll source deductions in respect of San Industries and Coulson.

4. The distributions referred to in paragraphs 1-3 of this Order shall each be a "**Distribution**" or "**Distributions**" for the purposes of this Order.

5. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any assignment in bankruptcy or any petition for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**") and any order issued pursuant to any such petition; or
- (c) any provisions of any federal or provincial legislation;

any Distributions contemplated by this Order shall be made be free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts, or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed, and whether secured or unsecured, shall be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Companies' Creditors Arrangement Act* ("**CCAA**"), the BIA or any other applicable federal or provincial legislation, as against the Monitor and any party receiving Distributions pursuant to this Order, and shall not constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. In addition to the rights and protections afforded to the Monitor under the Second Amended and Restated Initial Order granted by this Court on December 19, 2024 (the "**SARIO**"), the Monitor shall not be liable for any act or omission on the part of the Monitor pertaining to the any Distributions made under this Order, save and except for any claim or liability arising out of any gross negligence or willful misconduct on the part of the Monitor. Nothing in this Order shall

derogate from the protections afforded to the Monitor under the SARIO, or any other federal or provincial applicable law.

7. Notwithstanding any other provision of this Order and without in any way limiting the protections for the Monitor provided for under the SARIO, the CCAA, or any other federal or provincial applicable law, the Monitor shall have no obligation to make any Distribution unless the Monitor is in receipt of funds sufficient to make any such payment.

8. Any Distributions made by the Monitor under this Order shall not constitute a “distribution” for the purposes of section 159 of the *Income Tax Act*, as amended, or section 270 of the *Excise Tax Act*, or any other similar federal or provincial legislation (collectively, the “**Tax Statutes**”). The Monitor in making any such Distributions is not “distributing”, nor shall be considered to “distribute” nor have “distributed”, such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of the making of any Distributions ordered or permitted under this Order.

General

9. The Monitor may apply to the Court as necessary to seek further orders and directions with respect to any Distributions made pursuant to this Order.

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

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

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

BY THE COURT.

Registrar

Schedule "A"

Petitioners

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

No. S-248267
Vancouver Registry

ORDER MADE AFTER APPLICATION (STAY EXTENSION)

BEFORE) THE HONOURABLE JUSTICE STEPHENS) October 29, 2025
))
))

1399-7479-7593.1

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

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

BY THE COURT.

Registrar

Schedule "A"

Petitioners

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

Schedule "D"

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
(Approval and Vesting (Langley Farm))**

BEFORE	)		)	
	)	THE HONOURABLE JUSTICE STEPHENS	)	October 29, 2025
	)		)	

THE APPLICATION of Deloitte Restructuring Inc. in its capacity as Court-appointed Monitor (the "**Monitor**") of the assets, undertakings and properties of San Industries Ltd. and those parties listed on **Schedule "A"**, coming on for hearing at Vancouver, British Columbia, on the 29th day of October, 2025; AND ON HEARING Peter L. Rubin and Claire Hildebrand, counsel for the Monitor, and those other counsel listed on **Schedule "B"** hereto; AND UPON READING the material filed, including the Tenth Report of the Monitor dated October 22, 2025 (the "**Tenth Report**") and the Confidential Supplement to the Tenth Report of the Monitor AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, the *British Columbia Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

Capitalized Terms

1. Capitalized terms not defined in this Order shall have the meaning given to them in the Offer to Purchase and Asset Purchase Agreement (the "**Langley Farm Sale Agreement**") dated October 15, 2025, between the Monitor, in its capacity as Court appointed Monitor of Axon Lumber Ltd. ("**Axon**"), and not in its personal or corporate

capacity, and Cattermole Storage Ltd. (the “**Purchaser**”) or the Second Amended and Restated Order of this Court made December 19, 2024 (the “**SARIO**”), as applicable.

2. All references to the Purchaser herein shall include all assignees of the Purchaser, if any.

Approval of Transaction

3. The Langley Farm Sale Agreement, a copy of which is attached as **Appendix “[redacted]”** to the Tenth Report, and the transaction contemplated thereby (the “**Transaction**”) is hereby approved, and the Langley Farm Sale Agreement is commercially reasonable. The execution of the Langley Farm Sale Agreement by the Monitor is hereby authorized and approved, and the Monitor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the assets described in the Langley Farm Sale Agreement (the “**Purchased Assets**”).
4. Upon delivery by the Monitor to the Purchaser of a certificate substantially in the form attached as **Schedule “C”** hereto (the “**Monitor’s Certificate**”), all of Axon’s right, title and interest in and to the Purchased Assets described in the Langley Farm Sale Agreement shall vest absolutely in the Purchaser in fee simple, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the SARIO; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system; and (iii) those Claims listed on **Schedule “D”** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule “E”** hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
5. Upon presentation for registration in the Land Title Office for the Land Title District of New Westminster of a certified copy of this Order, together with a letter from Blake, Cassels, & Graydon LLP, solicitors for the Monitor, authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to:
 - (a) enter the Purchaser as the owner of the Real Property identified in **Schedule “F”** hereto (the “**Purchaser Lands**”), together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the Purchaser Lands, and this Court declares that it has been proved to the satisfaction of the Court on investigation that the title of the Purchaser and to the Purchaser Lands is a good, safe holding and

marketable title and directs the BC Registrar to register indefeasible title in favour of the Purchaser as aforesaid; and

