

I hereby certify this to be a true copy of the original ORDER.

Dated this 21 day of July 2020
[Signature]
for Clerk of the Court

Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF

2001-07942
COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
KORITE INTERNATIONAL INC.

DOCUMENT

**ORDER (RE: SISP, SALES AGENT
RETENTION, SEALING)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT:

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Kelsey Meyer
Telephone No.: 403-298-4485 / 403-298-3323
Fax No.: 403-265-7219
Client File No.: 76784.6

**DATE ON WHICH ORDER WAS
PRONOUNCED:**

Tuesday, July 21, 2020

**NAME OF JUDGE WHO MADE
THIS ORDER:**

The Honourable Madam Justice G. A. Campbell

LOCATION OF HEARING:

Calgary Courts Centre
601 – 5th Street SW, Calgary, AB T2P 5P7

UPON the application of Korite International Inc. (the "Applicant"); AND UPON having read the Notice of Application; the Affidavit of Tim A. Bowman sworn June 24, 2020 and the Affidavit No. 4 of Tim A. Bowman sworn July 15, 2020 (the "Bowman Affidavit No. 4"), all filed; the Affidavit of Service of Dominique Huber, to be filed; and the Amended and Restated Initial Order, dated July 9, 2020 (the "Amended and Restated Initial Order"); AND UPON reading the Second

Report of the Monitor dated July 17, 2020; **AND UPON** hearing counsel for the Applicant, counsel for Canadian Imperial Bank of Commerce ("**CIBC**"), counsel for the Monitor and counsel for other interested parties appearing at the application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

INTERPRETATION

2. Unless otherwise stated, capitalized terms used but not otherwise defined in this Order shall have the meaning ascribed to such terms in the Amended and Restated Initial Order.

APPROVAL OF SISP AND APPOINTMENT OF SALES AGENT

3. The sale and investment solicitation process attached as **Schedule "A"** hereto (the "**SISP**") is approved. The Applicant, the Monitor and the Sales Agent (defined below), in consultation with CIBC and the Vendor Creditors (as defined in the SISP), as set out and described in the SISP, are authorized and directed to perform their respective obligations and to do all things reasonably necessary to perform their obligations thereunder.
4. Assurgo Enterprises Inc. is appointed as sales agent to carry out the SISP in cooperation with the Applicant and the Monitor (the "**Sales Agent**"). The Engagement Letter (as defined in the Bowman Affidavit No. 4) is approved, and the Applicant is authorized and directed to execute the Engagement Letter. The Applicant is authorized and directed to pay to the Sales Agent the Work Fees and expenses incurred by the Sales Agent in accordance with the terms of the Engagement Letter. Claims of the Sales Agent under the Engagement Letter shall not be compromised under any plan of arrangement under the *Companies' Creditors Arrangement Act* (Canada) or proposal under the *Bankruptcy and Insolvency Act* (Canada).
5. In connection with the SISP and pursuant to sections 20 and 22 of the *Personal Information Protection Act* (Alberta) or 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), as applicable, the Applicant, the Sales Agent and the Monitor are

authorized and permitted to disclose personal information of identifiable individuals to prospective bidders and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more potential transactions (each, a "**Transaction**"). Each prospective bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the transaction, and if it does not complete a Transaction, shall: (a) return all such information to the Applicant, the Sales Agent or the Monitor, as applicable; (b) destroy all such information; or (c) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of the Business or any Property shall be entitled to continue to use the personal information provided to it, and related to the Business or Property purchased, in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicant, the Sales Agent, or the Monitor, as applicable, to ensure that other personal information is destroyed.

Approval of Sales Agent Charge

6. The Sales Agent shall be entitled to the benefit of and is granted a charge (the "**Sales Agent Charge**") on the Property (as defined in the Amended and Restated Initial Order) as security for the compensation of the Sales Agent for the Completion Fees in accordance with the Engagement Letter (as defined in the Bowman Affidavit No. 4). The Sales Agent Charge shall have the priority set out in the Second Amended and Restated Initial Order.

