



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: Royal Bank of Canada (the "**Applicant**", or, the "**Bank**").

To: The Service List, a copy of which is attached hereto as Schedule "B".

And to: The Kingsley Group (defined below) and its counsel, per Schedule "C".

TAKE NOTICE that an application will be made by the Bank to the Honourable Justice Stephens at the courthouse at 800 Smithe Street, Vancouver, B.C., on February 4, 2025, at 8:30 a.m. for the orders set out in Part 1 below.

The Bank estimates that the application will take **90 minutes**.

This matter is not within the jurisdiction of an associate judge. Justice Stephens is seized of this matter. The time for this application has been set with Scheduling.

Part 1: ORDERS SOUGHT

1. An order substantially in the form attached hereto as Schedule "D" (the "**Kingsley Group Order**");

- (a) abridging the time for service of this application and the supporting materials;
- (b) adding Kingsley Trucking Ltd., Coombs Shadwell Holdings Ltd. (formerly Robinson Ventures Ltd.), 1351697 B.C. Ltd., and Cojax Heavy Duty Repair Ltd. (collectively, the “**Kingsley Group**”) as Petitioners, and replacing Schedule “A” to the style of cause with Schedule “C” to the Kingsley Group Order;
- (c) granting a stay of proceedings in respect of the Kingsley Group;
- (d) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as monitor of the Kingsley Group (in such capacity, the “**Monitor**”), with the same enhanced powers as provided under the Second Amended and Restated Initial Order granted in these proceedings on December 19, 2024 (the “**SARIO**”);
- (e) authorizing the Kingsley Group to borrow funds from the current Petitioners in these proceedings (collectively, the “**San Group**”) up to the maximum amount of \$100,000, and granting the San Group a charge over the property of the Kingsley Group in the same amount to secure the repayment of such borrowings (the “**Intercompany Charge**”); and
- (f) granting certain charges over the property of the Kingsley Group with the relative priorities set out in the Kingsley Group Order, including: (i) the Intercompany Charge; and (ii) a charge in the maximum amount of \$250,000 as security for the payment of the fees and disbursements of the Monitor and its counsel (the “**Kingsley Administration Charge**”).

2. Such further and other relief as this Honourable Court may deem just.

Part 2: FACTUAL BASIS

A. Overview

- 3. Capitalized terms used in this application and not otherwise defined have the meanings given to them in the Affidavit #1 of a Special Loans Director of the Bank made February 3, 2025 (the “**Bank Affidavit**”), an unredacted copy of which has been filed under seal.

4. The Bank is the Kingsley Group's only known secured creditor, and is owed more than \$6.7 million. It seeks the Kingsley Group Order to preserve the Kingsley Group's property, and facilitate a sales process in respect thereof that will maximize value for the Kingsley Group's stakeholders.
5. The Kingsley Group consists of companies that are related to the San Group. The two groups share common directors—namely, Kamaljit Singh Sanghera (“**Kamaljit**”) and Sukhjit Singh Sanghera (“**Sukhjit**”)—and the same beneficial owners. Kamaljit and Sukhjit are (or were) both active members in the management of both groups, and the two groups' businesses are closely intertwined through operations and finances.
6. The Bank has grave concerns regarding the preservation of the Kingsley Group's property; specifically, its accounts receivable, equipment, and vehicles. Throughout these proceedings, the Monitor has expressed concerns regarding certain aspects of the pre-and-post-filing conduct of the San Group's business, and management's failure to provide accurate responses and complete information. The Bank's concerns extend to the San Group's dealings with the Kingsley Group, and give rise to the need for the Bank to take immediate steps to preserve the Kingsley Group's property.

B. Kingsley Group

Operations and Assets

7. The Kingsley Group is in the business of providing trucking transport services. In particular:
 - (a) Kingsley: Owns and leases trucks and trailers, which are operated by drivers that it employs. Kingsley also hires drivers as independent contractors who lease or own their own equipment. The San Group is a major customer of Kingsley.
 - (b) Coombs: Owns the lands located at 979 Shearme Road, in Errington, British Columbia (the “**Coombs Lands**”), which it rents to, among others, Kingsley and Cojax. The Coombs Lands have a 2024 BC Assessment value of approximately \$563,000.

- (c) Cojax: Performs heavy duty equipment repair services, primarily to Kingsley.¹
8. 135 is the parent company of Kingsley, Coombs, and Cojax. To the best of the Bank's knowledge, 135 carries on no operations, and is simply a holding company.²
9. Based on the Recent Financials, the Bank understands that—net of significant intercompany payables—the Kingsley Group has current assets with a book value totalling approximately \$7,300,000, comprised primarily of the following (approximate amounts):
- (a) inventory: \$144,000;
 - (b) property and equipment (including the Coombs Lands): \$1,515,000;
 - (c) equipment and vehicles (Kingsley, less amortization): \$2,625,000; and
 - (d) accounts receivable: \$2,762,000.
10. With the above said, the Bank's expects the book value of the Kingsley Group's current assets, particularly its vehicles and equipment, to be far higher than its realizable value.³

Corporate Structure and Relationship to the San Group

11. Again, 135 is the parent company of Kingsley, Coombs, and Cojax. In turn, the shares of 135 are owned by the following companies:
- (a) KSanghera Holdings Ltd. – 32.5%;
 - (b) SSanghera Holdings Ltd. – 32.5%;
 - (c) 1052035 B.C. Ltd. – 15%;
 - (d) IDEol Holdings Ltd. – 10%;
 - (e) Divine Logistics Ltd. – 5%; and

¹ Affidavit #1 of a Special Loans Director of the Bank made February 3, 2025 (the “**Bank Affidavit**”), para. 11.

² Bank Affidavit, para. 12.

³ Bank Affidavit, paras. 15, 16.

