



**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**

**FIFTH REPORT OF THE RECEIVER**  
**ALVAREZ & MARSAL CANADA INC.**

**May 2, 2024**



**ALVAREZ & MARSAL**

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## 1.0 INTRODUCTION

- 1.1 On September 20, 2023 (the “**Receivership Date**”), upon the application of 1392752 B.C. Ltd. (the “**Petitioner**”) in Supreme Court of British Columbia (the “**Court**”) Action No. S-236214, Vancouver Registry (the “**Receivership Proceedings**”), the Court granted an order (the “**Receivership Order**”) appointing Alvarez & Marsal Canada Inc. (“**A&M**”) as receiver (the “**Receiver**”) of all of the assets, undertakings and property, including real property (collectively, the “**Property**”), of Skeena Sawmills Ltd. (“**Sawmills**”), Skeena Bioenergy Ltd. (“**Bioenergy**”), and ROC Holdings Ltd. (“**ROC**”, and together with Sawmills and Bioenergy, the “**Skeena Entities**” or the “**Company**”).
- 1.2 On January 25, 2024, on the application of the Petitioner, the Court granted an order (the “**Security Order**”), which, among other things, declared that:
- a) two grid promissory notes granted by Sawmills and respectively dated January 31, 2023, and May 1, 2023 (together, the “**Promissory Notes**”) are valid and enforceable agreements;
  - b) the: (i) general security agreements each dated January 31, 2023 granted by the Skeena Entities in favour of the Petitioner; (ii) all-indebtedness mortgage and assignment of rents dated January 31, 2023 granted by ROC in favour of the Petitioner; and (iii) general assignment of leases and rents dated January 31, 2023 granted by ROC in favour of the Petitioner (collectively, the “**Security**”), are valid and enforceable agreements; and
  - c) the Security ranks in priority to all interests in the Property, aside from an express list of exceptions as provided for in the Security Order.
- 1.3 On March 8, 2024, on the application of the Receiver, the Court granted an order authorizing:
- a) a \$500,000 increase in the Receiver’s authorized borrowing amount to be advanced by the Petitioner along with a corresponding increase in the Receiver’s Borrowings Charge (as defined in the Receivership Order) from \$500,000 to \$1,000,000; and
  - b) the Receiver to make distributions to IWA – Forest Industry Pension and LTD Plans and Service Canada in respect of their respective priority claims.
- 1.4 On April 16, 2024, the Court granted a sale approval and vesting order (the “**SAVO**”) approving the Purchase and Sale Agreement (the “**PSA**”) dated April 16, 2024 between the Receiver, as vendor, and Kitsumkalum First Nation and its affiliates (collectively, “**Kitsumkalum**”), collectively as purchaser, and the transaction (the “**Transaction**”) contemplated thereunder for the sale of the Skeena Entities’ assets (the “**Purchased Assets**”) to Kitsumkalum.

1.5 The Receivership Order along with select application materials and other documents filed in the Receivership Proceedings (the “**Filed Materials**”) are posted on the Receiver’s website (the “**Receiver’s Website**”) at [www.alvarezandmarsal.com/skeena](http://www.alvarezandmarsal.com/skeena).

1.6 Capitalized terms not defined in this report (the “**Fifth Report**”) are as defined in the applicable Filed Materials.

## **2.0 PURPOSE OF THE FIFTH REPORT**

2.1 This Fifth Report has been prepared to provide the Court with information regarding:

- a) the Receiver’s activities since the date of the Receiver’s Fourth Report to Court dated February 29, 2024 (the “**Fourth Report**”);
- b) an update on the status of the PSA and the Transaction;
- c) the Receiver’s interim statement of cash receipts and disbursements and a comparison to the third cash flow forecast (the “**Third Cash Flow Forecast**”) for the period from February 10 to April 19, 2024;
- d) the fourth cash flow forecast for the period from April 20 to September 27, 2024 (the “**Fourth Cash Flow Forecast**”);
- e) information as well as the Receiver’s recommendation regarding its application for an order (the “**Allocation and Interim Distribution Order**”) approving the Receiver’s proposed cost allocation and Interim Distribution (as defined herein) to certain creditors of the Skeena Entities; and
- f) the Receiver’s planned next steps in these Receivership Proceedings.