Sealing Order

7. The Confidential Exhibit shall be sealed on the Court file and shall not form part of the public record.
8. The Clerk of this Honourable Court shall file the Confidential Exhibit in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY
KORITE INTERNATIONAL INC.

THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE
SEALING ORDER ISSUED BY THE HONOURABLE MADAM JUSTICE G. A.

CAMPBELL ON OR ABOUT JULY 21, 2020

9. The Applicant and the Monitor are empowered and authorized, but not directed, to provide the Confidential Exhibit (or any portion thereof, or information contained therein) to any interested party, entity or person that the Applicant and the Monitor consider reasonable in the circumstances subject to confidentiality arrangements satisfactory to the Applicant, the Monitor and the Sales Agent.

Miscellaneous

10. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.



Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

SALES AND INVESTMENT SOLICITATION PROCESS

KORITE INTERNATIONAL INC.

INTRODUCTION

1. On June 30, 2020, Korite International Inc. ("**Korite**" or the "**Applicant**") obtained an Initial Order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") from the Court of Queen's Bench of Alberta (the "**Court**"). The Applicant's proceedings under the CCAA are referred to herein as the "**CCAA Proceedings**".
2. Pursuant to the Initial Order, BDO Canada Limited was appointed as monitor (in such capacity, the "**Monitor**") of the Applicant in the CCAA Proceedings.
3. 5024639 Ontario Inc. (the "**Interim Lender**") has agreed to provide certain interim financing to Korite during the CCAA Proceedings pursuant to an Interim Financing Term Sheet dated as of June 23, 2020 between the Interim Lender and the Applicant.
4. Pursuant to the Order of the Court dated July 21, 2020 (the "**SISP Order**"), the Court approved the sale and investment solicitation process set out herein (the "**SISP**"). Capitalized terms used herein are as defined in the SISP Order unless defined otherwise herein.
5. Korite's primary secured creditor is Canadian Imperial Bank of Commerce ("**CIBC**") and Korite's secondary secured creditors are 1396449 Alberta Ltd., RayJam Holdings Ltd., Wilson Investments Ltd., Jarvis Holdings Ltd., Gabrielle van der Velde, Amarjeet Grewal, Karen McGowan, Rene Trudel and Ken Oschipok, by their security agent, Pierre Pare, who are former shareholders of Korite (the "**Vendor Creditors**") and Nadine van der Velde.
6. The Vendor Creditors have confirmed irrevocably that they will not be bidders, directly or indirectly, in the SISP, nor will they be lenders or financiers, directly or indirectly, of any bidders in the SISP.
7. Pursuant to the SISP Order, Assurgo Enterprises Inc. was appointed to act as sales agent in accordance with the SISP Order and the SISP (the "**Sales Agent**").
8. The Sales Agent will develop a list of Known Potential Bidders (as defined below), communicate and meet with interested parties, prepare and distribute marketing materials,

and manage the Data Room (as defined below).

