



FORCE FILED

NO. S-206189
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

Names of Applicants: 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 (collectively, the "**Petitioners**")

To: Service List, attached hereto as **Schedule "A"**

TAKE NOTICE that an application will be made by the Petitioners to the Honourable Madam Justice Fitzpatrick at the courthouse at 800 Smithe Street, Vancouver, British Columbia, in-person and by MS Teams video-conference, on Friday, the 14th day of March, 2025 at 10:00 a.m., for the orders set out in Part 1 below.

The applicants estimate that the application will take half a day.

- ☐ This matter is within the jurisdiction of an associate judge.
- ☒ This matter is not within the jurisdiction of an associate judge. The Honourable Madam Justice Fitzpatrick is seized of these proceedings and it has been booked through trial scheduling.

PART 1: ORDERS SOUGHT

1. An order substantially in the form attached hereto as **Schedule “B”**:
 - (a) extending the relief pronounced under the Amended and Restated Initial Order pronounced on August 6, 2020 (the “**ARIO**”), including the stay of proceedings (the “**Stay**”), until and including May 2, 2025 (the “**Stay Extension**”);
 - (b) approving an amendment to the Interim Financing Term Sheet (as defined below) to extend the maturity date from March 31, 2025 to May 2, 2025;
 - (c) approving an amendment to the Subordinated Interim Financing Term Sheet (as defined below) to extend the maturity date from March 31, 2025 to May 2, 2025; and
 - (d) such other relief as this Court may deem just.

PART 2: FACTUAL BASIS

I. BACKGROUND

a. Parties to the Proceeding

1. Northern Pulp Nova Scotia Corporation (“**NPNSC**”) owns a pulp mill (the “**Mill**”) located on property (the “**Mill Site**”) in Pictou County, Nova Scotia. NPNSC operated the Mill from its acquisition from a prior operator in 2008 until the legislated closure of the Mill in 2020.

Affidavit #1 of Jean-Francois Guillot, sworn May 22, 2024
[**First Guillot Affidavit**] at para 3

2. Northern Timber Nova Scotia Corporation (“**NT**”) owns freehold timberlands across the province of Nova Scotia (the “**Timberlands**”).

First Guillot Affidavit at para 8

3. The Petitioners have three primary secured creditors: Paper Excellence Canada Holdings Corporation (“**PEC**”) and Pacific Harbor North American Resources Ltd. (“**Pacific Harbour**”) in their capacity as the “**DIP Lenders**”, the Province of Nova Scotia (the “**Province**”) and PEC, independently. The Petitioners’ two primary assets are the Mill Site and other property

held by NPNSC at the Mill Site and the Timberlands owned by NT. The Petitioners' debt structure is more fully set out in Affidavit #1 of Bruce Chapman, sworn June 15, 2020 and the First Guillot Affidavit.

Affidavit #1 of Bruce Chapman, sworn June 15, 2020, at paras 38 to 64;

First Guillot Affidavit at para 8

4. As part of the operation of the Mill, NPNSC leased an existing effluent treatment facility on Boat Harbour in Nova Scotia (the "**Effluent Treatment Facility**") from the Province. The Effluent Treatment Facility had been operating for many years prior to NPNSC leasing it. As part of the acquisition of the Mill, the Province provided a certain indemnity to members of the Petitioners, Northern Pulp NS LP, and Northern Timber Nova Scotia LP (together, the "**NP Group**") in relation to, among other things, the Effluent Treatment Facility.

First Guillot Affidavit at para 4

b. The CCAA and Litigation Proceedings

5. On May 11, 2015, the Province passed the *Boat Harbour Act*, SNS 2015, c 4 (the "**Boat Harbour Act**"), which required NPNSC to cease use of the Effluent Treatment Facility by January 31, 2020, contrary to the terms of the existing lease.

First Guillot Affidavit at para 5

6. On June 19, 2020, this Court pronounced an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**") that, among other things:

- (a) commenced this proceeding (the "**CCAA Proceeding**");
- (b) granted the Stay for a ten-day period; and
- (c) appointed Ernst & Young Inc. as court-appointed monitor (the "**Monitor**").

Initial Order at paras 9-11;

First Guillot Affidavit at para 6

7. On August 6, 2020, this Court pronounced the ARIO, which, among other things, approved an interim financing facility in the maximum principal amount of \$50,000,000 (the "**Interim Financing Facility**"), and associated charge, from PEC and Pacific Harbour. On

September 25, 2020, the Court approved a further credit facility in the maximum principal amount of \$6,100,000 (the “**Subordinated Interim Financing Facility**”) from PEC. This was subsequently raised to \$8,900,000 pursuant to an order granted by this Court on April 29, 2022.

First Guillot Affidavit at para 7;

ARIO at para 34;

Order Made After Application, pronounced September 25, 2020 at para 3;

Order Made After Application, pronounced April 29, 2022 at para 5

8. On December 16, 2021, the NP Group, together with PEC and Hervey Investment BV (Netherlands) (together, the “**NP Litigation Parties**”), filed an action (the “**Action**”) in the Supreme Court of Nova Scotia against the Attorney General of Nova Scotia representing His Majesty the King in Right of the Province of Nova Scotia. The Action particularized the NP Litigation Parties’ claims against the Province relating to the passing of the *Boat Harbour Act*.

First Guillot Affidavit at para 10

9. In April 2022, the Nova Scotia Legislature passed *An Act to Amend Chapter 4 of the Acts of 2015, the Boat Harbour Act* (the “**Boat Harbour Act Amendment**”) that amended the *Boat Harbour Act*.