(f) 1290488 B.C. Ltd. (“**129**”) – 5%.⁴

12. Kamaljit and Sukhjit are the sole directors of the Kingsley Group entities. Further, Jasmin Sanghera, who is Kamaljit’s daughter and also the San Group’s VP of Finance, is one of three directors of 129.
13. Through their respective holding companies, Kamaljit, Sukhjit, and Iqbal Deol (“**Iqbal**”, and collectively, the “**Founders**”) own 75% of the shares of 135, and are the beneficial owners of the Kingsley Group. The Founders, through their respective family trusts and holding companies, are also the beneficial owners of the San Group.⁵
14. In sum: The Kingsley Group and the San Group have the same beneficial owners. The Kingsley Group entities do not produce consolidated financial statements, including with the San Group, but the Recent Financials show significant intercompany amounts payable and receivable as between themselves and San Group entities.⁶

C. Bank Indebtedness

15. The Kingsley Group’s indebtedness to the Bank (more than \$6.7 million) arises from Credit Agreements between Kingsley and Coombs, and is secured by, among other things, general security agreements granted by each of the Kingsley Group entities, as well as a mortgage and assignment of rents registered against the Coombs Lands.⁷
16. Each of the Kingsley Group entities has guaranteed the Bank’s indebtedness up to certain sums, and limited guarantees were also provided by Kamaljit and Sukhjit.
17. The Kingsley Group entities are also indebted to various equipment financiers and lessors that have registered statements in the BC Personal Property Registry.⁸

⁴ Bank Affidavit, para. 17.

⁵ Bank Affidavit, paras. 19-21.

⁶ Bank Affidavit, para. 22.

⁷ Bank Affidavit, paras. 23-28.

⁸ Bank Affidavit, paras. 29-30.

18. On January 15, 2025, through its legal counsel, the Bank issued demand on the Kingsley Group and the Personal Guarantors for repayment of their indebtedness.
19. On January 20, 2025, counsel for the Kingsley Group—B. Sunny Aujla, at Farris LLP—wrote to the Bank’s legal counsel regarding the Kingsley Demands. Since then, counsel for the Bank and the Kingsley Group have exchanged emails whereby counsel for the Kingsley Group has asked about forbearance.⁹

D. Urgent Need for the Kingsley Group Order

20. The Bank has been active in these CCAA proceedings since their commencement, and has reviewed the Monitor’s Reports filed herein. Capitalized terms used and not defined in this section have the meanings given to them in the Monitor’s Reports.
21. In the Monitor’s Reports, the Monitor has reported on its Current Concerns, including, in particular, that:
 - (a) BNS Accounts: On November 7, 2024, the Monitor discovered the BNS Accounts, which the San Group opened throughout 2024 and into which it deposited approximately \$13.4 million, with significant payments being made therefrom to “certain related companies”;¹⁰ and
 - (b) Related Party Transactions: The Monitor comments that it has yet to receive complete information regarding various transactions between the San Group and related companies (i.e., the Related Party Transactions) and remains of the view that “there is a need for more transparent, accurate and timely responses to questions and information by Management”.¹¹
22. Given the San and Kingsley Groups’ common management and ownership, the Bank has similar grave concerns in respect of the Kingsley Group. In particular:

⁹ Bank Affidavit, paras. 34-36.

¹⁰ Second Report of the Monitor dated December 18, 2024 (the “**Second Report**”), paras. 57-62.

¹¹ Second Report, paras. 39-40.

- (a) Decreased Deposits: The Bank notes that since the Kingsley Demands were issued, deposits made by the Kingsley Group into their accounts with RBC have decreased, and certain items have been returned NSF. The Bank understands that the Kingsley Group nonetheless continues to carry on business. The Bank is concerned that the Kingsley Group has opened and is receiving accounts receivable or other monies into non-RBC accounts.
 - (b) Related Party Transactions: The Bank understands that the Monitor intends to report that, between about September 2024 and the commencement of these CCAA proceedings, the San Group made significant payments or disbursements (including pre or other payments for un-invoiced amounts) to entities within the Kingsley Group. The Bank is concerned that, similarly, the Kingsley Group will make significant (potentially gratuitous or undervalue) payments or disbursements to other related companies.
23. Further, as set forth above, a significant portion (approximately \$2.6 million) of the Kingsley Group's current assets comprise mobile equipment and vehicles. The Bank is concerned that the Kingsley Group will attempt to put such equipment out of reach of execution and realization by the Bank in these or any other enforcement proceedings.¹²

E. Kingsley Group Order

Deloitte as Monitor

24. Deloitte has been acting in its capacity as Monitor of the San Group since its appointment by this Court on November 29, 2025. It has accumulated knowledge about the San and Kingsley Group's dealings, which would should help to ensure that these proceedings are conducted efficiently and as cost-effectively as possible in the circumstances.

¹² Bank Affidavit, paras. 39-40.

Stay of Proceedings

25. The Bank is concerned that, without a stay of proceedings, the value of the Kingsley Group's property may be eroded by, among other things, suppliers, equipment lessors/financers, or other trade creditors, commencing actions or taking enforcement steps to recover amounts owing to them, including by seizing the Kingsley Group's equipment and vehicles. Accordingly, the stay of proceedings is required to preserve value for the benefit of the Kingsley Group's stakeholders, and to prevent any one creditor from obtaining an advantage over any other.

Kingsley Administration Charge; no directors and officers charge

26. The Bank seeks the Kingsley Administration Charge in the amount of \$250,000, which amount may be increased at or following the comeback hearing.
27. Based on the Current Concerns (as defined in the Monitor's Reports), the Bank does not propose to include the Kingsley Group's counsel in the Kingsley Administration Charge, or to seek a charge in favour of the Kingsley Group's directors and officers.