## **3.0 ACTIVITIES OF THE RECEIVER SINCE THE FOURTH REPORT**

3.1 Since the date of the Fourth Report, and up to and including the date of this Fifth Report, the Receiver’s activities have included, but are not limited to, the following:

- a) continuing to advance the sale process for the sale of the Property (the “**Sale Process**”), including engaging in negotiations with various stakeholders;
- b) working with Kitsumkalum to advance its offer, finalize the terms of the PSA and complete the Transaction;
- c) preparing five supplemental reports to the Fourth Report and a confidential supplement to the Fourth Report, providing the Court and stakeholders with information and updates on the results of the Sale Process and various bids delivered to the Receiver;
- d) preparing application materials and attending hearings;
- e) preparing the Fourth Cash Flow Forecast;

- f) preparing the proposed allocation of the costs incurred in the Receivership Proceedings as detailed herein;
- g) updating the Receiver's Website;
- h) working with the independent contractors to review invoices, prepare T4s for former employees, issue critical payments, update accounting records and maintain a receipts and disbursements ledger;
- i) managing the Company's assets and sites; and
- j) preparing this Fifth Report.

#### **4.0 UPDATE ON THE PSA AND THE TRANSACTION**

- 4.1 As noted above, on April 16, 2024, this Honourable Court granted the SAVO approving the PSA and the Transaction, including a purchase price of \$14,047,000 (the "**Purchase Price**"). The PSA was executed by all parties on April 22, 2024.
- 4.2 Pursuant to the PSA, the Purchased Assets are to vest in select entities as determined by Kitsumkalum. Capitalized terms not defined herein are as defined in the PSA.

<b>Purchaser Entity</b>	<b>Purchased Assets</b>
1355392 B.C. Ltd.	Phase 1 Purchased Assets:  All Lands and buildings located thereon except the Stump Dump
1355390 B.C. Ltd.	Phase 1 Purchased Assets:  Stump Dump
1355387 B.C. Ltd.	Phase 2 Purchased Assets:  Licences (Tree Farm Licence 41, Forest Licence FLA 16882 and Forest Licence FLA 16885) and the Replaceable Contracts
Kitsumkalum First Nation	Phase 1 Purchased Assets:  Approved Contracts, Business Records, Intellectual Property, Inventory, Machinery and Equipment, Permits and Licenses and the Warranties

- 4.3 Pursuant to the terms of the SAVO and the PSA, the closing date for the purchase and sale of the Phase 1 Purchased Assets (the “**Phase 1 Transaction**”) was April 30, 2024. The Receiver confirmed receipt of the Purchase Price on April 30, 2024.
- 4.4 On April 30, 2024, in accordance with the terms of the SAVO, the Receiver and Kitsumkalum mutually agreed to extend the closing date to May 1, 2024 (the “**Phase 1 Closing Date**”), and the Phase 1 Transaction closed on that date.
- 4.5 An executed copy of the Phase 1 Receiver’s Certificate is to be filed with the Court on May 2, 2024.
- 4.6 Pursuant to the terms of the PSA, the Phase 2 Closing Date will occur five (5) days after the date the Province of British Columbia (the “**Province**”) provides notice of whether or not it has approved the transfer of the Licences to 1355387 B.C. Ltd (the “**Phase 2 Closing Date**”).
- 4.7 The Receiver submitted the Request for Approval of an Intended Transfer (the “**RAIT**”) in relation to the Licences to the Ministry of Forests on May 2, 2024. According to correspondence from the Province’s counsel to the Receiver’s counsel, Fasken Martineau DuMoulin LLP (“**Fasken**”), dated April 8, 2024, the Province advised that “it is currently anticipated that the Minister’s decision on the transfers of the Tree Farm Licence, Forest Licences and Road Permits would take a total of approximately 11-16 weeks from the submission of the application for transfer to the Minister”. A copy of the Province’s letter is attached hereto as Appendix “A”. Based on the foregoing, the Receiver anticipates the decision from the Minister of Forests on the transfer of Licences shall be issued in August 2024.