First Guillot Affidavit at para 11

10. As a result of the *Boat Harbour Act Amendment*, the Petitioners sought certain relief in the CCAA Proceeding, as described in the Notice of Application filed by the Petitioners on April 27, 2022.

First Guillot Affidavit at para 12

11. Further, to avoid the consequences of the expiry of certain limitation periods relating to the *Boat Harbour Act Amendment*, the NP Litigation Parties and the DIP Lenders each delivered a Notice of Intended Action pursuant to the *Proceedings Against the Crown Act*, RSNS 1989, c. 360 dated February 20, 2024 (the “**Notices of Intended Action**”) to the Province, setting out further claims to be advanced in relation to the *Boat Harbour Act Amendment*.

First Guillot Affidavit at para 13

12. The Stay has been continuously extended, including most recently on May 31, 2024 when this Court pronounced an order (the “**May 2024 Order**”):

- (a) extending the Stay to March 31, 2025;
- (b) approving an amendment to the Interim Financing Term Sheet (as defined below) to extend the maturity date from June 30, 2024 to March 31, 2025, remove the Milestones (as defined below), and increase the interest rate to 13% per annum; and
- (c) approving an amendment to the Subordinated Interim Financing Term Sheet (as defined below) to extend the maturity date to March 31, 2025.

Affidavit #2 of Jean-Francois Guillot, sworn March 10, 2025
[**Second Guillot Affidavit**] at para 5;

Order Made After Application (re Settlement Agreement Approval),
pronounced May 31, 2024 [**May 2024 Order**] at paras 4-6

13. On May 31, 2024, this Court also granted an order approving a claims process to identify and determine the claims against the NP Group (the "**Claims Process**").

Order Made After Application (Claims Process Order),
pronounced May 31, 2024 [**Claims Process Order**]

c. The Mediation Process and Settlement Agreement

14. On April 1, 2022, this Court pronounced an order (the "**Mediation Order**"):
- (a) appointing the Honourable Thomas Cromwell, CC (the "**Mediator**") to act as a neutral third party to mediate a settlement of the Mediation Claims (as defined in the Mediation Order); and
 - (b) directing the Province and the NP Litigation Parties to participate in mediation conducted by the Mediator in an effort to resolve the Mediation Claims (as defined in the Mediation Order) (the "**Mediation Process**").

Mediation Order at para 2;
First Guillot Affidavit at para 14

15. The Mediation Process was successful and resulted in a comprehensive settlement agreement between the NP Group and the Province, dated May 31, 2024 (the "**Settlement**").

Agreement"). In the May 2024 Order, this Court authorized the Petitioners to execute the Settlement Agreement.

First Guillot Affidavit at para 20;

Second Guillot Affidavit at para 9 and Exhibit "A";

May 2024 Order at para 2

II. **ACTIVITIES SINCE THE MAY 2024 ORDER**

16. Since the pronouncement of the May 2024 Order, the Petitioners have worked in good faith and with due diligence to advance the implementation of the Settlement Agreement and their restructuring with the assistance of the Monitor and in consultation with other material stakeholders, including the Province. In particular, the Petitioners' primary focus since May 2024 has been on the conducting the Feasibility Study (as defined below) in accordance with the Settlement Agreement.

Second Guillot Affidavit at para 10

a. **Implementation of the Settlement Agreement**

17. The Settlement Agreement contemplated the potential development of a new mill in Liverpool, Nova Scotia (the "**New Mill**").

Second Guillot Affidavit at para 11

18. The Settlement Agreement required the NP Group to complete a feasibility study to determine the viability of constructing and operating the New Mill (the "**Feasibility Study**"). The deadline to complete the Feasibility Study was February 28, 2025—nine months from the court approval of the Settlement Agreement, or such later date as agreed to by the NP Group and the Province ("**Feasibility Study Deadline**").

Second Guillot Affidavit at para 12

19. The Feasibility Study was to determine if the construction and operation of the New Mill was financially viable. To make this determination, the Feasibility Study involved estimating the costs associated with constructing the New Mill and determining what financing, government, and related support for the New Mill is available. The Feasibility Study required the NP Group to determine the projected internal rate of return (the "**IRR**") of the New Mill. The New Mill would be

deemed "**Financially Viable**" only if the projected IRR of the New Mill exceeded the 14% threshold set in the Settlement Agreement (the "**Threshold IRR**").

Second Guillot Affidavit at para 13

20. If the New Mill was Financially Viable, the parties would proceed with the "**New Mill Scenario**" set out in Article III of the Settlement Agreement. If the New Mill was not Financially Viable, the parties would proceed with the "**No Mill Scenario**" set out in Article IV of the Settlement Agreement.

Second Guillot Affidavit at para 14

21. Since the May 2024 Order, the NP Group, in collaboration with the Province, conducted the Feasibility Study. The Feasibility Study was funded by PEC. A third party expert, AFRY Management Consulting Inc. ("**AFRY**"), was engaged to support the Petitioners in preparing a financial model to determine the financial viability of the New Mill. AFRY helped validate the inputs for the financial model based on industry trends and their professional experience. They evaluated:

- (a) construction costs and schedule;
- (b) ability of the market to absorb new capacity;
- (c) product pricing and markets;
- (d) shipping costs;
- (e) availability and delivery cost of wood fibre;
- (f) conversion costs;
- (g) opportunities for other byproducts, including electricity; and
- (h) capital structure.