Intercompany Charge

28. The Kingsley Group may not have sufficient funds to meet its obligations between the date of the Kingsley Group Order (if granted) and the comeback hearing. At the comeback hearing, the Bank expects to seek that the Kingsley Group be authorized to borrow from an interim lending facility to be provided by it. In the meantime, consistent with recent trends, if not established practices, the Kingsley Group may need to obtain funding from the San Group (which is currently funded by an interim lending facility provided by the Bank).
29. The Bank therefore seeks an order authorizing the Kingsley Group to borrow funds (each such advance an "**Intercompany Advance**") from the San Group up to the maximum amount of \$100,000 in order to finance only essential working capital requirements during the initial stay period. Additionally, the Bank seeks an order granting the San Group a

charge over the Kingsley Group's property (i.e., the Intercompany Charge) in the equivalent amount to secure the repayment of the Intercompany Advances.

30. The Monitor is supportive of authorizing the San Group to lend funds to the Kingsley Group during the initial stay period, and is similarly supportive of the grant of the Intercompany Charge to secure repayment of such borrowings.

Part 3: LEGAL BASIS

31. The Bank relies on: (a) the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"); (b) the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA"); (c) the *Business Corporations Act*, S.B.C. 2002, c. 57 (the "BC BCA"); (d) the *Supreme Court Civil Rules*, B.C. Reg. 241/2010, as amended (the "Rules"); (e) the inherent and equitable jurisdiction of this Honourable Court; and (f) such further and other legal basis as counsel may advise and this Honourable Court may permit.

Purpose of the CCAA

32. The CCAA is remedial legislation which gives Canadian Courts broad and flexible authority to achieve the legislation's objectives, being to facilitate an orderly restructuring of debtor companies in order to avoid the social and economic losses resulting from the liquidation of an insolvent company. Accordingly, the CCAA includes empowering courts to make any order considered appropriate in the circumstances (including without notice), unless prohibited by the Act.¹³
33. While the historical focus of the CCAA was to facilitate a going-concern reorganization of the debtor company, CCAA proceedings may also facilitate a sale of the business (referred to as "liquidating CCAAs"), while still achieving the remedial purpose of the legislation, which may be achieved by, among other things, a sale process that allows the business to survive under a different corporate form or ownership.¹⁴

¹³ *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60 ["*Century Services*"], paras. 59 and 70; CCAA, s.11.

¹⁴ 9354-9186 *Québec inc. v. Callidus Capital Corp.*, 2020 SCC 10 ["*Callidus Capital*"], paras 41, 42, and 45;

The Bank is the proper applicant for the Kingsley Order

34. Nothing in the CCAA prevents a creditor, rather than a debtor, from bringing an application for an initial order, and there are several examples of orders being made on such applications.¹⁵
35. The commencement of CCAA proceedings is a proper exercise of creditors' rights, ideally where the CCAA will preserve the going-concern value of the business, but also where the business and/or the relevant circumstances are not conducive to a receivership.¹⁶
36. In this case, the circumstances favour the management and realization of the Kingsley Group's assets in these CCAA proceedings—rather than in separate receivership proceedings as might be typical—in particular because they involve closely related companies and feature a Monitor that has been granted enhanced powers substantially similar to a receiver's.
37. This Court has held that the appointment of a court's officer is typically of assistance to the Court where that are factual disputes at play, as the court's officer is "objective and neutral, characteristics of particular importance in a case involving competing claims and factual disputes".¹⁷
38. This Court has also held that disputes between a creditor and debtor are not a barrier to this Court appointing a court officer, provided that the evidence establishes the basis for appointment.¹⁸

The CCAA applies to the Kingsley Group

39. Under the CCAA: (a) "company" is defined to include any company incorporated under an Act of the legislation of a province; and (b) companies are "affiliated companies" if one

¹⁵ *Miniso International Hong Kong Limited v. Migu Investments Inc.*, 2019 BCSC 1234 [*"Miniso"*]; see also: *Arrangement relatif à Group Selection Inc.*, 2022 QCCA 1596; Order pronounced February 28, 2024 in BC Supreme Court Action No. S-241161 (*The Bank of Nova Scotia v. Bifano Consolidated Inc. and others*).

¹⁶ *Miniso*, para. 47.

¹⁷ *Pandion Mine Finance Fund LP v Otso Gold Corp.*, 2022 BCSC 136, para. 59.

¹⁸ *CMI Roadbuilding Inc. v. Key-West Asphalt Products Ltd.*, 2022 BCSC 1789, para 33.

of them is a subsidiary of the other, or both are subsidiaries of the same company, or each of them is controlled by the same person.¹⁹

40. The Kingsley Group are each “companies” incorporated under the BC BCA.²⁰ 135 is the parent company of Kingsley, Coombs, and Cojax, and they are all controlled by Kamaljit and Sukhjot, meaning that they are “affiliated companies” under the CCAA.
41. The CCAA applies in respect of a debtor company or affiliated debtor companies if the total amount of claims against the debtor company or affiliated debtor companies exceeds \$5 million.²¹
42. “Debtor company” is defined in section 2 of the CCAA to include any company that is bankrupt or insolvent.²² Although insolvency is not defined in the CCAA, the BIA defines an “insolvent person” as below, and Courts have routinely applied this definition to CCAA proceedings:

“a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and

(a) who is for any reason unable to meet his obligations as they generally become due,

(b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or

(c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.”²³

¹⁹ CCAA, ss. 2(1), “company” and 3(2)(a).

²⁰ Bank Affidavit, para. 18.

²¹ CCAA, s. 3(1).

²² CCAA, s. 2(1) “debtor company”.

²³ BIA, s. 2; *Quest University Canada (Re)*, 2020 BCSC 318, para 26.

43. As affiliated companies, the Kingsley Group collectively meet this test: they are unable to meet their obligations as they come due, and the realizable value of the Kingsley Group's property would not be sufficient to enable payment of all its obligations owing to the Bank, which well exceed \$5 million.