SISP OVERVIEW

9. The purpose of the SISP is to solicit interest in, and opportunities for, one or more or any combination of (a) a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicant as a going concern, or (b) a sale of all, or substantially all, of the Applicant's assets (the "**Property**") and/or business operations of the Applicant (the "**Business**") as a going concern or otherwise.
10. The SISP describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a "**Person**") may gain access to or continue to have access to due diligence materials concerning the Applicant, the Property, and the Business, how bids involving the Applicant, the Property or the Business will be submitted to and dealt with by the Applicant, the Monitor and the Sales Agent, and how Court approval will be obtained in respect of any Transaction (as defined below).
11. As described below, the various deadlines herein may be extended by and at the discretion of the Monitor, in consultation with the Applicant and CIBC. The Monitor will consider extending the various deadlines herein in the event that the Monitor determines that such an extension will generally benefit the Applicant's creditors and other stakeholders. The Monitor shall generally oversee the SISP and in particular shall oversee the Sales Agent in connection therewith. In the event that there is disagreement as to the interpretation or application of the SISP, the Court will have jurisdiction to hear and resolve such dispute.
12. All consultation rights, and rights to receive information, of CIBC and the Vendor Creditor set out in this SISP are conditional on CIBC and the Vendor Creditors first entering into a Confidentiality Agreement (as defined below) in a form approved by the Monitor. Under no circumstances will the Vendor Creditors have access to the Data Room. All consultation rights of the Vendor Creditors in this SISP shall be exercised by their representative, Pierre Paré (the "**Vendor Creditors' Representative**"). The Applicant, the Monitor and the Sales Agent shall not be obligated to communicate or consult with any Vendor Creditors other than the Vendor Creditors' Representative.
13. The Monitor shall determine, in its sole discretion, the manner and form of information to be provided to CIBC, the Vendor Creditors' Representative and the Interim Lender pursuant to this SISP.

"AS IS, WHERE IS" BASIS

14. Any transaction involving the Applicant, the Property or the Business (in each case, a "**Transaction**") will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Sales Agent, the Monitor, the Applicant, or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant Final Agreement (as defined herein).

The key dates pursuant to the SISP are as follows (capitalized terms in the chart below have the meaning ascribed in the SISP):

<u>Event</u>	<u>Date</u>
Sales Agent to create list of Known Potential Bidders and distribute Teaser Letter and Confidentiality Agreements to Known Potential Bidders	As soon as practical and no later than July 31, 2020
Sales Agent to prepare and have available for Potential Bidders the CIM and Data Room	As soon as practical and no later than August 12, 2020
LOI Deadline (for delivery of non-binding LOIs by Phase 1 Qualified Bidders in accordance with the requirements of paragraph 27 of the SISP)	By September 14, 2020
Final Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders in accordance with the requirements of paragraph 34 or 35 of the SISP)	By October 9, 2020
Final Agreement Deadline	October 16, 2020
Applicant's Application to the Court for Approval Order(s)	As soon as reasonably practicable after the Final Agreement Deadline
Closing of the Transaction	Within ten (10) days of the Approval Order(s) becoming Final Order(s)

THE SISP PROCESS

A. Initial Solicitation of Interest

15. The Sales Agent may contact any Persons to solicit expressions of interest in a Transaction either before or after the granting of the SISP Order.
16. As soon as reasonably practicable after the granting of the SISP Order and in any event by no later than July 31, 2020, in consultation with the Applicant, the Monitor, CIBC, and the Vendor Creditors' Representative, the Sales Agent will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have interest in a Transaction. Such list will include both strategic and financial parties who may be interested in acquiring an interest in: (a) the Applicant's assets pursuant to an asset purchase transaction (an "**Asset Bid**"); or (b) a restructuring of the debt, share or capital structure of the Applicant (a "**Restructuring Bid**"). Concurrently, the Sales Agent will prepare an initial offering summary (the "**Teaser Letter**") notifying Known Potential Bidders of the SISP and inviting the Known Potential Bidders to express interest in making an Asset Bid or Restructuring Bid (each, a "**SISP Bid**").
17. As soon as reasonably practicable after the granting of the SISP Order and in any event by no later than July 31, 2020, the Sales Agent shall cause a notice of the SISP to be published in a publication or publications deemed by the Sales Agent to be reasonable and appropriate.
18. By no later than July 31, 2020, the Sales Agent shall distribute to the Known Potential Bidders and any other interested Persons the Teaser Letter, as well as a draft form of confidentiality agreement (the "**Confidentiality Agreement**") that shall inure to the benefit of the Person or Persons who make the Winning Bid (as defined herein) pursuant to this SISP. Copies of the Teaser Letter and Confidentiality Agreement shall be provided to any appropriate Persons who becomes known to the Sales Agent after the initial distribution of such documents.
19. Any Person who wishes to be deemed a Potential Bidder (as defined below) and proceed to execute a Confidentiality Agreement shall contact the Sales Agent or the Monitor. In consultation with the Applicant, the Sales Agent, CIBC and the Vendor Creditor's Representative, the Monitor shall, in its sole discretion, determine whether such Person shall be permitted to become a Potential Bidder, based on: (a) the identity of the Person, including its direct and indirect principals; (b) the Person's financial capabilities and technical expertise to conclude a Transaction; and (c) any other criteria the Monitor considers to be relevant.
20. Any Person who the Monitor permits to become Potential Bidder shall, upon executing a Confidentiality Agreement in form and substance satisfactory to the Applicant, Sales Agent and the Monitor, be permitted to have access to the Data Room (as defined below) and