Second Guillot Affidavit at para 15

22. As of March 10, 2025, the projected IRR of the New Mill does not exceed the Threshold IRR. However, the NP Group is prepared to continue working with the Province for a further

short period of time, while also preparing a court-supervised sales process if the result is a “No Mill Scenario”.

Second Guillot Affidavit at para 16

23. In the event of a No Mill Scenario, the NP Group agreed to use commercially reasonable efforts to sell and/or facilitate the sale of the Timberlands and the Mill Site to maximize sale proceeds.

Second Guillot Affidavit at para 17

24. The proceeds of the sale would be paid in the below order of priority in full and final satisfaction of: (i) all obligations of the NP Group and their affiliates owing to the Province, excluding environmental remediation obligations and obligations under the Settlement Agreement (the “**Provincial Debt**”), and (ii) any obligations under a closure plan to be developed by the NP Group in consultation with the Province’s Department of Environment and Climate Change for the indefinite securing and monitoring of the Mill Site (the “**Closure Plan**”).

Second Guillot Affidavit at para 18

25. Under the Settlement Agreement, the sale proceeds are to be distributed in the following order of priority:

- (a) to the reasonable costs of each sale, including broker fees;
- (b) to full repayment of the Interim Financing Facility, including all interest, fees, and expenses that remain unpaid in connection therewith, the Administration Charge (as defined in the ARIO), and the Directors’ Charge (as defined in the ARIO);
- (c) to payment of all amounts required to wind-up the Pension Plans (as defined in the Settlement Agreement);
- (d) to the Province, in repayment of the Provincial Debt owed by NT, the sum of \$30 million;
- (e) to NPNSC, the sum of \$15 million to be utilised to maintain the Mill Site and implement the Closure Plan; and
- (f) the remaining proceeds, if any, to the Province, in repayment of the Provincial Debt owed by NT, and, to the extent the remaining proceeds exceed the amount

outstanding thereunder, such excess shall be applied as a repayment of the Provincial Debt owed by NPNSC.

Second Guillot Affidavit at para 19

26. The NP Group and the Province have agreed to extend the date to complete the Feasibility Study to allow the parties time to make further efforts to determine if financial support is available. Simultaneously, the NP Group will commence preliminary steps towards preparing a court-supervised sales process if the result is a No Mill Scenario.

Second Guillot Affidavit at para 20

27. As required by the Settlement Agreement, the NP Group and the Province dismissed or withdrew, as applicable, the Action, the CCAA Relief, the Mediation Leave to Appeal Notice, and TOR Judicial Review Notice (each as defined in the First Guillot Affidavit) on a with prejudice and without costs basis.

Second Guillot Affidavit at para 21

b. Implementation of the Claims Process

28. In May 2024, this Court also approved the Claims Process. The Claims Process was conducted as a 'negative claims process', which meant that creditors who the NP Group had sufficient information to assess their claim received a 'Claims Amount Notice' setting out the value of their claim. All other creditors were required to submit a proof of claim to the Monitor.

Second Guillot Affidavit at para 22

29. The Monitor, in consultation with the NP Group, adjudicated the claims received by the Claims Bar Date—August 30, 2024. The Monitor will report on the details of the Claims Process.

Second Guillot Affidavit at para 23

c. Maintain the Mill Site and Timberlands Operations

30. Since the May 2024 Order, the Petitioners have continued to maintain the Mill Site in 'cold shut down' and continue to maintain their Timberlands operations in the ordinary course. The Petitioners removed the Mill Site from the Petitioners' property insurance policy as a cost saving measure, as discussed in more detail in the First Guillot Affidavit.

First Guillot Affidavit at para 58;
Second Guillot Affidavit at para 24

d. Wind Farm Options on the Timberlands

31. In addition to the ordinary course operations of the Timberlands, the Petitioners were approached by counterparties under existing agreements requesting to exercise their options to lease land from NT to develop wind farms.

First Guillot Affidavit at para 62;
Second Guillot Affidavit at para 25

i. Higgins Mountain Wind Farm Limited Partnership

32. NT had a land lease option and license agreement with Higgins Mountain Wind Farm Limited Partnership ("**Higgins**") dated April 18, 2017 (the "**Higgins Option Agreement**"). The Higgins Option Agreement granted Higgins the option to lease land for the purpose of development of wind farms on the lands (the "**Higgins Project**"). The Higgins Project provides an ongoing revenue stream and enhances the value of the Timberlands.

First Guillot Affidavit at para 63 and Exhibit "C";
Second Guillot Affidavit at para 26

33. Higgins exercised its option in accordance with the Higgins Option Agreement and executed the Wind Farm Lease Agreement with NT on April 25, 2024 (the "**Higgins Lease Agreement**", together with the Higgins Option Agreement, the "**Higgins Agreements**"), along with the necessary corresponding documents.

Second Guillot Affidavit at para 27

34. As part of the Higgins Project, Nova Scotia Power requires an easement across NT's land for a transmission line and interconnection facilities in accordance with the terms of the Higgins Agreements. NT, Higgins, and Nova Scotia Power are negotiating an agreement to create this easement.

Second Guillot Affidavit at para 28

ii. EverWind Ltd.

35. NT has an option and lease agreement with Renewable Energy Systems Canada Inc. ("RES") dated September 28, 2021 (the "**RES Option Agreement**"). The RES Option Agreement grants RES the irrevocable and exclusive option to lease lands in accordance with the terms of the RES Option Agreement for the purpose of developing wind farms on the lands. The RES Option Agreement automatically renewed on October 1, 2022, October 1, 2023, and October 1, 2024, and is therefore extended to October 1, 2025. RES is entitled to exercise its option by giving written notice to NT of its intention to lease the land.