Adding the Kingsley Group as Petitioners to these CCAA proceedings, and the administrative consolidation of these proceedings is appropriate

44. Rule 6-2(7)(c) provides that, at any stage of a proceeding, the Court, on application by any person, may order that a person be added as a party if there may exist, between the person and any party to the proceeding, a question or issue related to or connected with any relief claimed or the subject matter of the proceeding that, in the opinion of the Court, it would be just and convenient to determine as between the person and that party.²⁴
45. Among others, the principles that govern the joinder of a party to a proceeding include that:
- (a) a party should be added where that party's participation is needed for the proper determination of the case;
 - (b) the discretion to add parties should be generously exercised so as to enable effective adjudication upon all matters;
 - (c) in exercising the discretion to add a party, the court should not concern itself as to whether the action will be successful other than to be satisfied that there may exist an issue or question between the applicant and the party being joined; and
 - (d) the prime consideration in determining whether a person should be a party to a proceeding is the interests of justice, a consideration that is triggered when the party proposed to be added has significant interests or legal agreements that may be directly affected by the matters litigated in the proceedings.²⁵

²⁴ Rule 6-2(7)(c).

²⁵ *Thomas v. RioTinto Alcan Inc.*, 2016 BCSC 1474, paras. 13-15.

46. Rule 22-5(8) provides that proceedings may be consolidated at any time by order of the Court or may be ordered to be tried at the same time on the same day.²⁶
47. The factors a Court may consider when making a determination on consolidation include, among others, whether the consolidation will:
- (a) create a saving in pre-trial procedures;
 - (b) dispose of all actions at the same time due to common issues of fact or law;
 - (c) avoid a multiplicity of proceedings; and
 - (d) whether the degree of commonality and intertwining of issues outweighs the prejudicial factors raised by the party opposing consolidation.²⁷
48. Including this Court on the Initial Order granted in these proceedings, Courts have ordered the consolidation of the bankruptcy and CCAA proceedings of multiple companies to which the CCAA applies, even where all are not “affiliated companies” under the Act. Drawing on the same principles as underpin the above-mentioned Rules, such orders have been made to avoid a multiplicity of proceedings and to effect procedural cost-efficiencies, where: (a) the companies whose proceedings are consolidated shared common management and the same primary lender; (b) their businesses or operations are integrated; and (c) no prejudice was apparent by so doing.²⁸
49. In this case, the Kingsley and San Groups share common management (Kamaljit and Sukhjit), a common primary lender (the Bank), and their business and operations are integrated. Accordingly, and among other things, adding the Kingsley Group to these proceedings would: (a) avoid a multiplicity of proceedings; (b) effect procedural cost-efficiencies in the management of the Kingsley Group’s estate; and (c) allow for the

²⁶ Rule 22-5(8).

²⁷ *Callan v. Cooke*, 2020 BCSC 290, para. 124.

²⁸ *Electro Sonic Inc., Re*, 2014 ONSC 942, paras. 4-6; *Mustang GP Ltd., Re*, 2015 ONSC 6562, para. 25; *Arrangement relatif à Cirque du Soleil Canada inc.*, 2020 QCCS 2123.

determination of issues that are common to both the Kingsley and San Groups by the same court's officer in the same proceedings (i.e., the Related Party Transactions).

Appointment of Deloitte as Monitor with enhanced powers is appropriate

50. Pursuant to section 11.7 of the CCAA, the Court is required to appoint a person to monitor the business and financial affairs of a debtor company upon the granting of an initial order under the CCAA. The monitor must be a trustee within the meaning of subsection 2(1) of the BIA.²⁹
51. Deloitte is a trustee within the meaning of subsection 2(1) of the BIA, not subject to any restrictions pursuant to subsection 11.7(2) of the CCAA, and has consented to act as monitor of the Kingsley Group.³⁰
52. This Court's jurisdiction to grant expanded powers to the monitor is contemplated by section 23(1)(k) of the CCAA, which directs that a monitor shall "carry out any other functions in relation to the company that the court may direct". Courts have used section 23(1)(k) "liberally" to assign additional functions to monitors, including to:
 - (a) allow it to fulfill its statutory duties to investigate and properly value the assets and liabilities of debtor companies; and
 - (b) further the valid purpose of the CCAA to maximize recovery by creditors, and by assisting with the recovery of value for the debtor companies' creditors.³¹
53. Section 11 of the CCAA additionally provides the CCAA court with broad discretion to "make any order that it considers appropriate in the circumstances". It is widely accepted that the CCAA, and in particular section 11, allows for flexible and creative solutions to achieve its objectives.³²

²⁹ CCAA, s. 11.7.

³⁰ CCAA, s. 11.7(2).

³¹ *Ernst & Young Inc. v. Essar Global Fund Limited*, 2017 ONCA 1014, para. 106; *8640025 Canada Inc. (Re)*, 2018 BCCA 93, para. 49; *Arrangement relatif à Bloom Lake General*, 2021 QCCS 2946, para 73.

³² *Montreal (City) v. Deloitte Restructuring Inc.*, 2021 SCC 53, paras. 113-115.

54. In this case, the Monitor has been granted the full spectrum of enhanced powers over the San Group. It is appropriate that such powers be extended over the Kingsley Group so that the Monitor can do what it deems necessary to preserve its value and facilitate a sale of its assets, in light of the Current Concerns.

The stay of proceedings in respect of the Kingsley Group is appropriate

55. Subsection 11.02(1) of the CCAA authorizes the Court to grant a stay of proceedings preventing creditors from initiating or advancing claims against the debtor company for a period of not more than 10 days. The stay may also be extended to directors and officers pursuant to section 11.03.³³
56. The stay of proceedings preserves the *status quo* and prevents any creditor from gaining an unfair advantage over other creditors. The stay also preserves enterprise value, and provides the necessary time, flexibility and “breathing room” to carry out a court-supervised restructuring or sale process.³⁴
57. The Bank submits that the stay of proceedings is necessary to preserve value. The commencement of any proceedings or the exercise of rights and remedies by numerous creditors against the Kingsley Group would be detrimental to value, and would undermine any sale process for the benefit of stakeholders.