become entitled to receive the CIM (each, a "**Potential Bidder**").

B. Due Diligence

21. The Sales Agent shall provide each Potential Bidder with information, including access to an electronic data room established by the Sales Agent by no later than August 12, 2020 (the "**Data Room**"), that the Sales Agent in its reasonable business judgment determines to be necessary for the Potential Bidder to evaluate a transaction involving a SISP Bid.
22. The Sales Agent will prepare a confidential information memorandum ("**CIM**") by no later than August 12, 2020, describing the opportunity to make a SISP Bid and shall deliver the CIM to each Potential Bidder as soon as practicable after such Person is deemed to be a Potential Bidder in accordance with this SISP.
23. The Applicant and the Sales Agent shall coordinate all reasonable requests for additional information and due diligence access from Potential Bidders. Neither the Applicant nor the Sales Agent will be obliged to furnish any information relating to the Property or the Business other than to a Potential Bidder.
24. The Sales Agent, the Applicant, the Monitor and their respective advisors make no representation or warranty as to the information contained in the CIM or otherwise made available pursuant to the SISP, including any information contained in the Data Room.

C. LOI Process

25. Any Potential Bidder who wishes to submit a SISP Bid must deliver a written, non-binding letter of intent (each, a "**LOI**") to the Monitor at the address specified in and in accordance with Schedule "A" hereto so as to be received by the Monitor not later than 5:00 p.m. (Mountain time) on September 14, 2020, or such other date or time as the Monitor and the Applicant may determine, in consultation with CIBC and the Vendor Creditors' Representative (the "**LOI Deadline**").
26. Subject to paragraphs 48 - 53 of this SISP, following the LOI Deadline, all LOIs shall be reviewed by the Applicant, in consultation with the Monitor, the Sales Agent, CIBC and the Vendor Creditors' Representative.
27. An LOI shall be a qualified LOI (each, a "**Qualified LOI**") provided that it contains:
 - (a) a specific indication of the anticipated sources of capital for such Potential Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the Monitor and its legal advisors, to make, in their reasonable business or professional judgment, a reasonable

- determination as to the Potential Bidder's financial and other capabilities to consummate a SISP Bid;
- (b) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the principals of the Potential Bidder and its direct and indirect owners. The letter shall further disclose the relationship the Potential Bidders has to Korite or its directors or officers, including the identification of the Potential Bidder's direct and indirect owners and all of their principals;
 - (c) an indication of whether the Potential Bidder wishes to tender an Asset Bid or a Restructuring Bid;
 - (d) in the case of an Asset Bid, it identifies:
 - (i) the purchase price range (including any liabilities to be assumed by the Potential Bidder and any credit bid);
 - (ii) whether the Asset Bid is *en bloc*, the Property included, any of the Property expected to be excluded, and/or any additional assets desired to be included in the transaction;
 - (iii) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable);
 - (iv) the proposed treatment of employees of the Applicant;
 - (v) the proposed treatment of any leases and other material contracts;
 - (vi) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (vii) any additional due diligence required or desired to be conducted by the Potential Bidder, if any;
 - (viii) any conditions to closing that the Potential Bidder may wish to impose; and
 - (ix) any other terms or conditions of the Asset Bid which the Potential Bidder believes are material to the transaction;
 - (e) in the case of a Restructuring Bid, it identifies:
 - (i) the aggregate amount of the equity and debt investment, including liabilities to be assumed by the Potential Bidder and any credit bid component (including the sources of such capital, preliminary evidence of the availability of such capital and the steps necessary and associated timing to obtain the capital and consummate the proposed transaction and any related contingencies, as applicable) to be made in the Applicant;
 - (ii) the underlying assumptions regarding the *pro forma* capital structure (including, the anticipated debt levels, debt service fees, interest and amortization);