First Guillot Affidavit at para 65 and Exhibit "D";

Second Guillot Affidavit at para 29

36. The RES Option Agreement permits RES to assign the RES Option Agreement provided the assignee satisfies the conditions in the RES Option Agreement and enters into an assignment and assumption agreement with NT. RES sought to exercise its right to assign its interest to 4560536 Nova Scotia Limited (a subsidiary of EverWind Ltd.) in accordance with the terms of the RES Option Agreement. The completion of the assignment is subject to the assignee, NT, and their respective lenders, finalizing the terms of a non-disturbance agreement.

First Guillot Affidavit at para 66;

Second Guillot Affidavit at para 30

III. **PLANNED ACTIVITIES DURING THE STAY EXTENSION**

a. **Continuation of the Settlement Agreement**

37. The Petitioners require the Stay Extension to preserve the *status quo* while making final efforts with the Province to meet the Threshold IRR. A five-week Stay Extension until May 2, 2025 is appropriate to allow adequate time to work with the Province to determine if financial support is available, while also preparing a sales process to sell the Timberlands and other assets of the Petitioners in the event that a No Mill Scenario is ultimately declared. If a No Mill Scenario is ultimately declared, a sales process will be necessary. To efficiently prepare for this potential outcome, the NP Group will prepare such a process for court approval over the Stay Extension.

Second Guillot Affidavit at para 31

b. Mill Site

38. Since December 2023, NPNSC has continued to maintain the Mill. As described in Affidavit #12 of Bruce Chapman, sworn April 26, 2022, the Mill maintenance activities are an ongoing and recurring cost. The Petitioners have maintained the Mill in 'cold shut down' to reduce costs. A full time, 24-hour security patrol remains active on site. During the requested Stay Extension, the Petitioners intend to maintain the Mill Site in 'cold shut down' to maintain the *status quo* at the least possible cost. In a No Mill Scenario, the NP Group will include the Mill in the proposed sales process.

Second Guillot Affidavit at para 32

c. Timberlands Operations

39. The Petitioners' Timberlands activities were described in detail in Affidavit #8 of Bruce Chapman, sworn December 4, 2020, at paragraphs 30 through 35. The Petitioners have continued their Timberlands operations in the ordinary course and will continue to do so during the Stay Extension.

Second Guillot Affidavit at para 33

40. As demonstrated in the Revised Forecast (as defined below), the Timberlands operations will remain cash flow positive during the Stay Extension. The Timberlands remain a valuable asset to the Petitioners. The Timberlands are essential to the Petitioners regardless of the ultimate result of the Feasibility Study. A necessary condition to the operation of the New Mill is an adequate, proximate, and reliable fibre supply. The Timberlands serve all of these purposes for the Petitioners. Therefore, continuing Timberlands operations is necessary in the New Mill Scenario and must be maintained pending completion of the Feasibility Study. In the No Mill Scenario, as described above, the sale proceeds to be distributed are primarily from the sale of the Timberlands. Maintaining the Timberlands in their ordinary course will increase potential value if the sale does occur and maximize returns.

Second Guillot Affidavit at para 34

d. Amendments to the Interim Financing

i. Interim Financing Term Sheet

41. The Petitioners have negotiated a further amendment (the "**Senior Amending Agreement**") with the DIP Lenders to the Interim Financing Term Sheet as approved by this

Court in the ARIO, and as previously amended and/or amended and restated on April 22, 2021, October 29, 2021, April 29, 2022, October 31, 2022, April 23, 2023, August 30, 2023, November 27, 2023, December 12, 2023, and May 31, 2024 (collectively, the “**Interim Financing Term Sheet**”).

Second Guillot Affidavit at para 35 and Exhibit “B”

42. As with previous stay extensions, the amendment is to extend the maturity date in section 12 of the Interim Financing Term Sheet now to May 2, 2025.

Second Guillot Affidavit at para 36

43. The amendment will ensure that the Petitioners have sufficient funding during the Stay Extension to maintain the assets while the Petitioners work with the Province to determine if financial support is available and to commence preliminary steps towards the sale of the Timberlands and the Mill Site. The Petitioners have reduced costs wherever possible, but certain operational costs remain in place, including the Petitioners’ obligation to truck water off the Mill Site.

Second Guillot Affidavit at para 37

44. In the New Mill Scenario, the Interim Financing Facility will remain in place. The Petitioners will either repay the Interim Financing Facility with the financing of the New Mill or negotiate another solution with the DIP Lenders. In the No Mill Scenario, the Interim Financing Facility will be repaid from the proceeds from the sale of the Timberlands given its senior priority.

Second Guillot Affidavit at para 38

45. The amendment to the Interim Financing Term Sheet is conditional upon, among other things, the approval by this Court of the Senior Amending Agreement.

Second Guillot Affidavit at para 39

ii. Subordinated Interim Financing Term Sheet

46. NPNSC has negotiated a further amendment (the “**Subordinated Amending Agreement**”) with PEC to the Subordinated Interim Financing Term Sheet as approved by this Court on September 25, 2020, and as previously amended and amended and restated on April 22, 2021, April 29, 2022, October 31, 2022, April 24, 2023, August 30, 2023, November 27,

2023, December 12, 2023, and May 31, 2024 (collectively, the “**Subordinated Interim Financing Term Sheet**”).