Kingsley Administration Charge; no directors and officers charge

58. Pursuant to section 11.52 of the CCAA, this Court may grant a charge over a debtor company’s assets to secure professional fees and disbursements on notice to affected secured creditors.³⁵
59. Courts have recognized that, unless professional advisors are protected with the benefit of a charge over the assets of a debtor company, the objectives of the CCAA could be frustrated because professionals would be unlikely to risk offering their services without

³³ CCAA, ss. 11.02 and 11.03.

³⁴ *Lehndorf General Partners Ltd. (Re)*, 1993 CarswellOnt 183, 17 C.B.R. (3d) 24 (Gen Div), paras. 5-7.

³⁵ CCAA, s. 11.52.

any assurance of ultimately being paid. Specifically, any failure to provide protection for professional fees will “result in the overwhelming likelihood that the CCAA proceedings would come to an abrupt halt, followed, in all likelihood, by a bankruptcy proceeding”.³⁶

60. The non-exhaustive factors to be considered in determining whether to approve an administration charge is as follows:

- (a) the size and complexity of the business being restructured;
- (b) the proposed role of the beneficiaries of the charge;
- (c) whether there is unwarranted duplication of roles;
- (d) whether the quantum of the proposed charge appears to be fair and reasonable;
- (e) the position of the secured creditors likely to be affected by the charge; and
- (f) the position of the monitor.³⁷

61. The addition of the Kingsley Group to these proceedings requires the specialized expertise, knowledge, and continuing participation of the proposed beneficiaries of the Administration Charge, including in order to implement a sale process, and the Administration Charge is necessary to ensure their continued assistance and participation in these proceedings.

62. Accordingly, the Bank seeks the grant of the Kingsley Administration Charge in the amount of \$250,000 prior to the comeback hearing. This amount was determined in consultation with the Monitor and is fair and reasonable in light of the number of beneficiaries, the size and complexity of the business and the scope and complexity of the proposed restructuring.

³⁶ *Timminco Ltd. (Re)*, 2012 ONSC 506, para. 66.

³⁷ *Canwest Publishing Inc*, 2010 ONSC 222 [“*Canwest Publishing*”], para. 54; *Walter Energy Canada Holdings, Inc. (Re)*, 2016 BCSC 107 [“*Walter Energy*”], para. 42.

63. The Bank supports the Kingsley Administration Charge and does not expect that there will be any duplication of the roles of the beneficiaries of the charge. Each of these professionals will have a unique and distinct focus in the restructuring, and their joint efforts will produce a better result overall.
64. In light of the Bank's concerns regarding the conduct of the Kingsley Group's business, as set out in the Bank Affidavit, the Bank does not propose to include the Kingsley Group's counsel in the Administration Charge, or to seek a charge in favour of its directors and officers (i.e., Kamaljit and Sukhjit). The Bank does not support such charges in the circumstances.

Intercompany Charge

65. Section 11.2(1) of the CCAA vests this Court with the jurisdiction to grant an interim financing charge in priority to the claim of any secured creditor of the debtor company, on notice to the secured creditors who are likely to be affected by the security or charge.³⁸
66. In deciding whether to make such an order, the Court is to consider, among other things, the following factors:
- (a) the period during which the company is expected to be subject to proceedings under the CCAA;
 - (b) how the company's business and financial affairs are to be managed during the proceedings;
 - (c) whether the loan would enhance the prospects of the company's restructuring;
 - (d) the nature and value of the company's property;
 - (e) whether any creditor would be materially prejudiced as a result of the security or charge; and

³⁸ CCAA, section 11.2.

(f) the monitor's report, if any.³⁹

67. Further, courts have approved intercompany charges in CCAA proceedings to protect intercompany advances under the general power in section 11 to make such orders as the Court considers appropriate.⁴⁰
68. In the circumstances, given the Bank's lack of visibility into the Kingsley Group's cash flow, and the San Group's practice of funding the Kingsley Group through intercompany advances, the factors under section 11.2(4) of the CCAA support the granting of the Intercompany Charge. Without the ability to access the Intercompany Advances to fund essential working capital requirements, the Kingsley Group may not be able to pay its post-filing obligations as they come due during the initial stay period.
69. The Monitor supports authorizing the San Group to lend funds to the Kingsley Group and the grant of the Intercompany Charge to secure repayment of such borrowings.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of a Special Loans Director of the Bank made February 3, 2025 (to be filed subject to a sealing order);
2. Second Report of the Monitor dated December 18, 2024;
3. Third Report of the Monitor dated January 13, 2025;
4. Fourth Report of the Monitor dated February 3, 2025; and
5. such further and other materials as counsel may advise and this Honourable Court may allow.

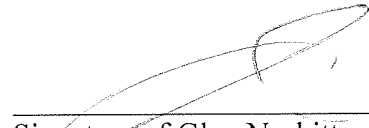
TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days after service of this Notice of Application,

³⁹ CCAA, section 11.2(4).

⁴⁰ *Performance Sports Group Ltd., Re*, 2016 ONSC 6800, para. 34; citing *Walter Energy*, paras. 65-67.

- (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).

Dated: 03-Feb-2025



Signature of Glen Nesbitt
Lawyer for the Applicant

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

The Solicitors for the Applicant are Fasken Martineau DuMoulin LLP, whose office address and address for delivery is 550 Burrard Street, Suite 2900, Vancouver, BC V6C 0A3 Telephone: +1 604 631 3131 Facsimile: +1 604 631 3232 (Reference: Glen Nesbitt/ 304755.00013)

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ 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
- ☒ none of the above

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”

Service List

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., 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.

