VANCOUVER
SEP 15 2026
REGISTRY

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: National Bank of Canada (the "**Applicant**")

TO: The attached Service List (**Schedule "B"**)

TAKE NOTICE that an application will be made by the applicant to Justice Stephens, by MS Teams, at the courthouse at 800 Smithe Street, Vancouver, British Columbia, on the **17th day of September, 2026 at 9:00 a.m.** for the orders set out in Part 1 below.

The applicant estimates that the application will take 30 minutes.

☐ This matter is within the jurisdiction of an associate judge.

☒ This matter is not within the jurisdiction of an associate judge. Justice Stephens is seized of these proceedings and it has been booked through trial scheduling.

PART 1: ORDER(S) SOUGHT

1. An order abridging the time for and validating the service of this Application and supporting materials and dispensing with further service thereof;

2. An order to make the Distribution (as defined below) substantially in the form attached as **Schedule "C"** (the "**Distribution Order**");

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

PART 2: FACTUAL BASIS

Overview

1. On November 29, 2024, Mountainside Logging Ltd ("**Mountainside**"), San Forest Specialty Ltd ("**San Forest Specialty**"), San Industries Ltd ("**San Industries**"), Acorn Forest Products Ltd, Axon Lumber Ltd, Coulson Manufacturing 2017 Ltd ("**Coulson**"), San Cedar Direct Sales Ltd, San Forest Products Ltd ("**San Forest Products**"), San Holdings Ltd, Super-Cut Lumber Industries Ltd, 1224676 BC Ltd, 1260729 BC Ltd, 1170518 BC Ltd, 1175465 BC Ltd, San Farming Ltd, and San Terminals Inc (collectively, the "**San Group**") were granted protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("**CCAA**"), pursuant to an initial order which appointed Deloitte Restructuring Inc as monitor (the "**Monitor**") and granted a stay of proceedings against the San Group.

Affidavit #1 of Susan Danielisz, made September 15, 2026,
Exhibits A and B [**Danielisz #1**]

2. The San Group is a Canadian-based lumber producer that operates a multi-faceted forest products enterprise. The main operating arm of the San Group is San Industries.

3. In January 2025, this Court lifted the stay to permit National Bank of Canada ("**NBC**"), formerly Canadian Western Bank, to enforce its security against certain property belonging to San Forest Specialty, San Forest Products, and San Industries. The order provided that the proceeds of any enforcement sales would be held by NBC's counsel pending further order of the Court.

4. NBC has since completed its enforcement against those properties, including by selling various equipment. Its counsel now holds the net proceeds of $100,493.88, after taxes and commissions. NBC holds a first-ranking purchase money security interest ("**PMSI**") over the property sold, and seeks an order to distribute the proceeds.

Security Agreements

(a) Master Lease Agreements

5. NBC entered into a master lease agreement with San Industries, with NBC as lessor and San Industries as lessee, on June 24, 2015 (the "**San Industries MLA**"). NBC also entered

into a master lease agreement with San Forest Products, with NBC as lessor and San Forest Products as lessee, on December 23, 2020 (the "**San Forest MLA**", and together with the San Industries MLA, the "**MLAs**").

Danielisz #1, Exhibits A and C

6. The MLAs provide that following an event of default under the MLAs or any other obligation of San Industries or San Forest Products to NBC, or following the appointment of a receiver, administrator or manager, NBC is entitled to take and sell the equipment to satisfy any amounts owing by San Industries or San Forest Products to NBC.