Second Guillot Affidavit at para 40 and Exhibit “C”

47. As with the previous extensions, the amendment is to extend the maturity date in section 10 of the Subordinated Interim Financing Term Sheet now to May 2, 2025.

Second Guillot Affidavit at para 41

48. The amendment to the Subordinated Interim Financing Term Sheet is conditional upon, among other things, the approval of this Court of the Subordinated Amending Agreement.

Second Guillot Affidavit at para 42

IV. REVISED FORECAST

49. The Petitioners have prepared a revised cash flow forecast (the “**Revised Forecast**”), in consultation with the Monitor, for the period from March 2025 to May 2025 (the “**Projection Period**”) to, among other things, include costs incurred by the Petitioners during the Projection Period.

Second Guillot Affidavit at para 43

50. The Revised Forecast anticipates ongoing site maintenance, ongoing Timberlands operations, the continuation of this CCAA Proceeding, and ongoing discussions regarding the Feasibility Study.

Second Guillot Affidavit at para 44

51. No draws are anticipated under the Interim Financing Facility or the Subordinated Interim Financing Facility as the Petitioners have sufficient liquidity to meet their obligations during the Stay Extension.

Second Guillot Affidavit at para 45

PART 3: LEGAL BASIS

I. THE STAY EXTENSION

a. This Court has the Jurisdiction to Grant the Stay Extension

52. The Petitioners seek the Stay Extension to and including May 2, 2025.

53. Subsection 11.02(2) of the CCAA grants this Court the discretion to grant a stay extension for a period that this Court considers necessary on any terms that this Court may impose. However, subsection 11.02(3) of the CCAA further provides that this Court cannot exercise its discretion to grant the Stay Extension unless it is satisfied that:

- (a) the Stay Extension is appropriate in the circumstances; and
- (b) the Petitioners have acted and continue to act in good faith and with due diligence.

Worldspan Marine Inc, Re, 2011 BCSC 1758 [**Worldspan**] at para 12

b. The Stay Extension is appropriate in the circumstances

54. In assessing whether the Stay Extension is appropriate in the circumstances, this Court ought to inquire whether the extension advances the remedial purpose of the CCAA.

Century Services Inc. v Canada (Attorney General), 2010 SCC 60
[**Century Services**] at para 70

Worldspan at para 13

55. The Supreme Court of Canada has held that the purpose of the CCAA is “to facilitate the survival of going concerns” by “permit[ing] the debtor to continue to carry on business and, where possible, avoid the social and economic costs of liquidating its assets.”

Century Services at para 15;

Canada v Canada North Group Inc., 2021 SCC 30 [**Canada North**] at para 21

56. A stay of proceedings helps achieve this purpose by preserving the *status quo* for the debtor company, facilitating the ongoing operations of the debtor company’s business, preserving the value of the business, and providing the debtor company with the necessary time, flexibility, and ‘breathing room’ to carry out a supervised restructuring or organised sale process.

Canada North at para 19;

Lehndorff General Partners Ltd., Re, (1993), 9 BLR (2d) 275,
17 CBR (3d) 24 (Ont Gen Div) at paras 5-7;

North American Tungsten Corporation Ltd. (Re), 2015 BCSC 1376
[**North American Tungsten**] at para 25;

Timminco Limited (Re), 2012 ONSC 2515 at para 15

57. The CCAA is a flexible instrument and debtor companies are entitled to seek protection in the context of a wide range of restructuring options.

Canada North at para 138;

Century Services at para 57, citing *Metcalfe & Mansfield Alternative Investments II Corp., (Re)*, 2008 ONCA 587 at para 44

58. The Petitioners require the Stay Extension to preserve the *status quo* while continuing to implement the Settlement Agreement. A five-week Stay Extension until May 2, 2025 is appropriate to allow adequate time to make final efforts to work with the Province. In an effort to use the Stay Extension efficiently, the Petitioners will also commence initial steps towards conducting a sales process for the Timberlands if further financing cannot be secured. The Petitioners, the Province, and the Monitor agree five weeks is an appropriate deadline for securing any available financing. All of the above are important steps in the restructuring of the Petitioners' business, to the benefit of the stakeholders and, therefore, the Stay Extension is appropriate in the circumstances to maintain the *status quo* while those processes proceed.

Second Guillot Affidavit at para 31

c. The Petitioners have been acting in good faith and with due diligence

59. The Petitioners have been working in good faith and with due diligence to advance this CCAA Proceeding.

Second Guillot Affidavit at paras 10 and 49

60. As noted above, since the last extension of the Stay, the Petitioners have continued to advance the restructuring, including by:

- (a) implementing the Settlement Agreement;
- (b) continuing to maintain the Mill in 'cold shut down';
- (c) continuing the Timberlands operations; and
- (d) working with the DIP Lenders to ensure the necessary funding is in place for a successful restructuring in this CCAA Proceeding.

61. With the DIP Amendments (as defined below), the Petitioners have also confirmed that they will have sufficient liquidity to meet their obligations during the Stay Extension.

Second Guillot Affidavit at para 48

62. Accordingly, this Court ought to approve the Stay Extension.

II. THE INTERIM FINANCING

a. This Court has the Jurisdiction to Grant the DIP Amendments

63. Interim financing protects the going-concern value of the debtor company while it develops a workable solution to its insolvency issues, enabling the preservation and realization of the value of a debtor's assets.