PETITIONERS

SERVICE LIST

As at January 31, 2025

<p>Bennett Jones LLP 2500 – 666 Burrard Street Vancouver, B.C. V6C 2X8</p> <p>Attention: David E. Gruber Andrew Froh Ellana Chua</p> <p>Email: gruberd@bennettjones.com froha@bennettjones.com morenoe@bennettjones.com</p> <p><i>Counsel for the Petitioners</i></p>	<p>Fasken Martineau DuMoulin LLP 2900 - 550 Burrard Street Vancouver, BC V6C 0A3</p> <p>Attention: Kibben Jackson Glen Nesbitt Suzanne Volkow Ashley Kumar</p> <p>Email: kjackson@fasken.com gnesbitt@fasken.com svolkow@fasken.com akumar@fasken.com</p> <p><i>Counsel for Royal Bank of Canada</i></p>
--	--

<p>Deloitte Restructuring Inc. 410 West Georgia Street Vancouver, BC, V6B 0S7</p> <p>Attention: Jeff Keeble Paul Chambers Kaleb Butt</p> <p>Email: jkeeble@deloitte.ca pachambers@deloitte.ca kbutt@deloitte.ca</p> <p><i>Court-Appointed Monitor</i></p>	<p>Blake, Cassels & Graydon LLP 1133 Melville Street Suite 3500, The Stack Vancouver, BC V6E 4E5</p> <p>Attention: Peter Rubin Claire Hildebrand</p> <p>Email: peter.rubin@blakes.com claire.hildebrand@blakes.com jennifer.alambre@blakes.com</p> <p><i>Counsel for the Court-Appointed Monitor</i></p>
<p>Borden Ladner Gervais LLP 1200 Waterfront Centre, 200 Burrard St., Vancouver, BC V7X 1T2</p> <p>Attention: Kendall Andersen Jennifer Pepper</p> <p>Email: KAndersen@blg.com JPepper@blg.com</p> <p><i>Counsel for Business Development Bank of Canada</i></p>	<p>KPMG Inc. 11th Floor, 777 Dunsmuir St. Vancouver, BC V7Y 1K3</p> <p>Attention: Huey Lee Katherine Forbes</p> <p>Email: hueylee@kpmg.ca katherineforbes@kpmg.ca</p> <p><i>Financial Advisor for the Petitioners</i></p>
<p>Prospera Auto Leasing Suite 1900 - 13450 102 Avenue Surrey, BC V3T 5Y1</p> <p>Attention: Jodi Shields</p> <p>Email: Jodi.Shields@prospera.ca CreditRiskManagement@prospera.ca</p>	<p>Trustees of the IWA - Forest Industry Pension Plan and Trustees of the IWA - Forest Industry LTD Plan 2100-3777 Kingsway Burnaby, BC V5H 3Z7</p> <p>Attention: Heather McMahon</p> <p>Email: heather.mcmahon@iwafibp.ca</p>
<p>Leavitt Machinery 51 Leeder St Coquitlam, BC V3K 3V5</p> <p>Attention: Toni Thompson</p> <p>Email: TThompson@leavitt.ca</p>	<p>Department of Justice Canada British Columbia Regional Office 900 - 840 Howe Street Vancouver, BC V6Z 2S9</p> <p>Attention: Jessica Ko Mariam Assadi</p> <p>Email: jessica.ko@justice.gc.ca Mariam.Assadi@justice.gc.ca</p>
<p>McCarthy Tétrault LLP Suite 2400 - 745 Thurlow Street Vancouver, BC V6E 0C5</p> <p>Attention: Lance Williams Ashley Bowron</p> <p>Email: lwilliams@mccarthy.ca abowron@mccarthy.ca sdanielisz@mccarthy.ca kdoumakis@mccarthy.ca</p> <p><i>Counsel for Canadian Western Bank</i></p>	<p>Owen Bird Law Corporation 29th Floor, 733 Seymour Street Vancouver, B.C. V6B 0S6</p> <p>Attention: Scott Stephens</p> <p>Email: sstephens@owenbird.com</p> <p><i>Counsel for Export Development Canada and Vancouver Fraser Port Authority</i></p>

<p>Vancouver Fraser Port Authority 100 The Ponte 999 Canada Place Vancouver, B.C. V6C 3T4</p> <p>Attention: Scarlett Chen</p> <p>Email: Scarlett.Chen@portvancouver.com</p>	<p>Ministry of Attorney General Legal Services Branch Justice, Health & Revenue Group PO Box 9280 Stn Prov Govt Victoria, BC V8W9J7</p> <p>Attention: Jonathan Wittig</p> <p>Email: AGLSBRevTaxInsolvency@gov.bc.ca</p>
<p>Koskie Glavin Gordon 1630 – 1177 West Hastings St Vancouver, BC V6E 2K3</p> <p>Attention: Dawid Cieloszczyk Caleb Groot</p> <p>Email: dcieloszczyk@koskieglavin.com cgroot@koskieglavin.com</p> <p><i>Counsel for United Steelworkers Local 2009 and USW Local 1-1937</i></p>	<p>Labelle & Company #1800 – 999 West Hastings Street Vancouver, BC V6C 2W2</p> <p>Attention: Kim Owen LaBelle</p> <p>Email: kim@labelleco.ca</p> <p><i>Counsel for Prudential Transportation Ltd.</i></p>
<p>DLA Piper (Canada) LLP Suite 2700, The Stack 1133 Melville St Vancouver, BC V6E 4E5</p> <p>Attention: Colin Brousson Holly Yuen</p> <p>Email: colin.brousson@ca.dlapiper.com holly.yuen@ca.dlapiper.com</p> <p><i>Counsel for the City of Delta</i></p>	<p>Ministry of Jobs, Economic Development & Innovation PO Box 9837 Stn Prov Govt Victoria, BC V8W9T2</p> <p>Attention: Lindsay McLaughlin Anastasia Chwist</p> <p>Email: Lindsay.McLaughlin@gov.bc.ca Anastasia.Chwist@gov.bc.ca</p>
<p>KGS Consulting Ltd. Suite 110 - 2925 Virtual Way Vancouver, BC V5M 4X5</p> <p>Attention: Kevin Somerville</p> <p>Email: kevin@kgsconsultingltd.com</p>	<p>Rob Langlois</p> <p>Email: rlanglois@shaw.ca</p>
<p>Lawson Lundell LLP 1600 - 925 West Georgia Street Vancouver, BC V6C 3L2</p> <p>Attention: Bryan Gibbons Mike Donaldson K.C.</p> <p>Email: bgibbons@lawsonlundell.com mdonaldson@lawsonlundell.com</p> <p><i>Counsel for Catalyst Paper Corporation and Domtar Inc.</i></p>	<p>Allianz Trade 1155 Rene-Levesque West Blvd, Suite 2810 Montreal, QC H3B 2L2</p> <p>Attention: Romina Fourreau</p> <p>Email: Romina.fourreau@amer.allianz-trade.com</p>