Danielisz #1, Exhibits A and C, ss. 9 and 10.2

7. Both MLAs provide that NBC will lease certain equipment to San Industries and San Forest Products, with the equipment described in present and future schedules to the MLAs. NBC agreed to schedules with each of San Industries and San Forest Products identifying the specific equipment leased from NBC on the terms and conditions of the applicable MLA:

   a. Schedule 420324 to the San Industries MLA, dated March 6, 2019, provided NBC would lease the following equipment to San Industries, from March 6, 2019 to November 6, 2022, for 44 monthly payments totalling $149,807.24:

2019	HYUNDAI	HD_70D-9 CL5 FORKLIFT	HHKHFA03CJ0000929

   b. Schedule 465477 to the San Forest MLA, dated December 23, 2020, provided NBC would lease the following equipment to San Forest Products, from December 23, 2020 to December 23, 2025, for 60 monthly payments totalling $172,141.80:

2020	TAYLOR	GT-100 Forklift	P45275
2020	TAYLOR	GT-100 Forklift	P-45277

   c. Schedule 467483 to the San Forest MLA, dated February 1, 2021, provided NBC would lease the following equipment to San Forest Products, from February 1, 2021 to February 1, 2026, for 60 monthly payments totalling $344,422.80:

2020	TAYLOR	TX GT-180 FORKLIFT	P-45279

Danielisz #1, Exhibits B, D and E

8. The security interests in each of the MLAs were registered in the BC Personal Property Registry (the "**BC PPR**") as follows:

   a. The security interest in the San Industries MLA, Schedule 420324, was registered on March 6, 2019, under base registration number 176324L.

   b. The security interests in the San Forest MLA, Schedule 465477, were registered on December 29, 2020, under base registration number 678152.

   c. The security interests in the San Forest MLA, Schedule 467483 was registered on February 2, 2021, under base registration number 744947.

Danielisz #1, Exhibits R and S

(b) Commitment Letters and General Security Agreements

9. NBC lent funds to each of San Industries and San Forest Products under commitment letters, to assist each with the purchase of certain industrial equipment:

   a. San Industries borrowed funds from NBC pursuant to a commitment letter dated November 7, 2018 and signed November 16, 2018 (the "**San Industries CL**"), for a loan amount of $122,271.26 and a credit facility of $1,500,000.

   b. San Forest Products borrowed funds from NBC pursuant to a commitment letter dated October 22, 2020 and signed October 26, 2020 (the "**San Forest CL**"), for a loan amount of $2,000,000.

Danielisz #1, Exhibits F and I

10. As security for the San Industries CL, San Industries granted in favour of NBC a general security agreement dated November 30, 2018 (the "**San Industries GSA**"), which provides a first ranking security interest in all specific serial numbered assets financed by NBC through schedules to the San Industries GSA.

Danielisz #1, Exhibit G

11. As security for the San Forest CL, San Forest Products granted in favour of NBC a general security agreement dated October 26, 2020 (the "**San Forest GSA**", and together with the

San Industries GSA, the "**GSAs**"), which provides a first ranking security in all specific serial numbered assets financed by NBC through schedules to the San Forest GSA.

Danielisz #1, Exhibit J

12. The GSAs included as collateral all present and after acquired personal property and real property of San Industries and San Forest Products, and all items identified in the schedules to the GSAs.

Danielisz #1, Exhibits G and J (Schedule A, s. 4), F and I

13. NBC advanced funds and obtained security over specific equipment under the following schedules to the GSAs:

a. Schedule 458422 to the San Industries GSA, dated September 14, 2020, in which NBC advanced $68,350.00 to San Industries for the purchase of:

2020	MASSEY FERGUSON	4707 GLOBAL LOADER TRACTOR	MC040CJ5302002
2020	HLA-HORST	MB84BO500 84" BUCKET	19LA71178

b. Schedule 464111 to the San Forest GSA, dated December 1, 2020, in which NBC advanced $47,460 to San Forest Products for the purchase of:

2020	KUBOTA	SSV65P SKID STEER	13867

c. Schedule 465416 to the San Forest GSA, dated December 23, 2020, in which NBC advanced $98,460.00 to San Forest Products for the purchase of:

2005	GENIE	Z60/34 4x4 ARTICULATED BOOM LIFT	Z60055331
2013	NEVILLE	48 FT TRIDEM	1N9DD4831DL175003
2003	TY-CROP	45 FT TRIDEM	2T9YAAVC23D016176

Danielisz #1, Exhibits H, K and L

14. The security interests in the GSAs were registered in the BC PPR as follows:

a. The security interests in the San Industries GSA, Schedule 458422 was registered on September 11, 2020, under base registration number 176324L.

b. The security interests in the San Forest GSA, Schedule 464111 was registered on November 30, 2020, and Schedule 465416 was registered on December 23, 2020, all under base registration number 560028.

