

NO. S206189
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

NOTICE OF APPLICATION

**Name of applicant: 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**

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

TAKE NOTICE that an application will be made by the applicant to the Honourable Madam Justice Fitzpatrick at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, by Microsoft Teams, on Thursday, the 3rd day of July, 2020 at 10 AM for the order set out in Part 1 below.

PART 1: ORDER SOUGHT

1. The Petitioners seek an order extending the stay granted on June 25, 2020 until July 31, 2020.

PART 2: FACTUAL BASIS

1. On June 19, 2020, the Petitioners sought and obtained an Initial Order in these proceedings granting a stay of proceedings for a ten day period. On June 25, 2020, the Petitioners obtained an additional extension of the stay until July 3, 2020.
2. The Petitioners intend to seek additional relief through the granting of various amendments to the Initial Order. The most critical aspect of the relief that will be sought at the full Comeback Hearing is interim financing and associated charges. The Petitioners have made significant progress in advancing interim financing and are negotiating the final terms and conditions of a \$50.0 million interim financing facility. The Petitioners are seeking to finalize the interim financing facility and then seek court approval of it and the associated more fulsome comeback relief in the coming weeks. In the interim, the Petitioners require a short extension of the Stay Period to complete the negotiations on the interim financing facility.
3. The Petitioners have acted, and are acting, in good faith and with due diligence, including that the Petitioners have and will continue to:
 - (a) communicate with local union representatives, the Pictou Landing First Nation, Pension Plan beneficiaries, the Superintendent of Pensions, current and former employees and trade creditors regarding the commencement of the within CCAA proceedings;
 - (b) communicate and negotiate with the Province of Nova Scotia;
 - (c) work with their lenders, the Province of Nova Scotia and the Monitor to finalize the terms of interim financing;
 - (d) work with the Monitor in furtherance of various duties imposed pursuant to the Initial Order and CCAA; and

- (e) develop and advance the relief they anticipate seeking in the Amended and Restated Initial Order as outlined at paragraph 5 of the First Chapman Affidavit.

PART 3: LEGAL BASIS

1. The Petitioners rely on the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, , as amended (the "**CCAA**").
2. This Court has the jurisdiction to approve the proposed extension of the Stay Period pursuant to section 11.02(2) of the CCAA. The Petitioners seek to extend the stay to run to and include July 31, 2020.
3. In order to achieve the best outcome in the best interest of the creditors, the Petitioners require additional time.
4. 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.¹
5. The relief sought is consistent with the remedial purposes of the CCAA, intended to facilitate restructuring and compromise as the alternative to bankruptcy and liquidation.²
6. The Petitioners have confirmed with the assistance of the Monitor that they will have sufficient liquidity to continue as a going concern during the stay extension period.
7. In compliance with section 11.02(3) of the CCAA, the circumstances exist that make the order appropriate and the Petitioners have acted, and are acting, in good faith and with due diligence. The stay extension is required in the circumstances.

¹ *Re Lehndorf General Partners Ltd.*, 1993 CarswellOnt 183, 17 C.B.R. (3d) 24 (Ont. Gen. Div.), at paras. 5-7.

² *Re North American Tungsten Corp.*, 2015 BCSC 1376 at para. 25.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Bruce Chapman, sworn June 16, 2020;
2. Affidavit #2 of Bruce Chapman, sworn June 23,2020;
3. Affidavit #3 of Bruce Chapman, sworn June 30, 2020;
4. Such further and other materials as counsel may advise and the Court may allow.

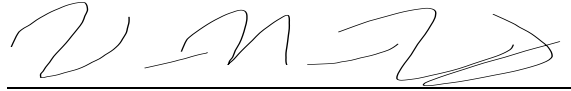
The Petitioners estimate that the hearing of the application will take 15 minutes.

This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application

- (a) file an Application Response in Form 33
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

DATED: June 30, 2020



WALKER W. MACLEOD/SEAN F. COLLINS
Counsel for the Petitioners
McCarthy Tétrault LLP
2400 – 745 Thurlow Street
Vancouver, BC V6E 0C5
Tel: 403-260-3710
Email: wmcleod@mccarthy.ca

To be completed by the court only:

Order made

in the terms requested in paragraphs
of Part 1 of this Notice of Application

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 and Jessica Pinard

E-mail: preardon@nst.bc.ca, jpinard@nst.bc.ca

Counsel for Paper Excellence Canada Holdings Corporation

Stewart McKelvey

600 – 1741 Lower Water Street
Halifax, NS B3J 0J2

Attention: Robert G. Grant, Q.C. and Maurice P. Chiasson, Q.C.

Email : rgrant@stewartmckelvey.com, mchiasson@stewartmckelvey.com

Tel: 902 420-3328

Counsel for the Province of Nova Scotia

Stikeman Elliott LLP

5300 Commerce Court West
199 Bay Street

Toronto, ON M5L 1B9

Attention: Elizabeth Pillon and Ashley John Taylor

Email: lpillon@stikeman.com, ataylor@stikeman.com

Tel: 416 869-5623

Counsel for the Monitor, Ernst & Young

Chernos Flaherty Svonkin LLP

220 Bay Street, Suite 700
Toronto, Ontario M5J 2W4

Attention: Patrick Flaherty and Brendan Brammall

Email: PFlaherty@cfscounsel.com, BBrammall@cfscounsel.com

Counsel to the DIP Financier

Unifor

205 Placer Court
Toronto, ON M2H 3H9

Attention: Anthony F. Dale

Email: Anthony.Dale@unifor.org

Counsel to Unifor and its local unions that represent the employees of Northern Pulp and/or the other petitioners in Nova Scotia

Pink Larkin
Suite 201, 1463 South Park Street
PO Box 36036
Halifax, NS B3J 3S9
Attention: Ronald A. Pink
Email: rpink@pinklarkin.com

Counsel to Unifor Local 440

Boyneclarke LLP
99 Wyse Road, Suite 600
P.O. Box 876, Dartmouth Main
Halifax Regional Municipality, NS B2Y 3Z5
Attention: Tim Hill, Q.C.
Email: thill@boyneclarke.ca

Counsel for Heritage Gas Limited

Nova Scotia Department of Justice
1690 Hollis St, 8th Floor PO Box 7
Halifax, NS B3J 3J9
Attention: Sheldon Choo, LLB, MHSA
Email: Sheldon.Choos@novascotia.ca

Counsel to the Superintendent of Pensions

Praxair Canada Inc.
1 City Centre Drive, Suite 1200
Mississauga, ON L5B 1M2
Attention: Sheryl E. Nisenbaum and Sophie C. Traub
Email: sheryl_nisenbaum@praxair.com, sophie_traub@praxair.com

Whiteley Litigation
310 Stouffville Road
Richmond Hill, ON L4E 3P4
Attention: Heath P.L. Whiteley
Email: heath@whiteleylitigation.com

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts