

THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF LEMARE HOLDINGS LTD., LEMARE LAKE LOGGING LTD.,
LONE TREE LOGGING LTD., C. & E. ROADBUILDERS LTD.,
COAST DRYLAND SERVICES LTD., DOMINION LOG SORT LTD.
AND CENTRAL COAST INDUSTRIES LTD.

PETITIONERS

NOTICE OF APPLICATION

Name(s) of applicant(s): Lemare Holdings Ltd., Lemare Lake Logging Ltd., Lone Tree Logging Ltd., C. & E. Roadbuilders Ltd., Coast Dryland Services Ltd., Dominion Log Sort Ltd. and Central Coast Industries Ltd.

To: All Parties of Record.

TAKE NOTICE that an application will be made by the applicants before the presiding Judge at the Courthouse at 800 Smithe Street, Vancouver, BC, V6Z 2E1 on Thursday, the 21st day of August, 2014 at 9:45 a.m. for the Orders set out in Part 1 below.

Part 1: ORDER(S) SOUGHT

1. An Order in the form of Order attached hereto as Schedule "A" authorizing the Petitioners to take all steps necessary to implement the terms of a settlement agreement with, *inter alia*, Concentra Financial Services Corporation, Concentra Trust and 3L Cattle Company Ltd.
2. Such further and other relief as this Honourable Court may order.

Part 2: FACTUAL BASIS

1. On June 21, 2012, the Honourable Mr. Justice Grauer pronounced an Initial Order in these proceedings pursuant to the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, which granted relief, including, inter alia, a stay of proceedings until 11:59 p.m. on July 20, 2012.
2. On July 20, 2012, the Petitioners applied for, and were granted, an extension of the relief in the Initial Order, including the stay of proceedings, to September 28, 2012. That relief has been extended by a series of subsequent orders and currently expires on November 30, 2014.
3. On May 21, 2014 Mr. Justice Grauer granted an order permitting the Petitioners to call a meeting of their creditors to vote on a Plan (the "**Meeting Order**").
4. The Meeting Order also contained certain declarations in respect of a claim made by Concentra Financial Services Association and Concentra Trust. That claim is based upon a promissory note (the "**Opco Note**") that was given by Lemare Lake Logging Ltd. and others.
5. The Petitioners held a meeting of the Trade Creditors on July 8, 2014 to vote on the Plan.
6. The Plan was unanimously approved by the Trade Creditors.
7. It is a condition of the Plan that the Petitioners obtain the declarations sought in respect of the Opco Note. The Plan cannot be implemented until any appeals from that aspect of the Meeting Order have been resolved.
8. Concentra Financial Services Association obtained leave to appeal the declaration aspect of Meeting Order and the appeal is scheduled to be heard on August 14, 2014.
9. A comprehensive multi-party settlement has been reached between the Petitioners, Concentra Financial Services Association and Concentra Trust, 3L Cattle Company Ltd. and others (the "**Settlement**").
10. The Settlement provides both financing for and a structure to effect a wind-up of a Retirement Compensation Agreement that is the basis for the \$10 million claim against the Petitioners under the Opco Note. In addition the Settlement effects a resolution of all outstanding disputes between the Petitioners and their principals on the one hand, and 3L Cattle Company Ltd. its principal and certain other related companies on the other hand.
11. The Petitioners intend to apply for a Sanction Order approving the Plan and will then be in a position to make payments to the Trade Creditors in accordance with the Plan.
12. It is anticipated that the Settlement will close on or before September 15, 2014.
13. The Settlement contemplates *inter alia* that the Petitioners (or one more of them) will:

- (a) discharge the existing mortgage held over the Saskatchewan ranch lands owned by 3L Cattle Company Ltd. and a related General Security Agreement;
 - (b) advance by way of a \$100,000 loan to 3L Cattle Company Ltd.;
 - (c) obtain a new mortgage over the Saskatchewan ranch lands owned by 3L Cattle Company Ltd. in the amount of \$1.3 million to replace in part the existing mortgage and to secure the new \$100,000 advance;
 - (d) permit a new mortgage in favour of Concentra Financial Services Association in the amount of \$1.5 million to be registered in priority to the \$1.3 million mortgage to be held by the Petitioners;
 - (e) execute a comprehensive mutual release between the Petitioners and their principals on the one hand, and 3L Cattle Company Ltd., its principal and certain other related companies on the other hand;
 - (f) execute certain limited indemnities between the Petitioners and their principals on the one hand, and 3L Cattle Company Ltd., its principal and certain other related companies on the other hand; and
 - (g) be released from all liabilities under the Opco Note.
14. The resolution of the Petitioners' obligations under the Opco Note is the only obstacle to the Petitioners being able to implement the Plan, pay the Trade Creditors and successfully exit from CCAA protection. The implementation of the Settlement will allow that to happen.