Danielisz #1, Exhibits R and S

Court Authorizes Enforcement of NBC's security

15. On January 29, 2025, this Court granted an order (the **"Stay Lift Order**") which lifted the stay of proceedings granted in these CCAA proceedings to allow NBC to enforce its security interests as against: (1) the property of San Forest Specialty and Mountainside; and (2) the property of San Industries and San Forest Products over which NBC has security and which is listed in Schedule C of the Stay Lift Order (the "**Schedule C Property**").

Danielisz #1, Exhibit O

16. The Stay Lift Order authorized NBC to enforce on the Schedule C Property and for the net proceeds to be held by NBC's counsel pending further order of the Court.

Danielisz #1, Exhibit O, s. 3

17. The Schedule C Property included, among other property, the following property which was sold in accordance with the Stay Lift Order:

Year	Make	Model	S/N	PPR Reg No	Owner
2020	TAYLOR	GT-100 FORKLIFT	P45275	678152	San Forest Products
2020	TAYLOR	GT-100 FORKLIFT	P-45277	678152	San Forest Products
2020	TAYLOR	TX GT-180 FORKLIFT	P-45279	744947	San Forest Products
2019	HYUNDAI	HD_70D-9 CL5 FORKLIFT	HHKHFA03CJ0000929	176324L	San Industries
2020	KUBOTA	SSV65P SKID STEER	13867	560028	San Forest Products
2003	TY-CROP	45 FT TRIDEM	2T9YAAVC23D016176	560028	San Forest Products
2013	NEVILLE	48 FT TRIDEM	1N9DD4831DL175003	560028	San Forest Products
2005	GENIE	Z60/34 4x4 ARTICULATED BOOM LIFT	Z60055331	560028	San Forest Products

Year	Make	Model	S/N	PPR Reg No	Owner
2020	MASSEY FERGUSON	4707 GLOBAL LOADER TRACTOR	MC040CJ5302002	176324L	San Industries
2020	HLA-HORST	MB84BO500 84" BUCKET	19LA71178	176324L	San Industries

(the "**Sold Property**")

18. NBC holds a first ranking priority over other creditors in respect of the Sold Property on the basis of various security agreements giving rise to PMSIs under s. 34 of the *Personal Property Security Act*, RSBC 1996, c 359, which arise by virtue of the MLAs and GSAs, and their associated schedules described above.

Sale of Property Pursuant to Stay Lift Order

19. On March 25, 2025, pursuant to the Stay Lift Order, NBC commenced foreclosure proceedings in action no. S-252264 (the "**Foreclosure Proceeding**"). On March 31, 2025, NBC was granted an *order nisi* of foreclosure in respect of certain real property located at 6030 and 6050 Hector Road Port Alberni, legally owned by San Forest Specialty (the "**Real Property**"). On October 9, 2025, NBC was granted an order approving the sale of the Real Property in the Foreclosure Proceeding, and, pursuant to s. 6 of the order, approximately $1.04 million was distributed to NBC.