## **5.0 RECEIVER’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

- 5.1 The Receiver’s interim statement of cash receipts and disbursements for the period February 10 to April 19, 2024 (the “**Reporting Period**”) and a comparison to the Third Cash Flow Forecast for the Reporting Period are summarized in the table below:

<b>Skeena Entities</b> <b>Receiver's Interim Statement of Cash Receipts and Disbursements</b> <b>Compared to the Third Cash Flow Forecast</b> <b>For the period February 10, 2024 to April 19, 2024</b> <b>\$CAD'000s</b>			
	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>Receipts</b>			
Receiver's certificates	\$ 300	\$ 600	\$ (300)
AR collections	182	181	1
Estimated proceeds from the Transaction	-	4,498	(4,498)
Other receipts	4	-	4
	<b>485</b>	<b>5,279</b>	<b>(4,794)</b>
<b>Operating disbursements</b>			
People and contractor costs	\$ 182	\$ 206	\$ (24)
Insurance - Sawmills	80	80	-
Insurance - Bioenergy	44	260	(216)
Professional fees - receiver, counsel	85	360	(275)
Utilities	87	111	(24)
Sawmill/Pellet plant maintenance	2	23	(21)
Computer, subscriptions and IT	15	22	(7)
Office supplies, cleaning and other misc.	4	24	(20)
	<b>497</b>	<b>1,084</b>	<b>(586)</b>
<b>Closing disbursements</b>			
Property taxes	\$ -	\$ 1,800	\$ (1,800)
Stumpage	-	1,177	(1,177)
WEPP Priority - Sawmills	-	100	(100)
WEPP Priority - Bioenergy	-	15	(15)
Payment to IWA re: pension	84	84	(0)
Source deductions	-	82	(82)
	<b>84</b>	<b>3,258</b>	<b>(3,174)</b>
<b>Total disbursements</b>	<b>581</b>	<b>4,342</b>	<b>(3,760)</b>
<b>Net cash flow</b>	<b>(96)</b>	<b>938</b>	<b>(1,033)</b>
Opening operating cash and trust balance	607	607	-
<b>Ending cash balance</b>	<b>\$ 512</b>	<b>\$ 1,545</b>	<b>\$ (1,033)</b>

5.2 The unfavorable net cash flow variance of \$1.0 million over the Reporting Period was mainly driven by the following:

- a) the Third Cash Flow Forecast was prepared on the assumption that a transaction with Cui Family Holdings Ltd. (“**Cui Holdings**”) under the Payment and Retention Agreement (the “**PRA**”) would complete prior to April 19, 2024. This transaction did not proceed, and, accordingly, the closing proceeds, and majority of the corresponding disbursements under the PRA, did not materialize;

- b) the Receiver was forecast to borrow \$600,000 from the Petitioner under the Receiver's Certificates (as defined in the Receivership Order), however the actual amount advanced from the Petitioner during the Reporting Period was \$300,000;
- c) the Receiver had assumed that a downpayment and first monthly premium instalment totaling approximately \$220,000 would be funded for Bioenergy's insurance renewal (renewed on March 31, 2024) during the Reporting Period. Given the Phase 1 Closing Date, the Receiver has not made this payment, and will instead request that the insurance policy be terminated as of the Phase 1 Closing Date. The Receiver will fund a payment in respect of Bioenergy's insurance coverage for the month of April 2024 (subsequently discussed); and
- d) payments of professional fees were \$275,000 lower than forecast as payments were held due to lower advances from the Petitioner.

## **6.0 THE FOURTH CASH FLOW FORECAST**

- 6.1 The Receiver has prepared the Fourth Cash Flow Forecast for the period from April 20 to September 27, 2024 (the "**Forecast Period**"). The Fourth Cash Flow Forecast is summarized in the table below:



<b>Skeena Entities</b> <b>Fourth Cash Flow Forecast</b> <b>For the period April 20, 2024 to September 27, 2024</b> <b>\$CAD'000s</b>	
<b>Receipts</b>	
Sale proceeds	\$ 14,047
Sales tax collected	299
	<b>14,346</b>
<b>Operating disbursements</b>	
People and contractor costs	\$ 61
Insurance - Sawmills	128
Insurance - Bioenergy	64
Professional fees - receiver, counsel	1,020
Utilities	38
Sawmill/Pellet plant maintenance	2
Computer, subscriptions and IT	4
Office supplies, cleaning and other misc.	5
Licence transfer fees	6
Sales tax remittance	299
Contingency	50
	<b>1,676</b>
<b>Closing disbursements and proposed distribution</b>	
Property taxes	\$ 1,908
Stumpage	1,060
Allocation - Interim Distribution	8,918
Allocation - Final Distribution	450
WEPPA Priority - Sawmills	96
WEPPA Priority - Bioenergy	13
Receiver's Certificate	630
Source deduction remittances - Sawmills	93
Source deduction remittances - Bioenergy	14
	<b>13,182</b>
<b>Total disbursements</b>	<b>14,858</b>
<b>Net cash flow</b>	<b>(512)</b>
Opening operating cash and trust balance	512
<b>Ending cash balance</b>	<b>\$ -</b>