9354-9186 Québec Inc. v Callidus Capital Corp., 2020 SCC 10 at para 85

64. This Court has jurisdiction to approve the Senior Amending Agreement and the Subordinated Amending Agreement (together, the "**DIP Amendments**"), and the terms contained therein pursuant to section 11.2 of the CCAA, which sets out a list of non-exhaustive factors to be considered by courts in deciding whether to approve interim financing, including:

- (a) the period during which the company is expected to be subject to CCAA proceedings;
- (b) how the company's business and financial affairs are to be managed during the proceedings;
- (c) whether the company's management has the confidence of its major creditors;
- (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
- (e) the nature and value of the company's property;
- (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
- (g) the views of the Monitor.

65. No one factor set out in s. 11.2(4) governs or limits the Court's consideration. The exercise is necessarily one of balancing the respective interests of the debtors and its stakeholders towards ensuring, if appropriate, that the financing will assist the debtor company to obtain the "breathing room" said to be needed to hopefully achieve a restructuring acceptable to the creditors and the court.

1057863 B.C. Ltd. (Re), 2020 BCSC 1359 at para 35

66. In addition to the statutory factors set out above, several additional factors are relevant to an application under s. 11.2. These include whether:

- (a) the debtor would be forced to stop operating without interim financing and whether bankruptcy would be in the interest of the debtor's stakeholders;
- (b) the proposed interim financing will support the debtor's restructuring plans, including implementation of a sales process; and
- (c) the proposed facility has been approved by the debtor's management.

North America Tungsten at paras 33-35;

8440522 Canada Inc. (Re), 2013 ONSC 6167 at para 32

b. This Court Should Exercise its Discretion to Approve the DIP Amendments

67. The proposed DIP Amendments are necessary and appropriate for the following reasons, among others:

- (a) the DIP Amendments will allow the Petitioners to preserve value in the Mill Site and the Timberlands, the Petitioners' only current source of revenue and most valuable assets;
- (b) the DIP Amendments will also enhance the prospects of a viable restructuring by allowing the Petitioners breathing room to determine whether the New Mill is feasible or whether to proceed with the sales process contemplated in No Mill Scenario in the Settlement Agreement;
- (c) the DIP Amendments are appropriate having regard to how the Petitioners' affairs will be managed in the CCAA Proceeding, including specifically with

respect to the Petitioners' projected cash flow needs to maintain *status quo* operations to complete the Feasibility Study; and

- (d) the Province, the Petitioners' primary secured creditor, does not oppose approval of the DIP Amendments.

68. No creditor will be materially prejudiced because of the approval of the DIP Amendments.

III. GENERAL

69. In further support of the relief sought herein, the Petitioners rely on the following:

- (a) the provisions of the CCAA, including section 11;
- (b) the *Supreme Court Civil Rules*, including rules 8-1 and 13-3;
- (c) the inherent and equitable jurisdiction of this Court; and
- (d) such further and other legal bases and authorities as counsel may advise and this Court may permit.

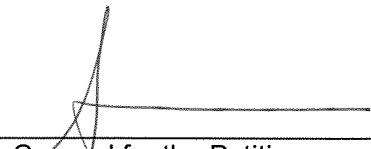
PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #2 of Jean-Francois Guillot, sworn March 10, 2025;
2. Seventeenth Report of Ernst & Young Inc., in its capacity as court-appointed monitor of the Petitioners, to be filed;
3. Affidavit #1 of Jean-Francois Guillot, sworn May 22, 2024;
4. Affidavit #1 of Bruce Chapman, sworn June 15, 2020;
5. Affidavit #12 of Bruce Chapman, sworn April 26, 2022;
6. Mediation Order, dated April 1, 2022; and
7. Such further and other materials as counsel may advise and this Court may permit.

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).

DATE: March 10, 2025



Counsel for the Petitioners
McCarthy Tétrault LLP
(Michael Feder, K.C. and Ashley Bowron)

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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Date: _____

Signature of ☐ Judge

☐ Associate Judge

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ 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
- ☒ none of the above

SCHEDULE "A"

NO. S-206189
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

SERVICE LIST

[As at November 30, 2023]