Danielisz #1, Exhibits P and Q

20. In respect of the Schedule C Property, throughout 2025 NBC sold the following items:

<table>
<tr><th>Year</th><th>Make</th><th>Model</th><th>S/N</th><th>Purchaser</th><th>Purchase Price</th></tr>
<tr><td>2020</td><td>TAYLOR</td><td>GT-100 Forklift</td><td>P45275</td><td rowspan="3">Coulson Sawmills Inc.</td><td rowspan="3">$57,750</td></tr>
<tr><td>2020</td><td>TAYLOR</td><td>GT-100 Forklift</td><td>P-45277</td></tr>
<tr><td>2020</td><td>TAYLOR</td><td>TX GT-180 FORKLIFT</td><td>P-45279</td></tr>
<tr><td>2019</td><td>HYUNDAI</td><td>HD_70D-9 CL5 FORKLIFT</td><td>HHKHFA03C J0000929</td><td rowspan="3">Alberni Towing Ltd.</td><td rowspan="3">$22,400</td></tr>
<tr><td>2020</td><td>KUBOTA</td><td>SSV65P SKID STEER</td><td>13867</td></tr>
<tr><td>2003</td><td>TY-CROP</td><td>45 FT TRIDEM</td><td>2T9YAAVC23D 016176</td></tr>
<tr><td>2013</td><td>NEVILLE</td><td>48 FT TRIDEM</td><td>1N9DD4831DL 175003</td><td>Wade Sabiston</td><td>$18,480</td></tr>
</table>

Year	Make	Model	S/N	Purchaser	Purchase Price
				Contracting Ltd.	
2005	GENIE	Z60/34 4x4 ARTICULATED BOOM LIFT	Z60055331	Coulson Aircrane Ltd.	$19,600
2020	MASSEY FERGUSON	4707 GLOBAL LOADER TRACTOR	MC040CJ530 2002	Active Auction Mart	$41,500
2020	HLA-HORST	MB84BO500 84" BUCKET	19LA71178		
Total taxes and commissions					($13,587.50)
TOTAL FUNDS RECEIVED					**$146,142.50**

Affidavit #1 of Raymond Pai made September 15, 2026, para 30, Exhibits B, C, D, E and F [**Pai #1**]

21. The other Schedule C Property was not sold for various reasons, including because NBC could not locate it or because it was affixed to and sold together with real property owned by one or more of the San Group.

Pai #1, at paras 36-38

22. The total bailiff fees amounted to $47,931.05. The balance, $100,493.88 is held by McCarthy Tétault, to be distributed to NBC (the "**Distribution**").

Pai #1, Exhibit G

PART 3: LEGAL BASIS

23. NBC requests this Court's approval to distribute the funds collected pursuant to the sale of the Sold Property and in accordance with the Stay Lift Order.

24. This Court has jurisdiction pursuant to s. 11 of the CCAA to "make any order that it considers appropriate in the circumstances". The Supreme Court of Canada has held that s. 11 signals Parliament's endorsement of the "broad reading of [the] CCAA authority developed by the jurisprudence." This discretion must be exercised in furtherance of the remedial objectives of the CCAA, including the baseline consideration of appropriateness, good faith, and due diligence.

CCAA, s. 11;
9354-9186 Quebec Inc. v Callidus Corp., 2020 SCC 10 at paras 67, 70

25. The broad jurisdiction under s. 11 of the CCAA provides a supervising CCAA court with the authority to approve distributions to creditors during CCAA proceedings, even where such distributions fall outside a plan of arrangement or compromise. 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 [***AbitibiBowater***], paras 71 and 75;

Ontario Securities Commission v Bridging Income Fund L.P., 2022 ONSC 4472, paras 8, 12-16;

First Source Financial Management v Chacon Strawberry Fields Inc., 2024 ONSC 7229 [***First Source***], paras 44-47;

Kingsett Mortgage Corporation v Churchill Lands United Inc., 2024 ONSC 7127, para 43

26. In determining whether it is appropriate to authorize a distribution, the Court may consider: (a) whether the proposed recipient's security is valid and enforceable; (b) whether the amounts that are owed to the proposed recipient exceed the proposed interim distribution amount; and (c) whether the proposed interim distribution would result in interest savings.

