

NO. _____
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 *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1057863 B.C.
LTD., NORTHERN RESOURCES NOVA SCOTIA CORPORATION, NORTHERN PULP NOVA
SCOTIA CORPORATION, NORTHERN TIMBER NOVA SCOTIA CORPORATION, 3253527
NOVA SCOTIA LIMITED, 3243722 NOVA SCOTIA LIMITED and NORTHERN PULP NS GP
ULC

PETITIONERS

PETITION TO THE COURT

ON NOTICE TO: Those parties set out in schedule "A".

This proceeding has been started by the Petitioners for the relief set out in Part 1 below.

If you intend to respond to this Petition, you or your lawyer must

- (a) file a Response to Petition in Form 67 in the above-named registry of this Court within the time for Response to Petition described below, and
- (b) serve on the Petitioners
 - (i) 2 copies of the filed Response to Petition, and
 - (ii) 2 copies of each filed Affidavit on which you intend to rely at the hearing

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the Response to Petition within the time for response.

TIME FOR RESPONSE TO PETITION

A Response to Petition must be filed and served on the Petitioners,

- (a) if you were served with the Petition anywhere in Canada, within 21 days after that service,
- (b) if you were served with the Petition anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the Petition anywhere else, within 49 days after that service, or
- (d) if the time for response has been set by order of the Court, within that time.

(1) **The address of the registry is:**

The Law Courts
800 Smithe Street
Vancouver, BC

(2) **The ADDRESS FOR SERVICE of the Petitioners is:**

McCarthy Tétrault LLP
Barristers & Solicitors
Suite 2400, 745 Thurlow Street
Vancouver BC V6E 0C5

Attention: Sean F. Collins

DIRECT FAX number for service (if any): n/a
EMAIL address for service (if any): scollins@mccarthy.ca

(3) **Name and office address of the Petitioners' lawyer:**

(same as above)

CLAIM OF THE PETITIONERS

PART 1. ORDER SOUGHT

1. The Petitioners seek an order substantially in the form of the draft order attached as schedule "B" to this petition (the "**Initial Order**"), granting, among other things, the following relief:

- (a) deeming service of the application for the Initial Order to be good and sufficient;
- (b) declaring that the Petitioners are companies to which the [Companies' Creditors Arrangement Act](#) (R.S.C., 1985, c. C-36) ("**CCAA**") applies;
- (c) extending the benefits and protection of the Initial Order, and imposing the restrictions contained in the Initial Order, to and on each of Northern Pulp Nova Scotia Limited Partnership and Northern Timber Nova Scotia Limited Partnership (the "**LP's**");
- (d) authorizing the Petitioners to carry on business in a manner consistent with the preservation of their business and property;
- (e) authorizing the Petitioners to pay the reasonable expenses incurred in carrying out their business in the ordinary course;
- (f) staying all proceedings, rights, and remedies against or in respect of the Petitioners, the LP's, their business or property, the Monitor (as defined below), and the directors of PEC (as defined below, but only as such proceedings relate to the Petitioners), except as otherwise set forth in the Initial Order;
- (g) appointing Ernst & Young Inc. ("**EY**") as the monitor (the "**Monitor**") of the Petitioners in these proceedings;
- (h) authorizing the Petitioners to pay the reasonable and documented fees and disbursements of their counsel, the Monitor and its counsel;
- (i) granting the Administration Charge and the Director and Officer Charge (each as defined below);
- (j) providing for a comeback hearing in respect of the relief granted under the Initial Order, on a date to be fixed by the Court (the "**Comeback Hearing**"); and
- (k) such further and other relief as may be sought by the Petitioners.

PART 2. FACTUAL BASIS

1. The material facts and background relating to this Petition are set forth in the Affidavit of Bruce Chapman (the “**Supporting Affidavit**”). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Supporting Affidavit.
2. 105 BC is a corporation incorporated under the laws of the Province of British Columbia and with a head office in Richmond, British Columbia. 105 BC controls each of the other Petitioners, who are a group of affiliated corporate entities, on a direct or indirect basis and manages the business operation of each of the other Petitioners. The Petitioners seek an initial stay of proceedings and related relief for the purposes of reorganizing their affairs and implementing their restructuring plan within these proceedings. On January 31, 2020, the Petitioners were forced to cease business operations of their Mill in Pictou County, Nova Scotia. As a consequence of the Mill’s closure and the associated operational issues, the Petitioners face immediate and multiple challenges to their continued viability and project that they will run out of cash and access to any further capital in late July, 2020.
3. The closure of the Mill has resulted in lay offs of 302 employees, and has otherwise had a devastating effect on the Petitioners and their partners in the forestry industry. The closure of the Mill threatens the ability of the Petitioners to continue as a going-concern. The Petitioners believe they have various claims against the Province relating to the forced closure of the Mill and commence the within proceedings with the objective of resolving issues with the Province, restoring the Mill and relevant forestry assets to an operational state and re-engaging their workforces as soon as possible. In sum, the Petitioners seek a permanent and comprehensive solution to their fiscal challenges so as to improve liquidity and strengthen their financial position with a view ultimately to resuming operations at the Mill and maximizing value for all stakeholders.
4. With no ordinary course operational prospects to recommence producing pulp in the near future, the Petitioners find themselves in a liquidity crisis. The Petitioners’ obligations and liabilities greatly exceed \$5,000,000. If CCAA protection is not granted:
 - (a) the Petitioners will be unable to transition the Mill and their operations into a safe and reversible state of hibernation and preservation, in an environmentally responsible manner;

- (b) there is a strong likelihood that the subject assets will lose all, or considerably all, of their going concern value;
- (c) the Petitioners will be unable to carefully monitor and regulate their operations at the Mill and ensure proper compliance with applicable laws;
- (d) the Mill and the corresponding forestry assets will likely not be restored to any operational state and the workforce will likely not be re-engaged;
- (e) creditors' recourse will be to pursue their individual remedies resulting in serious prejudice and damage to all affected stakeholders, further eliminating the possibility of the Petitioners successfully restructuring their operations and restoring the Mill and relevant forestry assets to an operational state and re-engaging workforces; and
- (f) the value of the Mill and forestry assets will be significantly impaired without a responsible hibernation and maintenance program put in place.

5. If the Petitioners are granted a stay of proceedings under the CCAA, the Petitioners intend to work diligently towards the restructuring of their affairs, by:

- (a) ensuring the orderly hibernation, care and maintenance of the Mill facilities and equipment and forestry assets, and supporting existing industry partnerships until such time as comprehensive restructuring alternatives are implemented;
- (b) working with the Monitor and other professional advisers to assess various options available to remain a viable enterprise, going forward;
- (c) engaging in discussions with the Province in connection with or arising from claims relating to the closure of the Mill and exploring alternatives for re-starting the Mill;
- (d) working with regulators from the Province, representatives of the Monitor, local First Nations groups and other stakeholders to explore potential alternative means to preserve going concern asset value and prospects for re-starting the Mill; and
- (e) reorganizing, re-negotiating, or eliminating any existing contracts of an onerous nature or any non-performing assets.

I. RELIEF SOUGHT

(a) Stay of Proceedings

6. The Petitioners seek a stay of proceedings for an initial period of ten (10) days and seek the application of the stay of proceedings to and for the benefit of the LP's.

(b) Monitor

7. The Petitioners seek an appointment of the Monitor in accordance with the CCAA. EY has consented to act as monitor in these proceedings.

(c) Administration Charge

8. The Petitioners seek an administration charge over their assets, properties and undertakings, up to a maximum amount of \$500,000 (the "**Administration Charge**") to secure payment of the fees and disbursements of the Petitioners' legal counsel, the Monitor and the Monitor's legal counsel. Subject to exceptions identified in the Initial Order, the Administration Charge is to rank in priority to all other encumbrances, including all other Court-ordered charges. The Petitioners intend to seek an increase to the Administration Charge at the Comeback Hearing.

(d) Director and Officer Charge

9. The Petitioners estimate that the priority payables in respect of which the director and officers have potential liability at any point in time during the CCAA process is approximately \$500,000. The Petitioners are seeking a charge in favour of their director and officers over the Petitioners' assets, properties, and undertakings up to a maximum amount of \$500,000 (the "**Director and Officer Charge**"), as provided for in the draft Initial Order, to indemnify the Petitioners' directors and officers in respect of liabilities they may incur in these proceedings. It is proposed that the Director and Officer Charge will also extend to benefit the directors of PEC for any claims that may be brought against them that relate to the Petitioners. The Petitioners have sought and obtained guidance from the Monitor in proposing this amount and anticipate seeking an increase to this amount at the Comeback Hearing.

(e) Anticipated Future Relief

10. In the event that the Initial Order is granted, the Petitioners intend to seek additional relief at the Comeback Hearing through the granting of various amendments to the Initial Order (the "**Amended and Restated Initial Order**"). While the exact relief that will be sought by the Petitioners at the Comeback Hearing is still being developed, it is currently anticipated that the Amended and Restated Initial Order will include:
- (a) an extension of the stay for a ninety day period;
 - (b) approval of an interim financing term sheet to allow future operational expenses to be satisfied;
 - (c) a key employee retention program to secure the continued retention of a select subset of critical employees and the granting of associated charges;
 - (d) a critical suppliers charge or, alternatively, authorization to pay pre-filing obligations that may be owing to critical vendors with the consent of the Monitor; and
 - (e) authorization to pay severance obligations to employees of the Mill that are currently not working, with the consent of the Monitor.
11. The Petitioners reasonably expect to run out of liquidity in late July 2020. The Petitioners seek a stay of proceedings, in accordance with the provisions of the CCAA to maintain the *status quo*, so that they may explore, with the assistance of the Monitor, restructuring opportunities.

PART 3. LEGAL BASIS

(a) Introduction

1. The Petitioners rely on:
- (a) the [CCAA](#);
 - (b) the [Business Corporations Act, S.B.C. 2002](#), as amended (the "**BCA**");
 - (c) the [Bankruptcy and Insolvency Act, R.S.C. 1985](#), c. B-3 (the "**BIA**");

- (d) the [Supreme Court Civil Rules, B.C. Reg. 241/2010](#), as amended;
- (e) the inherent and equitable jurisdiction of this Court;
- (f) such further and other legal basis as counsel may advise and this Court may allow.

(b) *The Remedial Purpose of the CCAA*

2. The CCAA is remedial legislation, which affords Canadian courts with broad jurisdiction to approve and implement restructuring arrangements:

The legislation is remedial in the purest sense in that it provides a means whereby the devastating social and economic effects of bankruptcy or creditor initiated termination of ongoing business operations can be avoided while a court-supervised attempt to reorganize the financial affairs of the debtor company is made.

[Century Services Inc. v. Canada \(Attorney General\)](#), 2010 SCC 60, at para. 59 [[Century Services](#)].

(c) *Application of the CCAA*

3. The CCAA applies in respect of “affiliated debtor companies” if the claims against the affiliated debtor companies are of more than \$5,000,000. The CCAA defines “company” as a company, corporation or legal person incorporated by or under an Act of Parliament or of the legislature of a province. A “debtor company” is any company that is bankrupt or insolvent.

CCAA, ss. 2 and 3

4. Each of the Petitioners are "companies" incorporated under either the BCA or the *Companies Act* (Nova Scotia).

CCAA, s. 2(1)

(d) *Insolvency*

5. Insolvency is not defined in the CCAA. Insolvency has been interpreted by the courts with reference to the three tests of insolvency set out in subsection 2(1) of the *Bankruptcy and*

Insolvency Act, R.S.C. 1985 c. B-3. A company is thus an insolvent “debtor company” under the CCAA if one of the following conditions exist:

- (a) the company is for any reason unable to meet its obligations as they generally become due;
- (b) the company has ceased paying its current obligations in the ordinary course of business as they generally become due; or,
- (c) the aggregate of the company’s property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all of its obligations, due and accruing due.

BIA, s. 2

Re Stelco Inc., 2004 CanLII 24933, 48 C.B.R. (4th) 299 (Ont. S.C.), at paras. 21-22, 28 [Stelco]; leave to appeal to C.A. refused, 2004 CarswellOnt 2936; leave to appeal to S.C.C. refused, [2004] S.C.C.A. No. 336

6. In the context of the CCAA, branch (a) of this test has been interpreted expansively if the company is “reasonably expected to run out of liquidity within a reasonable proximity of time as compared with the time reasonably requested to implement a restructuring”. These tests are disjunctive. A company satisfying any of these tests is considered insolvent for the purposes of the CCAA.

Stelco, at para 26.

7. The Petitioners are insolvent within the meaning of the *Stelco* test. The realizable value of their assets is less than their obligations due and accruing due and, absent the granting of CCAA relief, they will run out of liquidity before they could implement a restructuring.
8. The Petitioners have complied with the obligations of subsection 10(2) of the CCAA, which sets out the documentation required in connection with a petition for an initial order. For ease of reference, this required documentation consists of:
- (a) a statement indicating, on a weekly basis, the projected cash flow of the debtor company;

- (b) a report containing the prescribed representations of the debtor company regarding the preparation of the cash-flow statement; and
- (c) copies of all financial statements, audited or unaudited, prepared during the year before the application or, if no such statements were prepared in that year, a copy of the most recent such statement.