6.2 The Fourth Cash Flow Forecast projects a net cash outflow of \$512,000 during the Forecast Period, which is based on the following assumptions:

- e) people and contractor costs of approximately \$61,000 are funded up to May 1, 2024, which includes ongoing site security, assistance with the Sale Process and Transaction closing matters, site maintenance and various administrative tasks. The Receiver has terminated the contractors effective May 1, 2024;
- f) insurance costs totaling \$192,000 represents a provision to account for any insurance premium obligations that may be payable relating to Sawmills' insurance financing arrangement,

Bioenergy insurance premiums for the period from April 1 to May 1, 2024, and final payment of vehicle insurance up to May 1, 2024;

- a) professional fees of \$1.0 million for the Receiver and its counsel, Fasken, of which approximately \$720,000 represents actual and estimated unpaid fees to April 30, 2024;
- b) utilities of \$38,000, which includes electricity and gas charges during the Forecast Period and assumes all utilities are cancelled effective May 1, 2024;
- c) Goods & Services Tax collections of \$299,000 are to be remitted to the Receiver General subject to input tax collection claims that will reduce this remittance upon finalization; and
- d) closing disbursements and distributions of approximately \$13.2 million will be made in respect of outstanding property taxes, stumpage fees (upon the Phase 2 Closing Date), source deduction remittances, WEPPA (defined herein), amounts owing under the Receiver's Certificates (payable to the Cui Holdings) and, if authorized, payment of the Interim Distribution to various creditors (as defined and discussed herein).

6.3 A copy of the Fourth Cash Flow Forecast is attached to this Fifth Report as Appendix "B".

## **7.0 PROPOSED ALLOCATION AND INTERIM DISTRIBUTION**

7.1 As noted in the Receiver's prior reports to the Court, the Skeena Entities are subject to certain priority claims under the Bankruptcy and Insolvency Act (the "BIA"), including amounts due for source deductions, unpaid amounts owing in respect of prescribed pension plans, and amounts owing under the *Wage Earner Protection Program Act* ("WEPPA"). In addition, the Receiver, in taking possession of, preserving and selling the assets of the Skeena Entities, has incurred costs and expenses which remain outstanding and are secured under the Receiver's Charge. The Receiver proposes to allocate the foregoing claims and costs amongst the creditors who are to be paid from the funds in the Receivership estate.

7.2 The Receiver proposes to make distributions to the following creditors from the funds available in the receivership estate:

Skeena Entities Creditors <sup>1</sup>			
CAD\$000			
As at May 31, 2024			
Creditor	Against	Security	Amount
Petitioner	Sawmills, Bioenergy and ROC	Assets of the Skeena Entities, subject to the prior-ranking charges indicated below	\$ 8,069
Caterpillar Financial Services Limited	Sawmills	Machinery and equipment	250
Caterpillar Financial Services Limited	Bioenergy	Machinery and equipment	25
Canadian Western Bank	Bioenergy	Machinery and equipment	103
The Bank of Nova Scotia	Sawmills	Motor vehicle	20
Dynamic Capital Equipment Finance Inc.	Sawmills	Machinery and equipment, motor vehicle	227
Corley Manufacturing Company	Sawmills	headrig carriage and software installed in the sawmill	118
Microtec Inc.	Sawmills	log scanner and software installed in the sawmill	372
TBD	Sawmills	Inventory	541
TBD	Sawmills	Accounts receivable	361
Total pre-existing charges			\$ 10,086
Note 1: Secured claims have been estimated based on available payout information as at May 31, 2024. Claims against proceeds from inventory and accounts receivable exceed realizations, and, accordingly, asset realizations have been inserted above.			