Part 3: LEGAL BASIS

1. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and in particular ss. 11, 11.02 and 19 thereof; and
2. The inherent jurisdiction of this Honourable Court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit of Eric Dutcyvich #18, sworn August 13, 2014;
2. Initial Order made June 21, 2012;
3. Reasons for Judgment of Mr. Justice Grauer dated May 21, 2014.
4. Monitors 14th Report, dated July 22, 2014.
5. The pleadings and other materials filed herein.
6. Such further and other material as counsel may advise and this Honourable Court may allow.

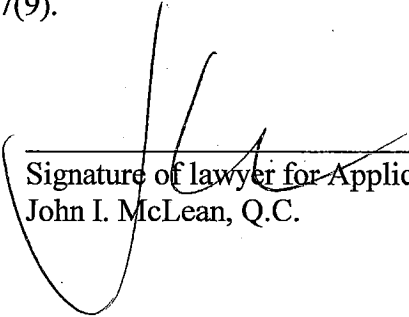
The applicant estimates that the application will take 10 minutes.

- ☐ This matter is within the jurisdiction of a master.
- ☒ This matter is not within the jurisdiction of a master. Mr. Justice Grauer, who is seized of this matter, has indicated he is not available to hear this application and that it can be set in Judges Chambers.

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 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: August 15, 2014



Signature of lawyer for Applicants
John I. McLean, Q.C.

To be completed by the court only:	
Order made	
<input type="checkbox"/>	in the terms requested in paragraphs _____ of Part 1 of this notice of application
<input type="checkbox"/>	with the following variations and additional terms: _____ _____
Date: _____	Signature of <input type="checkbox"/> Judge <input type="checkbox"/> Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- | | |
|--------------------------|---|
| <input type="checkbox"/> | discovery: comply with demand for documents |
| <input type="checkbox"/> | discovery: production of additional documents |
| <input type="checkbox"/> | other matters concerning document discovery |
| <input type="checkbox"/> | extend oral discovery |
| <input type="checkbox"/> | other matter concerning oral discovery |
| <input type="checkbox"/> | amend pleadings |
| <input type="checkbox"/> | add/change parties |
| <input type="checkbox"/> | summary judgment |
| <input type="checkbox"/> | summary trial |
| <input type="checkbox"/> | service |
| <input type="checkbox"/> | mediation |
| <input type="checkbox"/> | adjournments |
| <input type="checkbox"/> | proceedings at trial |
| <input type="checkbox"/> | case plan orders: amend |
| <input type="checkbox"/> | case plan orders: other |
| <input type="checkbox"/> | experts |

SCHEDULE "A"

No. S124409
Vancouver Registry

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AND CENTRAL COAST INDUSTRIES LTD.

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE) THURSDAY, THE 21ST DAY
)
) OF AUGUST, 2014

THE APPLICATION of the Petitioners coming on for hearing before me on this day at 800
Smithe Street, Vancouver, BC; AND ON HEARING John I. McLean, Q.C., counsel for the
Petitioners, and those other counsel listed on Schedule "A" hereto; AND UPON READING the
materials filed herein;

THIS COURT ORDERS that:

1. the Petitioners are authorized to advance the sum of \$100,000 by way of a loan to 3L
Cattle Company Ltd. and to take all other steps and execute all other documents that are
necessary to finalize and implement the settlement referenced in the Affidavit of Eric
Dutcyvich #18;

2. the approval of this Order by counsel appearing, other than counsel for the Petitioners, 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:

Counsel for the Petitioners,
John I. McLean, Q.C.
Gowling Lafleur Henderson LLP

By the Court

Registrar

SCHEDULE "A"

LIST OF COUNSEL

NAME OF COUNSEL	REPRESENTING:

No. S124409
Vancouver Registry

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SERVICES LTD., DOMINION LOG SORT LTD. AND
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PETITIONERS

ORDER
(IMPLEMENTATION OF SETTLEMENT)

GOWLING LAFLEUR HENDERSON LLP

Barristers & Solicitors
2300 - 550 Burrard Street
Vancouver, BC V6C 2B5

Tel. No. 604-683-6498
Fax No. 604-683-3558

File No. V41031

JIM/msh

No. S-124409
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LTD., DOMINION LOG SORT LTD. AND CENTRAL COAST
INDUSTRIES LTD.

PETITIONERS

NOTICE OF APPLICATION

GOWLING LAFLEUR HENDERSON LLP
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