



**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**

**SUPPLEMENTAL REPORT TO THE FOURTH REPORT OF THE RECEIVER**  
**ALVAREZ & MARSAL CANADA INC.**

**March 6, 2024**



**ALVAREZ & MARSAL**

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## 1.0 PURPOSE

- 1.1 This supplemental report (the “**Supplemental Report**”) has been prepared by the Receiver to provide this Honourable Court with additional information in respect of the replaceable contracts (the “**Replaceable Contracts**”) with Skeena Sawmills Ltd. (“**Sawmills**”) in respect of tree farm licence 41 (“**TFL41**”) and forest licence FLA16882 (“**FLA16882**”), and, in relation to same, the non-binding offers and definitive offers received under the Receiver’s Sales Process.
- 1.2 The Supplemental Report should be read in conjunction with the Fourth Report of the Receiver dated February 29, 2024 (the “**Fourth Report**”) and (for the Court’s reference) the First Confidential Report of the Receiver dated January 19, 2024 (the “**First Confidential Report**”), and other materials filed in the Receivership Proceedings (collectively, the “**Filed Materials**”). Background information, including capitalized terms not defined herein, are contained in the Filed Materials.
- 1.3 All monetary amounts contained in this Supplemental Report are expressed in Canadian dollars unless otherwise noted.

## 2.0 BACKGROUND OF SAWMILLS’ REPLACEABLE CONTRACTS

- 2.1 Sawmills is the holder of three forest tenures: TFL41, FLA16882 and forest licence FLA16885 (“**FLA16885**”).
- 2.2 Pursuant to the *BC Timber Harvesting Contract and Subcontract Regulation*, Sawmills is a party to two (2) replaceable timber harvesting contracts:

Licence	Annual Allowable Cut (Sept 30, 2023)	Replaceable Contract	Contractor name	Term	Amount of work
TFL41	128,000 m <sup>3</sup>	Yes	Terrace Timber Ltd.	5 years	100%
FLA16882	162,484 m <sup>3</sup>	Yes	Timber Baron Contracting Ltd.	5 years	50,395 m <sup>3</sup> /year (approx. 31 %)
FLA16885	26,112 m <sup>3</sup>	No	N/A	N/A	N/A

### 3.0 SALES PROCESS

- 3.1 As detailed in the Fourth Report, the Receiver received nine (9) non-binding expressions of interest (“EOIs”) from seven (7) interested parties as of the EOI deadline of December 8, 2023. Four (4) parties were invited by the Receiver to participate in Phase II of the Sale Process, and all four parties submitted definitive bids (each a “**Definitive Bid**”) by the Bid Deadline of January 12, 2024. Definitive Bids were summarized in the First Confidential Report.
- 3.2 Upon review of the EOIs received, the Receiver did not advance the following five (5) of the nine (9) EOIs to Phase II:

Bidder	Assets included in EOI(s)	Notes
Bidder A – three (3) EOIs submitted	Two (2) pieces of real property and TFL41	Proposed to assume the Replaceable Contract associated with TFL41.  Not assuming “confirmed liabilities” including stumpage and silviculture.
Bidder B	All the fixed assets, rolling stock, electrical, etc.	Proposed to purchase all fixed assets on site or liquidate on the Receiver’s behalf.
Bidder C	Pellet plant	Contingent on additional funding to be granted.  Not assuming environmental liabilities.

- 3.3 Bidder A is related to Terrace Timber Ltd. Bidder A’s EOI for TFL41 was not advanced because, among other things, the anticipated purchase price after deducting the non-assumed liabilities was effectively nil, and that, in any event, removing TFL41 from the whole package would jeopardize any *en bloc* sale.
- 3.4 The four (4) Definitive Bids received by the Receiver were identified and discussed in the First Confidential Report. The Receiver notes that none of the *en bloc* Definitive Bids contemplated the assumption of any of the Replaceable Contracts. One of the Definitive Bids was for FLA16882, however, it was not specified whether the purchaser intended to assume the associated Replaceable Contract. In any event, the offer was not actionable given the proposed purchase price for

FLA16882 and the fact that selling that asset alone would likely eliminate the possibility of selling the remaining assets *en bloc*.

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All of which is respectfully submitted to this Honourable Court this 6<sup>th</sup> day of March, 2024.

**Alvarez & Marsal Canada Inc.,**  
in its capacity as Receiver of Skeena Sawmills Ltd.,  
Skeena Bioenergy Ltd. and ROC Holdings Ltd.  
and not in its personal capacity



Per: Anthony Tillman  
Senior Vice President