- 7.3 The Receiver is aware of competing claims to the proceeds realized from inventory and accounts receivable collections (hence the use of “TBD” in the above table). On April 18, 2024, the Receiver’s counsel circulated a draft cost allocation and distribution analysis to counsel for Timber Baron Contracting Ltd. (“**Timber Baron**”) and Delta Cedar Specialties Ltd. (“**Delta Cedar**”) to encourage direct discussion in respect of this priority dispute. The Receiver understands that Timber Baron and Delta Cedar are in discussions with respect to this matter.
- 7.4 Based on the Fourth Cash Flow Forecast and the assumption that the Phase 2 Closing Date will occur no later than August 31, 2024, the Receiver anticipates that it will have approximately \$9.4 million available for distribution to creditors of the Skeena Entities (the “**Estimated Distribution Amount**”). Total secured creditor claims are \$10.1 million, which exceeds the Estimated Distribution Amount by approximately \$719,000 based on current estimates. The Receiver proposes to allocate this shortfall (collectively, the “**Priority Claim Amounts**”) amongst the secured creditors.
- 7.5 The Priority Claim Amounts are summarized as follows:

Skeena Entities Priority Claim Amounts CAD'\$000	
WEPPA - Sawmills	\$ 96
WEPPA - Bioenergy	13
Source deductions - Sawmills	93
Source deductions - Bioenergy	14
Pension	84
Receiver's Charge - cost of receivership	419
Allocated Costs	\$ 719

7.6 The Receiver proposes to allocate the Priority Claim Amounts among the secured creditors based on the priority and nature of the costs being allocated, as described below:

- a) amounts payable pursuant to WEPPA:
  - i. amounts due from Sawmills shall be allocated based on the amounts recovered from Sawmills' accounts receivable and inventory (i.e. current assets);
  - ii. amounts due from Bioenergy shall be borne by the Petitioner;
- b) source deductions:
  - i. source deductions due from Sawmills shall be borne by all secured creditors of Sawmills, *pro rata*, based on the amount of each such creditor's claim;
  - ii. source deductions due from Bioenergy shall be borne by all secured creditors of Bioenergy, *pro rata*, based on the amount of each such creditor's claim;
- c) the pension payment shall be borne by all secured creditors of Sawmills, *pro rata*, based on the amount of each such creditor's claim; and
- d) general Receiver's costs shall be allocated to all secured creditors, *pro rata*, based on the amount of each such creditor's claim, with the exception of Caterpillar Financial Services Limited who, pursuant to the terms of the Receivership Order, is not subject to the Receiver's Charge.

7.7 The following table summarizes the Receiver's proposed cost allocation among Skeena Entities' creditors and the net distributions (the "**Net Distributions**") contemplated. A copy of the detailed allocation is attached hereto as Appendix "C":

Skeena Entities Proposed Allocation CAD'S000						
Creditor	Against	Claim Amount as at May 31, 2024	Allocated Costs	Net distribution	%	
Petitioner	Sawmills, Bioenergy and ROC	\$ 8,069	\$ (514)	\$ 7,555	93.6%	
Caterpillar Financial Services Limited	Sawmills	250	(4)	245	98.2%	
Caterpillar Financial Services Limited	Bioenergy	25	(0)	25	99.8%	
Canadian Western Bank	Bioenergy	103	(5)	99	95.6%	
The Bank of Nova Scotia	Sawmills	20	(1)	18	94.0%	
Dynamic Capital Equipment Finance Inc.	Sawmills	227	(14)	213	94.0%	
Corley Manufacturing Company	Sawmills	118	(7)	111	94.0%	
Microtec Inc.	Sawmills	372	(22)	350	94.0%	
TBD	Sawmills	541	(90)	451	83.3%	
TBD	Sawmills	361	(60)	301	83.3%	
Total		\$ 10,086	\$ (719)	\$ 9,368		

7.8 The Receiver is of the view that the proposed allocation is fair and reasonable in the circumstances, including for the following reasons:

- a) the forecast recovery for secured creditors ranges from 83.3% to 99.8%, with the majority of the secured creditors forecast to recover at least 94% of their estimated outstanding claim as of May 31, 2024;
- b) the Priority Claim Amounts are allocated pursuant to the priorities set out in the BIA, WEPPA and the Receivership Order; and
- c) while there may be bases on which to propose further refinement of the proposed allocation of the Priority Claim Amounts, including in respect of the amounts owing under the Receiver's Charge, the Receiver is of the view that the proposed allocation appropriately allocates the amounts owing under the Receiver's Charge and avoids further costs being incurred and borne by the stakeholders if overly detailed analyses are to be conducted by the Receiver and critiqued or disputed by the affected creditors.