Monitor's Website: Ernst & Young Document Centre re Northern Pulp

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| <p>McCarthy Tétrault LLP 745 Thurlow Street, Suite 2400 Vancouver, BC V6E 0C5</p> <p>Attention: Lance Williams Michael Feder, K.C. Ashley Bowron</p> <p>E-mail: lwilliams@mccarthy.ca mfeder@mccarthy.ca abowron@mccarthy.ca sdanielisz@mccarthy.ca</p> <p>Tel: 604-643-7100</p> <p>McInnes Cooper 1969 Upper Water St., Suite 1300 McInnes Cooper Tower – Purdy's Wharf Halifax, NS B3J 3R7</p> <p>Attention: John Roberts</p> <p>Email: john.roberts@mcinnescooper.com</p> <p><i>Counsel to the Petitioners</i></p> | <p>Mehigan LLP Suite 4408A, 44th Floor COSCO Tower 183 Queen's Road Central Hong Kong</p> <p>Attention: Bertie Mehigan Darinne Ko Daniel Lee Wai Yong Yong Shi Kai</p> <p>E-mail: bmehigan@mehiganllp.com dko@mehiganllp.com dlee@mehiganllp.com skyong@mehiganllp.com</p> <p><i>International Restructuring Counsel to the Petitioners</i></p> |
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| <p>Ernst & Young Inc. Pacific Centre 700 West Georgia Street Vancouver, BC V7Y 1C7</p> <p>Attention: Kevin B. Brennan George Kinsman Holly Palmer</p> <p>E-mail: Kevin.B.Brennan@parthenon.ey.com George.C.Kinsman@parthenon.ey.com Holly.Palmer@parthenon.ey.com</p> <p>Tel: 604-891-8491</p> <p><i>Court-Appointed Monitor</i></p> | <p>Stikeman Elliott LLP 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9</p> <p>Attention: Ashley John Taylor Elizabeth Pillon Lee Nicholson</p> <p>E-Mail: ataylor@stikeman.com lpillon@stikeman.com leenicholson@stikeman.com</p> <p>Tel: 416-869-5623</p> <p><i>Counsel to the Court-Appointed Monitor</i></p> |
| <p>Nathanson Schachter & Thompson LLP 750 – 900 Howe Street Vancouver, BC V6Z 2M4</p> <p>Attention: Peter J. Reardon</p> <p>E-mail: preardon@nst.ca rpearson@nst.ca</p> <p>Tel: 778-328-8940</p> <p><i>Counsel to Paper Excellence Canada Holdings Corporation</i></p> | <p>Nova Scotia Department of Justice Legal Services Division 1690 Hollis Street, 8th Floor PO Box 7 Halifax, NS B3J 3J9</p> <p>Attention: Sean Foreman, K.C. Debbie L. Brown</p> <p>E-mail: sean.foreman@novascotia.ca debbie.brown@novascotia.ca</p> <p>Tel: 902-717-4440 (S. Foreman) 902-240-4635 (D. Brown)</p> |
| <p>Nova Scotia Department of Justice 1690 Hollis Street, 8th Floor PO Box 7 Halifax, NS B3J 3J9</p> <p>Attention: Jeremy P. Smith Daniel Boyle</p> <p>Email: Jeremy.Smith@novascotia.ca Daniel.Boyle@novascotia.ca</p> <p><i>Counsel to the Superintendent of Pensions</i></p> | <p>Stewart McKelvey Queen's Marque 600 – 1741 Lower Water Street Halifax, NS B3J 0J2</p> <p>Attention : Maurice Chiasson, K.C.</p> <p>E-mail: mchiasson@stewartmckelvey.com</p> <p>Tel: 902-420-3300</p> <p><i>Province of Nova Scotia</i></p> |

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| <p>Chernos Flaherty Svonkin LLP 220 Bay Street, Suite 700 Toronto, ON M5J 2W4</p> <p>Attention: Patrick Flaherty Brendan Brammall</p> <p>Email: Pflaherty@cfscounsel.com Bbrammall@cfscounsel.com</p> <p>Tel: 416-855-0401</p> <p><i>Counsel to Pacific Harbor North American Resources Ltd.</i></p> | <p>Unifor 205 Placer Court Toronto, ON M2H 3H9</p> <p>Attention: Anthony F. Dale</p> <p>Email: Anthony.Dale@unifor.org</p> <p><i>Counsel to Unifor and its local unions that represent the employees of Northern Pulp and/or the other petitioners in Nova Scotia</i></p> |
| <p>Pink Larkin Suite 201, 1463 South Park Street PO Box 36036 Halifax, NS B3J 3S9</p> <p>Attention: Ronald A. Pink, K.C.</p> <p>Email: rpink@pinklarkin.com</p> <p>Tel: 902-423-7777</p> <p><i>Counsel to Unifor Local 440</i></p> | <p>Boyneclarke LLP 99 Wyse Road, Suite 600 P.O. Box 876, Dartmouth Main Halifax Regional Municipality, NS B2Y 3Z5</p> <p>Attention: Brian Casey, K.C.</p> <p>Email: bcasey@boyneclarke.ca</p> <p>Tel: 902-460-3468</p> <p><i>Counsel for Heritage Gas Limited</i></p> |
| <p>Blake, Cassels & Graydon LLP Suite 2600 – 595 Burrard Street Vancouver, BC V7X 1L3</p> <p>Attention: Claire Hildebrand Peter Bychawski</p> <p>Email: claire.hildebrand@blakes.com peter.bychawski@blakes.com</p> <p>Tel: 604-631-3331</p> <p><i>Counsel to Komatsu</i></p> | <p>Praxair Canada Inc. 1 City Centre Drive, Suite 1200 Mississauga, ON L5B 1M2</p> <p>Attention: Sheryl E. Nisenbaum, Director of Legal Affairs Sophie C. Traub, Assistant Director of Legal Affairs</p> <p>Email: sheryl_nisenbaum@praxair.com sophie_traub@praxair.com</p> <p>Fax: 905-803-1716</p> |
| <p>Whiteley Litigation 310 Stouffville Road Richmond Hill, ON L4E 3P4</p> <p>Attention: Heath P.L. Whiteley</p> <p>Email: heath@whiteleylitigation.com</p> <p>Tel: 905-773-7700</p> <p><i>Counsel to Terrapure Environmental</i></p> | <p>Davies Ward Phillips & Vineberg LLP 155 Wellington Street West Toronto, ON M5V 3J7</p> <p>Attention: Natasha MacParland</p> <p>Email: nmacparland@dwpv.com</p> <p><i>Counsel to Atlas Holdings LLC and Blue Wolf Capital Management, LLC</i></p> |