- (iii) the consideration to be allocated to the stakeholders including claims of any secured or unsecured creditors of the Applicant and the proposed treatment of employees;
 - (iv) the structure and financing of the transaction including all requisite financial assurance;
 - (v) any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction, the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (vi) any additional due diligence required or desired to be conducted by the Potential Bidder, if any;
 - (vii) any conditions to closing that the Potential Bidder may wish to impose; and
 - (viii) any other terms or conditions of the Restructuring Bid which the Potential Bidder believes are material to the transaction; and
- (f) such other information as may be requested by the Monitor or the Sales Agent.
28. Any Potential Bidder who submits a Qualified LOI on or before the LOI Deadline shall be designated a "**Qualified Bidder**".
29. The Applicant, with the approval of the Monitor, and in consultation with CIBC and the Vendor Creditors' Representative, may waive the strict compliance of one or more of the requirements specified above and deem any LOI to be a Qualified LOI, notwithstanding any noncompliance with the terms and conditions of this SISP.
30. In the event that no Person submits an LOI, or that no LOI qualifies as or is deemed to qualify as a Qualified LOI, or that no LOI is deemed commercially reasonable to the Applicant and the Monitor, the Applicant may, with the approval of the Monitor, and in consultation with CIBC and the Vendor Creditors' Representative, terminate the SISP. If no Qualified LOIs are received by the LOI Deadline, the Applicant may, with the approval of the Monitor, and in consultation with CIBC and the Vendor Creditors' Representative, consider other forms of bids for the Property and the Business. At any time during the SISP, the Applicant may, with the approval of the Monitor, and in consultation with CIBC and the Vendor Creditors' Representative, determine that any bid is a Winning Bid and seek Approval Orders in respect of such Winning Bid(s) from the Court.

D. Final Bid Process

31. The Sales Agent may invite Qualified Bidders to conduct additional due diligence or otherwise make available to Qualified Bidders additional information not posted in the Data Room, arrange for inspections and site visits at the Applicant's premises, as determined by the Sales Agent. The Data Room will include, among other things, a form of purchase

agreement for use by Qualified Bidders in the case of an Asset Bid.

32. Any Qualified Bidder may submit an Asset Bid or a Restructuring Bid (each, a "**Final Bid**") to the Monitor at the address specified in Schedule "A" hereto on or before 5:00 p.m. (Mountain time) on October 9, 2020, or such later time and date as the Monitor and the Applicant may determine, in consultation with CIBC and the Vendor Creditors' Representative (the "**Final Bid Deadline**").
33. Subject to paragraphs 48-53 of this SISP, Final Bids shall be reviewed by the Applicant, in consultation with the Monitor, the Sales Agent, CIBC and the Vendor Creditors' Representative.
34. A Final Bid submitted as an Asset Bid shall be a "**Qualified Asset Bid**" in the event that:
 - (a) it includes a letter stating that the Asset Bid is irrevocable until the earlier of (i) the approval by the Court, and (ii) forty five (45) days following the Final Bid Deadline; provided, however, that if such Asset Bid is selected as the Winning Bid or the Backup Bid, it shall remain irrevocable until the closing of the transactions contemplated by the Winning Bid or the Backup Bid, as the case may be;
 - (b) it includes a duly authorized and executed purchase and sale agreement specifying all the consideration payable, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder with all exhibits and schedules thereto;
 - (c) it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
 - (d) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor to allow the Monitor to make a reasonable determination as to the Qualified Bidders (and its direct and indirect owners and their principals) financial and other capabilities to consummate the transaction contemplated by the Asset Bid;
 - (e) it is not conditional on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgment and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Asset Bid;
 - (f) it is not conditional upon any governmental or regulatory approval;
 - (g) it fully discloses the identity of each Person that is bidding or otherwise that will be sponsoring or participating in the Asset Bid, including the identification of the bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
 - (h) it is accompanied by a refundable cash deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent

- (10%) of the consideration to be paid in respect of the Asset Bid, to be held and dealt with in accordance with this SISP;
- (i) it contains other information requested by the Sales Agent, the Applicant, or the Monitor; and
 - (j) it is received by no later than the Final Bid Deadline.
35. A Final Bid submitted as a Restructuring Bid shall be a "**Qualified Restructuring Bid**" in the event that:
- (a) it includes definitive documentation, duly authorized and executed by the Qualified Bidder, setting out the terms and conditions of the proposed transaction, including the aggregate amount of the proposed equity and debt investment, assumption of debt if any, and details regarding the proposed equity and debt structure of the Applicant following completion of the proposed transaction;
 - (b) it includes a letter stating that the Restructuring Bid is irrevocable until the earlier of (i) the approval by the Court, and (ii) forty five (45) days following the Final Bid Deadline; provided, however, that if such Restructuring Bid is selected as the Winning Bid or the Backup Bid, it shall remain irrevocable until the closing of the transactions contemplated by the Winning Bid or the Backup Bid, as the case may be;
 - (c) it does not include any request or entitlement to any break fee, expense reimbursement or similar type of payment;
 - (d) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution to consummate the proposed transaction, or other evidence satisfactory to the Monitor, to allow the Monitor to make a reasonable determination as to the Qualified Bidder's (and its direct and indirect owners and their principals) financial and other capabilities to consummate the transaction contemplated by the Restructuring Bid;
 - (e) it is not conditional on (i) the outcome of unperformed due diligence by the Qualified Bidder and/or (ii) obtaining any financing capital and includes an acknowledgment and representation that the bidder has had an opportunity to conduct any and all required due diligence prior to making its Restructuring Bid;
 - (f) it is not conditional upon any governmental or regulatory approval;
 - (g) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Restructuring Bid, including the identification of the Qualified Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
 - (h) it is accompanied by a refundable Deposit in the form of a wire transfer (payable to a trust account specified by the Monitor) in an amount equal to ten percent (10%) of the consideration to be paid pursuant to the Restructuring Bid, to be held and dealt with in accordance with this SISP;

- (i) it contains other information requested by the Sales Agent, the Applicant, or the Monitor; and
 - (j) it is received by no later than the Final Bid Deadline.
36. All Qualified Asset Bids and Qualified Restructuring Bids shall constitute "**Qualified Final Bids**". The Applicant, with the approval of the Monitor, and in consultation with CIBC and the Vendor Creditors' Representative, may waive the strict compliance of one or more of the requirements specified above and deem any Final Bid(s) to be a Qualified Final Bid and notwithstanding any non-compliance with the terms and conditions of this SISP.