CCAA, s. 10(a)

(e) Jurisdiction

9. This Court is the appropriate forum in which to initiate these proceedings. Section 9(1) of the CCAA permits an application under the CCAA to be made in the province within which a debtor's head office or chief place of business is located and, for the Petitioners, this is British Columbia.

CCAA, s. 9(1)

10. The Petitioners are a group of affiliated debtor companies with diverse assets and operations throughout Canada. The parent applicant and indirect shareholder of the Petitioners, 105 BC, has its head office and registered office in British Columbia. The "head office" of a company has been held to be "its registered head office" for the purposes of a CCAA filing. 105 BC's registered office is in British Columbia.

[Royal Bank of Canada et al. v Perfection Foods Ltd. et al](#) 1991 CarswellPEI 159 at para 41

[Oblats de Marie Immaculée du Manitoba Estate](#),
[2002 SKQB 161](#) at para 44

See also, [Smith Transportation Co., Ltd. \(1928\) 2 DLR](#) (Ont. Sup. Ct., in Bankruptcy) at page 511

11. The head office – the nerve center and mind and management – of the Petitioners generally is in British Columbia, given that:
- (a) the senior management of PEC, 105 BC and the controlling minds of each the Petitioners, all of whom are key to the successful restructuring, are located in British Columbia;
 - (b) the sole Director of the Petitioners and PEC, Tan Choong Wei (also known as Robin Tan), resides and works in British Columbia;

- (c) all material finance and non-operational services to the Petitioners are provided from British Columbia pursuant to the PEC Management Services Agreement, including accounting and finance functions, investor relations, and all strategic and key operational decision making;
 - (d) the accounting records of the Petitioners are maintained in the offices of PEC in British Columbia; and,
 - (e) the Petitioners banking and treasury functions are based and domiciled in British Columbia, including the main bank accounts being located at the Royal Bank of Canada at 550 Victoria Street, Prince George, BC V2L 2K1, Canada.
12. The CCAA contemplates that the initial application is to be brought in the province where either the head office or chief place of business is situated. A review of decisions dealing with debtor group CCAA filings illustrates that the location of the group's substantial assets and/or the location of a subsidiary's operations, will not be determinative of jurisdiction.

See, e.g., [Target Canada Co. \(Re\)](#), 2015
ONSC 303 at para. 29-30

13. In *Re Homburg Invest Inc.*, the Quebec Superior Court granted an Initial Order in favour of four Alberta-registered applicant debtor corporations and one Nova Scotia-registered applicant debtor corporation. The debtor group did not include a Quebec corporation and did not have material assets in Quebec. Similar to 105 BC's role with the other Petitioners, Quebec jurisdiction was established because senior management members of the parent company were based in Montreal and controlled the corporate group out of Montreal.

[Re Homburg Invest Inc.](#) (September 9, 2011),
District of Montreal Court No. 500-11-
041305-117 (QC Sup. Ct. [Comm. Div.])

14. More recently, in *Re ITLA Grain Inc.*, this Court took jurisdiction and supervised CCAA proceedings involving a British Columbia corporation and an Alberta corporation that owned multiple grain and specialty crop handling facilities. The record indicates that the entirety of the operating assets, and the vast majority of employees, were located in Saskatchewan.

[Re ITLA Grain Inc.](#) (July 7, 2019), Supreme
Court of British Columbia No. S-197582

(f) The Stay of Proceedings is Appropriate

15. The Petitioners request that this Court impose a stay of proceedings and that the stay of proceedings extend for the benefit of the LP's.
16. Section 11 of the CCAA provides that "... if an application is made under this Act in respect of a debtor company, the Court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances." Section 11.02 of the CCAA vests with the Court the power to order a stay of proceedings that temporarily prevents creditors from proceeding with claims against the debtor company and any affiliates. Courts may order a stay when it furthers the remedial purpose of the CCAA. Specifically:

The Court may grant a stay of proceedings pursuant to s. 11.02 of the CCAA in respect of a debtor company if it is satisfied that circumstances exist that make the order appropriate. In order to determine whether a stay order is appropriate the Court should consider the purpose behind the CCAA. The primary purpose of the CCAA is to maintain the *status quo* for a period while the debtor company consults with its creditors and stakeholders with a view to continuing the company's operations for the benefit of the company and its creditors. [Emphasis added]

CCAA, s. 11.02

[Re JTI-Macdonald Corp., 2019 ONSC 1625](#)
[\[Re JTI-Macdonald Corp.\]](#), at para. 12

17. A stay of enforcement actions preserves the status quo for the debtor company and prevents a creditor from gaining an unfair advantage over other creditors. The stay also facilitates the ongoing operations of the debtor company's business, preserves the value of such business, and provides the debtor company with the necessary time, flexibility and "breathing room" to carry out a court-supervised restructuring or organized sale process.