First Source at para 45, citing *AbitibiBowater* at para 75

NBC has an Enforceable First-Ranking PMSI

27. A PMSI is an interest in specific collateral that a creditor has financed or provided to a debtor on credit. A PMSI in collateral, such as equipment, has priority over any other security interest in the same collateral given by the same debtor, provided it is perfected before or within 15 days after the debtor obtains possession of the collateral. A PMSI arises when (a) a lender gives value to the debtor to allow it to acquire rights in a specific piece of equipment, and (b) the creditor registers its security within 15 days of the day the security interest attaches. PMSIs are enforceable if they attach to the collateral by describing it in enough detail for it to be clearly identified and registered in the BC PPR.

Personal Property Security Act, RSBC 1996, c. 359, ss. 34(1) and 28, see also s. 1 definition of "equipment" and 43(4);

Money in a Minute Auto Loans Ltd v Price, 2001 BCSC 864.

28. NBC has first ranking security over the Sold Property pursuant to a PMSI. The MLAs and GSAs, and their respective schedules, give rise to PMSIs in specific equipment. These

agreements expressly reference the serial numbered goods and were registered in the BC PPR within 15 days of the security attaching, as required.

29. No creditor has claimed an interest in the proceeds of the Sold Property in priority to NBC.

Amount Owing to NBC Exceeds Distribution

30. The amount owing to NBC for the equipment identified above totals approximately $638,165.97—well above the amount of the Distribution.

Pai #1, para 29, Exhibit A

Distribution Should be Made to NBC

31. The Distribution contemplated by the Distribution Order is in accordance with the Stay Lift Order. The Distribution is to NBC, who holds first ranking PMSI securities in the Sold Property.

32. Approving the Distribution in the circumstances would further the remedial objectives of the CCAA as it reduces the principal debts owing to NBC, in accordance with the directions of the Stay Lift Order. The credit facilities are continuing to accrue interest. By making the Distribution to NBC, the San Group avoids accruing further interest and fees.

33. As such, the Distribution is in the interests of the Petitioners' stakeholders, including in particular those parties receiving other distributions, as an efficient means of distributing funds to a creditor prior to the conclusion of the CCAA proceedings, and is reasonable and appropriate in the circumstances.

34. NBC seeks an order approving the distribution to it of the net proceeds of $100,493.88 realized on the sale of the Sold Property. NBC is entitled to those proceeds because it holds a valid, perfected, first ranking purchase money security interest in each item of the Sold Property, the indebtedness owing to it exceeds the amount to be distributed, and no competing claim to those proceeds has been advanced.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Susan Danielisz, made September 15, 2026;

2. Affidavit #1 of Raymond Pai, made September 15, 2026; and

3. Such further and other materials as counsel may advise and this Court may permit.

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

you intend to refer to at the hearing of this application, and

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

a copy of the filed application response;

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;

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

DATE: September 15, 2026

Signature of Lawyer for the Applicant
McCarthy Tétrault LLP
(Michelle de Haas)

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

☐ 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 Ltd.
Super-Cut Lumber Industries Ltd.
1224676 B.C. Ltd.
1260729 B.C. Ltd.
Mountainside Logging Ltd.
1170518 B.C. Ltd.
1175465 B.C. Ltd.
San Farming Ltd.
San Forest Specialty Ltd.
San Terminals Inc.

SCHEDULE "B"

LIST OF COUNSEL

Counsel Name	Party Represented

SCHEDULE "C"

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
(DISTRIBUTION OF FUNDS)

BEFORE THE HONOURABLE	)	WEDNESDAY, THE 17TH DAY
JUSTICE STEPHENS	)	OF SEPTEMBER, 2026

ON THE APPLICATION of National Bank of Canada (the "**Applicant**"), coming on for hearing at Vancouver, British Columbia, on the 17th day of September, 2026; AND ON HEARING Michelle de Haas, counsel for the Applicant, and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including the affidavit #1 of Susan Danielisz and the affidavit #2 of Raymond Pai; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia *Supreme Court Civil Rules,* and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

1. The time for service of the Notice of Application and supporting materials is hereby abridged such that the Notice of Application is properly returnable today.