7.9 As indicated in the Fourth Cash Flow Forecast the Receiver anticipates an interim distribution to creditors in May 2024 (the "**Interim Distribution**") and a final distribution in September 2024, after the Phase 2 Closing Date and coinciding with the Receiver's application for its discharge. The Interim Distribution is expected to be made as follows:

- a) payment of the full amount of the proposed Net Distributions to all identified creditors except the Petitioner; and
- b) payment to Cui Holdings of the balance of the Interim Distribution funds less a holdback of \$750,000 (the "**Holdback**").

7.10 The Holdback, net of costs, which primarily include professional fees of up to \$300,000, will be remitted to Cui Holdings upon the completion of the Receivership Proceedings.

7.11 If the RAIT in relation to the Licences to the Ministry of Forests is denied (partially or in total), the Receiver intends to sell the Licences and remit the net proceeds thereof to Cui Holdings and, if any surplus proceeds are generated beyond what is owed to Cui Holdings, to the unsecured creditors of Sawmills.

## **8.0 RECOMMENDATIONS AND NEXT STEPS**

8.1 The Receiver respectfully recommends that this Court grant the Allocation and Interim Distribution Order.

8.2 The Receiver's next steps will include:

- a) assisting Kitsumkalum and the Ministry of Forest, as required, on the transfer of the Licenses and associated permits and licences pursuant to the PSA;
- b) following the Phase 2 Closing Date, bringing an application seeking, among other things, the discharge of the Receiver and the distribution of any remaining funds to Cui Holdings; and
- c) taking other such steps as may be necessary to conclude these Receivership Proceedings.

\*\*\*\*\*

All of which is respectfully submitted to this Honourable Court this 2<sup>nd</sup> day of May, 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

April 8, 2024

***Via Email***

Fasken Martineau DuMoulin LLP  
550 Burrard St #2900  
Vancouver, BC V6C 0A3

**Attention: Kibben Jackson  
Mishaal Gill**

Dear Sirs/Mesdames:

**Re: 1392752 B.C. Ltd. v. Skeena Sawmills Ltd. et al.,  
SCBC Vancouver Registry Action No. S-236214**

I write further to the hearing that proceeded last week before Justice Walker. Over the course of that hearing, the submissions of the parties varied as to the time estimates associated with Ministerial review and approval of the Tree Farm License, Forest License and Road Permits associated with New Skeena's operations. In the hope that it assists the Receiver, and the parties more generally, I have inquired of my client and can advise as follows.

It is currently anticipated that the Minister's decision on the transfers of the Tree Farm Licence, Forest Licences and Road Permits would take a total of approximately 11-16 weeks from the submission of the application for transfer to the Minister.

As I indicated in my submissions last week, Exhibit C to Jacques Bousquet's affidavit (attached for ease of reference) is meant to illustrate the process and is not necessarily indicative of the total review time associated with an application for transfer. Items 7-10 in the list occur post-decision and do not add time to the decision process. Consultation with affected First Nations is conducted simultaneously, so the number of affected First Nations does not add time to the total review period. In addition, as the Ministry is now aware of a possible application being brought forward and, in responding to this proceeding to date, familiarized itself with the matter, it is anticipated the Minister will be in a position to expedite the review somewhat.

If there are negotiations between the proponent and the affected First Nations, it is very possible the aforementioned timeline could be further shortened. The minimum notice required for consultation varies depending on the Province's agreement with each First Nation. I am advised the longest minimum notice period in this area is 55 days. It is open, however, to a First Nation to waive this minimum notice period by, for example, providing

the Minister with a letter indicating non-opposition to the proposed transfer. A proponent therefore who wanted to help expedite the consultation process could start negotiating with the First Nations for the provision of these letters to the Minister even before an application for transfer is submitted.