[Re Lehndorf General Partners Ltd., 1993 CarswellOnt 183, 17 C.B.R. \(3d\) 24 \(Ont. Gen. Div.\)](#), at paras. 5-7.

18. Accordingly, imposing a stay of proceedings is the first step in all CCAA proceedings as it creates the necessary conditions within which the debtor company can advance a Court-supervised attempt to reorganize its financial affairs.

Century Services, at paras. 58-60.

19. This Court has discretion under Section 11 of the CCAA to impose stays of proceedings in favour of "non-applicant third parties" where it is just and reasonable to do so.

**CCAA, s. 11
Re JTI-Macdonald Corp., at para. 14.**

20. A stay can be extended to non-applicants third parties, if they do not qualify as "companies" under the CCAA, where the operations of the business group, consisting of the debtor company and the third parties, are so intertwined that failure to do so would compromise the stay in respect of the debtor company:

I am satisfied that if the stay against the applicant contained in the Initial Order is maintained, it should extend to CLCA and the outstanding Castor litigation. A CCAA court may exercise its jurisdiction to extend protection by way of the stay of proceedings to a partnership related to an applicant where it is just and reasonable or just and convenient to do so. The courts have held that this relief is appropriate where the operations of a debtor company are so intertwined with those of a partner or limited partnership in question that not extending the stay would significantly impair the effectiveness of a stay in respect of the debtor company. See *Re Prizm Income Fund* (2011), 75 C.B.R. (5th) 213 per Morawetz J. The stay is not granted under section 11 of the CCAA but rather under the court's inherent jurisdiction. It has its genesis in *Re Lehndorff General Partner Ltd.* (1993), 17 C.B.R. (3d) 24 and has been followed in several cases, including *Calmet Publishing Inc.* (2010) 2010 ONSC 222 (CanLII), 63 C.B.R. (5th) 115 per Pepall J. (as she then was) and *Re Calpine Energy Canada Ltd.* (2006), 2006 ABQB 153 (CanLII), 19 C.B.R. (5th) 187 per Romaine J. [Emphasis added]

Re 4519922 Canada Inc., 2015 ONSC 124, at para. 37

21. Courts have found it "just and reasonable" to extend the stay of proceedings to non-applicant third parties in a number of circumstances, including where:

- (a) the business and operations of the third party was significantly intertwined and integrated with those of the debtor company;
- (b) extending the stay to the third party would help maintain stability and value during the CCAA process;
- (c) not extending the stay to the third party would have a negative impact on the debtor company's ability to restructure, potentially jeopardizing the success of the restructuring and the continuance of the debtor company;
- (d) if the debtor company is prevented from concluding a successful restructuring with its creditors, the economic harm would be far-reaching and significant;
- (e) failure of the restructuring would be even more harmful to customers, suppliers, landlords and other counterparties whose rights would otherwise be stayed under the third party stay;
- (f) if the restructuring proceedings are successful, the debtor company will continue to operate for the benefit of all of its stakeholders, and its stakeholders will retain all of its remedies in the event of future breaches by the debtor company or breaches that are not related to the released claims; and,
- (g) the balance of convenience favours extending the stay to the third party.

Re JTI-Macdonald Corp., at para. 15.

- 22. Extending the stay to the LP's is necessary here because the fact of the commencement of these proceedings, for reasons including the declarations of insolvency, may jeopardize the business, property, and assets of the Petitioners. Any action initiated against the LP's could impact their equity interests in Northern Pulp or Northern Timber and would amount to indirect enforcement against Northern Pulp and Northern Timber.
- 23. The LP's are integral to the Petitioners' business and organizational structure. To allow the Petitioners to successfully restructure, proceedings against the LP's must also be stayed.

(g) The Monitor Should be Appointed

24. Section 11.7 of the CCAA provides that the Court shall appoint a person to monitor the business and affairs of a debtor company granted relief under the CCAA.
25. The Petitioners seek to have EY appointed as Monitor in these proceedings. EY has not acted as auditor to the Petitioners within the last two years and therefore is not restricted from acting as Monitor by section 11.7(2) of the CCAA. EY has provided its consent to act as Monitor in these proceedings, should this Honourable Court grant the stay requested under the CCAA, and if so appointed.