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| <p>McKiggan Hebert Lawyers 502 – 1959 Upper Water Street Halifax, NS B3J 3N2</p> <p>Attention: Brian J. Hebert</p> <p>Email: bhebert@mckigganhebert.com</p> <p>Tel: 902-423-2050</p> <p><i>Counsel to Pictou Landing First Nation</i></p> | <p>Cassels Brock & Blackwell LLP Suite 2200 – 885 West Georgia Street Vancouver, BC V6C 3E8</p> <p>Attention: Jared Enns</p> <p>Email: jenns@cassels.com</p> <p>Tel: 778-372-6787</p> <p><i>Counsel to J.D. Irving</i></p> |
| <p>Stewart McKelvey Queen's Marque 600 – 1741 Lower Water Street Halifax, NS B3J 0J2</p> <p>Attention: Robert G. MacKeigan, K.C.</p> <p>Email: robbie@stewartmckelvey.com</p> <p>Tel: 902-444-1771</p> <p><i>Counsel to Higgins Mountain Wind Farm General Partner Inc.</i></p> | <p>Davies Ward Phillips & Vineberg LLP 1501 McGill College Avenue, 26th Floor Montréal, QC H3A 3N9</p> <p>Attention: Denis Ferland</p> <p>Email: dferland@dwpv.com</p> <p>Tel: 514-841-6423</p> <p><i>Counsel to Valmet Ltd.</i></p> |

SCHEDULE "B"

NO. S-206189
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

ORDER MADE AFTER APPLICATION

| | | |
|---------------------------|---|----------------------------------|
| BEFORE THE HONOURABLE |) | FRIDAY, THE 14 TH DAY |
| |) | |
| MADAM JUSTICE FITZPATRICK |) | OF MARCH, 2025 |

ON THE APPLICATION of the Petitioners (the "**Application**") coming on for hearing at Vancouver, British Columbia on the 14th day of March, 2025; AND ON HEARING Michael Feder, K.C. and Ashley Bowron, counsel for the Petitioners, and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including Affidavit #2 of Jean-Francois Guillot, sworn March 10, 2025, and the Seventeenth Report of Ernst & Young Inc., in its capacity as court-appointed monitor of the Petitioners, filed March 11, 2025;

THIS COURT ORDERS AND DECLARES THAT:

DEFINED TERMS

1. All capitalised terms used herein and not otherwise defined shall have the meaning ascribed to them in the Amended and Restated Initial Order pronounced by this Court in the within proceedings on August 6, 2020 (the "**ARIO**").

EXTENSION OF STAY

2. Except as modified herein, all relief granted in the ARIO, including the stay of proceedings (the “**Stay**”), is hereby continued and extended to and including May 2, 2025.

AMENDMENTS TO THE FINANCING FACILITIES

3. Reference is made to the Interim Financing Term Sheet, as approved by this Court in the ARIO, and as previously amended and/or amended and restated on April 22, 2021, October 29, 2021, April 29, 2022, October 31, 2022, April 24, 2023, August 30, 2023, November 27, 2023, December 12, 2023, and May 31, 2024 respectively, and the Senior Amending Agreement to the Interim Financing Term Sheet, attached as Exhibit “B” to the Second Guillot Affidavit (the “**Senior Amending Agreement**”). The Senior Amending Agreement is approved and:
 - (a) the Petitioners are authorised and empowered to execute the Senior Amending Agreement and deliver such Definitive Documents as are contemplated thereunder or as may be reasonably required by Paper Excellence Canada Holdings Corporation (“**PEC**”) and Pacific Harbor North American Resources Ltd. (together with PEC, the “**Interim Lenders**”) pursuant to the terms thereof, and
 - (b) the provisions of the ARIO, as amended, shall apply to the Interim Financing Term Sheet, as amended by the Senior Amending Agreement (the “**Amended Interim Financing Term Sheet**”) as they did to the Interim Financing Term Sheet, *mutatis mutandis*.

Without limiting the foregoing, all obligations of the Petitioners under the Amended Interim Financing Term Sheet are secured by the Interim Lender’s Charge, which continues to have the priority set out in paragraphs 41 and 43 of the ARIO.

4. Reference is made to the Subordinated Interim Financing Term Sheet, as approved by order of this Court on September 25, 2020 (the “**September 2020 Order**”), and as previously amended and/or amended and restated on April 22, 2021, April 29, 2022, October 31, 2022, April 24, 2023, August 30, 2023, November 27, 2023, December 12, 2023, and May 31, 2024 respectively, and the Subordinated Amending Agreement to the Subordinated Interim Facility Financing Term Sheet attached as Exhibit “C” to the

Second Guillot Affidavit (the "**Subordinated Amending Agreement**"). The Subordinated Amending Agreement is approved and:

- (a) Northern Pulp is authorised and empowered to execute the Subordinated Amending Agreement and deliver such Definitive Documents as are contemplated thereunder or as may be reasonably required by PEC pursuant to the terms thereof, and
- (b) the provisions of the ARIO and the September 2020 Order, each as amended, shall apply to the Subordinated Interim Financing Term Sheet, as amended by the Subordinated Amending Agreement (the "**Amended Subordinated Term Sheet**") as they did to the Subordinated Interim Financing Term Sheet, *mutatis mutandis*.

Without limiting the foregoing, all obligations of the Petitioners under the Amended Subordinated Term Sheet are secured by the Subordinated Interim Financing Charge, which continues to have the priority set out in the September 2020 Order.

- 5. Endorsement of this order by counsel appearing on the Application, other than counsel for the Petitioners, is dispensed with.

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:

Signature of Lawyer for the Petitioners
McCarthy Tétrault LLP
(Michael Feder, K.C. and Ashley Bowron)

BY THE COURT

REGISTRAR

SCHEDULE "A"

LIST OF COUNSEL

[illegible]