E. Selection of Winning Bid

37. Subject to paragraphs 48-53 of this SISP, the Applicant shall review all Qualified Final Bids in consultation with the Monitor, the Sales Agent, CIBC and the Vendor Creditors' Representative. Subject to the approval of the Monitor, the Applicant may, but shall have no obligation to, enter into a definitive agreement or agreements (each a "**Final Agreement**") with the Person or Persons who submitted the highest, best or otherwise most favourable Qualified Final Bid(s).
38. In the event that the Applicant enters into one or more Final Agreements on or before 5:00 p.m. (Mountain time) on October 16, 2020, or such later time and date that the Applicant may determine, with the approval of the Monitor and, subject to paragraphs 48-53 of this SISP, in consultation with CIBC and the Vendor Creditors' Representative (the "**Final Agreement Deadline**"), any Qualified Bid so selected shall be a "**Winning Bid**" and the next highest, best or otherwise most favourable Qualified Bid received, as determined by the Applicant, with the approval of the Monitor, shall be the "**Backup Bid**". Any Qualified Bidder that makes a Winning Bid shall be a "**Successful Bidder**" and any Qualified Bidder that makes a Backup Bid shall be a "**Backup Bidder**".
39. The Monitor will notify each Successful Bidder and Backup Bidder of the Final Agreement and the Backup Bid shall remain open until the consummation of the transaction contemplated by the Winning Bid (and, for greater certainty, the Monitor shall be entitled to continue to hold the Deposit in respect of the Backup Bid until such time as the transaction contemplated by the Winning Bid is consummated).
40. This SISP shall terminate in the event that: (a) no Qualified Bidder submits or is deemed to have submitted a Qualified Final Bid; (b) the Applicant, with the approval of the Monitor, and in consultation with CIBC and the Vendor Creditors' Representative, determines that none of the Qualified Final Bids should be accepted; or (c) a Final Agreement has not been entered into before the Final Agreement Deadline.

41. The highest Qualified Final Bid may not necessarily be accepted by the Applicant. The Applicant, with the approval of the Monitor, and, subject to paragraphs 48-53 of this SISP, in consultation with CIBC and the Vendor Creditors' Representative, reserves the right not to accept any Qualified Final Bid or to otherwise terminate the SISP. The Applicant, with the approval of the Monitor, and, subject to paragraphs 48-53 of this SISP, in consultation with CIBC and the Vendor Creditors' Representative, further reserves the right to deal with one or more Qualified Bidders to the exclusion of other Persons, to accept a Qualified Final Bid or Qualified Final Bids for some or all of the Property, the Applicant or the Business, to accept multiple Qualified Final Bids and enter into multiple Final Agreements.

APPROVAL ORDERS

42. In the event that the Applicant enters into a Final Agreement, on or before 5:00 p.m. (Mountain time) on October 16, 2020, the Applicant shall apply as soon as reasonably practicable thereafter, for orders (the "**Approval Orders**") from the Court, in form and substance satisfactory to the Monitor, approving the transaction contemplated by the Winning Bid and any necessary related relief required to consummate the transaction contemplated by the Winning Bid, subject to the terms of the Final Agreement.
43. The Applicant may also concurrently obtain relief approving the transaction contemplated by the Backup Bid and any necessary related relief required to consummate the transaction contemplated by the Backup Bid.
44. An Approval Order shall become a "**Final Order**" upon satisfaction of the following conditions: (a) it is in full force and effect; (b) it has not been reversed, modified or vacated and is not subject to any stay; and (c) all applicable appeal periods have expired and any appeals therefrom have been finally disposed of, leaving the Approval Order wholly operable.

CLOSING

45. Closing of the transactions contemplated in any Final Agreement shall occur within ten (10) days of the date upon which the Approval Orders have become Final Orders, or as may be extended with the approval of the Monitor, in consultation with CIBC and the Vendor Creditors' Representative.

DEPOSITS

46. All Deposits paid pursuant to this SISP shall be held in trust by the Monitor, in a non-interest bearing account. The Monitor shall hold Deposits paid by each of the

Successful Bidder and the Backup Bidder in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Applicant elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit and any interest accrued thereon to that Person.

47. In the event that either of the Successful Bidder or the Backup Bidder default in the payment or performance of any obligations owed to the Applicant, the Monitor, or the Sales Agent pursuant to any Final Agreement, the Deposit paid by the Successful Bidder or the Backup Bidder, as applicable, shall be forfeited to such party as liquidated damages and not as a penalty.