(h) The Administration Charge

26. The Petitioners seek the Administration Charge in the amount of \$500,000 to secure the collective fees and disbursements incurred both before and after the commencement of these proceedings by legal counsel for the Petitioners, the proposed Monitor, and legal counsel for the proposed Monitor. The Petitioners have sought and obtained guidance from the Monitor in proposing this amount and anticipate seeking to increase this amount at the Comeback Hearing.
27. Section 11.52 of the CCAA expressly provides this Honourable Court with the power to grant a charge in respect of professional fees and disbursements on notice to affected secured creditors.

CCAA, S. 11.52

28. Courts have recognized that, unless professional advisor fees are protected with the benefit of a charge over the assets of a debtor company, the objectives of the CCAA would be frustrated because professionals would be unlikely to risk offering their services without any assurance of ultimately being paid. Specifically, any failure to provide protection for professional fees will “result in the overwhelming likelihood that the CCAA proceedings would come to an abrupt halt, followed, in all likelihood, by bankruptcy proceedings”.

[Timminco Ltd., Re](#), 2012 ONSC 506 [*Timminco*], at para 66

29. The factors to be considered in determining whether to approve an administration charge are:
 - (a) the size and complexity of the business being restructured.

- (b) the proposed role of the beneficiaries of the charge;
- (c) whether there is unwarranted duplication of roles;
- (d) whether the quantum of the proposed charge appears to be fair and reasonable;
- (e) the position of the secured creditors likely to be affected by the charge; and
- (f) the position of the Monitor.

Re Canwest Publishing Inc./Publications Canwest Inc., 2010 ONSC 222, at para. 54

30. The quantum of the proposed Administration Charge was determined in consultation with the proposed Monitor and is fair and reasonable in light of the number of beneficiaries, the size and complexity of the business, and the complexity of the proposed restructuring.

(i) Director & Officer Charge

31. The Petitioners seek the Director & Officer Charge to secure the indemnity of the directors and officers of the Petitioners and, on a limited and restricted basis, the directors and officers of PEC. The proposed Monitor is supportive of the Director & Officer Charge and has recommended that the Director & Officer Charge be fixed at the amount of \$500,000.
32. Under section 11.51 of the CCAA, the Court must be satisfied with the amount of the proposed charge, and the proposed charge may not provide coverage for the willful misconduct or gross negligence of any director or officer of a debtor company.

CCAA, s. 11.51

**Canwest Global Communications Corp. Re, 2009 CarswellOnt 6184, 59 CBR (5th) 72,
[*Canwest Global*]
at para 37**

***Canwest Publishing*, at paras 56-57**

33. Consistent with both the foregoing and the British Columbia Model CCAA Initial Order, the Director & Officer Charge is not intended to duplicate insurance coverage already in place under the Petitioners' existing directors' and officers' liability insurance policies, but rather, to supplement such coverage in the event that any particular claim is not insured under those policies.

34. The Petitioners also seek the extension of the Director and Officer Charge to benefit the directors of PEC, but only to the extent that claims or allegations are made against the directors of PEC that relate to the Petitioners. The Director and Officer Charge will not extend to the general benefit of the directors of PEC.

PART 4. MATERIALS TO BE RELIED ON

1. Affidavit #1 of Bruce Chapman, to be sworn;
2. Such further and other materials as counsel may advise and the Court may allow.

The Petitioners estimate that the hearing of the Petition will take 2 hours.

DATED: June 15, 2020



Sean Collins
Counsel for the Petitioners

To be completed by the court only:

Order Made

in the terms requested in paragraphs of
Part 1 of this Petition

with the following variations and additional terms:

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DATED: _____

Signature of Judge

Master

**SCHEDULE "A"
NOTICE**

Nathanson Schachter & Thompson LLP
750 – 900 Howe Street
Vancouver, BC V6Z 2M4

Attention: Peter J. Reardon
E-mail: preardon@nst.bc.ca

Counsel to Paper Excellence Canada Holdings Corporation

Her Majesty the Queen in Right of the Province of Nova Scotia as represented by the Minister of Economic and Rural Development and Tourism
1660 Hollis Street
Centennial Building, Suite 600
PO Box 2311
Halifax, NS B3J 3C8