- (b) having considered the interest of third parties, to discharge, release, delete and expunge from title to the Purchaser Lands all of the registered Encumbrances except for those Permitted Encumbrances listed in **Schedule "E"**.
- 6. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (the "**Net Proceeds**") shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Monitor's Certificate all Claims shall attach to the Net Proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.
 - 7. The Monitor is to file with the Court a copy of the Monitor's Certificate forthwith after delivery thereof.
 - 8. Pursuant to Section 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Monitor is hereby authorized and permitted to disclose and transfer to the Purchaser all personal information in the Petitioners' records pertaining to the Purchased Assets. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Petitioners.
 - 9. Subject to the terms of the Langley Farm Sale Agreement, possession of the Purchased Assets shall be delivered to the Purchaser at the Closing Effective Time, subject to the Permitted Encumbrances as set out in the Langley Farm Sale Agreement and listed on **Schedule "E"**.
 - 10. The Monitor, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.
 - 11. Notwithstanding:
 - (a) these proceedings;
 - (b) any applications for a bankruptcy order in respect of the Petitioners now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made by or in respect of the Petitioners,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Petitioners and shall not be void or voidable by creditors of the Petitioners, nor shall it constitute or be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent

conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

General

12. The Monitor and the Purchaser have liberty to apply for such further or other directions or relief as may be necessary or desirable to give effect to this Order and Transaction.

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 Peter L. Rubin
Counsel to the Monitor

BY THE COURT

REGISTRAR

Schedule “A”

Petitioners

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

Schedule “B”

Counsel List

COUNSEL NAME	PARTY REPRESENTED

Schedule C – Monitor’s Certificate

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

MONITOR’S CERTIFICATE

- A. By order made November 29, 2024, amended and restated December 9, 2024, and subsequently amended and restated December 19, 2024, this Court appointed Deloitte Restructuring Inc. as monitor (the "**Monitor**") of Axon Lumber Ltd. (the "**Company**"), pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-46 (as amended, the "**CCAA**");
- B. Pursuant to an order of the Court dated **October [--]**, 2025 (the "**Approval and Vesting Order (Langley Farm)**"), the Court approved the sale of the Purchased Assets to Cattermole Storage Ltd. (the "**Purchaser**"), providing for the vesting in the Purchaser of all of the Company’s right, title and interest in and to the Purchased Assets (as defined in the Langley Farm Sale Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming that all conditions to Closing have been satisfied and/or waived, including the payment of the Purchase Price in the manner contemplated in the Langley Farm Sale Agreement; and
- C. Unless otherwise indicated herein, the capitalized terms have the meanings set out in the Approval and Vesting Order (Langley Farm).

THE MONITOR HEREBY CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser that all conditions to Closing have been satisfied and/or waived; and
2. The Monitor confirms that all conditions to Closing have been satisfied and/or waived and the Purchase Price has been paid in full.

This Certificate was delivered by the Monitor at _____ on [--], 2025.

DELOITTE RESTRUCTURING INC., in its capacity as
Monitor of the Company, and not in its personal
capacity.

Per: _____
Name:

Schedule D – Encumbrances to Be Discharged from Real Property

Legal Notations

Nil.

Charges, Liens and Interests

- Mortgage CA5296887 and Assignment of Rents CA5296888 registered on June 28, 2016 in favour of HSBC Bank of Canada;
- Mortgage CA7718872 and Assignment of Rents CA7718873 registered on August 29, 2019 in favour of HSBC Bank of Canada;
- Modification CA9736350 registered on February 23, 2022, being a modification of Mortgage CA5296887;
- Modification CA9736351 registered on February 23, 2022, being a modification of Assignment of Rents CA5296888;
- Modification CB1053860 registered on November 30, 2023, being a modification of CA5296887; and
- Crystallized Floating Charge CB1777779 registered December 18, 2024 in favour of Royal Bank of Canada.

**Schedule E - Permitted Encumbrances, Easements and Restrictive Covenants
related to Real Property**

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

- Hereto is annexed Easement G9171 over the East 20 feet of Lot 3 D.L. 325, Plan 38520, Part formerly Lot 4, District Lot 325, Group 2 New Westminster District Plan 38520, Except Parcel "A" Statutory Right of Way Plan 49957 and Plan EPP90546;
- This Certificate of Title may be affected by the *Agricultural Land Commission Act*, see Agricultural Land Reserve Plan No. 28 deposited July 30th, 1974; and
- Hereto is annexed Easement G23016 over the West 70 feet of Lots 13 and 16 Plan 1560, Part formerly Lot 4 District Lot 325 Group 2 New Westminster District Plan 38520, except Parcel "A" Statutory Right of Way Plan 49957 and Plan EPP90546.

Charges, Liens and Interests

- Statutory Right of Way 104907C registered on January 2, 1947 in favour of British Columbia Hydro and Power Authority;
- Statutory Right of Way N29306 registered on March 29, 1977 in favour of British Columbia Hydro and Power Authority; and
- Statutory Right of Way N86779 registered on August 23, 1977 in favour of British Columbia Hydro and Power Authority.

Schedule F – Purchaser Lands

#	Parcel Identifier	Legal Description	Municipal Address (if applicable)
1.	030-889-588	Lot 2, Districts Lot 320 and 325, Group 2, New Westminster District Plan EPP90547	25895 88 Avenue, Langley, British Columbia, V1M 3N5