2. The Applicant's counsel, McCarthy Tétrault LLP ("**McCarthy**") is authorized to distribute $100,493.88 of the net proceeds received from the sale of the assets of San Forest

Speciality Ltd, San Forest Products Ltd and San Industries Ltd, to the National Bank of Canada, on account of amounts owing to them and secured against the assets of the following equipment:

Year	Make	Model	Serial Number
2019	HYUNDAI	HD_70D-9 CL5 FORKLIFT	HHKHFA03CJ0000929
2020	MASSEY FERGUSON	4707 GLOBAL LOADER TRACTOR	MC040CJ5302002
2020	HLA-HORST	MB84BO500 84" BUCKET	19LA71178
2020	KUBOTA	SSV65P SKID STEER	13867
2020	TAYLOR	GT-100 FORKLIFT	P45275
2020	TAYLOR	GT-100 FORKLIFT	P-45277
2005	GENIE	Z60/34 4x4 ARTICULATED BOOM LIFT	Z60055331
2013	NEVILLE	48 FT TRIDEM	1N9DD4831DL175003
2003	TY-CROP	45 FT TRIDEM	2T9YAAVC23D016176
2020	TAYLOR	TX GT-180 FORKLIFT	P-45279

(the "**Distribution**").

3. McCarthy is authorized to take all necessary steps and actions to affect the Distribution in accordance with this Order, and shall not incur any liability as a result of making the Distribution.

4. Notwithstanding:

   (a) the pendency of these CCAA proceedings;

   (b) any application for a bankruptcy or receivership order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**") or other applicable legislation in respect of the Petitioner and any bankruptcy or receivership order issued pursuant to any such applications;

(c) any assignment in bankruptcy made in respect of the Petitioner; and

(d) and any provisions of any federal or provincial legislation,

the Distribution shall be made free and clear of all encumbrances and shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Petitioner 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 BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

5. McCarthy shall be entitled to deduct and withhold from the Distribution such amount as may be required to be deducted or withheld with respect to such Distribution under any applicable tax legislation and to remit such amounts to the appropriate governmental authority or person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate governmental authority or other person, such withheld or deducted amounts shall be treated for all purposes as having been paid pursuant to this Order to such person as the remainder of the Distribution in respect of which such withholding or deduction was made.

6. Any payments, distributions and disbursements made under this Order shall not constitute a "distribution" by any person and the Receiver shall not constitute a "legal representative" or "representative" for the purposes of section 159 of the *Income Tax Act (Canada)*, section 270 of the *Excise Tax Act (Canada)*, section 23 of the *Canada Pension Plan Act (Canada)*, section 86 of the *Employment Insurance Act (Canada)*, and section 97.39 of the *Customs Act (Canada)*, or any other similar federal, provincial or territorial tax legislation (collectively, the "**Tax Statutes**"), and the Receiver, in making any such distributions, disbursements or payments, as applicable, is merely a disbursing agent under this Order, and is not exercising any discretion in making such distributions, disbursements, or payments under this Order and no person is "distributing", nor shall be considered to "distribute" nor have "distributed", such funds for the purpose of the Tax Statutes. Further, the Receiver shall not incur any liability under the Tax Statutes in respect of its making any payments, distributions or disbursements ordered or permitted

under this Order, and are hereby forever released and discharged from any claims against it, him or her under or pursuant to the Tax Statutes or otherwise at law, arising in respect of any such payments, distributions or disbursements made under this Order and any claims of this nature are hereby forever barred.

7. Any party may apply to the Court as necessary to seek further orders and directions to give effect to this Order.

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

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

____
Lawyer for National Bank of Canada
McCarthy Tétrault LLP
(Michelle de Haas)

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.
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1170518 B.C. Ltd.
1175465 B.C. Ltd.
San Farming Ltd.
San Forest Specialty Ltd.
San Terminals Inc.

SCHEDULE "B"

LIST OF COUNSEL

Name of Counsel	Party Represented