Attention: Jeannie Chow, CA

E-mail: chowjp@gov.ns.ca
Fax: 902-424-0619
Fax: 902-424-1263

Her Majesty the Queen in Right of the Province of Nova Scotia as represented by the Minister of Economic and Rural Development
1660 Hollis Street
4th Floor, 5151 Terminal Road
PO Box 7
Halifax, NS B3J 2L6

**Attention: Marvyn Robar, Director Investment
c/o Joe Pettigrew, Department of Justice**

Fax: 902-424-0619

Her Majesty the Queen in Right of the Province of Nova Scotia as represented by the Minister of Natural Resources
Land Services Branch
Department of Natural Resources
PO Box 698
Halifax, NS B3J 2T9

Attention: Manager of Acquisitions and Leases

E-mail: patebk@gov.ns.ca
Fax: 902-424-3173

**SCHEDULE "B"
INITIAL ORDER**

NO. _____
VANCOUVER REGISTRY

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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ULC

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)) FRIDAY, THE 19TH DAY
MADAM JUSTICE FITZPATRIC)) OF JUNE, 2020

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia on the 19th day of June, 2020 (the "**Order Date**"); AND ON HEARING Sean Collins, counsel for the Petitioners and those other counsel listed on Schedule "**A**" hereto; AND UPON READING the material filed, including the First Affidavit of Bruce Chapman sworn June ____, 2020 (the "**Supporting Affidavit**") and the consent of Ernst & Young Inc. to act as Monitor; AND UPON BEING ADVISED that the secured creditors and others who are likely to be affected by the charges created herein were given notice; 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:

JURISDICTION

1. The Petitioners are companies to which the CCAA applies. For greater certainty, Northern Pulp Nova Scotia Limited Partnership and Northern Timber Nova Scotia Limited Partnership shall enjoy the benefits of the protections provided herein, and shall be subject to the same restrictions hereunder.

SUBSEQUENT HEARING DATE

2. The hearing of the Petitioners' application for an extension of the Stay Period (as defined in paragraph 9 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at __:__ __.m. on _____, the ____ day of June, 2020 or such other date as this Court may order.

POSSESSION OF PROPERTY AND OPERATIONS

3. Subject to this Order and any further Order of this Court, the Petitioners shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioners shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.
4. The Petitioners shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:
 - (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and

- (b) the fees and disbursements of any Assistants retained or employed by the Petitioners which are related to the Petitioners' restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioners, whenever and wherever incurred, in respect of: and
 - (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioners or any subsidiaries or affiliated companies of the Petitioners are domiciled;
 - (ii) any litigation in which the Petitioners are named as a party or are otherwise involved, whether commenced before or after the Order Date; and
 - (iii) any related corporate matters.

- 5. Except as otherwise provided herein, the Petitioners shall be entitled to pay all expenses reasonably incurred by the Petitioners in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$_____ shall be approved by the Monitor;
 - (b) all obligations incurred by the Petitioners after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioners following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioners' obligations incurred prior to the Order Date); and
 - (c) fees and disbursements of the kind referred to in paragraph 4(b) which may be incurred after the Order Date.

- 6. The Petitioners are authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;
 - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Petitioners in connection with the sale of goods and services by the Petitioners, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
 - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.
7. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioners shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioners and the landlord from time to time ("**Rent**"), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.
8. Except as specifically permitted herein, the Petitioners are hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioners to any of its creditors as of the Order Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interests;
- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioners to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

9. Until and including June ____, 2020, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of the Petitioners or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioners and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioners or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.
10. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Petitioners or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioners and the Monitor or leave of this Court.

11. Nothing in this Order, including paragraphs 9 and 10, shall: (i) empower the Petitioners to carry on any business which the Petitioners are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioners.

NO INTERFERENCE WITH RIGHTS

12. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioner, except with the written consent of the Petitioners and the Monitor or leave of this Court.

CONTINUATION OF SERVICES

13. During the Stay Period, all Persons having oral or written agreements with the Petitioners or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Petitioners, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Petitioners, and that the Petitioners shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioners in accordance with normal payment practices of the Petitioners or such other practices as may be agreed upon by the supplier or service provider and the Petitioners and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

14. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioners on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

15. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Petitioners or Paper Excellence Canada Holdings Corporation ("**PEC**") with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioners whereby the directors or officers of the Petitioners or PEC are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioners, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioners or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Petitioners or PEC that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE

16. The Petitioners shall indemnify their directors and officers and the directors and officers of PEC against obligations and liabilities that they may incur as directors or officers of the Petitioners after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
17. The directors and officers of the Petitioners and PEC shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for the indemnity provided

in paragraph 16 of this Order. The Directors' Charge shall have the priority set out in paragraphs 28 and 30 herein.

18. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the directors and officers of the Petitioners or PEC shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 16 of this Order.

APPOINTMENT OF MONITOR

19. Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioners with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioners and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioners pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
20. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
 - (a) monitor the Petitioners' receipts and disbursements;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
 - (c) advise the Petitioner in the preparation of the Petitioner's cash flow statements and reporting;
 - (d) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioners, to the extent that is necessary to adequately assess the Petitioners' business and financial affairs or to perform its duties arising under this Order;

- (e) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
 - (f) perform such other duties as are required by this Order or by this Court from time to time.
21. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.
22. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act* (Canada), the *Fisheries Act* (Canada), the *British Columbia Environmental Management Act* (British Columbia), the *British Columbia Fish Protection Act* (British Columbia), the *Environment Act* (Nova Scotia), the *Occupational Health and Safety Act* (Nova Scotia), the *Water Resources Protection Act* (Nova Scotia), the *Wilderness Areas Protection Act* (Nova Scotia) and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

23. The Monitor shall provide any creditor of the Petitioners with information provided by the Petitioners in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioners is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioners may agree.
24. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

25. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioners as part of the cost of these proceedings. The Petitioners are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioners on a periodic basis and, in addition, the Petitioners are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Petitioners, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.
26. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.
27. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their respective fees and disbursements incurred at the standard rates and charges of

the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioners' restructuring. The Administration Charge shall have the priority set out in paragraphs 28 and 30 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

28. The priorities of the Administration Charge and the Directors' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second - Directors' Charge (to the maximum amount of \$500,000);

29. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

30. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except for:

(a) claims for deemed trust amounts provided for in subsection 37(2) of the CCAA;

(b) claims made by Persons who hold valid and enforceable Encumbrances and who did not receive notice of the Application for this Order; and

(c) those claims contemplated by section 11.8(8) of the CCAA.

31. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioners obtain the prior written consent of the Monitor and the beneficiaries of the Administration Charge and the Director's Charge.

32. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Petitioners; and notwithstanding any provision to the contrary in any Agreement:
- (a) the creation of the Charges shall not create, nor be deemed to constitute, a breach by the Petitioners of any Agreement to which it is a party;
 - (b) none of the Chargees shall have any liability to any Person whatsoever as a result of the creation of the Charges; and
 - (c) the payments made by the Petitioners pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.
33. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioners’ interest in such real property leases.

SERVICE AND NOTICE

34. The Monitor shall (i) without delay, publish in a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioners of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed

manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

35. The Petitioners and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioners' creditors or other interested parties at their respective addresses as last shown on the records of the Petitioners and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.
36. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: ●.
37. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: ●.
38. Notwithstanding paragraphs 35 and 37 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

39. The Petitioners or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

40. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Petitioners, the Business or the Property.
41. This Court requests the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.
42. Each of the Petitioners and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Petitioners to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended.
43. The Petitioners may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioners determine that such a filing is appropriate.
44. The Petitioners are hereby at liberty to apply for such further interim or interlocutory relief as they deems advisable within the time limited for Persons to file and serve Responses to the Petition.
45. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application

and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

46. Any interested party (including the Petitioners and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
47. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.
48. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

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::

SEAN COLLINS
Counsel for the Petitioners

BY THE COURT

REGISTRAR

SCHEDULE "A"

(List of Counsel)

Counsel Name	Appearing For
Sean Collins	Counsel for the Petitioners

NO.●
● 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 *BUSINESS*
CORPORATIONS ACT, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF 1057863 B.C. LTD.,
NORTHERN RESOURCES NOVA SCOTIA
CORPORATION, NORTHERN PULP NOVA
SCOTIA CORPORATION, NORTHERN TIMBER
NOVA SCOTIA CORPORATION, 3253527 NOVA
SCOTIA LIMITED, 3243722 NOVA SCOTIA
LIMITED and NORTHERN PULP NS GP ULC

PETITIONERS

ORDER

Sean Collins
McCarthy Tétrault LLP
Suite 2400, 745 Thurlow Street
Vancouver, BC V6E 0C5
Phone: (604) 643-7100
Fax: (604) 643-7900