I trust this information is of assistance and provides a more refined sense of the review times for the licenses and permits in this matter.

Yours truly,

**Dennis James Aitken LLP**

A handwritten signature in black ink, appearing to read 'Owen James', with a stylized, flowing script.

**Owen James**

ojames@djacounsel.com

604-659-9485

OJJ/wl

Encl.



## Skeena Entities

Fourth Cash Flow Forecast<sup>1</sup>

For the period April 20, 2024 to September 27, 2024

SCAD'000s

Period ending	Notes	26-Apr-24	3-May-24	10-May-24	17-May-24	24-May-24	31-May-24	To discharge 27-Sep-24	Total
<b>Receipts</b>									
Sale proceeds	3	\$ -	\$ 14,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,047
Sales tax collected	4	-	299	-	-	-	-	-	299
		-	14,346	-	-	-	-	-	14,346
<b>Operating disbursements</b>									
People and contractor costs	5	\$ 26	\$ 31	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 61
Insurance - Sawmills	6	-	9	-	-	119	-	-	128
Insurance - Bioenergy	6	-	-	-	-	64	-	-	64
Professional fees - receiver, counsel	7	-	-	720	-	-	-	300	1,020
Utilities	8	1	24	-	12	2	-	-	38
Sawmill/Pellet plant maintenance		1	1	-	-	-	-	-	2
Computer, subscriptions and IT		-	-	2	-	2	-	-	4
Office supplies, cleaning and other misc.		1	4	-	-	-	-	-	5
Licence transfer fees	9	-	6	-	-	-	-	-	6
Sales tax remittance	4	-	-	-	-	-	299	-	299
Contingency		-	-	-	50	-	-	-	50
		29	73	726	62	187	299	300	1,676
<b>Closing disbursements and proposed distribution</b>									
Property taxes	10	\$ -	\$ 1,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,908
Stumpage	10	-	-	-	-	-	-	1,060	1,060
Allocation - Interim Distribution	10	-	-	-	-	-	8,918	-	8,918
Allocation - Final Distribution	10	-	-	-	-	-	-	450	450
WEPPA Priority - Sawmills	10	-	96	-	-	-	-	-	96
WEPPA Priority - Bioenergy	10	-	13	-	-	-	-	-	13
Receiver's Certificate	10	-	630	-	-	-	-	-	630
Source deduction remittances - Sawmills	10	-	93	-	-	-	-	-	93
Source deduction remittances - Bioenergy	10	-	14	-	-	-	-	-	14
		-	2,754	-	-	-	8,918	1,510	13,182
<b>Total disbursements</b>		<b>29</b>	<b>2,828</b>	<b>726</b>	<b>62</b>	<b>187</b>	<b>9,217</b>	<b>1,810</b>	<b>14,858</b>
<b>Net cash flow</b>		<b>(29)</b>	<b>11,518</b>	<b>(726)</b>	<b>(62)</b>	<b>(187)</b>	<b>(9,217)</b>	<b>(1,810)</b>	<b>(512)</b>
Opening operating cash and trust balance	2	512	482	12,001	11,275	11,213	11,026	1,810	512
<b>Ending cash balance</b>		<b>\$ 482</b>	<b>\$ 12,001</b>	<b>\$ 11,275</b>	<b>\$ 11,213</b>	<b>\$ 11,026</b>	<b>\$ 1,810</b>	<b>\$ -</b>	<b>\$ -</b>

**Skeena Sawmills Ltd. (“Sawmills”), Skeena Bioenergy Ltd. (“Bioenergy”), and ROC Holdings Ltd.  
(collectively, the “Skeena Entities”)  
Fourth Cash Flow Forecast  
Notes and Assumptions**

1. The cash flow forecast (the “Fourth Cash Flow Forecast”) is presented on a weekly basis from April 20, 2024 to May 31, 2024, and for the period from June 1 to September 27, 2024 (the “Forecast Period”), and was prepared by the Receiver based on unaudited financial information, and estimates of projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time.

The Fourth Cash Flow Forecast is presented in Canadian dollars.