Maven Transport Ltd.
c/o Liberty Law Corporation
106-33119 South Fraser Way
Abbotsford, BC V2S 2B1

**Attention: Gurbakshish Singh Brar
Jasanpreet Dhaliwal
Harshpreet Singh Dhaliwal**

Email: raavikaur@libertylawcorp.com
gary.b@maventransport.com
jimmy@maventransport.com
rick.d@maventransport.com

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kjackson@fasken.com; qnesbitt@fasken.com; svolkow@fasken.com; akumar@fasken.com;
jkeeble@deloitte.ca; pachambers@deloitte.ca; kbutt@deloitte.ca; peter.rubin@blakes.com;
claire.hildebrand@blakes.com; jennifer.alambre@blakes.com; KAndersen@blg.com; JPeppe@blg.com;
hueylee@kpmg.ca; katherineforbes@kpmg.ca; Jodi.Shields@prospera.ca;
CreditRiskManagement@prospera.ca; heather.mcmahon@iwafibp.ca; TThompson@leavitt.ca;
jessica.ko@justice.gc.ca; Mariam.Assadi@justice.gc.ca; williams@mccarthy.ca; abowron@mccarthy.ca;
sdanielisz@mccarthy.ca; kdoumakis@mccarthy.ca; sstephens@owenbird.com;
Scarlett.Chen@portvancouver.com; AGLSBRevTaxInsolvency@gov.bc.ca;
dcieloszczyk@koskieglavin.com; cgroot@koskieglavin.com; kim@labelleco.ca;
colin.brousson@ca.dlapiper.com; holly.yuen@ca.dlapiper.com; Lindsay.McLaughlin@gov.bc.ca;
Anastasia.Chwist@gov.bc.ca; kevin@kgsconsultingltd.com; rlanglois@shaw.ca;
bgibbons@lawsonlundell.com; mdonaldson@lawsonlundell.com; Romina.fourreau@amer.allianz-trade.com;
raavikaur@libertylawcorp.com; gary.b@maventransport.com; jimmy@maventransport.com;
rick.d@maventransport.com;

SCHEDULE “C”Kingsley Group

Kingsley Trucking Ltd. Registered and Records Office 602 – 13737 96 Avenue Surrey, BC V3V 0C6 Attention: Sukhjit Singh Sanghera Kamaljit Singh Sanghera	Coombs Shadwell Holdings Ltd. Registered and Records Office 602 – 13737 96 Avenue Surrey, BC V3V 0C6 Attention: Sukhjit Singh Sanghera Kamaljit Singh Sanghera
1351697 B.C. Ltd. Registered and Records Office 602 – 13737 96 Avenue Surrey, BC V3V 0C6 Attention: Sukhjit Singh Sanghera Kamaljit Singh Sanghera	Cojax Heavy Duty Repair Ltd. Registered and Records Office 602 – 13737 96 Avenue Surrey, BC V3V 0C6 Attention: Sukhjit Singh Sanghera Kamaljit Singh Sanghera
Farris LLP PO Box 10026, Pacific Centre South 25 th floor, 700 W Georgia Street Vancouver, BC V7Y 1B3 Attention: B. Sunny Aujla Tim Louman-Gardiner Email: baujla@farris.com tlg@farris.com <i>Counsel for the Kingsley Group</i>	Sukhjit Singh Sanghera Email: suki@stwoodproductsltd.com

SCHEDULE “D”

Kingsley Group Order

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

BEFORE)	THE HONOURABLE)	
)	JUSTICE STEPHENS)	February 4, 2025
))	

ON THE APPLICATION OF Royal Bank of Canada (the "**Bank**"), coming on for hearing at Vancouver, British Columbia, on this day, AND ON HEARING Glen Nesbitt and Kibben Jackson, counsel for the Bank, and those other counsel listed on Schedule "B" hereto; AND UPON READING the materials filed, including the Affidavit #1 a Special Loans Director of the Bank made February 3, 2025, and the Fourth Report of the Monitor dated February 3, 2025 (the "**Fourth Report**");

THIS COURT ORDERS that:

1. Capitalized terms used and not otherwise defined in this Order shall have the meanings given to them in the Second Amended and Restated Initial Order granted in these proceedings on December 19, 2024 (the "**SARIO**"), as may be amended. Where used herein, the defined term the "**Kingsley Group**" comprises the following companies:

(a) 1351697 B.C. Ltd.;