CONFLICTS OF INTEREST/CONFIDENTIALITY

48. Until such time as any director, officer, employee or representative of the Applicant (the “**Insider Bidder**”) has: (i) irrevocably declared his or her intention not to submit a bid; (ii) his or her bid has been irrevocably disqualified under the SISP; or (iii) his or her bid has been irrevocably determined not to be the Winning Bid or the Backup Bid, such Insider Bidder:
 - (a) shall only receive information regarding the SISP in keeping with his or her capacity as a Potential Bidder;
 - (b) shall not participate in the SISP as a representative of the Applicant unless the Monitor, in its sole discretion, determines that information or participation from the Insider Bidder is required for the facilitation of the SISP, with such participation being under the supervision of the Monitor; and
 - (c) shall receive no information whatsoever regarding other bids in the SISP.
49. If the Monitor determines that the participation or information from an Insider Bidder is required pursuant to paragraph 48(b) above, such Insider Bidder shall provide all participation and information requested by the Monitor, including adhering to any timelines set by the Monitor.
50. If any Insider Bidder determines that he or she will submit a bid in the SISP, such Insider Bidder shall advise the Monitor of such intent as soon as reasonably practicable, and no later than seven (7) days before the LOI Deadline.
51. In its sole and absolute discretion, the Monitor shall provide appropriate information regarding an Insider Bidder participating in the SISP to CIBC and the Vendor Creditors' Representative, and provide CIBC and the Vendor Creditors' Representative with the name of the Insider Bidder and the Insider Bidder's relationship to the Applicant.

52. Notwithstanding any other provision of this SISP, until such time as CIBC has: (i) irrevocably declared its intention not to be a lender or financier, directly or indirectly, of any bidders in the SISP; (ii) all bids financed by CIBC, directly or indirectly, have been irrevocably disqualified under the SISP; or (iii) all bids financed by CIBC, directly or indirectly, have been irrevocably determined not to be the Winning Bid or the Backup Bid, CIBC:
- (a) shall only receive information regarding the SISP, including bids, as determined by the Monitor, in its sole discretion, including the establishment and enforcement of mechanisms to ensure that any individuals in CIBC involved with providing financing for one or more bids shall receive no information whatsoever regarding other bids in the SISP.
53. Notwithstanding any other provision of this SISP, the Interim Lender shall be entitled to receive information about the SISP and the progress thereof, in a manner and form to be determined by the Monitor in its sole discretion.

COVID-19

54. This SISP shall be interpreted so as to comply and be consistent with any applicable laws, regulations or public health directives related to the COVID-19 pandemic, and may be amended at any time with the approval of the Monitor and in consultation with CIBC and the Vendor Creditors' Representative to the extent necessary or advisable to comply with same.

SCHEDULE "A"

**Addresses for
Deliveries**

Any notice or other delivery made to the Monitor pursuant to this SISP shall be made to:

BDO Canada Limited

110, 5800 – 2nd Street SW

Calgary, AB T2H 0H2

Attention: Marc Kelly

Tel: 403-777-9999

Email: makelly@bdo.ca

with copy to:

Burnet, Duckworth & Palmer LLP

Suite 2400, 525-8th Ave SW

Calgary, AB T2P 1G1

Attention: David LeGeyt

Tel: 403-260-0210

Email: dlegeyt@bdplaw.com

Any notice or delivery made to the Sales Agent pursuant to this SISP shall be made to:

Assurgo Enterprises Inc.

Suite 1700
715 – 5th Avenue
S.W.
Calgary, AB T2P
2X6

Attention: Zsolt Chirvaiu

Tel: 587-703-6071

Email: zsolt@assurgoenterprises.com

Deliveries pursuant to this SISP by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SISP shall be deemed to be received when delivered to the relevant address, as identified above.