2. The opening operating cash position as presented in the Fourth Cash Flow Forecast represents funds held in trust by the Receiver.
3. Represents the \$1.32 million bid deposit received from Kitsumkalum First Nation (“Kitsumkalum”) and \$12.7 million which represents that balance of the purchase price remitted to the Receiver by Kitsumkalum upon closing of the transaction.
4. Sales tax collected of \$299,000 represents the Goods & Services Tax collections remitted to the Receiver upon closing of the transaction and will be remitted to the Receiver General, net of input tax collection claims.
5. People and contractor costs of approximately \$61,000 are primarily related to on-site security and maintenance of the Skeena Entities and to assist the Receiver with the sale of the Skeena Entities’ assets. It is assumed the contractors will be terminated effective May 1, 2024.
6. Insurance costs totaling \$192,000 include final payment of ICBC insurance to May 1, 2024, Bioenergy premiums for the period from April 1, 2024 to May 1, 2024, and a provision to account for insurance obligations with respect to the Sawmills insurance financing agreement.
7. Professional fees for the Receiver and its counsel during the Forecast Period are estimated at \$1.0 million of which approximately \$720,000 relates to actual and estimated fees incurred to April 30, 2024.
8. Utilities of \$38,000 include final hydro and gas charges for the period ending May 1, 2024, and assumes that all utilities are cancelled effective May 1, 2024.
9. Licence transfer fees of \$6,000 represents fees incurred with respect to the Request for Approval of an Intended Transfer of licences to be submitted to the Ministry of Forest.
10. Closing disbursements totaling \$13.2 million are based on an application to the Supreme Court of British Columbia to grant an order approving the proposed allocation and distribution to secured creditors.

Skeena Entities  
Allocation and Proposed Distribution  
Payment Date (assumed) - May 31, 2024  
\$CAD

Creditor	Notes	Secured Claims	WEPPA -		Source deductions -		Pension	General		%	Interim Distribution	Final Distribution (TBD)
			Sawmills	Bioenergy	Sawmills	Bioenergy		Receivables costs	Net distribution			
Petitioner	1	8,089,067.38	95,934.97	13,060.67	93,033.22	13,749.25	83,743.91	418,986.04				
CAT - Sawmills	1,2	249,852.02	-	(13,060.67)	(75,386.44)	(13,534.19)	(67,859.15)	(344,582.67)	7,554,644.27	93.6%	7,104,644.27	450,000.00
CAT - Bioenergy	1,2	24,912.11	-	-	(2,334.28)	-	(2,101.20)	-	245,416.54	98.2%	245,416.54	-
CWB - Bioenergy	1,2	103,308.64	-	-	-	(41.78)	-	-	24,870.33	99.8%	24,870.33	-
BNS	1,2	19,638.47	-	-	-	(173.28)	-	(4,411.71)	98,723.65	95.6%	98,723.65	-
Dynamic	1,2	227,169.39	-	-	(183.48)	-	(165.16)	(838.64)	18,451.20	94.0%	18,451.20	-
Corley	1,2	118,113.82	-	-	(2,122.36)	-	(1,910.45)	(9,701.08)	213,435.50	94.0%	213,435.50	-
Microtec	1,2	372,137.53	-	-	(1,103.50)	-	(993.31)	(5,043.95)	110,973.06	94.0%	110,973.06	-
TBD	3,4	540,901.38	(57,533.65)	-	(3,476.75)	-	(3,129.60)	(15,891.82)	349,639.36	94.0%	349,639.36	-
TBD	3,4	361,029.19	(39,401.32)	-	(5,053.45)	-	(4,548.87)	(23,098.73)	450,666.68	83.3%	450,666.68	-
Total pre-existing charges	3,4	10,086,129.93	(95,934.97)	(13,060.67)	(93,033.22)	(13,749.25)	(83,743.91)	(418,986.04)	9,367,821.87	92.9%	8,917,621.87	450,000.00

Notes:

1. Secured creditor claims have been estimated as at May 31, 2024, utilizing available payout information.
2. Pursuant to the closing of the PSA, Kitsumiklum and its affiliates allocated proceeds to payout all existing lease and lease finance claims.
3. Secured Claim represents gross realizations including \$400,000 allocated to Skeena Sawmills log inventory pursuant to the closing of the PSA.
4. Timber Baron Contracting Ltd. and Delta Cedar Specialties Ltd. have advanced compelling claims for these proceeds are in discussions in respect of this matter.