- (b) Kingsley Trucking Ltd.;
 - (c) Coombs Shadwell Holdings Ltd.; and
 - (d) Cojax Heavy Duty Repair Ltd.
2. The time for service of the Notice of Application and supporting materials for this Order is hereby abridged such that this application is properly returnable today, and service upon any interested party other than those parties on the Service List maintained by the Monitor in these proceedings is hereby dispensed with.
3. The hearing of the Bank's application for an order confirming the relief granted under this Order, and for any ancillary relief, shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at _____.m. on _____, the ____ day of February, 2025, or on such other date as this Court may order.
4. The companies comprising the Kingsley Group are hereby added as Petitioners in these CCAA proceedings, all references in any order of this Court in respect of these CCAA proceedings to the "Petitioners" shall refer to and include the Kingsley Group, *mutatis mutandis*, and Schedule "A" to the style of cause in these CCAA proceedings is hereby amended and replaced by Schedule "C" to this order.
5. For clarity, and without limiting the generality of paragraph 4 of this Order, the Monitor, in addition to its prescribed rights and obligations under the CCAA and the SARIO: (a) is hereby directed and empowered to perform such duties with respect to the Kingsley Group as the Monitor is required to perform with respect to the Petitioners pursuant to the SARIO or any further order of this Court; and (b) is hereby exclusively authorized and empowered, but not required, to do all that which is listed under paragraph 29 of the SARIO with respect to the Kingsley Group.
6. Notwithstanding the foregoing or anything to the contrary in this Order, the Charges shall not attach to the current and future assets, undertakings and properties of the Kingsley Group or any proceeds thereof (the "**Kingsley Property**") and funds advanced under the Interim Lending Facility shall not be used to fund any obligations of the Kingsley Group.

7. The Monitor and counsel to the Monitor shall be entitled to the benefit of and are hereby granted a charge (the “**Kingsley Administration Charge**”) on the Kingsley Property, which charge shall not exceed an aggregate amount of \$250,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and its counsel, both before and after the making of this Order which are related to carrying out the Monitor’s mandate exclusively with respect to the Kingsley Group under the SARIO, this Order, and any further orders of this Court. The Kingsley Administration Charge shall have the priority set out in paragraph 11 hereof.
8. The Kingsley Group is hereby authorized and empowered to obtain and borrow funds (each such advance an “**Intercompany Advance**”) from any one or more of the other Petitioners (collectively, the “**Original Petitioners**”) in order to finance the continuation of the business of the Kingsley Group, if applicable, and the preservation of the Kingsley Property (as defined herein) provided that such advances do not bear interest.
9. The Original Petitioners, or any one of them, shall be entitled to the benefit of and are hereby granted a charge (the “**Intercompany Charge**”) on the Kingsley Property as security for the repayment of the Intercompany Advances. The Intercompany Charge shall have the priority set out in paragraph 11 hereof.
10. The claim of the Original Petitioners, or any of them, in respect of the Intercompany Advances shall be treated as unaffected and shall not be compromised pursuant to any Plan or these proceedings, however, the exercise of any recourse by the Original Petitioners, or any of them, in connection with an Intercompany Advance or the Intercompany Charge shall be subject to the stay of Proceedings.
11. The priorities of the Kingsley Administration Charge and the Intercompany Charge (collectively, the “**Kingsley Charges**”), as among them, shall be as follows:

First – Kingsley Administration Charge (to the maximum amount of \$250,000);
and

Second – Intercompany Charge.

12. Any security documentation evidencing, or the filing, registration or perfection of, the Kingsley Charges shall not be required, and that the Charges shall be effective as against the Kingsley Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Kingsley Charges coming into existence, notwithstanding any failure to file, register or perfect any such charges.
13. The Kingsley Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Kingsley Property, as applicable, and shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any Person, save and except for: (a) those claims contemplated by section 11.8(8) of the CCAA; and (b) any Person with a properly perfected purchase money security interest under the *Personal Property Security Act* (British Columbia) or such other applicable legislation that has not been served with notice of this Application.
14. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any of the Kingsley Property that rank in priority to, or *pari passu* with the Kingsley Charges, unless the Petitioners obtain the prior written consent of the Monitor, and the beneficiaries of the Kingsley Administration Charge or the Intercompany Charge, as applicable.
15. The Kingsley Charges shall not be rendered invalid or unenforceable, and the rights and remedies of the Persons entitled to the benefit of either of the Kingsley Charges (collectively, the “**Kingsley Chargees**”) shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture,

sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Kingsley Group; and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Kingsley Charges shall not create nor be deemed to constitute a breach by the Kingsley Group of any Agreement to which they are a party;
 - (b) none of the Kingsley Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Kingsley Charges; and
 - (c) any payments made by the Kingsley Group pursuant to this Order, and the granting of the Kingsley Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.
16. THIS COURT ORDERS that to the extent the Kingsley Charges attach to any leases of real property in Canada, they shall only be a charge on the Kingsley Group’s interest in such real property leases.
17. The Monitor’s obligations to publish the notice prescribed by Section 23(1)(a)(i) of the CCAA with respect to the Kingsley Group is hereby dispensed with.
18. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunals, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Order in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

19. Endorsement of this Order by counsel appearing, other than counsel for the Bank, 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 Glen Nesbitt
Lawyer for Royal Bank of Canada

BY THE COURT

REGISTRAR

SCHEDULE "A"

Petitioners – Prior to the Date of this Order

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"

List of Counsel

Counsel	Party

SCHEDULE “C”

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.
16. 1351697 B.C. Ltd.
17. Kingsley Trucking Ltd.
18. Coombs Shadwell Holdings Ltd.
19. Cojax Heavy Duty Repair Ltd.

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

FASKEN MARTINEAU DuMOULIN LLP

550 Burrard Street, Suite 2900
Vancouver, BC, V6C 0A3
+1 604 631 3131

Counsel: Glen Nesbitt
E-mail: gnesbitt@fasken.com
Matter No: 304755.00013