



This is the 1st affidavit
of San Chan in this case
and was made on March 7, 2024

No. S-236214
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

1392752 B.C. LTD.

PETITIONER

AND:

SKEENA SAWMILLS LTD.
SKEENA BIOENERGY LTD. and
ROC HOLDINGS LTD.

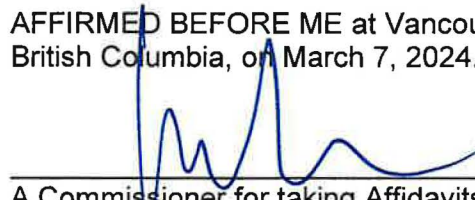
RESPONDENTS

AFFIDAVIT

I, **SAN CHAN**, paralegal, of #800 - 543 Granville Street, Vancouver, British Columbia, V6C 1X8,
AFFIRM THAT:

1. I am a paralegal with the law firm of Dennis James Aitken LLP, counsel in this proceeding for His Majesty the King in Right of the Province of British Columbia (the "**Province**"), and as such have personal knowledge of the facts and matters hereinafter deposed to save and except where stated to be based on information and belief, and, where so stated, I verily believe the same to be true.
2. Attached and marked as **Exhibit "A"** to my affidavit is an email thread involving Mr. Kibben Jackson, counsel for the receiver, Alvarez & Marsal Canada Inc., to Mr. Owen James, counsel for the Province, between March 6 and 7, 2024.

AFFIRMED BEFORE ME at Vancouver,
British Columbia, on March 7, 2024.


A Commissioner for taking Affidavits within
British Columbia


SAN CHAN

OWEN J. JAMES
Barrister & Solicitor
DENNIS JAMES AITKEN LLP
800 - 543 Granville Street
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(604) 659-9485

From: Kibben Jackson
To: Owen James; Mishaal Gill
Cc: Ray Power; Glen, Andrea AG:EX; Welch, Aaron AG:EX
Subject: RE: [EXT] RE: 1392752 B.C. Ltd. v. Skeena Sawmills Ltd., et al. SCBC Action No. S236214, Vancouver Registry
Date: March 7, 2024 11:04:09 AM
Attachments: image001.png

Hi Owen. Hope you're well.

I will start with your suggestion that the application tomorrow be adjourned. I don't think there is any concern with that on the Receiver's part (and probably not the Petitioner's either, but I would need to confirm that), however, that is subject to getting Justice Blake for another full day next week, other than Friday (when I'm in court on another matter). I am going to be contacting scheduling to see whether we can get a day next week. I don't think we can go out beyond that because there is a real funding issue here – there is enough to get this transaction through to a closing if we get court approval now (which I anticipate means tomorrow or next week). Not ideal, but such is the world we live in.

As for your email below, some responses to the questions you raise:

- First comment: it is normal for "approved contracts" to be identified up to closing. That said, I can tell you that the only contracts that are currently contemplated as being retained are: (i) a land lease between ROC and Sawmills; and (ii) any extant insurance policies, which are the two policies the Receiver obtained, to the extent they can be carried on after the Receiver's discharge.
- As for the permits and licences, following is the list of those related to the Province/Provincial regulators that are proposed to be retained:
 - TFL 41 cutting permits
 - FL A16885 cutting permits
 - FL A 16882 cutting permits
 - License of Occupation SK926021
 - License of Occupation SK929701
 - License of Occupation SK932307
 - Road and Bridge permits
 - Bioenergy Air Discharge permit 109209
 - Certificate of Inspection permit 718765 (BC Hydro)
 - Boiler Operating Permit
 - Gas Operating Permit
 - Sawmills Air Permit PA-3008
 - Landfill Permit 3360
 - Road Permit R14664
 - Road Permit R07570
 - Road Permit R23276
 - Boiler and Pressure Vessels Permit various #s
 - Electrical Permit 5148516
- It would be impossible to enumerate contracts to be vested out, but I can confirm there are no licences/permits sought to be vested out.

This is Exhibit "A" referred to in the
 affidavit of SAN CHAN
 sworn before me at VANCOUVER
 in the Province of British Columbia,
 this 7th day of MARCH, 2024

I trust the foregoing is of assistance and will enable the Province to consider its position

prior to the hearing tomorrow (if it cannot be adjourned). If you have any specific questions arising from the foregoing, please let me know.

Kibben Jackson*
Partner

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Fasken Martineau DuMoulin LLP

From: Owen James <ojames@djacounsel.com>

Sent: Wednesday, March 6, 2024 7:05 PM

To: Kibben Jackson <kjackson@fasken.com>; Mishaal Gill <mgill@fasken.com>

Cc: Ray Power <rpowers@djacounsel.com>; Glen, Andrea AG:EX <Andrea.Glen@gov.bc.ca>; Welch, Aaron AG:EX <Aaron.Welch@gov.bc.ca>

Subject: [EXT] RE: 1392752 B.C. Ltd. v. Skeena Sawmills Ltd., et al. SCBC Action No. S236214, Vancouver Registry

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Kibben, Mishaal,

The Province has now reviewed the Receiver's application materials, filed in support of the reverse vesting order returnable March 8, 2024.

We note at the outset that the Payment and Retention Agreement dated for reference February 28, 2024, which is incorporated into the form of order sought, (the "Transaction") is not executed.

Beyond that, and importantly, the Transaction is subject to a number of material terms being settled unilaterally by Cui Family Holdings Ltd. ("Cui") *after* the contemplated court approval.

For example, the contracts (the "Approved Contracts") to be retained by Skeena Sawmills Ltd. ("Sawmills"), Skeena Bioenergy Ltd ("Bioenergy") and ROC Holdings Ltd. ("ROC") (collectively, the "Companies"), some of which are governed by provincial legislation and at least one of which is with the Province, include contracts defined subjectively as those "which Cui has approved in writing on or before" a "Closing Date" which is a date *after* the date a reverse vesting order is pronounced by the court.

In addition, "Retained Assets" is defined to include the "Approved Contracts" and the Companies' "Permits and Licenses." The Permits and Licenses are defined to include, in part, those used "in respect of any of the Retained Assets...." Thus, because it is uncertain which contracts are Approved Contracts, i.e., a Retained Asset, it is uncertain which Permits and Licenses are also intended to be retained.

Moreover, the definitions of "Excluded Liabilities" and "Retained Liabilities" also rely on the definitions of "Approved Contracts" and "Permits and Licenses." As a result, it is ambiguous which liabilities are intended to be "Excluded" and which are intended to be "Retained."

To understand and consider the nature of the Transaction, the Province requires that the Companies, and Cui, identify, at a minimum:

1. the Contracts (as that term is defined in the Payment and Retention Agreement) that the Companies intend to retain;
2. the licenses, approvals, authorizations, permits, consents, or other rights entered into or obtained by any of the Companies (the "Licenses and Permits") that the Companies intend to retain; and
3. the Contracts and Licenses and Permits (as defined herein) that the Companies seek to vest out under the transaction.

As the Receiver can appreciate, without the foregoing information, the Province is not in a position to assess the essence of the Transaction contemplated by the Receiver. The Province submits that without this information the Court is also unable to assess the Transaction and consider whether there are compelling and exceptional circumstances to justify a form of order that is considered an extraordinary remedy.

In light of this lack of information, we intend to take the position on Friday that the Receiver's application is premature and ought to be adjourned.

The Province's substantive position is that it opposes the relief sought on the basis that the court does not have the jurisdiction to issue a reverse vesting order, and, if the court does have the jurisdiction, the court should decline to issue the order because the test for exercising that discretion has not been met on this record.

Regards,
Owen

Owen James*
(he/him)
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